

COUNTY OF SAN DIEGO, CALIFORNIA

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2009



Performance with Distinction

County of San Diego, California
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2009



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November 20, 2009

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

The Comprehensive Annual Financial Report (CAFR) of the County of San Diego (County) for the fiscal year ended June 30, 2009, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

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

Macias Gini & O'Connell LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of San Diego's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

COUNTY PROFILE

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

of the population and resources are located. The average annual rainfall in the coastal areas is 10 inches, so the County is highly dependent on imported water.

The County population in January 2009 was estimated to be 3,173,407, an increase of 1.3% over the January 2008 revised estimated figure of 3,131,552, and it is the second largest county by population in California behind Los Angeles County. There are 18 incorporated cities in the County; of them, the City of San Diego is the largest, with a population of approximately 1.354 million, and Del Mar is the smallest, with a population of approximately 4.6 thousand. In addition, Tijuana, Mexico, with a population of approximately 1.5 million, is a substantial urban neighbor with a shared border, workforce, and economy.

The racial and ethnic composition of the County is as diverse as its geography. The regional population for 2030 is forecasted to be 4.0 million according to the San Diego Association of Governments (SANDAG). In its 2030 Regional Growth Forecast Update, SANDAG projects the county will continue to see significant growth in the Hispanic population, with the share of Hispanic population (38.1%) approximately equaling the share of White population (38.1%) by 2030. The balance of the population make-up is expected to be as follows: Asian and Pacific Islander (13.2%), African American (4.8%), two or more races (5.0%), and all other groups (0.8%). While the County's racial and ethnic diversity is expected to change dramatically, SANDAG also projects a dramatic shift in the age structure of the county. SANDAG is projecting that the population of residents 65 years and older will more than double by 2030.



COUNTY GOVERNMENT, ECONOMY AND OUTLOOK

County Government

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. Each board member must reside in the district from which he or she is elected. The Board of Supervisors sets priorities for the County and oversees most County departments and programs and approves their budgets. Per California Government Code 23005, the County may exercise its powers only through the Board of Supervisors or through agents and officers acting under the authority of the Board or authority conferred by law. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. The Chief Administrative Officer appoints the Chief Financial Officer, the Auditor and Controller and all other appointive officers. The CAO assists the Board of Supervisors in coordinating the function and operations of the County; is responsible for carrying out all of the Board's policy decisions that pertain to the functions assigned to that officers; and supervises the expenditures of all departments. Elected officials head the offices of the Assessor/ Recorder/ County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. The County provides a full range of public services to residents, including law enforcement, detention and correction, emergency response services, health and sanitation, parks and recreation, libraries and roads. The County also serves as a delivery channel for many State services, such as foster care, public health care and elections. These services are provided by five business Groups (Public Safety, the Health and Human Services Agency, Land Use and Environment, Community Services and Finance and General Government), each headed by a General Manager [Deputy Chief Administrative Officer (DCAO)] who reports to the CAO. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, with eligible costs subject to reimbursement according to specific guidelines; however, not all mandated costs are reimbursed.

Economy and Outlook

The economic events of September and October, 2008, have had far reaching and long-term impacts on the financial markets in the U.S and around the world.

A series of federal fiscal and monetary policy actions have been initiated to address the credit crisis and economic volatility. The Federal Reserve has engaged in an extraordinary policy of monetary easing by expanding its balance sheet, purchasing

private assets and bringing the Federal Funds rate down to near zero. In addition, the Treasury has \$700 billion in budget authority under the Troubled Assets Relief Program (TARP) for capital infusions to banks, term securities lending facilities, auto loans, and a housing plan. Moreover, on February 17, 2009, the President signed into law the American Recovery and Reinvestment Act (ARRA) of 2009 designed to stimulate the nation's sputtering economy.

The global decline in economic activity necessitated a coordinated international response for a recovery in economic output and revival in world trade. Actions in April 2009 by the G-20 produced a global plan for recovery and reform.

Although nationally there has been modest improvements in recent economic data and a general easing in financial conditions, the economic outlook for a strong and sustainable recovery is uncertain at best. Housing and vehicle demand remains unclear following the expiration of the "first-time" homebuyer tax credit and "cash-for-clunkers" program. With unemployment still rising and income growth weak, consumer spending strength is also in doubt. Additionally, contributions to growth from capital expenditures, net exports and the government are uncertain. Finally, there are also significant uncertainties concerning the inflation outlook. Specifically, while economic slack is severe, the monetary stimulus, rising commodity prices and a weaker dollar may boost inflation expectations and inflation.

San Diego County was one of the first areas in California and the nation to experience the housing price meltdown, feel the financial impacts from the credit crisis, and experience a jump in loss of jobs. The unemployment rate for the County has been lower than that of the State for the last 9 years. While the unemployment rate has remained lower than the State rate, the County's unemployment rate has jumped from 6.3% at June 30, 2008 to 10.2% at June 30, 2009. The State unemployment rate increased from 7.6% to 11.4% during the same period.

The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. For example, there is an increased demand for public assistance, while at the same time the State and local resources available to fund those services are shrinking. Fewer customers are seeking land development or building permit services, making it difficult to maintain core services for these fee-based programs. The real estate market slump affects the County's general purpose revenue, which is expected to decline in Fiscal Year 2009-10 from Fiscal Year 2008-09. General purpose revenue is relied upon to fund local discretionary services, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. The State of California's budget has been severely impacted by the recession and consequently has had to cut funding to local governments in many program areas, including grants for certain public safety services.



County management continues to evaluate and respond to the changing economic environment and its impact on the cost and the demand for County services. Specific actions are detailed in the 2010 Adopted Operational Plan which can be accessed at <http://www.sdcountry.ca.gov/auditor/budinfo.html>.

County's Economic Base

The County's economic base consists of a significant manufacturing presence in the fields of electronics and shipbuilding, a large tourist industry attracted by the favorable climate of the region, and a considerable defense-related presence. Highlights of County employment as of July 2009 are listed below:

- ◆ Non-agricultural employment totaled 1,240,200 jobs. This represents a loss of 62,600 jobs from the unadjusted July 2008 employment figures.
- ◆ The services industry constitutes the largest employment sector and accounted for approximately 47.0% of non-agricultural employment, with a total of 582,600 employed.
- ◆ The wholesale and retail trade industries were the second largest, with the non-government sector, comprising approximately 14.2% of non-agricultural employment totaling 175,600 jobs.
- ◆ Government accounted for approximately 17.5% of non-agricultural employment. San Diego's military presence contributes to this significant component.
- ◆ Manufacturing accounted for an additional 7.7% of non-agricultural employment.
- ◆ The construction sector is greatly influenced by the general health of the economy, and in particular, population and housing growth. Construction employment, which accounted for 5.4% of total non-agricultural employment or 67,000 jobs, was down 14,300 jobs from the unadjusted July 2008 employment figures. The continued low level of residential building permits, sustained high level of foreclosures, and year over year decline in median home prices are all expected to continue to negatively impact construction jobs through the end of 2009 and into 2010.
- ◆ The financial sector, including finance, insurance, real estate and related employment, represents 6.0% of non-agriculture employment. Financial activities experienced a reduction of 1,600 jobs from the unadjusted employment figures for July 2008.
- ◆ Agriculture accounted for approximately 0.8% of total employment.
- ◆ As noted above, from July 2008 unadjusted employment figures to July 2009, the San Diego County region experienced a net job loss of 61,700. This compares to a decrease of 4,500 jobs the previous year. The County is in the midst of significant volatility. San Diego's index of leading economic indicators, however, has been up slightly

over the last few months. While a full economic recovery is not expected for some time, 2010 should see continued signs of improvement for the region.

County revenues that are affected by the state of the local economies include property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by interest rates and the general economy. Although short and long-term interest rates are low by historical standards, there is continued uncertainty regarding the pace of economic recovery at the national, state and local levels.

An impact of the overall housing market decline is an improvement in the California Association of Realtors index for first-time buyers throughout California. Based on the California Association of Realtors' First Time Buyer Housing Affordability Index, San Diego's housing affordability index, (the percentage of households that can afford to purchase an entry-level home) increased to 59% in June 2009, up from 56% in December 2008, up from 31% in December 2007, and up from 23% in December 2006. This index is based on an adjustable rate mortgage and assumes a 10% down payment and a first-time buyer purchase of a home equal to 85% of the prevailing median price. The improvement in the percentage of households that could afford to buy an entry-level home in San Diego was based on the market driven drop in entry-level priced homes and the corresponding adjustment to the monthly payment needed (including taxes and insurance) and an adjustment to the qualifying income level for the lower priced entry-level homes.

Sources: State of California Department of Finance, San Diego Association of Governments (SANDAG) - San Diego's Regional Planning Agency, the State of California Employment Development Department, and the California Association of Realtors.

GENERAL MANAGEMENT SYSTEM

The General Management System (GMS) is the formal comprehensive guide for planning, implementing, monitoring and rewarding all functions and processes of County Government. The GMS establishes good business practices and fiscal discipline, both of which are essential to achieve the County of San Diego's vision, "A County Government that has earned the respect and support of its residents." The purpose of the GMS is to optimize the efficient application of resources in the delivery of services to our residents. These resources include not just taxpayer dollars, but all San Diego County assets, including our unique natural and cultural resources, the expertise and creativity of County employees, and the informed interest of County residents. The idea behind the GMS is straightforward: County government will be able to provide superior services if it sets sound goals and applies strong management principles to achieve those goals.

The County had an adopted annual budget of \$5.19 billion and about seventeen thousand employees (staff years) who serve



about three million residents spread over more than 4,000 square miles. Coordination, fiscal and operational discipline, and shared commitment are vital. The GMS facilitates and organizes the goal setting process. The GMS then links goal setting and long-range planning and resource allocation to goal attainment, which includes monitoring, evaluation, cooperation, motivation, and recognition. The GMS helps ensure that County employees adhere to core principles, promoting a culture that values our employees, partners, and customers and institutionalizes continuous improvement and innovation.

The GMS process begins with a long-range, five-year strategic planning process. This is followed by the short-term, two-year operational planning process, which encompasses the budget process, wherein each department's strategic objectives and resources allocated to achieving them are detailed. Monitoring and control take place throughout the year. Evaluation mechanisms are used to ensure that goals are tracked, plans followed, and risks identified. Functional threading maximizes efficient use of personnel and material resources by coordinating staff and linking the functions they perform. Motivation, rewards, and recognition encourage continuing progress by rewarding those who meet and exceed goals. The system completes a full circle in a fiscal year and begins again with a review of the Strategic Plan and development of a new Operational Plan.

County management defines and communicates GMS objectives. Lines of authority flow from the Board of Supervisors to the Chief Administrative Officer (CAO), Assistant CAO (ACAO), and the five Group General Managers/Deputy CAOs. These senior managers supervise appointed department heads, from whom authority flows down to line staff. Despite the crucial role of management, the success of the GMS depends on strong and effective leadership at all levels of County service. Every County employee is expected to help set goals, strive to achieve them, and be recognized for achievement.

The GMS helps ensure that sound planning, preparedness, and improvement become permanent organizational ethics. With the GMS as a guide, the County continues to use strong fiscal management practices, while remaining focused on providing superior services to County residents. The principles and procedures outlined by the GMS are meant to apply to every County function on an ongoing basis.

STRATEGIC AND OPERATIONAL PLANNING (BUDGETARY) PROCESS

As noted above, a five-year Strategic Plan is updated annually to provide long-term direction to County managers and staff. Each fiscal year a two-year Operational Plan is prepared and details each department's strategic objectives and the resources required to achieve them. The Operational Plan is monitored regularly and is linked to the GMS system of rewards

and recognition. The annual Line-Item Budget incorporates the first year of the Operational Plan and is formally adopted by the Board of Supervisors pursuant to Government Code 29000 et seq. During the year, departments may request budget adjustments for new and existing programs. In addition, the Chief Administrative Officer reviews the status of the County's performance against budget in a quarterly status report to the Board of Supervisors.

FINANCIAL (BUDGETARY) POLICIES

Government Code Sections 29000 through 30200 provide the statutory requirements pertaining to the form and content of the County's Budget. Government Code Section 29009 requires a balanced budget in the proposed and final budgets, defined as "the budgetary requirements shall equal the available financing".

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

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

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

Board of Supervisors Policies

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

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

B-71 Fund Balance and Reserves: Establishes guidelines regarding the use of fund balance and the maintenance of reserves in order to protect the fiscal health and stability of the County. Expenditures for services are subject to fluctuations in demand and revenues are influenced by changes in the economy and by State and federal regulations. This policy ensures the County is prepared for unforeseen events by establishing and maintaining prudent levels of fund balance and reserves.

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



M-26 Legislative Policy: Long-Term Financing of Local Agencies: Calls on the Legislature to redress inequitable State funding formulas.

Administrative Manual

0030-01 Full Cost Recovery of Services: Establishes a procedure within the framework of Board of Supervisors Policy B-29, to serve as guidance in the process of recovering full costs for services provided to agencies or individuals outside the County of San Diego organization under grants or contracts or for which fees may be charged.

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

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

0030-18 Transfers Of Excess Cash Balances To General Fund: Provides for transfer of excess cash balances to the General Fund from funds within the County's area of financial and cash management which contain earnings or moneys in excess of those funds' requirements.

0030-19 Revenue Match Limitation: Revenue matches will be limited to the mandated level unless clear justification is provided which results in a waiver of this policy by the Board of Supervisors.

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

STRATEGIC INITIATIVES AND ACHIEVEMENTS

The inability of State government to develop a viable long-term solution to its budget imbalance remains a risk to funding and stability of County programs, since State aid is the primary source of County revenues. The widening gap between state funding and the cost of administering services is coupled with a slow economy. The County has lost significant funding from the State, which is grappling with the economic downturn in the context of its lack of financial solvency and discipline while at the same time, revenues the County receives directly, such as property and sales taxes, have flattened or decreased and the cost of fuel, building materials and other materials needed to provide services to the public continues to rise.

Notwithstanding, County government continues to follow the map of the Strategic Plan developed within the discipline of the GMS. The County's Strategic Plan clearly identifies the organization's priorities, so that both the public and employees can better understand how the County will use its resources

during the next five years and what to expect as a result. Consistent with the County's General Management System, activities undertaken to achieve these goals will be tracked and reported throughout the year, to ensure accountability and results. The Strategic Initiatives focus on what the County will do to serve the public and change over time as public needs, desires and priorities change. The County's strategic Initiatives are:

- ◆ **Kids** - Improve opportunities for children and families.
- ◆ **The Environment** - Manage the region's natural resources to protect quality of life and support economic development.
- ◆ **Safe and livable Communities** - Promote safe and livable communities.

The Strategic Plan also includes Required Disciplines that address the County's internal priorities. The Required Disciplines are the foundation the County organization must establish to accomplish our public service goals efficiently and effectively. They set the standards for continued operational excellence the County is committed to achieving. These Required Disciplines are:

- ◆ Fiscal Stability
- ◆ Customer Satisfaction
- ◆ Regional Leadership
- ◆ Skilled, Adaptable and Diverse Workforce
- ◆ Essential Infrastructure
- ◆ Accountability/Transparency
- ◆ Continuous Improvement
- ◆ Information Technology

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

Kids

- ◆ The Health and Human Services Agency focused on children under 10 years of age, both through the current child welfare system and through other strategies which included the Nurse Family Partnership (NFP), an evidence-based, nurse-home visiting program that helped first-time, low-income, high-risk mothers raise healthy children. In the East Region, 96% (47 of 49) of children of NFP graduates received all their immunizations and in the South Region, 97% (59 of 61) of clients initiated breastfeeding. The Agency also collaborated with the County Office of Education on School Success, a program designed to help foster children tackle the difficulties they face at home and school. This program ensures that the educational needs of foster care children and youth are identified early and offers them a full array of academic support services and research. With the early implementation of the partnership (which incorporates education liaison services with social worker placement



services at each of the Agency's six regions), 675 foster children were referred for services January through June 2009.

- ◆ The Probation Department successfully reduced the total number of violent incidents in juvenile institutions by 11%. The department has been successful in reducing violent incidents over the past two years due to changes in training and operational policy.
- ◆ The District Attorney increased the prosecution of Internet crimes against children by 45%.
- ◆ The Parks and Recreation Department promoted recreational opportunities and environmental awareness for 9,000 youth by conducting formal and informal environmental education programs in 12 park facilities with an emphasis on water quality, watershed awareness and natural and cultural resources and by providing 39 outdoor adventure and education activities throughout the parks system and region. The department increased recreational activities for youth by providing 102 health-related events and classes, including a wide variety of environmental education and teen programs for 6,816 youth in the San Diego region, in support of the County's Childhood Obesity Action Plan and the Greater San Diego Recreation and Parks Coalition for Health and Wellness. The department also increased community involvement for young people by overseeing 3,657 youth and adult volunteers through 113 total community volunteer work events in 36 park facilities.
- ◆ The Parks and Recreation Department completed construction and improvements at Hilton Head Park in Rancho San Diego. The first-of-its-kind aquatic playground incorporates innovative design ideas with state-of-the-art computer and filtration system technology that kills bacteria. In addition, they completed improvements to shade structures and playground equipment at Fallbrook and Collier Parks, which make the equipment more usable by keeping it cooler in the hot summer months and keeping direct sunlight off the children.
- ◆ The Department of Environment Health conducted 18 outreach presentations regarding household hazardous waste to 2,500 students, 5 school presentations regarding vector control and awareness to approximately 3,200 students and 16 presentations to over 2,000 primary and secondary school children regarding hazardous materials and careers in environmental health. This was accomplished through class presentations and attendance at school science and technology fairs and exceeded the goal to conduct 35 outreach programs to approximately 2,000 students.
- ◆ The Department of Public Works enhanced school children's safety by working with school administrators to analyze, identify and implement school zone improvements for pedestrians, bicyclists, buses and automobiles at 13 schools. The department also initiated installation of flashing

beacons at the entrance to 25 MPH school zones on roads with prevailing speeds of 40 MPH or greater by identifying 6 candidate locations eligible for flashing beacons and are seeking grant funding through application to the California Office of Traffic Safety and other funding resources.

- ◆ The Department of Public Works repainted and re-marked crosswalks and roadway legends adjacent to all 116 public school locations throughout the unincorporated areas of the County. The department also completed construction or awarded construction contracts for five projects that improved traffic flow around schools and provided safe routes to schools. Projects included Grove Street in Lincoln Acres, Ashwood Street and Parkside Street East Sidewalks in Lakeside, Tavern Road Intersection Improvements in Alpine and a contract to replace curb, gutter and sidewalks at various locations throughout the County.

The Environment

- ◆ The Parks and Recreation Department expanded and protected park resources by adding 4,143 acres of parkland throughout the County over two years and initiated biological and cultural surveys in five County preserves and completed resource management plans (RMP) in 8 preserves.
- ◆ The Parks and Recreation Department completed construction and opened the San Elijo Lagoon Nature Center in January 2009. Exhibits feature recycled materials, solar panels, irrigated roof plants and recycled water that educate the public about Green Building concepts. The Nature Center was designed and built to attain LEED Platinum Certification.
- ◆ The Parks and Recreation Department received the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver Status certification for the Goodan Ranch Center. LEED Certification is the recognized standard for measuring building sustainability. The Goodan Ranch Center is the first County building to attain LEED Silver Status certification.
- ◆ The Department of Environmental Health developed an annual inspection schedule for each recycled water producer and an inventory of recycled water use sites that are due for a four-year shutdown test inspection through the expansion and improvement to the County's permit tracking database inspection module. This will help protect the public from the potential negative health affects of recycled water misuse.
- ◆ The Department of Public Works protected and preserved environmental resources by instituting a policy that all new landscaping installed by the department be Xeriscape to save water and decrease green waste. The department also improved energy efficiencies by changing first generation Light Emitting Diode (LED) lamps that have higher rate of burnouts with energy efficient LEDs that have a longer service life span at traffic signalized intersections. In



addition, the department identified 30 candidate intersections (goal was 25) with traffic signals eligible for LED lamp replacement and replaced over 500 LED units.

- ◆ The Department of Public Works protected and preserved the County's water quality and watersheds through the following:
 - ★ Converted concrete-bottomed segments of Ruxton Road Channel in the Sweetwater Watershed to natural, vegetated watercourses that provide natural filtration. This project won an American Public Works Association Project of the Year award.
 - ★ Conducted 385 watershed site investigations. These investigations provided crucial data for understanding the condition of receiving waters in all eight watersheds and how they are impacted by discharges from unincorporated communities.
 - ★ Removed 27,000 cubic yards of debris from culverts, drainage channels and roads through a systematic cleaning program to prevent pollution of the county's rivers, bays and ocean.
 - ★ Swept 16,193 lane-miles of roadway to clean debris from road surfaces and prevent pollution of the county's rivers, bays and ocean, meeting the goal.
 - ★ Cleaned 480 miles of sewer mains within the County's sanitary sewer system to protect public health and the environment by minimizing the risk of sanitary sewer overflows.

Safe and Livable Communities

- ◆ The Health and Human Services Agency opened a new state-of-the-art, skilled nursing facility to replace the existing Edgemoor facility. This is a 24-hour facility that provides long-term medical care to patients with complex medical needs. The new facility opened in early 2009 and accommodates up to 192 licensed beds, up from 175. Annual operational savings for the new facility is estimated at \$4.6 million. The energy-saving features that were incorporated will save approximately \$207,000 in utility bills every year for the next several years.
- ◆ The District Attorney, Sheriff, Probation and Public Defender collaborated with the Court, health treatment professionals and other criminal justice partners to develop a behavioral health court model that will reduce the recidivistic behavior of mentally ill offenders.
- ◆ The Sheriff's Department reduced the time for the Crime Lab to process and deliver DNA analysis for street crimes (robbery, burglary, auto theft) to area investigators from an average of 161 days to 52 days by creating a rapid response DNA Team.
- ◆ The Department of Child Support Services collaborated with the State and the Administrative Office of the Courts to design and develop a process involving collaborative negotiation with parents. Once implemented, this process will establish the baseline to measure whether

establishment or modifications of child support orders are processed more efficiently and whether this results in increased child support payment and increased parent satisfaction.

- ◆ The Office of Emergency Services, in partnership with the Land Use and Environment Group and the Forest Area Safety Task Force created a master fuel management plan to reduce the region's vulnerability to wildfires. This involved working with representatives from the 18 incorporated cities, other governmental jurisdictions and the private sector. They also developed a public education campaign and materials on reducing the risk of wildfires to reach three million residents.
- ◆ The Office of Emergency Services developed and implemented a public awareness campaign on the County's AlertSanDiego emergency notification system that directs residents to a Web link to register. This campaign provided information to the community about the difference between the system and Reverse 911, and the benefits of the notification system. There were 148,000 new registrants to AlertSanDiego.
- ◆ The Registrar of Voters conducted four elections that provide access for all voters and timely elections results, including the Presidential Election in November 2008, with a turnout of 83%, the highest percentage turnout since 1972.
- ◆ The Department of Planning and Land Use improved fire protection and emergency response by continuing to provide ongoing funding for existing contracts and much needed resources to rural communities, such as response apparatus. Additionally, the San Diego County fire services reorganization received final approval in 2009. Under the reorganization, fire agencies now provide 24-hour firefighting and emergency medical services for nearly 1 million acres in the unincorporated areas of the County.
- ◆ The Parks and Recreation Department expended \$13.7 million on non-acquisition park improvement projects of which approximately 16% was funded by grants. Projects included trail restoration and construction, improvements to community centers and campgrounds, design and development of sports fields, repairs to playgrounds and court surfaces, well replacements and habitat enhancement. They also enhanced 10 parks by completing 11 capital and major maintenance projects that improved recreational opportunities for the public. Projects included expanding the existing trail system, retrofitting lighting, repairs to aged playground and court surfaces, erosion mitigation and implementation of energy efficiency fixtures.
- ◆ The Parks and Recreation Department, in partnership with the San Diego County Farm Bureau, opened a new Farmers Market at Lindo Lake Park. The Farmers Market offers fresh foods and vegetables to approximately 200 shoppers each week. This Farmers Market is one of only a few in the County that accepts food stamps. The department also reopened Jess Martin Park, the only community park in Julian. The



park features a playground, three ball fields, skate park and on-site parking. A voter approved newly formed assessment district will fund ongoing operations and maintenance costs for the Park.

- ◆ The Department of Public Works negotiated an agreement with the Pauma Band of Mission Indians that set forth commitments of the Pauma Indians to provide mitigation necessitated by their development and operation of the expansion of their casino. This agreement provided a mechanism for the Pauma Indians to compensate the County for the costs of law enforcement and problem gambling programs.
- ◆ The Department of Public Works completed construction of the McClellan-Palomar Airport Terminal. This project won an American Public Works Association Project of the Year award

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

OTHER AWARDS AND RECOGNITIONS

Even with the financial and environmental challenges of Fiscal Year 2009, the County was recognized for many activities that highlight progress in the Strategic Plan Initiatives. County programs received awards for operational and service delivery achievements, technological innovations, and prudent fiscal management.

- ◆ San Diego County received 39 awards at the 2008 annual Achievement Awards competition sponsored by the National Association of Counties (NACo). This was the fourth year in a row that the County has received more awards than any other U.S. county. The winning programs, which span all five County business groups, were recognized for being innovative and successful, and for promoting quality, efficiency, and a responsive county government. The programs receiving awards included Students Taking Academic Responsibility (STAR), Independent Living Skills/ Foster Youth Workforce Services, Integrated Fire Suppression/Stormwater Compliance, Collaborative Citizenship Classes at Neighborhood Library Branches,

Crime Analysis Early Warning System, Health and Human Services Agency Contractor Financial Review, Medical Examiner Bereavement Center, Office of Emergency Services for Kids, Senior Expo: Protect Yourself and Your Wallet, Sheriff Mobile Photo Identification System and the Tweenie Kitten Foster Program.

- ◆ For the seventh consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada recognized the County with the Distinguished Budget Presentation Award for the Adopted Operational Plan: Fiscal Years 2008-09 & 2009-10.
- ◆ The Department of Media and Public Relations' County Television Network (CTN) received 9 awards at the National Association of Telecommunications Officers & Advisors conference in September 2008 for excellence in broadcast, cable, multimedia and electronic programming.
- ◆ The County Television Network (CTN) was honored in May 2009 with the large market Overall Excellence award by the Southern California and Nevada chapter of the national Association of Telecommunications Officers and Advisors.
- ◆ In 2009, the County of San Diego and Mental Health Systems, Inc. received the Public-Private Partnership Award from the San Diego Taxpayers Association for the Serial Inebriate Program - which offers treatment, shelter, and other supportive services to chronic public inebriates as an alternative to custody, saving San Diego County taxpayers more than \$800,000 a year. This program is made possible by the collaboration of a wide range of agencies and organizations including: San Diego County Alcohol and Drug Services, local law enforcement, hospitals and Mental Health Systems, Inc.
- ◆ The California State Association of Counties awarded the County a 2008 Challenge Award for its Rapid Response to Local Emergencies through the implementation of four Local Assistance Centers (LACs) opened to help fire victims within 72 hours of Firestorm 2007. During the wildfires, residents lost homes and cars, making it difficult to travel to locations from which they could receive aid. The LACs provided "one-stop-shops" for fire victims to apply for aid and to interface with local, state, federal and other agencies that provide services. Additionally, the LACs provided the County and other agencies with timely information about the needs of fire-affected communities.
- ◆ The County of San Diego took top honors in the 2008 Digital Counties Survey conducted by the Center for Digital Government. The Center for Digital Government recognizes counties using information technology in increasingly innovative ways and improving service to their citizens. The survey is an annual study by the Center and the NACo.
- ◆ The California State Association of Counties recognized three County programs with 2008 Merit Awards for innovation and excellence. The County programs selected include:



- * Food for Thought Partnership - a partnership between Aging and Independence Services and the County Library system to help older adults overcome isolation and poor nutrition through physical activity and a balanced meal in the supportive Library environment.
- * Serial Inebriate Program - offers treatment, shelter and other supportive services to chronic alcoholics to reduce their use of public safety and emergency medical care resources. The County's Alcohol and Drug Services united with the Police Department to develop a program for long-term homeless alcoholics that would slow their cycle of moving in and out of detoxification centers, jails and hospitals.
- * Workforce Academy for Youth - a comprehensive training program, which includes a six-month paid County internship, job coach, and life skills coach, to better prepare emancipating foster youth for jobs, encourage school education, and promote a successful transition to self-sufficiency.
- ◆ The California Department of Child Support Services (DCSS) honored the County's Department of Child Support Services with the coveted Large Caseload County Award for the Fiscal Year 2008. The State DCSS recognizes the top performing local child support agencies for their performance based on an average of their ranking in five federal performance measures. This was the first year the County has won the award.
- ◆ The Department of Planning and Land Use won the only two 2008 Best Practice Awards from the American Planning Association's San Diego Chapter for creating guidelines to evaluate environmental impacts and to reduce water pollution. The County was honored for its creation of the California Environmental Quality Act Guidelines for Determining Significance and the Low Impact Development.
- ◆ The National Association of County Park and Recreation Officials recognized the County with two awards. The book "Ranchos of San Diego County," co-authored by the County Parks Historian, was presented a 2009 Recognition of Outstanding Accomplishment award. Also, the Hilton Head Park Aquatic Playground, a central recreational feature at Hilton Head Park, received a 2009 Park and Recreation Facilities Award for Excellence in national park and recreation facility design; outstanding planning, construction and benefits to the community. The Department of Parks and Recreation was recognized by the California Parks and Recreation Society with a 2008 Achievement Award in Recreation Programs for outstanding achievement in development and implementation of the Movies in the Park series. The program was selected for its contribution to the mission of parks and recreation by strengthening community image,
- ◆ The California Counties Facilities Services Association named the Department of General Services as a recipient of the 2008 Award of Excellence for its exceptional dedication and continued efforts to advance the development of programs and processes that extend the life of public facilities.
- ◆ The Department of Human Resources received the Best Managed Implementation - 2008 award from NEOGOV for their conversion to the new online job application system. The award was based on several factors, including the speed of the implementation and thoroughness of the business process re-engineering, and was highlighted during a presentation at NEOGOV's annual conference.
- ◆ The San Diego County District Attorney's Office received a Workplace Excellence Award from the San Diego Society for Human Resource Management for recognition as an outstanding workplace, through implementation of professional and innovative human relations programs, such as the DA University program, which provides in-house continuing education for employees, and the "You Are a Star" recognition and reward program.
- ◆ The Department of Purchasing and Contracting received its eighth consecutive Achievement of Excellence in Procurement Award from the National Purchasing Institute for demonstrating excellence in innovation, professionalism, productivity, e-procurement and leadership.
- ◆ The Farm and Home Advisor's Office received two national awards for the "Money Talks for Teens," a program designed to teach teens about money management from the National Extension Consumer and Family Science Association and from the Association for Financial Counseling, Planning and Education.
- ◆ The Health and Human Services Agency's Children's Services program received a 2008 Adoption Excellence Award in the category "Support for Adoptive Families" from the U.S. Department of Health and Human Services for the extraordinary contributions the County has made in providing adoption and other permanency outcomes for children in foster care.



ACKNOWLEDGMENTS

We would like to express our appreciation to the accounting staff of County departments and the staff of the Auditor and Controller's department whose coordination, dedication and professionalism are responsible for the preparation of this report. We would also like to thank Macias Gini & O'Connell LLP for their professional support in the preparation of the CAFR.



DONALD F. STEUER
Chief Financial Officer



Lastly, we thank the members of the Board of Supervisors, the Chief Administrative Officer, Group/Agency General Managers and their staff for using sound business practices while conducting the financial operations of the County.

Respectfully,



TRACY M. SANDOVAL
Auditor and Controller



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Diego California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Board of Supervisors



Greg Cox
District 1



Dianne Jacob
District 2
Chairwoman



Pam Slater-Price
District 3
Vice-Chairwoman

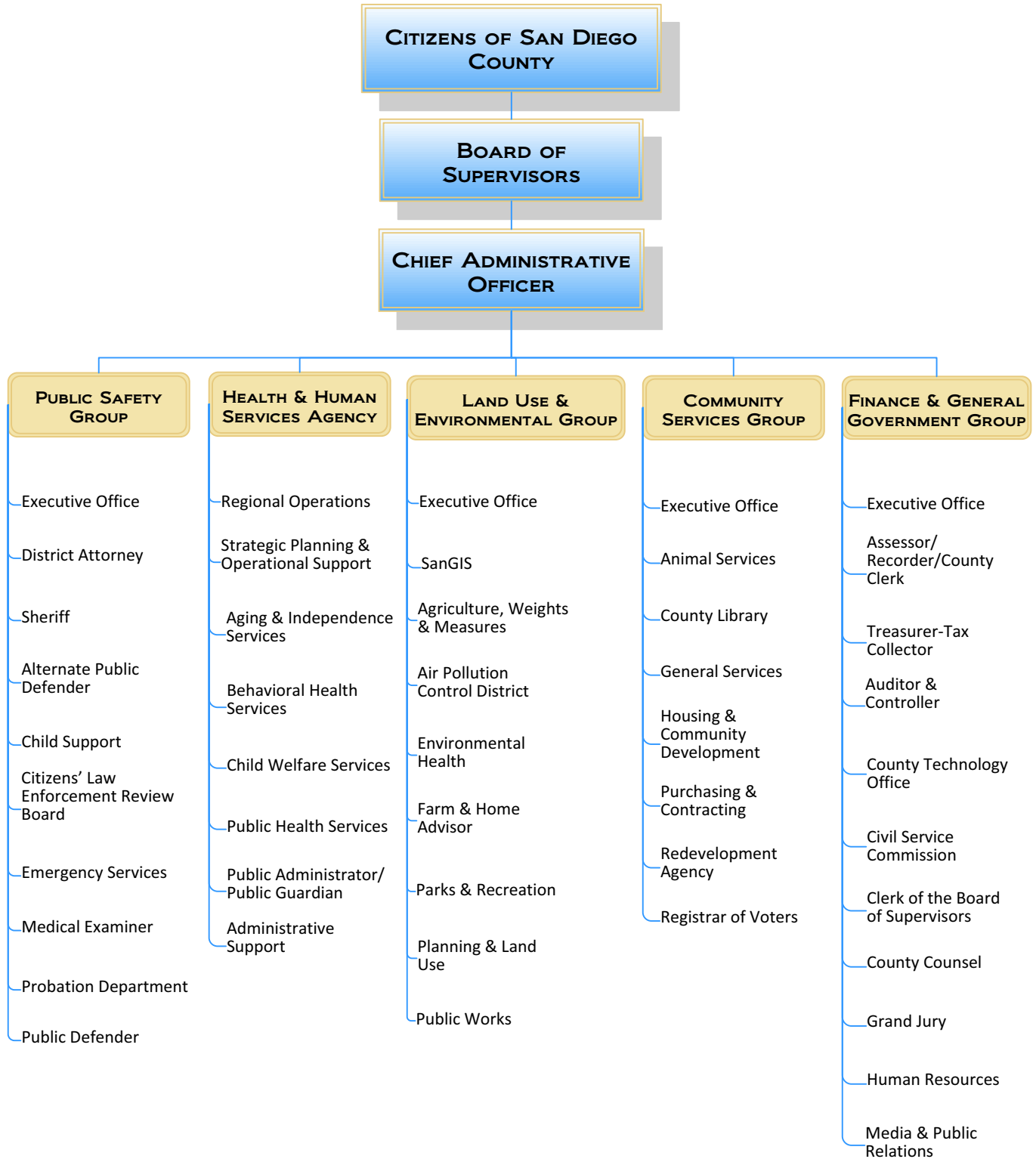


Ron Roberts
District 4



Bill Horn
District 5





Other Elected and Appointed Officials

Chief Administrative Office

Chief Administrative Officer	Walt Ekard
Assistant Chief Administrative Officer	Helen N. Robbins-Meyer

Elected Officials

Assessor/Recorder/County Clerk	David Butler
District Attorney	Bonnie Dumanis
Treasurer/Tax Collector	Dan McAllister
Sheriff	Bill Gore

General Managers

DCAO/General Manager Community Services Group	Mikel D. Haas
Chief Financial Officer/General Manager Finance & General Government Group	Don Steuer
Agency Director Health & Human Services Agency	Nick Macchione
DCAO/General Manager Land Use & Environment Group	Chandra Wallar
DCAO/General Manager Public Safety Group	Ray Fernandez

Department Heads

Agriculture, Weights & Measures	Robert Atkins
Air Pollution Control District	Bob Kard
Alternate Public Defender	Timothy A. Chandler
Animal Services	Dawn Danielson
Auditor & Controller/ACFO	Tracy Sandoval
Chief of Staff - CAO	Janice Graham
Child Support Services	Jeff Grissom
Civil Service Commission	Patt Zmary
Clerk of the Board	Thomas J. Pastuszka
County Counsel	John J. Sansone
County Technology Office	W. Harold Tuck, Jr.
Emergency Services	Ron Lane
Environmental Health	Jack Miller*
Farm & Home Advisor	Terrell P. Salmon
General Services	April Heinze
AIS & HHSA-East Region	Pamela B. Smith
HHSA-Central & South Regions	Rene Santiago
HHSA-North Coastal, Inland & Central Regions	Donna Hand
Public Health Officer	Wilma Wooten, M.D.
Child Welfare Services	Debra Zanders-Willis
Behavioral Health Division	Jennifer Schaffer
Housing & Community Development	Cathy Trout Lichterman
Human Resources	Carlos Arauz
Internal Affairs	Eloy G. Villa
Library	Jose Aponte
Media & Public Relations	Michael Workman
Medical Examiner	Glenn Wagner
Parks & Recreation	Gary Erbeck*
Planning & Land Use	Eric Gibson
Probation	Mack Jenkins
Public Defender	Henry C. Coker
Public Works	John L. Snyder
Purchasing & Contracting	Winston F. McColl
Registrar of Voters	Deborah Seiler
Strategy & Intergovernmental Affairs	Sarah Aghassi

*Acting





MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SAN DIEGO
402 W. Broadway, Suite 400
San Diego, CA 92101
619.573.1112

SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

NEWPORT BEACH

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of San Diego, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Diego, California (County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the First 5 Commission of San Diego (Commission), the discretely presented component unit, as of and for the year ended June 30, 2009. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis and budgetary comparison information on pages 17 through 31 and 84 through 89, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund information and other supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund information and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Jini & O'Connell LLP

Certified Public Accountants

San Diego, California
November 20, 2009



This section of the County of San Diego's (County) Comprehensive Annual Financial Report provides a narrative overview and analysis of the basic financial activities of the County as of and for the year ended June 30, 2009.

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

Financial Highlights

- ◆ The assets of the County exceeded liabilities at the close of the fiscal year 2009 by \$3.45 billion (net assets). Of this amount, \$2.73 billion is invested in capital assets, net of related debt; \$314 million is restricted for specific purposes (restricted net assets); and the remaining portion represents unrestricted net assets of \$409 million.
- ◆ Total net assets increased by \$217 million. For governmental activities, revenues exceeded expenses by \$199 million. For business-type activities, revenues exceeded expenses, before transfers, by \$18 million.
- ◆ General revenues for governmental activities were \$1.15 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for \$935 million or 81%; other taxes, sales and uses taxes, investment income and other general revenues accounted for \$214 million or 19%.
- ◆ Program revenues for governmental activities were \$2.69 billion. Of this amount, \$2.18 billion or 81% was attributable to operating grants and contributions while charges for services accounted for \$443 million or 17%.
- ◆ The total expenses for governmental activities were \$3.64 billion. Public assistance accounted for \$1.18 billion or 32%, while Public protection accounted for \$1.16 billion or 32% of this amount. Additionally, health and sanitation accounted for \$678 million or 19%.

Overview of the Financial Statements

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

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

The Statement of Net Assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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



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



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

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

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

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

governmental funds is provided in the combining financial statements/schedules and supplemental information section in this report.

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for the financing of public works and communications equipment; the financing of materials and supplies (purchasing); for start up services for new and existing county service districts; for the County's public liability and employee benefits activities; the financing of fleet services; for facilities management activities; for the financing of information technology services; and for the financing of clothing and personal sundry items for persons institutionalized at various County facilities. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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



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

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

Required supplementary information (RSI) is also presented. It provides budgetary comparisons for the General Fund, Public Safety Special Revenue Fund and the Tobacco Endowment Special Revenue Fund (all major funds) in separate Schedules of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual.

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

Government-wide Financial Analysis

Table 1

Net Assets						
June 30, 2009 and 2008 (In Thousands)						
	Governmental Activities		Business Type Activities		Total	
	2009	2008 (1)	2009	2008	2009	2008
ASSETS						
Current and other assets	\$ 2,936,339	2,706,116	91,415	98,107	3,027,754	2,804,223
Capital assets	2,933,805	2,821,553	150,184	128,492	3,083,989	2,950,045
Total assets	5,870,144	5,527,669	241,599	226,599	6,111,743	5,754,268
LIABILITIES						
Long-term liabilities	2,275,911	2,232,294	2,486	2,645	2,278,397	2,234,939
Other liabilities	377,603	277,219	2,058	5,031	379,661	282,250
Total liabilities	2,653,514	2,509,513	4,544	7,676	2,658,058	2,517,189
NET ASSETS						
Invested in capital assets, net of related debt	2,582,854	2,468,142	148,146	126,237	2,731,000	2,594,379
Restricted	314,107	181,198			314,107	181,198
Unrestricted	319,669	368,816	88,909	92,686	408,578	461,502
Total net assets	\$ 3,216,630	3,018,156	237,055	218,923	3,453,685	3,237,079

(1) Note: 2008 Adjustments for Comparative Purposes

Certain fiscal year 2008 balances were adjusted to conform to the proper current year presentation as a result of the addition of the San Diego Regional Building Authority as a blended component unit in 2009 and the 2009 addition of a capital sublease between the County and the Metropolitan Transit Development Board related to the Metropolitan Transit System Towers refunding project. As a result, adjustments were made to Table 1, 2008 as follows: Current and other assets were increased by \$25.59 million coupled with an \$8.1 million increase in Long-term liabilities resulting in a \$17.49 million increase to Unrestricted and Total net assets, respectively.

Analysis of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$3.45 billion at the close of fiscal year 2009, an increase of \$217 million or 7% over fiscal year 2008. This included an increase of \$80 million in the County's restricted and unrestricted net assets (a 13% increase over fiscal year 2008) and an increase of \$137 million in capital assets, net of related debt (a 5% increase over fiscal year 2008).

The aforementioned increase of \$217 million in net assets was composed of the following changes in total assets and liabilities:

- ◆ Total assets increased by \$358 million. This included an increase of \$224 million in current and other assets and a \$134 million increase in capital assets. The \$224 million increase in current and other assets was primarily attributable to an increase in cash and investments (including investments with fiscal agents) of \$116 million, an increase of \$106 million in receivables, net (excluding property taxes), and a \$2 million increase in other assets. The increase in cash and investments was chiefly due to the issuance of \$136.885 million of fixed rate serial and term lease revenue bonds titled, "San Diego Regional Building Authority Lease Reve-



Management's Discussion and Analysis

nue Bonds - County Operations Center and Annex Redevelopment Project Series 2009 A" offset in part by annual debt service payments and a liquidation of investments to fund health related expenses. The increase in receivables, net was principally attributable to a \$106 million increase in amounts due from other governmental agencies.

- ◆ Total liabilities increased by \$141 million. This included an increase in other liabilities of \$98 million and an increase in long-term liabilities of \$43 million. The increase in other liabilities of \$98 million was primarily due to an increase in unearned revenue related to mental health services. The increase of \$43 million in long-term liabilities was mainly due to a \$39 million increase in long-term debt (see Long-Term Liabilities discussion), coupled with a net \$4 million increase in other long-term liabilities (including a \$5 million increase in claims and judgments and compensated absences offset by a \$1 million decrease in landfill closure and postclosure).

The largest portion of the County's net assets (80%) reflects its investment of \$2.73 billion in capital assets, net of related debt (which includes: land, infrastructure, buildings, and equipment; less any related outstanding debt used to acquire those assets). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the County's net assets, i.e. restricted net assets equaled \$314 million and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws and/or regulations of other governments. The remaining portion of the County's net assets includes \$409 million in unrestricted net assets.

Table 2

Changes in Net Assets						
For the Years Ended June 30, 2009 and 2008 (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008 (1)	2009	2008	2009	2008
Revenues:						
Program Revenues						
Charges for services	\$ 443,116	488,777	36,078	41,475	479,194	530,252
Operating grants and contributions	2,181,366	2,152,380	12,974	7,725	2,194,340	2,160,105
Capital grants and contributions	60,703	24,474			60,703	24,474
General revenues						
Property taxes	618,048	637,491			618,048	637,491
Other taxes	15,167	20,374			15,167	20,374
Property taxes in lieu of vehicle license fees	316,925	303,348			316,925	303,348
Sales and use taxes	22,435	24,872			22,435	24,872
Investment income	57,859	87,754	2,237	4,113	60,096	91,867
Other	118,929	80,811	68	105	118,997	80,916
Total revenues	3,834,548	3,820,281	51,357	53,418	3,885,905	3,873,699
Expenses:						
Governmental Activities:						
General government	275,508	299,735			275,508	299,735
Public protection	1,158,162	1,180,114			1,158,162	1,180,114
Public ways and facilities	151,125	144,452			151,125	144,452
Health and sanitation	678,217	638,869			678,217	638,869
Public assistance	1,177,320	1,114,453			1,177,320	1,114,453
Education	42,424	36,355			42,424	36,355
Recreation and cultural	34,542	33,941			34,542	33,941
Interest expense	118,927	120,923			118,927	120,923
Business-type Activities:						
Airport			10,614	8,848	10,614	8,848
Sanitation districts			16,666	17,574	16,666	17,574
Wastewater management			5,794	5,320	5,794	5,320
Total expenses	3,636,225	3,568,842	33,074	31,742	3,669,299	3,600,584
Changes in net assets before transfers	198,323	251,439	18,283	21,676	216,606	273,115
Transfers	151	81	(151)	(81)		
Change in net assets	198,474	251,520	18,132	21,595	216,606	273,115
Net assets at beginning of year (restated - see note 26 to the financial statements)	3,018,156	2,766,636	218,923	197,328	3,237,079	2,963,964
Net assets at end of year	\$ 3,216,630	3,018,156	237,055	218,923	3,453,685	3,237,079

(1) Note: 2008 Adjustments for Comparative Purposes

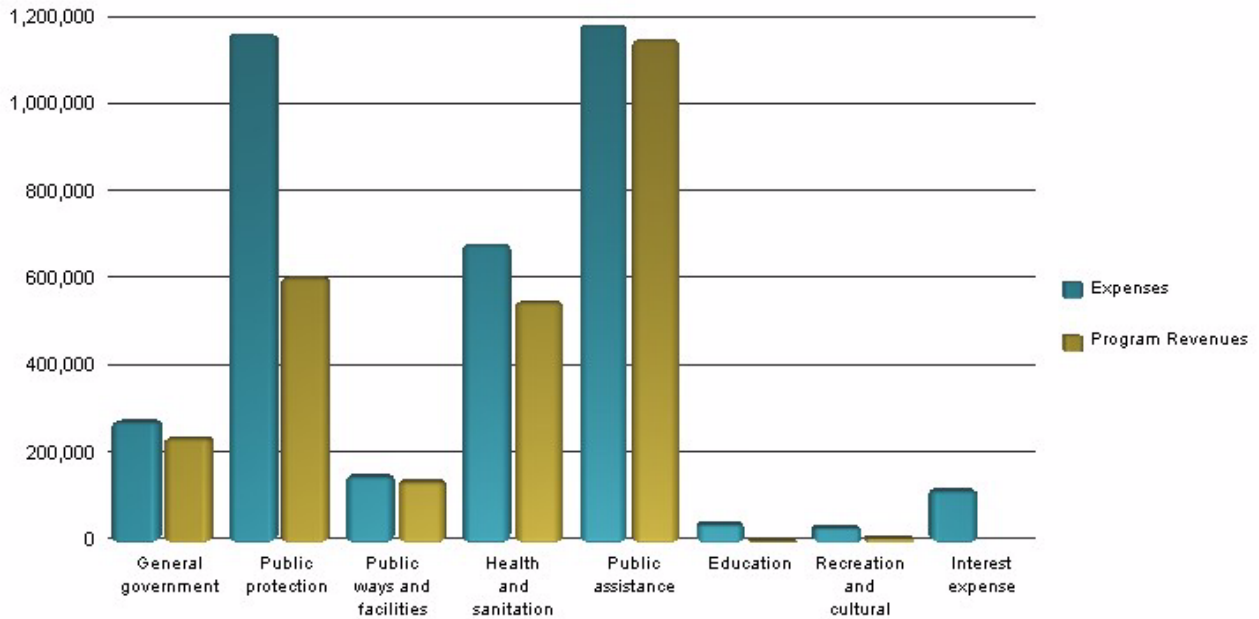


Certain fiscal year 2008 balances were adjusted (including the 2008 beginning net asset balance) to conform to the proper current year presentation as a result of the addition of the San Diego Regional Building Authority as a blended component unit in 2009 and the 2009 addition of a capital sublease between the County and the Metropolitan Transit Development Board related to the Metropolitan Transit System Towers refunding project. As a result, adjustments were made to Table 2, 2008 as follows: Charges for services were increased by \$3.159 coupled with increases to Investment Income and Other revenue of \$200 thousand and \$7 thousand respectively; while General government expenses were increased by \$1.128 million coupled with an increase to Interest expense of \$1.785 million, resulting in an increase to change in net assets of \$453 thousand (for further information see Note 26 to the Financial Statements).

Analysis of Changes in Net Assets

At June 30, 2009, changes in net assets before transfers (revenues minus expenses) equaled \$217 million, a \$56 million or 20% decrease from the previous year. Principal revenue sources contributing to the change in net assets were operating grants and contributions of \$2.19 billion and taxes of \$935 million (including: property taxes and property taxes in lieu of vehicle license fees.) These revenue categories accounted for 81% of total revenues. Principal expenses were in the following areas: public assistance, \$1.18 billion; public protection, \$1.16 billion; and health and sanitation, \$678 million. These expense categories accounted for 82% of total expenses.

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



Governmental activities

At the end of fiscal year 2009, total revenues for the governmental activities were \$3.83 billion, while total expenses for were \$3.64 billion. Governmental activities increased the County's net assets by \$198 million, accounting for 92% of the total increase in net assets (Business-type activities accounted for the remaining 8%, \$18 million).

Expenses:

- ◆ Total expenses for governmental activities were \$3.64 billion, an increase of \$67 million or 2% (\$69 million increase in functional expenses and \$2 million decrease in interest expense (due to decreased debt issuance related costs and interest accrued on outstanding debt) over the prior year. Public assistance was the largest functional expense (32%), followed by public protection (32%) and health and sanitation (19%).



Management's Discussion and Analysis

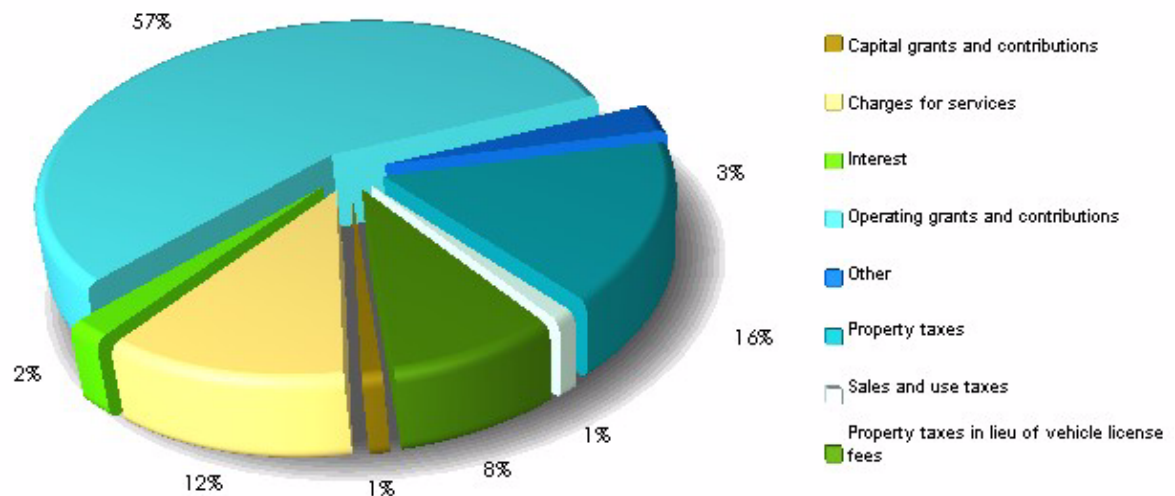
As noted below, the \$69 million increase in functional expenses was made up of \$114 million in increases and a \$45 million decrease:

The \$114 million increases in functional expenses were composed of:

- ◆ \$54 million in contracted services as follows: 1) \$16 million - HHSa AFDC Family Group; 2) \$15 million - HHSa Mental Health Administration; 3) \$6 million - support and care of persons; 4) \$6 million - participation benefits; 5) \$5 million - aid for adopted children; 6) \$3 million - temporary contract help; and, 7) \$3 million - various other contracted services.
- ◆ \$17 million paid to terminate two interest rate swap agreements relating to the advance refunding of the County of San Diego 2002 Series B Taxable Pension Obligation Bonds.
- ◆ \$15 million in salaries and benefit costs. As a service delivery entity, the County's major cost component is salaries and benefits, which accounts for approximately 42% of the total expenses. The County's overall strategy of deleting, freezing and temporarily funding positions minimized the impact of salary increases and benefit costs.
- ◆ \$10 million in loss on disposal of assets
- ◆ \$8 million in Housing Authority tenant assistance.
- ◆ \$5 million in various other County program activities
- ◆ \$3 million in depreciation due to an overall increase in depreciable capital assets.
- ◆ \$1 million in maintenance expenses
- ◆ \$1 million utilities expenses

The \$45 million decrease in functional expenses was due to the elimination of lease activity between the County and its SANCAL component unit.

Chart 2
Revenues by Sources - Governmental Activities
(As a Percent)



Revenues:

Total revenues for governmental activities were \$3.83 billion, an increase of .4% or \$15 million from the previous year. This increase consisted of increases in program revenue of \$20 million offset by a \$5 million decrease in general revenues as follows:

The \$20 million increase in program revenue was primarily due to increases of \$103 million and decreases of \$83 million noted below:

Increases in program revenues of \$103 million were composed of the following:

- ◆ \$36 million in capital grants and contributions attributable to a \$25 million increase in donated assets and approximately \$11 million in other capital contributions.
- ◆ \$38 million in operating grants and contributions resulting from a change in classification of property tax increment revenue received from non-county redevelopment agencies previously reported as property tax revenue;
- ◆ \$16 million in operating grants and contributions attributable to Welfare to Work contracts and reimbursements for the costs incurred for CALWORKs Assistance payments;



- ◆ \$8 million in operating grants and contributions due to aid from various other governmental agencies; and
- ◆ \$5 million in charges for services (booking fees).

Decreases in program revenue of \$83 million were attributable to:

- ◆ \$45 million in charges for services due to the elimination of lease revenue between the County and its SANCAL component unit; and
- ◆ \$38 million in operating grants and contributions for State Aid Realignment tied to sales tax and vehicle license fees which have been declining statewide.

General revenues decreased overall by approximately \$5 million. This decrease was due to increases of \$64 million and decreases \$69 million as noted below:

The \$64 million in increases were attributable to:

- ◆ a \$22 million increase due to a settlement agreement reached with a vendor;
- ◆ a \$19 million increase in current and delinquent property taxes;
- ◆ a \$14 million increase in property taxes in lieu of vehicle license fees; and
- ◆ a \$9 million increase in recovered expenditures associated with the County Operations Center construction project.

The \$69 million decrease in general revenues was due to the following:

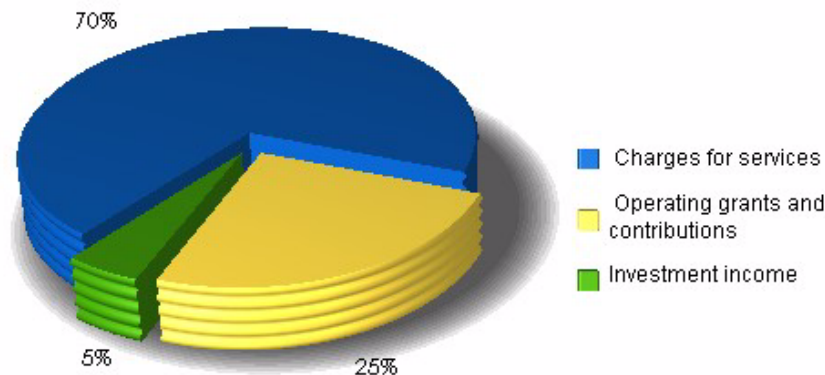
- ◆ \$38 million as a result of a change in classification of property tax increment revenue received from non-County redevelopment agencies previously reported as property tax revenue, now reported as operating grants and contributions;
- ◆ \$29 million in pooled investment income due to an approximately 50% (2008 4.6% vs. 2009 2.36%) drop in the annualized interest rate earned on investments in the County Treasury Pool; and
- ◆ \$2 million decrease in other taxes primarily attributable to a decrease in property transfer taxes.

The County's governmental activities rely on several sources of revenue to finance ongoing operations. As shown in **Chart 2**, operating grants and contributions of \$2.18 billion accounted for 57%, the largest share of this revenue. These monies are received from parties outside the County and are generally restricted to one or more specific programs. Examples of operating grants and contributions include State and Federal revenue for public assistance programs and health and sanitation programs.

Property taxes and property taxes in lieu of vehicle license fees are not shown by program, but are effectively used to support program activities county-wide. Combined, these general revenues equaled \$935 million and accounted for 24% of governmental activities. Additionally, charges for services were approximately \$444 million and accounted for 12% of revenues applicable to governmental activities.

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

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



Business-type Activities:

Business-type activities, which are exclusively comprised of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. As shown in Chart 3, charges for services represent \$36 million or 70% while grants (\$13 million) and investment income (\$2 million) represent 25% and 5% of total revenues respectively.

Net assets of business-type activities increased by \$18 million or 8%. This increase primarily included the following:

- ◆ a \$22 million increase in capital assets principally due to various airport improvements and construction of a new terminal building at McClellan-Palomar Airport;
- ◆ a \$7 million decrease in current and other assets due to: i) a \$3 million decrease in airport receivables, chiefly as a result of decrease in accrual related to the aid from Federal Aviation Administration ii) a \$4 million decrease in pooled cash and investments; and a
- ◆ a \$3 million decrease in other liabilities, due to decreases primarily in accounts payable.

Financial Analysis of County Funds

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

Governmental Funds:

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

At June 30, 2009, the County's governmental funds had combined ending fund balances of \$2.23 billion, an increase of \$103 million in comparison to the prior fiscal year. Of the total June 30, 2009 amount, \$1.749 billion constituted unreserved fund balance, which is available for spending at the County's discretion. The remaining \$479 million of fund balance is reserved to indicate that it is not available for new spending because it has already been committed. These reservations of fund balances include: (1) \$226 million reserved for other purposes; (2) \$108 million reserved for debt service; (3) \$75 million reserved for Realignment health, mental health and social services; (4) \$59 million reserved for loans, due from other funds and prepaids; and (5) \$11 million reserved for inventories (\$10 million) and landfill closure costs (\$1 million).

Governmental revenues overall totaled \$3.75 billion representing a .4% decrease. Governmental expenditures totaled \$3.78 billion, a .5% increase from the fiscal year ended June 30, 2008.

General Fund:

The General Fund is the chief operating fund of the County. At the end of fiscal year 2009, its unreserved fund balance was \$924 million, while total fund balance was \$1.19 billion, a decrease of \$30 million from fiscal year 2008.

This \$30 million decrease in fund balance was composed of \$111 million in decreases and \$81 million in increases as follows:

Decreases to fund balance of \$111 million were composed of:

- ◆ a \$48 million increase in contracted services expenditures made up of: \$18 million in home support services; \$15 million mental health; \$8 million child care; and \$7 million in family resources contracts.
- ◆ \$20 million in pooled investment income;
- ◆ \$38 million in State Aid Realignment tied to sales tax and vehicle license fees; and
- ◆ \$5 million in other taxes.

Increases to fund balance of \$81 million were composed of:

- ◆ a \$22 million due to a settlement agreement reached with a vendor;
- ◆ \$16 million due to Welfare to Work contracts and reimbursements for the costs incurred for CALWORKs Assistance payments
- ◆ \$15 million in current and delinquent property taxes;
- ◆ \$14 million in property taxes in lieu of vehicle license fees;
- ◆ \$9 million increase in recovered expenditures associated with the County Operations Center construction project; and
- ◆ \$5 million in booking fees.

Public Safety Special Revenue Fund:

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



As of June 30, 2009, the total (unreserved) fund balance in the Public Safety Special Revenue Fund was \$3.6 million, a \$454 thousand decrease from the previous fiscal year. However, Prop 172 revenues (one-half sales and use tax), the primary revenue source for this fund, decreased by \$32 million or 14% in fiscal year 2009 due to the ongoing economic recession.

Tobacco Endowment Special Revenue Fund:

This special revenue fund is used to account for the \$411 million the County received from the Tobacco Asset Securitization Corporation (Corporation) related to the sale of 25 years of tobacco settlement revenue in fiscal year 2002; and an additional \$123 million the County received from Corporation resulting from the issuance of the San Diego County Tobacco Asset Securitization Corporation refunding bonds in fiscal year 2006. At the end of fiscal year 2009, fund balance was \$427 million, a decrease of \$1 million from fiscal year 2008. The decrease was attributable to investment income of \$23 million; offset by transfers out of \$24 million to support health related program expenditures.

Other Governmental Funds:

Other governmental funds consist of nonmajor funds, which include special revenue funds, debt service funds, and capital project funds. Individual fund data for each of these nonmajor governmental funds is provided in the combining financial statements/schedules and supplemental information section of this report.

As of the end of fiscal year 2009, the fund balances of the other governmental funds totaled \$609 million, a net increase of \$135 million over the prior year. This \$135 million increase consisted of \$259 million in increases, offset by decreases of \$124 million as follows:

\$259 million increase to Other Governmental Funds' fund balance:

- ◆ \$203 million including \$137 million proceeds from the San Diego Regional Building Authority's (SDRBA) (a blended component unit of the County) issuance of fixed rate serial and term lease revenue bonds and a \$67 million transfer from the General Fund to finance the acquisition, construction and improvement of certain County facilities, including facilities to be used as an operations center located in the Kearny Mesa community of San Diego, the County Operations Center (COC) project;
- ◆ \$45 million elimination of debt service incurred in the governmental funds' component units funded by lease revenue from the County's General Fund;
- ◆ \$11 million increase to the Housing and Community Development Special Revenue Fund's fund balance principally attributable to a \$6 million increase in Federal Housing Urban Development revenue and a \$5 million increase to transfers in from the General Fund to provide working capital.

\$124 million decrease to Other Governmental Funds' fund balance:

- ◆ \$45 elimination of lease revenue paid from the County's General Fund to the governmental funds' component units;
- ◆ \$23 million increase in Capital Outlay expenditures (other than SANCAL referred to below) chiefly due to the construction expenditures incurred in relation to the aforementioned COC project;
- ◆ \$20 million reduction in the Road Special Revenue fund balance including a \$11 million reduction in revenue in the Road Fund attributable to a \$6 million reduction in road and street services revenue and \$5 million in road improvement revenue coupled with an \$8 million increase in construction contract expenditures and \$1 million in other road project costs;
- ◆ \$11 million decrease to total SANCAL funds' fund balance principally due to a \$7 million net increase in interest expenditures after giving effect to the elimination of effects of eliminating the lease revenue and expenditures between the County and the SANCAL coupled with a \$4 million increase in capital outlay expenditures;
- ◆ \$9 million reduction in Housing Authority Special Revenue Fund's fund attributable to a \$1 million reduction in investment income due to a 50% drop in the County Pool rate earned for the fiscal year, coupled with an \$8 million increase in housing voucher program project expenditures;
- ◆ \$6 million decrease to the Air Pollution Special Revenue Fund's fund balance attributable to a \$4 million decrease in State Aid from the Air Resources Board and a \$1 million decrease in federal grants coupled with a \$1 million decrease in transfers in from the General Fund to support air pollution activities;
- ◆ \$6 million decrease to the Edgemoor Fund's fund balance attributable to approximately \$1 million decrease in investment income and other revenue coupled with \$5 million increase in transfers out to the General Fund (\$2 million) and other governmental funds (\$3 million);
- ◆ \$1 million decrease to the Cable TV Special Revenue Fund's fund balance attributable to approximately a \$5 million increase in transfers out to the General Fund offset by an increase in cable television licenses and permits revenue of \$4 million; and
- ◆ \$3 million of various other decreases to fund balance.

Proprietary Funds:

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



Management's Discussion and Analysis

Enterprise Funds:

See previous discussion above regarding Business-type activities.

Internal Service Funds:

Net Assets of the internal service funds (ISF) totaled \$102 million, a net decrease of \$1.5 million from the prior year. This change was primarily accounted for by the following decreases and increases to Net Assets:

- ◆ a decrease of \$18.4 million in the Information Technology Fund primarily due to a net operating loss of \$20.2 million offset by a transfer in of \$1.8 million.
- ◆ an increase of \$16.4 million as a result of: 1) Employee Benefits Fund - \$5.3 million in operating income and \$2.4 million non-operating revenue for a total change in net assets of \$8 million; 2) Fleet Services ISF - capital contributions of \$7.5 million and transfers in of \$9 million for a total of \$8 million.

Fiduciary Funds:

The County maintains fiduciary funds for the assets of the *Investment Trust Fund* and the *Agency Funds*.

Investment Trust Fund:

This Fund was established for the purpose of reporting pooled and specific investments. The Investment Trust Fund's net assets totaled \$3.77 billion, an increase of \$156 million, of the previous year. This increase was substantially due to contributions to investments of \$5.9 billion offset by distributions from investments of \$5.77 billion.

Agency Funds:

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

General Fund Budgetary Highlights

The County's final budget differs from the original budget (see Notes to required supplementary information) in that it contains supplemental appropriations approved during the fiscal year for various programs and projects, as well as transfers of appropriations, budget corrections, re-budgets, and account reclassifications. For the fiscal year ended June 30, 2009 net expenditure appropriations increased by \$75.0 million and appropriations for transfers-out and payment to escrow agent refunded bond increased by \$442.8 million for a net increase of \$517.8 million.

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

- ◆ \$443.5 million in Refunding bonds issued to record the issuance of the 2008 Taxable Pension Obligation Bonds and its associated costs, based on bond proceeds. The proceeds

of these bonds were used to refinance the County's 202B Taxable Pension Obligation Bonds in order to exit the auction rate securities market, take advantage of lower interest rates, obtain debt service savings and level out aggregate pension obligation bond debt service.

- ◆ \$5.0 million in the Department of Planning and Land Use for hazardous fuels reduction activities funded by federal grants and fire fighting equipment for the rural fire agencies funded by a grant from the Micromini Foundation.
- ◆ \$6.0 million in the Registrar of Voters for the May 19 Statewide Election, funded by fund balance and revenues from partial reimbursement of precinct ballot costs and other participating agencies. The Governor signed Senate Bill 19 which called for the special election, with the understanding that the Legislature will reimburse counties for the election costs. Any reimbursement received will be used to restore fund balance.
- ◆ \$7.9 million for Homeland Security in various departments including the Office of Emergency Services, Department of Planning and Land Use, Department of Environmental Health, Probation Department, Sheriff and Health and Human Services for emergency planning, continued development of an exercise program, equipment purchases, regional projects and grant administration, funded by revenue from the California Office of Homeland Security.
- ◆ \$1.9 million in the Community Services Group Executive Office for an upgrade to the Documentum enterprise content management application, used to manage and store records electronically, funded by fund balance.
- ◆ \$22.5 million for salaries and benefits for incentives earned through the County's Fiscal Year 2007-08 Quality First program, funded by fund balance.
- ◆ \$3.0 million in the Sheriff to be used for regional communications training and for mutual aid public safety communications equipment, funded by a Federal Department of Homeland Security Public Safety Interoperable Communications grant passed through the City of San Diego.
- ◆ \$4.5 million in the Community Services Group Executive Office to reclassify a General Fund working capital loan to an operating transfer out to the Housing and Community Development Special Revenue Fund.
- ◆ \$5.6 million in the Sheriff to provide funding to designated agencies working within the San Diego County region to enhance cooperation and coordination between law enforcement agencies in a joint mission to reduce border related crimes and assist in securing the United States land borders, funded by the Governor's office of Homeland Security Operation Stonegarden grant funds.
- ◆ \$1.7 million in the Contributions to County Library for the cumulative amount owed to the County Library as a taxing agency affected by the establishment of the San Marcos Redevelopment Agency, for fiscal year 1998 through fiscal year 2008, funded by fund balance.



Actual revenues fell short of the final budgeted amounts by \$106.81 million, while actual expenditures were less than the budgeted amount by \$455.17 million. The combination of the revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of \$348.36 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of \$157.97 million and there was no variance in the increase to the reserve for inventories of materials and supplies. These combined amounts resulted in a variance in the net change in fund balance of \$506.33 million.

Highlights of actuals compared to budgeted amounts are discussed below:

Health and Human Services Agency Programs:

Funded by a combination of State, federal, and County revenues, most Health and Human Services Agency programs are carried out in the functional areas of health and sanitation and public assistance, with budget over expenditure variances of \$86.2 million and \$41.3 million, respectively. Overall, these expenditure variances primarily resulted from a lower demand for services than budgeted levels in the following areas.

- ◆ Aid payment expenditures for the Severely Emotionally Disturbed; Foster Care; Aid to Adoptive Parents; and KinGap in Child Welfare Services
- ◆ Contracted services (e.g., in Behavioral Health Services and un-awarded Mental Health Services Act contracts).
- ◆ Early Periodic Screening; and Diagnosis and Treatment (EPSDT) services contractor expenditures;
- ◆ Aligning costs to State allocations which included cuts by the State to Proposition 36 and the Offender Treatment program
- ◆ Lower than expected retroactive CMS payments for prior year claims;
- ◆ Lower Welfare Case Data Information System expenditures.

These lowered expenditures were offset by corresponding reductions in federal and State revenue.

Salaries and Benefits:

With the economic recession and the continuing uncertainty over State and federal funding, many County functions have significantly reduced spending for salaries and benefits in an effort to mitigate revenue shortfalls. The total budget over expenditures variance across all functions in this category was \$51.7 million. A significant portion of these savings were in the Public Safety Group due to a \$32 million reduction in Prop 172 revenues (See previous discussion of Public Safety Special Revenue Fund). The economic downturn and continued decline in the housing market resulted in reduced consumer spending and reduced sales tax revenues which are the basis for Prop 172 revenues. The total budget over expenditures variance across Public Safety for salaries and benefits was \$28.8 million, of which \$12.1 million is attributable to the Sheriff's department.

Delayed expenditures:

Many County projects, such as maintenance and information technology, take place over more than one fiscal year. However, at inception they are budgeted at full expected cost, resulting in budgeted over expenditure variances that are rebudgeted in the new fiscal year. For example:

- ◆ The Department of Planning and Land Use rebudgeted \$5.1 million of one-time funding for the Business Case Management System; Service First Initiative; General Plan Update including Zoning Ordinance revisions; and the Fire Prevention Program to continue to supplement fire services in the unincorporated area of the county.
- ◆ The Community Services Group rebudgeted \$1.8 million for upgrades to the Documentum enterprise content management application and environment.
- ◆ The Sheriff rebudgeted \$10.2 million for various law enforcement grants, including 1) \$6.8 million for Homeland Security grants that include Operation Stonegarden, the Urban Area Security Initiative and Law Enforcement Terrorism Prevention Program, 2) \$2.8 million for public safety communications equipment based on a Public Safety Interoperable Communications grant; and 3) \$.7 million for Driving Under the Influence grants.
- ◆ The Department of Public Works rebudgeted \$6.0 million for the Woodside Drainage Project to alleviate flooding near Woodside Ave in the Lakeside Area and \$0.4 million for the Cartographic Services GIS Project.

Management and Contingency Appropriations:

The County annually sets up management and contingency appropriations based on both ongoing general purpose revenues and prior years' fund balance for a variety of one-time capital and operating expenditures as well as potential emergencies. Unexpended appropriations in this area resulted in a budget over actual variance of \$53.2 million.

Additionally, in Fiscal Year 2009, the County appropriated \$73.2 million for economic uncertainty with the intent that it not be spent unless unusual needs arose; of that amount, \$68.1 million was unexpended at year end.

Capital Assets and Commitments

Capital Assets

At June 30, 2009, the County's capital assets for both governmental and business-type activities was \$2.93 billion and \$150 million, respectively, net of accumulated depreciation. Investment in capital assets includes land, construction in progress, structures and improvements and infrastructure (including roads, bridges, flood channels, and traffic signals). Significant capital asset expenditure activity in fiscal year 2009 included:



Governmental Activities:

- ◆ \$45.1 million towards the construction and improvement of County maintained roads, bridges and other road related infrastructure.
- ◆ \$32.4 million towards the construction of the Medical Examiner Building at the County Operation Center in Kearny Mesa. Total project costs are estimated at \$85.4 million.
- ◆ \$30.9 million towards construction at the County Operations Center. Total project costs are estimated at \$181.5 million.
- ◆ \$23.3 million towards various land acquisitions.
- ◆ \$15.8 million towards the construction of various miscellaneous capital outlay fund projects.
- ◆ \$15.3 million towards purchase of the Central Public Health Clinic. Total project costs are estimated at \$15.5 million.
- ◆ \$10.9 million in infrastructure donated by developers.
- ◆ \$10.1 million towards the construction of the Edgemoor Skilled Nursing Facility in Santee. Total project costs are estimated at \$123.5 million.
- ◆ \$5.2 million towards the construction of Lakeside Baseball Park. Total project costs are estimated at \$10.6 million.
- ◆ \$4.3 million in donated structures.
- ◆ \$3.8 million towards the construction of flood control drainage channels.
- ◆ \$3.4 million towards the San Elijo Nature Center Expansion. Total project costs are estimated at \$5.7 million.

Business-type Activities:

- ◆ \$17 million towards improvements at the Palomar Airport Terminal, parking lot, access roads and drainage. Total project costs are estimated at \$27 million.
- ◆ \$1.5 million towards improvements at the Gillespie Field Airport runways, transient ramp and taxiway. Total project costs are estimated at \$1.8 million.

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

Capital Commitments:

As of June 30, 2009, capital commitments included the following:

Governmental Activities:

- ◆ \$52 million for the construction of: the County Operations Center, Ramona and Fallbrook Libraries, Medical Examiner building, Valley Center Road Bridge, Black Canyon Road Bridge, Route 54/94, Viejas Blvd. Bridge and Valley Center Road.

Business-type Activities:

- ◆ \$3.5 million for the construction of improvements at Gillespie Field Airport runway, transient ramp, taxiway, and Sewer Improvements and the Flow Monitoring Systems at Lakeside and Spring Valley Sanitation Districts.

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

Long-Term Liabilities

Governmental Activities:

At June 30, 2009, the County's governmental activities had outstanding long-term liabilities of \$2.28 billion

Of this amount, approximately \$2.04 billion pertained to long-term debt. Principal debt issuances included: \$1.01 billion in taxable pension obligation bonds; \$575 million in Tobacco Settlement Asset-Backed Bonds; and \$470 million in certificates of participation (COPs) and lease revenue bonds (LRBs).

Other long-term liabilities included \$109 million in claims and judgments; \$101 million in compensated absences; and \$21 million for landfill closure and postclosure costs.

During fiscal year 2009, the County's total principal amount of COPs and lease revenue bonds, other bonds, and loans for governmental activities increased by \$39.334 million.

The \$39.334 million increase was due to the following increases and decreases:

Increases to debt were \$593.236 million and included:

- ◆ The County's issuance of \$443.515 million Series 2008 Taxable Pension Obligation Bonds to advance refund \$441.125 million of outstanding County of San Diego Taxable Pension Obligation Bonds 2002 Series B (the "2002B bonds") Subseries B-1 and B2-4 Auction Rate Securities;
- ◆ The San Diego Regional Building Authority's issuance of \$136.885 million of fixed rate serial and term lease revenue bonds titled, "San Diego Regional Building Authority (SDRBA) Lease Revenue Bonds - County Operations Center and Annex Redevelopment Project Series 2009 A";
- ◆ The addition of \$882 thousand of California Energy Conservation loans.
- ◆ Additionally, \$8.055 million of principal was accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal balances outstanding.
- ◆ Also, debt increased by \$3.899 million due to the effects of arbitrage, unamortized issuance premiums, unamortized issue discounts and unamortized deferred amounts on refundings.



Decreases to debt were \$553.902 million and included:

- ◆ An advance refunding of \$441.125 million of outstanding 2002B bonds Subseries B-1 and B2-4 Auction Rate Securities referred to above; and \$112.777 million in principal debt service payments, including \$44 million for the partial prepayment of the 2002B bonds' Subseries B-1 Auction Rate Securities prior to the refunding of the 2002B bonds.

Business-type Activities:

Long-term liabilities for business-type activities totaled \$2.49 million and consisted of \$2.04 million for capital loans and \$448 thousand for compensated absences.

Long-term liabilities for business-type activities decreased by \$159 thousand. This was due to a combination of \$217 thousand in reduced debt service payments on capital loans and a net increase of \$58 thousand in compensated absences.

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

Credit Ratings

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

Table 3

Credit Ratings			
	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aa2	AAA	AA+
Certificates of Participation San Diego Capital Asset Leasing Corporation (SANCAL)	A1	AA+	AA
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	A1	AA+	AA
Lease Revenue Bonds SDRBA County Operations Center 1A	A1	AA+	AA
Refunding Lease Revenue Bonds SDRBA San Miguel	A2	not rated	not rated
Pension Obligation Bonds	Aa3	AA+	AA
Tobacco Settlement Asset-Backed Bonds - Series 2006A (Senior)	Baa3	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	BBB-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	BB	not rated
County Redevelopment Agency Bonds	not rated	not rated	not rated

There were no changes to the previous year's credit ratings issued by Moody's and Fitch, while the credit ratings issued by Standard and Poor's increased in each category as compared to the previous fiscal year. In September 2008, Standard & Poor's upgraded the County's ratings on its outstanding Certificates of Participation and Pension Obligation Bonds from AA to AA+ and raised the County's issuer rating to AAA. According to Standard & Poor's RatingsDirect report issued in September 2008, "the stable outlook reflects the County's deep and diverse economic base, strong reserve levels, formalized policies, manageable debt burden and long track record of conservative budgeting where actual results typically exceed initial projections."

Economic Factors and Next Year's Budget and Rates

- ◆ The fiscal year 2010 General Fund adopted budget utilizes as funding sources for one-time expenditures \$336.6 million out of \$576 million in unreserved undesignated fund balance and \$7.2 million out of \$347.6 million unreserved designated fund balance.
- ◆ The fiscal year 2010 General Fund adopted budget contains total appropriations of \$3.790 billion. This is an increase of \$110.5 million or 3.0% from the fiscal year 2009 General Fund adopted budget. The 3.0% increase for fiscal year 2010 includes the one-time use of fund balance to establish a designation for economic uncertainty of \$100.0 million. Excluding this entry, the General Fund Budget increases by \$10.5 million or 0.3% from fiscal year 2009. A number of risk factors continue to be tracked closely: the U.S. economy, the State of California's ability to operate within its 2010 budget and its projected budget imbalances for fiscal year 2011, 2012 and beyond; the continued loss of jobs, high unemployment, consumer spending weakness from declining employment, low wage increase or wage cuts, and high debt burden
- ◆ The U.S. economy's Gross Domestic Product (GDP) for 2008 showed an increase of 0.4% versus an adjusted growth rate of 2.1% in 2007. GDP is expected to decline for 2009, with projections ranging from -2.7% to -2.5% and GDP growth for 2010 is forecasted to be in the range of 1.7% to 2.0%.
- ◆ California's economy has been impacted by the same financial markets, housing and real estate, employment and personal income trends experienced at the national level. In 2008, key indicators of California's economy showed weak results. Payroll employment declined by 1.2%, real personal income declined by 0.1%, and adjusted taxable sales declined by 5.7%. California's 2009 economy is expected to remain weak with payroll employment expected to decline by 4.0%, real personal income expected to decline by 1.5%, and taxable sales expected to decline by 3.3%.
- ◆ The State's budget outlook continues to be strained by the recession as well as the ongoing structural imbalance between revenues and expenditures.



- ◆ San Diego was one of the first areas in California and the nation to experience the housing price meltdown, feel the financial impacts from the credit crisis, and experience a jump in loss of jobs. 2009 continues to be one of the most unsettled years for our region's economy. Although, the University of San Diego's Index of Leading Economic Indicators rose 0.6% in August 2009, building permits, initial unemployment insurance claims and help wanted advertising indicators were weak in that month.
- ◆ The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. Building permit services, are down making it difficult to maintain core services for these fee-based programs. The real estate market slump affects the County's general purpose revenues, which are expected to decline in fiscal year 2010 from fiscal year 2009. General Purpose Revenues are relied upon to fund local discretionary services, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. Additionally, the State's budget, severely impacted by the recession, has cut funding to local governments in many program areas, including grants for certain public safety services.

As discussed below, the County's general purpose revenues are projected to decline by 6.3% (with budgeted revenue of \$950.7 million in fiscal year 2010).

- ◆ The largest source of general purpose revenues is property taxes (\$496.3 million budgeted in fiscal year 2010), representing 52.2% of the total. For the last nine years, property tax growth has been high (8.5% average annual growth) due to the County's strong overall economy and healthy real estate market. In 2010, property taxes are budgeted to decline by \$46.8 million from the 2009 budget. The decline in property tax revenue is due to the current soft commercial and residential real estate conditions as evidenced by the continued low level of building permits; the year over year decline in the median price of homes; the sustained high level of notices of default and foreclosures; and a continued slowing in total deeds recorded. Current property taxes consist of three components: current secured property taxes, current supplemental property taxes, and current unsecured property taxes.
- ◆ The budgeted amount of current secured property tax revenues (\$479.1 million) assumes a net local assessed secured property value decline of 2.5% from the actual local assessed secured property value figure for 2009, and factors in an allowance for tax increment allocations to redevelopment agencies and an allowance for delinquent property tax payments. Actual net local assessed secured property value decline exceeded the assumed net local assessed secured property value decline coming in at 2.7%. The actual current secured property tax revenues in fiscal year 2010 will likely come in lower than budget. The fiscal year 2011 current secured property tax revenues assumed no growth in local assessed secured property values.
- ◆ Current supplemental property taxes (\$0.3 million budgeted in fiscal year 2010) are derived from net increases to the tax roll from either new construction or changes in ownership that occur subsequent to the January 1 lien date and are, therefore, more difficult to predict. The slowdown in new construction and the decline in real estate prices are being acutely felt in supplemental property tax revenues. In many change of ownership transactions, instead of a property owner being billed for an additional amount of property tax because the value of the property after the transaction is higher than the value as of the lien date, the property owner receives a refund because the value is lower than it was on the lien date. In fiscal year 2006, refunds countywide totaled \$4.0 million. They increased to \$6.2 million in fiscal year 2007, and increased again to \$15.0 million in 2008. Supplemental refunds exceeded \$38 million in fiscal year 2009 and are anticipated to remain high in fiscal year 2010. Current supplemental property tax revenues were \$29.5 million in fiscal year 2006. They dropped to \$23.4 million in fiscal year 2007, and to \$14.0 million in fiscal year 2008. In fiscal year 2009, current supplemental property tax revenues were \$2.4 million. The Adopted Operational Plan assumes that this weakness will continue through the next two fiscal years.
- ◆ The current unsecured property taxes (\$16.8 million budgeted in fiscal year 2010) roll is forecasted based on trends and available information at the time the budget is developed. Growth of 4.0% is budgeted for fiscal year 2010 over the fiscal year 2009 adopted budget.
- ◆ Property taxes in lieu of vehicle license fees (VLF) comprises 32.5% (an estimated \$309.3 million) of budgeted general purpose revenues in fiscal year 2010. This revenue source was established by the State in fiscal year 2005 to replace the previous distribution of vehicle license fees to local governments. Growth in this revenue source is based on the growth in the County's gross taxable assessed value. The certified rate of decline for 2010 is 2.55%. Similar to current secured property tax revenue, no growth is expected for fiscal year 2011.
- ◆ Real Property Transfer Tax Revenue (RPTT) for fiscal year 2010 is budgeted at \$5.9 million, which is 0.6% of general purpose revenues. RPTT is paid when any lands, tenements, or other realty exceeding \$100 in value are sold, granted, assigned, transferred or conveyed. The tax rate set by the State is \$1.10 per \$1,000 of assessed valuation. The County is entitled to 100% of the revenues from all transactions in the unincorporated area and 50% of the revenues from transactions in the incorporated areas.
- ◆ Sales and use tax revenue and in lieu local sales and use tax (\$23.4 million in fiscal year 2010) represents about 2.5% of budgeted general purpose revenues and is derived from



taxable sales by businesses located in unincorporated County areas. Its growth is generally impacted by population and income, but is primarily due to economic development and new business formation in the County. These amounts reflect both the sales tax revenues and the in lieu local sales and use tax replacement funding that will be transferred from ERAF. Again, effective July 1, 2004, provisions of AB7 X1, one of the 2004 State budget bills referred to as the "triple flip", took effect. It enabled the State to redirect one-quarter cent of the local sales and use tax to the state to repay up to \$15 billion in bonds authorized by Proposition 57 (March 2004) to help the State refinance its past debt. In turn, the lost revenues are replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF.

- ◆ Retail sales revenue has been growing moderately over the past few years in concert with population growth and new retail business formation in the unincorporated area. Currently, however, retail sales at the statewide, southern California and San Diego regional level all experienced declines in the third quarter and fourth quarters of 2008 attributed to the ongoing economic volatility and housing market declines. These trends are expected to continue through 2009. The amount of budgeted revenue in fiscal year 2010 is approximately \$1.3 million (5.4%) below the fiscal year 2009 budgeted revenue.
- ◆ Other revenues budgeted for fiscal year 2010 total \$115.9 million, and it comprises 12.2% of budgeted general purpose revenues. The fiscal year 2010 amount represents a 7.1% or \$7.7 million increase over the fiscal year 2009 Adopted Budget total. Various revenue sources make up this category including investment income on deposits, fines, fees and forfeitures, redevelopment agency tax increment, prior year adjustments on property taxes including collections on Teetered taxes, franchise revenue, payment from the City of San Diego in lieu of booking fees, cable and video licenses and other miscellaneous revenues. The decrease in revenues is primarily due to anticipated lower investment income on deposits as a result of a decline in interest rates that is partially offset by growth in redevelopment agency tax increment.

The County's Operational Plan for fiscal year 2010 and for fiscal year 2011 can be found on the internet at <http://www.sdcounty.ca.gov/auditor/budinfo.html>.

Requests for Information

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





Basic Financial Statements



STATEMENT OF NET ASSETS				
June 30, 2009 (In Thousands)				
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
ASSETS				
Pooled cash and investments	\$ 1,588,498	81,276	1,669,774	99,963
Cash with fiscal agents	14		14	
Investments with fiscal agents	456,070		456,070	101,697
Receivables, net	536,643	6,789	543,432	7,571
Property taxes receivables, net	222,366		222,366	
Internal balances	(3,350)	3,350		
Inventories	12,127		12,127	
Deposits with others	2,292		2,292	
Prepaid items	497		497	2
Deferred charges	17,469		17,469	
Restricted assets:				
Cash with fiscal agents	487		487	
Investments with fiscal agents	84,143		84,143	
Lease receivable	19,083		19,083	
Capital assets:				
Land and construction in progress	541,037	74,918	615,955	
Other capital assets, net of accumulated depreciation	2,392,768	75,266	2,468,034	
Total assets	5,870,144	241,599	6,111,743	209,233
LIABILITIES				
Accounts payable	135,905	1,862	137,767	14,347
Accrued payroll	35,582	168	35,750	
Accrued interest	27,016		27,016	
Unearned revenue	179,100	28	179,128	
Non-current liabilities:				
Due within one year	146,504	411	146,915	61
Due in more than one year	2,129,407	2,075	2,131,482	24
Total liabilities	2,653,514	4,544	2,658,058	14,432
NET ASSETS				
Invested in capital assets, net of related debt	2,582,854	148,146	2,731,000	
Restricted for:				
Creditors - Capital projects	69,760		69,760	
Grantors - Housing assistance	56,349		56,349	
Donations	2,045		2,045	
Laws or regulations of other governments:				
Landfill closure costs	1,069		1,069	
Defray administrative costs, other general reserves	23,634		23,634	
Emergency medical services, various construction costs	21,759		21,759	
Mental health	42,942		42,942	
Social programs	9,590		9,590	
Domestic violence and child abuse prevention	3,295		3,295	
Sheriff vehicle maintenance and replacement	803		803	
Fingerprinting equipment purchase and operation	7,548		7,548	
Delinquency and juvenile crime prevention	311		311	
Housing repairs and improvements	382		382	
Realignment health, mental health and social services	74,620		74,620	
Unrestricted	319,669	88,909	408,578	194,801
Total net assets	\$ 3,216,630	237,055	3,453,685	194,801

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



STATEMENT OF ACTIVITIES

For the year ended June 30, 2009 (In Thousands)

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit First 5 Commission Fund
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business- Type Activities		
Governmental Activities:								
General government	\$ 275,508	93,939	92,035	49,786	(39,748)		(39,748)	
Public protection	1,158,162	215,343	388,061		(554,758)		(554,758)	
Public ways and facilities	151,125	21,460	107,965	10,905	(10,795)		(10,795)	
Health and sanitation	678,217	90,891	457,397	12	(129,917)		(129,917)	
Public assistance	1,177,320	12,308	1,131,827		(33,185)		(33,185)	
Education	42,424	1,175	2,690		(38,559)		(38,559)	
Recreation and cultural	34,542	8,000	1,391		(25,151)		(25,151)	
Interest expense	118,927				(118,927)		(118,927)	
Total governmental activities	3,636,225	443,116	2,181,366	60,703	(951,040)		(951,040)	
Business-type activities:								
Airport	10,614	9,397	12,974			11,757	11,757	
Sanitation districts	16,666	20,114				3,448	3,448	
Wastewater management	5,794	6,567				773	773	
Total business-type activities	33,074	36,078	12,974			15,978	15,978	
Total primary government	3,669,299	479,194	2,194,340	60,703	(951,040)	15,978	(935,062)	
Component Unit:								
First 5 Commission	\$ 48,618		41,264					(7,354)

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



STATEMENT OF ACTIVITIES				
For the year ended June 30, 2009 (In Thousands)				
	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
Changes in net assets:				
Net (expense) revenue	\$ (951,040)	15,978	(935,062)	(7,354)
General revenues				
Taxes:				
Property taxes	618,048		618,048	
Other taxes	15,167		15,167	
Property taxes in lieu of vehicle license fees	316,925		316,925	
Sales and use taxes	22,435		22,435	
Total general tax revenues	972,575		972,575	
Interest	57,859	2,237	60,096	7,615
Other	118,929	68	118,997	
Total general revenues	1,149,363	2,305	1,151,668	7,615
Transfers	151	(151)		
Total general revenues and transfers	1,149,514	2,154	1,151,668	7,615
Change in net assets	198,474	18,132	216,606	261
Net assets at beginning of year (restated - see note 26 to the financial statements)	3,018,156	218,923	3,237,079	194,540
Net assets at end of year	\$ 3,216,630	237,055	3,453,685	194,801

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



BALANCE SHEET GOVERNMENTAL FUNDS					
June 30, 2009 (In Thousands)					
	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	\$ 959,102	17,385	13,513	441,927	1,431,927
Cash with fiscal agents	14				14
Investments with fiscal agents	2		413,047	43,021	456,070
Receivables, net	373,985	31,668	5,573	119,995	531,221
Property taxes receivables, net	221,671			695	222,366
Due from other funds	74,128			20,760	94,888
Inventories	8,774			1,606	10,380
Deposits with others				2,292	2,292
Prepaid items	13			484	497
Restricted assets:					
Cash with fiscal agents	179			308	487
Investments with fiscal agents				84,143	84,143
Lease receivable	9,297			9,786	19,083
Total assets	1,647,165	49,053	432,133	725,017	2,853,368
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	71,761			29,456	101,217
Accrued payroll	32,692			2,050	34,742
Due to other funds	40,480	45,404	5,128	28,441	119,453
Deferred revenues	141,695			47,600	189,295
Unearned revenue	170,499			8,293	178,792
Total liabilities	457,127	45,404	5,128	115,840	623,499
FUND BALANCES					
Reserved fund balances:					
Reserved for loans, due from other funds and prepaids	6,922			52,180	59,102
Reserved for deposits with others				81	81
Reserved for landfill closure costs	1,069				1,069
Reserved for inventories	8,774			1,606	10,380
Reserved for debt service				108,206	108,206
Reserved for housing repairs and improvements				382	382
Reserved for realignment health, mental health and social services	74,620				74,620
Reserved for other purposes	175,049			51,529	226,578
Unreserved:					
Designated for encumbrances	215,793	3,605			219,398
Designated for unforeseen catastrophic events	55,500				55,500
Designated for subsequent years' expenditures	75,468				75,468
Designated for landfill postclosure and landfill closure costs	852				852
Undesignated	575,991	44	427,005		1,003,040
Unreserved, reported in nonmajor:					
Special Revenue Funds:					
Designated for encumbrances				20,074	20,074
Designated for subsequent years' expenditures				5,125	5,125
Designated for landfill postclosure and landfill closure costs				57,900	57,900
Undesignated				154,873	154,873
Capital Projects Funds:					
Undesignated				157,221	157,221
Total fund balances	1,190,038	3,649	427,005	609,177	2,229,869
Total liabilities and fund balances	\$ 1,647,165	49,053	432,133	725,017	2,853,368

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



**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET ASSETS**
June 30, 2009
(In Thousands)

Total fund balances - governmental funds.	\$	2,229,869
Capital assets used in governmental activities (excluding internal service funds) are not current financial resources and, therefore, are not reported in the balance sheet. This amount represents capital assets net of accumulated depreciation.		2,865,861
Accrued interest on long-term debt.		(27,013)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities.		189,295
Long-term liabilities, including bonds, notes, and loans payable, are not due and payable in the current period and, therefore, are not reported in the balance sheet.		(2,143,199)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, and communications services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		101,817
Net assets of governmental activities	\$	3,216,630

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



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

For the Year Ended June 30, 2009 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 930,584			43,315	973,899
Licenses, permits and franchise fees	35,838			14,152	49,990
Fines, forfeitures and penalties	56,252			3,096	59,348
Revenue from use of money and property	28,396		22,831	19,684	70,911
Aid from other governmental agencies:					
State	878,902	195,511		86,899	1,161,312
Federal	729,675			128,391	858,066
Other	134,026			10,179	144,205
Charges for current services	282,151			34,063	316,214
Other revenue	61,847			49,584	111,431
Total revenues	3,137,671	195,511	22,831	389,363	3,745,376
Expenditures:					
Current:					
General government	236,874			12,450	249,324
Public protection	1,126,903			6,940	1,133,843
Public ways and facilities	690			85,112	85,802
Health and sanitation	630,633			39,092	669,725
Public assistance	1,039,496			132,904	1,172,400
Education	808			40,653	41,461
Recreation and cultural	29,274			3,287	32,561
Capital outlay	8,059			171,603	179,662
Debt service:					
Principal	32,125			80,150	112,275
Interest and fiscal charges	12,255			91,576	103,831
Bond issuance costs				3,959	3,959
Total expenditures	3,117,117			667,726	3,784,843
Excess (deficiency) of revenues over (under) expenditures	20,554	195,511	22,831	(278,363)	(39,467)
Other financing sources (uses):					
Sale of capital assets	29			2	31
Issuance of bonds and loans:					
Face value of bonds issued				136,885	136,885
Premium on issuance of bonds				1,175	1,175
Refunding bonds issued	443,515				443,515
Payment to escrow agent/refunded bond	(441,038)				(441,038)
Transfers in	230,296			295,128	525,424
Transfers out	(285,232)	(195,965)	(24,200)	(20,292)	(525,689)
Total other financing sources (uses)	(52,430)	(195,965)	(24,200)	412,898	140,303
Net change in fund balances	(31,876)	(454)	(1,369)	134,535	100,836
Fund balances at beginning of year (restated - see note 26 to the financial statements)	1,220,466	4,103	428,374	474,707	2,127,650
Increase (decrease) in					
Reserve for inventories	1,448			(65)	1,383
Fund balances at end of year	\$ 1,190,038	3,649	427,005	609,177	2,229,869

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



**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009
(In Thousands)**

Net change in fund balances - total governmental funds	\$	100,836
Governmental funds accrue property tax revenue which is deemed collectible within 60 days. However, for the statement of activities the total amount estimated to ultimately be collected is accrued.		(1,324)
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred revenue) but are recognized as revenue in the statement of activities.		23,239
Adjustment to reserve for inventories.		1,383
Change in accounting estimate for closure and postclosure costs - (public protection function) - San Marcos Landfill.		906
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		86,620
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		31,027
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(24,322)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(18,422)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (or expense) of internal service funds is reported within governmental activities.		(1,469)
Change in net assets - governmental activities	\$	198,474

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



**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2009 (In thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
ASSETS		
Current assets:		
Pooled cash and investments	\$ 81,276	156,571
Receivables, net	6,789	5,422
Due from other funds	495	26,568
Inventories		1,747
Total current assets	88,560	190,308
Noncurrent assets:		
Due from other funds	3,363	147
Capital assets:		
Land	11,338	
Construction and contracts in progress	63,580	919
Buildings and improvements	59,547	
Equipment	1,331	191,557
Road network	335	
Sewer network	72,848	
Accumulated depreciation	(58,795)	(124,532)
Total noncurrent assets	153,547	68,091
Total assets	242,107	258,399
LIABILITIES		
Current liabilities:		
Accounts payable	1,862	34,688
Accrued payroll	168	840
Accrued interest		3
Due to other funds	1,126	4,882
Unearned revenue	28	308
Bonds and loans payable	229	522
Compensated absences	182	1,012
Claims and judgments		30,213
Total current liabilities	3,595	72,468
Noncurrent liabilities:		
Bonds and loans payable	1,809	3,705
Compensated absences	266	1,476
Claims and judgments		78,315
Total noncurrent liabilities	2,075	83,496
Total liabilities	5,670	155,964
NET ASSETS		
Invested in capital assets, net of related debt	148,146	67,944
Unrestricted net assets	88,291	34,491
Total net assets	\$ 236,437	102,435

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

Total net assets	\$ 236,437
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	618
Net assets of business-type activities	\$ 237,055

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



Basic Financial Statements

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

For the Year Ended June 30, 2009 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	\$ 36,078	313,008
Other revenue	66	3,559
Total operating revenues	36,144	316,567
Operating expenses:		
Salaries and employee benefits	6,864	34,564
Repairs and maintenance	5,795	39,563
Equipment rental	975	990
Sewage processing	9,396	
Contracted services	4,610	147,985
Depreciation	2,879	30,599
Utilities	215	19,691
Cost of material		1,802
Claims and judgments		23,383
Fuel	4	10,165
Other operating expenses	2,153	22,583
Total operating expenses	32,891	331,325
Operating income (loss)	3,253	(14,758)
Nonoperating revenues (expenses):		
Grants	12,974	2,617
Interest and dividends	2,237	3,524
Interest expense	(127)	(147)
Gain (loss) on disposal of assets	(1)	(819)
Other nonoperating revenues	3	184
Total nonoperating revenues (expenses)	15,086	5,359
Income (loss) before capital contributions and transfers	18,339	(9,399)
Capital contributions		7,458
Transfers in	317	4,898
Transfers out	(468)	(4,482)
Change in net assets	18,188	(1,525)
Net assets (deficits) at beginning of year	218,249	103,960
Net assets (deficits) at end of year	\$ 236,437	102,435

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

Change in net assets	\$ 18,188
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(56)
Change in net assets of business-type activities	\$ 18,132

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



**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2009 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 29,141	11,169
Cash received from other funds	8,388	299,941
Cash payments to suppliers	(26,171)	(232,935)
Cash payments to employees	(6,787)	(34,408)
Cash payments to other funds	(2,724)	(12,043)
Cash paid for judgments and claims		(21,099)
Net cash provided (used) by operating activities	1,847	10,625
Cash flows from noncapital financing activities:		
Operating grants	15,343	613
Transfers from other funds	317	4,898
Transfers to other funds	(468)	(4,482)
Advances to other funds		(106)
Principal paid on long term debt		(502)
Interest paid on long term debt		(148)
Proceeds from loans		882
Other noncapital increases	3	184
Net cash provided (used) by non-capital financing activities	15,195	1,339
Cash flows from capital and related financing activities:		
Capital contributions		936
Acquisition of capital assets	(23,540)	(19,659)
Proceeds from sale of assets		1,004
Principal paid on long-term debt	(217)	
Interest paid on long-term debt	(127)	
Advances from other funds	(14)	
Net cash provided (used) by capital and related financing activities	(23,898)	(17,719)
Cash flows from investing activities:		
Investment income	2,686	4,181
Net increase (decrease) in cash and cash equivalents	(4,170)	(1,574)
Cash and cash equivalents - beginning of year	85,446	158,145
Cash and cash equivalents - end of year	81,276	156,571
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	3,253	(14,758)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Inc (dec) in compensated absences	58	94
Inc (dec) in accrued payroll	24	128
Inc (dec) in due to other funds	(1,564)	(2,280)
Inc (dec) in accounts payable	(4,005)	(888)
Inc (dec) in claims and judgments		2,284
Inc (dec) in unearned revenue	(24)	(418)
Dec (inc) in accounts and notes receivables	(351)	550
Dec (inc) in due from other funds	1,577	(4,764)
Dec (inc) in Inventory of materials and supplies		78
Depreciation	2,879	30,599
Total adjustments	(1,406)	25,383
Net cash provided (used) by operating activities	1,847	10,625
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	1,031	847
Governmental contributions of capital assets	\$	6,522

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



Basic Financial Statements

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

June 30, 2009 (In Thousands)

	Investment Trust Funds	Agency Funds
ASSETS		
Pooled cash and investments	\$ 3,537,006	358,954
Cash with fiscal agents		4,998
Investments with fiscal agents	223,858	
Receivables:		
Accounts receivable		539
Investment income receivable	12,941	4,697
Total assets	3,773,805	369,188
LIABILITIES		
Accounts payable		25,555
Warrants outstanding		180,147
Due to other governments		163,486
Total liabilities		369,188
NET ASSETS		
Held in trust for other pool participants	3,549,921	
Held in trust for individual investment accounts	223,884	
Total held in trust	\$ 3,773,805	

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



**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

For the Year Ended June 30, 2009 (In Thousands)

	Investment Trust Funds
ADDITIONS	
Contributions:	
Contributions to investments	\$ 5,901,019
Total contributions	5,901,019
Investment earnings:	
Net increase (decrease) in fair value of Investments	8,817
Investment income	16,887
Total investment earnings	25,704
Total additions	5,926,723
DEDUCTIONS	
Distributions from investments	5,770,776
Total deductions	5,770,776
Change in net assets	155,947
Net assets at beginning of year (restated - see note 26 to the financial statements)	3,617,858
Net assets at end of year	\$ 3,773,805

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





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NOTE 1

Summary of Significant Accounting Policies

The Reporting Entity

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

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

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

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

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

Blended Component Units

The blended component units listed below are agencies and special districts whose governing board is the County Board of Supervisors. These component units are fiscally dependent on the County and as such financial actions including the setting of rates, issuance of debt and the adoption of the annual budget remain with the County.

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

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

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

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

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

San Diego County Housing Authority (SDCHA) - The SDCHA was established to provide decent housing in a suitable environment for individuals who cannot afford standard private housing. Contracts with the U.S. Department of Housing and Urban Development provide the major funding sources. SDCHA is reported as a *special revenue fund*.

San Diego County Redevelopment Agency (SDCRA) - SDCRA was established to provide a method of eliminating slums and blighted areas, improving housing, expanding employment opportunities, and providing an environment for the social, economic and psychological growth, and well-being of all citizens of the County. SDCRA financial activities are reported in a *special revenue fund* and a *debt service fund*.

Sanitation Districts (SD) - The SDs were established to construct, operate and maintain reliable and sustainable sanitary sewer systems. Revenue sources include charges to property owners and grants. The SDs are reported as *enterprise funds*.

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

San Diego County Capital Asset Leasing Corporation (SANCAL) - SANCAL was established to finance the acquisition of County buildings and equipment. It is a nonprofit corporation governed



Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

by a five-member Board of Directors, which is appointed by the CoSD Board. *SANCAL* financial activities are reported in a *debt service fund* and a *capital project fund*.

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

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

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

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

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

Separately issued financial reports of the County's blended component units can be obtained from the County Auditor and Controller's Office located at 1600 Pacific Highway, Room 166, San Diego, California 92101.

Discrete Component Unit

The *First 5 Commission of San Diego (Commission)* was established by the Board as a separate legal entity under the authority of the California Children and Families First Act and Sections 130100 et seq. of the Health and Safety Code. It

administers the County's share of tobacco taxes levied by the State for the purpose of implementing early childhood development programs. The County appoints all of the Commission's board and can remove appointed members at will.

The Commission is discretely presented because its Board is not substantively the same as the County's and it does not provide services entirely or almost entirely to the County. A separately issued financial report can be obtained by writing to The First 5 Commission, 1495 Pacific Highway, Suite 202, (MS-A211), San Diego, CA, 92101-6466.

Financial Reporting Structure

Basic Financial Statements

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. The statement of activities presents function revenue and expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of activities, internal service funds' revenue and expenses related to interfund services have been



eliminated. Revenue and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities.

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

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

Fund Financial Statements

The fund financial statements are presented after the government-wide financial statements. They display information about major funds individually and in the aggregate for governmental and proprietary funds. In governmental and fiduciary funds, assets and liabilities are presented in order of relative liquidity. In proprietary funds, assets and liabilities are presented in a classified format that distinguishes between all current and noncurrent assets and liabilities. Current assets in the classified format are those considered available for appropriation and expenditure. Examples of expendable financial resources include cash, various receivables and short-term investments. All other assets are considered noncurrent. Current liabilities are obligations to be paid within the next fiscal year. Examples include payables and the current portion of long-term liabilities.

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

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund. Revenues are primarily derived from taxes; licenses, permits and franchises;

finances, forfeitures and penalties; use of money and property; intergovernmental revenues; charges for services; and other revenues. Expenditures are expended for functions of general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural. Expenditures also include capital outlay and debt service.

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

The *Tobacco Endowment Special Revenue Fund* accounts for tobacco settlement payments allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories.

The County reports the following additional funds and fund types:

Enterprise Funds account for airport, sanitation district and wastewater management activities, including operations and maintenance, sewage collection and treatment services.

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

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

Agency Funds are custodial in nature, do not involve measurement of results of operations and account for assets held by the County as an agent for various local governments, organizations and individuals. Included are funds for child support payments; payroll taxes; public administrator and public guardian accounts; and apportioned taxes for other local governments.



Investment Trust Funds account for two types of investment activities on behalf of external entities and include: the portion of the County Treasurer's investment pool applicable to external entities (Pool Investments- Investment Trust Fund); and the total amount of individual investment accounts held on behalf of external entities by the Treasurer (Specific Investments - Investment Trust Fund). In general, external entities include school districts, independent special districts and various other governments. The Specific Investments - Investment Trust Fund accounts for individual external entities investments which are offered as an alternative to a pooled position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

For government-wide (governmental and business-type activities) and proprietary fund activities, the County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to apply the FASB standards issued subsequent to November 30, 1989 for business-type activities and proprietary funds. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental users.

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

Assets, Liabilities, and Net Assets or Fund Balance

Cash and Investments

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

The Pool is available for use by all funds. Each fund type's portion of the Pool is displayed on the statements of net assets/balance sheets as "pooled cash and investments." The share of each fund's pooled cash and investments account is separately accounted for and interest earned, net of related expenses, is apportioned quarterly based on the fund's average daily balance in proportion to the total pooled cash and investments. In accordance with Government Code 53647, apportionments applicable to certain agency funds accrue to the benefit of the General Fund.

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

Receivables and Payables

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



Noncurrent interfund receivables between funds are reported as a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable financial resources.

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

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

County Leased Property

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

Inventories and Prepaid Items

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

Deferred Charges

Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. In the government-wide financial statements, deferred charges are reported as assets in the governmental activities.

Capital Assets

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

Infrastructure assets include roads, bridges and sewers.

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

Capitalization Thresholds	
Land	\$ 0
Buildings and improvements	50
Infrastructure	25-50
Equipment	5

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

Estimated Useful Lives	
Buildings and improvements	50 years
Infrastructure	10-15 years
Equipment	5-20 years

Deferred and Unearned Revenue

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



Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

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

Long-Term Obligations

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

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

Debt may be issued at par (face) value, with a premium (applicable to debt issued in excess of face value) or at a discount (applicable to debt issued at amounts less than the face value). Occasionally, the County also refunds some of its existing debt. When this occurs, the difference between the funds required to retire (reacquisition price of) the refunded debt and the net carrying amount of refunded debt results in a deferred amount on refunding.

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

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

Capital Appreciation Bonds (CABs) issued by the County represent bonds that are issued at a deep discount, pay no current interest but accrete or compound in value from the date of issuance to the date of maturity. CABs are presented at their

maturity value less the unaccrued appreciation. Unaccrued appreciation represents the difference between the maturity value of the debt and their par (face) value. The unaccrued appreciation is accreted as interest over the life of the CABs.

Employees' Compensated Absences

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

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

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

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

All County employees who have completed at least five years of continuous service in the County retirement system, and have a sick leave balance of at least one hundred hours, may convert, at retirement, all or a portion of their sick leave balance to retirement service credits on a hour-for-hour basis. The conversion of these balances to retirement service credits is



included in the County's actuarial accrued liability, as part of the annual actuarial valuation which includes assumptions regarding employee terminations, retirement, death, etc.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used in the governmental funds. Encumbrances outstanding at year end are reported as designations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year or years.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. As the *lapse period* for encumbrance liquidation is not employed, encumbered amounts that are reappropriated as part of the following year's budget are presented as unreserved fund balance designated for encumbrances.

Fund balance reserve and designated fund balances for governmental funds are classified to reserved, unreserved/designated or unreserved/undesignated. Reserved fund balances are (a) funds legally segregated for a specific use or (b) assets that, by their nature, are not available for expenditure. Unreserved fund balances reflect the balances available for appropriation for general purposes. Designations reflect self-imposed limitations on the use of available current financial resources.

Net Assets

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation reduced by the outstanding principal of capital related debt (adjusted by any unamortized premiums, discounts, deferred amounts on refundings, and unspent proceeds related to debt), incurred by the County to buy or construct capital assets shown in the statement of net assets. Capital assets cannot readily be sold and converted to cash.

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

Unrestricted net assets consist of net assets that do not meet the definition of invested in capital assets, net of related debt or restricted net assets.

Indirect Costs

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

Use of Estimates

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



NOTE 2

Reconciliation of Government-Wide and Fund Financial Statements

Balance Sheet/Net Assets

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

Table 3	
Governmental Fund Balance Sheet / Government-Wide Statement of Net Assets Reconciliation	
At June 30, 2009	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this (\$2,143,199) difference are as follows:	
Bonds, notes and loans payable	\$ (2,307,555)
Less: Unaccrued appreciation - capital appreciation bonds	239,219
Add: Unamortized issuance premiums	(8,697)
Less: Unamortized issuance discounts (to be amortized as interest expense)	18,975
Less: Unamortized deferred amounts on refundings (to be amortized as interest expense)	18,037
Less: Unamortized issuance costs (to be amortized over the life of the debt)	17,469
Arbitrage	(517)
Compensated absences (excluding Internal Service Funds)	(98,837)
Landfill closure and postclosure - San Marcos landfill	(21,293)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (2,143,199)</u>
Internal Service Funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets. The details of this \$101,817 difference are as follows:	
Net assets of the internal service funds	\$ 102,435
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(674)
Add: Internal payable representing charges in excess of cost to business-type activities - current year	56
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 101,817</u>



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

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

Table 4	
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities Reconciliation	
For the Year Ended June 30, 2009	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$86,620 difference are as follows:	
Capital outlay	\$ 179,662
Depreciation expense	(93,042)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	<u>\$ 86,620</u>
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. The details of this \$31,027 difference are as follows:	
The proceeds from the sale of capital assets provide current financial resources but have no effect on net assets	\$ (31)
The loss on the disposal of capital assets does not affect current financial resources but decreases net assets	(10,530)
Donations of assets to the County do not provide current financial resources but resources increase net assets	41,588
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	<u>\$ 31,027</u>
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(24,322) difference are as follows:	
Debt issued or incurred:	
Face value of bonds issued	\$ (136,885)
Refunding bonds issued	(443,515)
Plus: Premiums	(1,175)
Less: Issuance costs	3,959
Payment to escrow agent/refunded bond	441,038
Principal repayments	112,275
Arbitrage	(19)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	<u>\$ (24,322)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$(18,422) difference are as follows:	
Compensated absences	\$ (2,810)
Accrued interest	(1,583)
Accretion of capital appreciation bonds	(8,055)
Amortization of premiums	(643)
Amortization of discounts	(1,193)
Amortization of deferred amounts on refundings	(3,457)
Amortization of issuance costs	(681)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	<u>\$ (18,422)</u>
Internal Service Funds. The net revenue of certain activities of internal service funds is reported with governmental activities. The details of this \$(1,469) difference are as follows:	
Change in net assets of the internal service funds	\$ (1,525)
Less: Loss from charges to business activities	56
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	<u>\$ (1,469)</u>



NOTE 3

Deposits and Investments

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

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

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

A separately issued annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 162, San Diego, California, 92101 and can also be accessed at <http://www.sdtreastax.com>.

Total pooled cash and investments totaled \$5,665,697 consisting of: \$5,354,008 investments in the County pool; \$308.984 million in demand deposits; \$2.174 million of collections in transit; and, \$531 thousand in imprest cash.

Deposits

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

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

Custodial Credit Risk - Deposits

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

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

California Government Code 53652 et. seq. requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. At June 30, 2009, the County's deposits were not exposed to custodial credit risk as these deposits were either covered by FDIC insurance or collateralized with securities held by a named agent depository as noted below:

a. Cash in banks is defined as short-term, highly liquid deposits with an original maturity of three months or less. At year-end, the carrying amount of the Investment Pool's deposits was \$308,984, and the bank balance at June 30, 2009 was \$305,324, consisting of demand deposits with various financial institutions. The difference between the carrying amount and the bank balance includes temporary reconciling items such as cash on hand, outstanding checks, and deposits in transit. Of this balance, \$275,350 was covered by federal deposit insurance and \$29,974 was collateralized with securities held by a named agent depository on behalf of the Investment Pool as required by California Government Code Section 53656. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

b. The carrying amount of demand deposits with Fiscal Agents (outside of the Pool) was \$5.5 million and the bank balance per various financial institutions was \$7.693 million. Of the total bank balance, \$702 thousand was covered by federal deposit insurance and \$6.991 million was collateralized by a named agent depository.

Investments

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

Permitted types of investments and financial instruments include: U.S. treasuries, Federal agencies, and local agency obligations; banker's acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; medium-term notes;



collateralized certificates of deposit; money market mutual funds; mortgage pass-through securities; mortgage backed securities; and mortgage collateralized securities.

Investments in the Investment Pool are stated at fair value. Securities, which are traded on a national exchange, are valued at the last reported sales price at current exchange rates. The fair value of investments is determined monthly and at year end and is provided by the custodian bank. Repurchase agreements and Institutional money market funds are carried at portfolio book value (carrying cost). Open-end institutional money market funds are not categorized by custodial credit risk because the investment in these funds is not evidenced by specific securities. All purchases of investments are accounted for on a trade-date basis. Unrealized gains or losses of securities are determined by taking the difference between amortized cost and the fair value of investments. Realized gains and losses on investments that were held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

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

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

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

Interest Rate Risk - Investments

This is the risk that changes in interest rates will adversely affect the fair value of an investment.

Declines in the fair value of investments are managed by limiting the length of the maturity of securities. In general, the maximum maturity allowed is five years unless the Board has granted express authority either specifically or as part of an investment program. The policy related to the maturity structure of Pool requires that 50% of the portfolio include short-term instruments up to one year (25% maturing within 90 days and 25% maturing within 91 to 365 days) and no more than 50% to mature in 1 to 5 years. In addition, the Investment Pool limits the maximum effective duration of the portfolio to 18

months. In compliance with the policy, a weighted average of 51% of the Pool's investments had a maturity of 90 days or less at June 30, 2009.

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

Credit Risk - Investments

This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations.

The Pooled Money Fund Investment Policy and the Government Code set minimum credit ratings for each type of security. Asset allocations with respect to the credit quality are based on Standard and Poor's Fund Credit Quality Rating Matrix as noted below:

Table 5		
S & P Investment Rating		
Investment Pool		
Rating	Min. Fund%	Max. Fund%
AAA	67	100
AA	0	33
A	0	13
Investments with Fiscal Agents		
Short Term	A-1	
Long Term	A	

Concentration of Credit Risk - Investments

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

The Investment Policy limits the amount of exposure to any one single issuer to the percentages listed in Table 9. As noted in Table 9, the Pooled Money Fund Investment Policy is more restrictive, in most cases, than the California Government Code.

As of June 30 2009, all Pool investments were in compliance with State law and with the Investment Policy. There were no instruments in any one issuer that represent 5% or more of the County Investment Pool or individual fund holdings of the External Specific Investments as of June 30, 2009.

No general policies have been established to limit the amount of exposure to any one single issuer, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements. Instruments in any one issuer that represent 5% or more of the County investments with fiscal agents by individual major fund or nonmajor funds in the aggregate at June 30, 2009 are shown below.



Notes to the Financial Statements
(Amounts Expressed in Thousands Unless Otherwise Noted)

Table 6

Concentration of Credit Risk					
Issuer	Tobacco Endowment Fund	Percent	Nonmajor Governmental Funds	Percent	
BlackRock MuniFund	\$ 23,970	6	\$		
Federal national mortgage association			45,377	36	
Federated treasury obligation			23,841	19	
Federal home loan bank			22,778	18	
Federal home loan mortgage corporation			10,506	8	

Custodial Credit Risk - Investments

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

The County of San Diego utilizes third party delivery versus payment custodian which mitigates any custodial credit risk. No level three investments were held during the fiscal year ended June 30, 2009, and there was no securities lending.

Foreign Currency Risk - Investments

This is the risk that investments are exposed to foreign currency risk.

The County's investments do not have any foreign currency risk as all investments are in U.S. dollar-denominated assets.

Table 7

Pooled Investments At June 30, 2009							
	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio	
US treasury notes	\$ 377,797	0.88% - 4.88%	08/09 - 03/14	803	N/A	6.71%	
US treasury bills	99,920	0.21% - 0.25%	10/09 - 11/09	128	N/A	1.78%	
Federal home loan mortgage corporation notes	992,050	0.22% - 6.63%	07/09 - 06/13	444	AAA	17.62%	
Federal home loan bank notes	1,139,205	0.12% - 7.38%	07/09 - 02/14	239	AAA	20.24%	
Federal national mortgage association notes	948,069	0.31% - 7.25%	07/09 - 05/13	431	AAA	16.84%	
Federal farm credit bank notes	364,199	1.70% - 5.05%	10/09 - 12/12	884	AAA	6.47%	
Commercial paper	474,925	0.07% - 0.41%	07/09 - 08/09	16	A-1/A-1+	8.44%	
Corporate medium term notes	78,853	3.75% - 5.88%	12/09 - 03/12	539	AA/AA+	1.40%	
Repurchase agreements	258,370	0.10% - 0.29%	07/09	1	N/A	4.59%	
Money market mutual funds	225,110	0.05% - 0.19%	07/09	1	AAA	4.00%	
Negotiable certificates of deposit	360,580	0.20% - 4.15%	07/09 - 12/09	44	N/A	6.40%	
Bond funds	34,930	0.90%	07/09	1	AA	0.62%	
Total investments	5,354,008					95.11%	
Public fund demand deposit	275,000	0.47%	07/09	1	N/A	4.89%	
Total investments and demand deposits	\$ 5,629,008			323		100.00%	



Table 8

**Investments with Fiscal Agents
At June 30, 2009**

	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
County investments with fiscal agents						
Unrestricted:						
Federal home loan bank notes	\$ 27,328	3.00% - 5.00%	09/09 - 01/12	385	AAA	5.06%
Federal home loan mortgage corp notes	10,507	4.50%	12/10	534	AAA	1.94%
Federal national mortgage assn. notes	5,188	7.25%	01/10	199	AAA	0.96%
Fixed income tax exempt bonds	4,968	3.45%	04/35	9406	A-1	0.92%
Fixed income tax exempt bonds	24,613	0% - 5.75%	9/10 - 8/15	1364	A	4.56%
Fixed income tax exempt bonds	10,082	5.75%	09/09	63	A-1+	1.87%
Fixed income tax exempt bonds	20,435	0% - 5.50%	12/09 - 09/12	1009	A+	3.78%
Fixed income tax exempt bonds	59,806	5.00% - 6.50%	1/10 - 10/13	761	AA	11.07%
Fixed income tax exempt bonds	43,358	5.00% - 5.63%	7/09 - 9/13	489	AA-	8.03%
Fixed income tax exempt bonds	68,600	3.50% - 6.00%	7/09 - 1/15	805	AA+	12.70%
Fixed income tax exempt bonds	150,745	0% - 8.95%	7/09 - 1/14	891	AAA	27.90%
Fixed income tax exempt bonds	5,119	5.40%	10/09	107	BBB	0.95%
Fixed income tax exempt bonds	1,351	5.90%	03/10	244	NA	0.25%
MuniFunds	23,970	0.47%	07/09 - 08/09	40	AAAm	4.44%
Subtotal	456,070					
Restricted:						
Federal home loan bank notes	2,624	1.63% - 5.00%	7/10 - 1/11	398	AAA	0.49%
Federal home loan bank disc. notes	2,705	0.00%	07/09	31	NA	0.50%
Federal national mortgage assn. notes	10,692	2.75% - 7.25%	1/10 - 2/14	1563	AAA	1.98%
Federal nat'l mortgage assn. disc. notes	35,572	0% - 5.23%	11/09 - 02/10	151	NA	6.58%
Federal nat'l mortgage assn. strip	2,768	0.00%	1/11 - 7/11	680	NA	0.51%
Federal home loan mortgage corp. notes	1,147	3.25% - 5.00%	01/10	213	AAA	0.21%
Federal home loan mortgage disc. notes	1,941	0.00%	01/11	553	AAA	0.36%
Federal home loan mortgage strip	863	0.00%	4/10 - 7/11	457	NA	0.16%
Guaranteed investment contracts	471	5.03%	08/09	32	AAA	0.09%
Money market mutual funds	24,955	0.00 - 0.08%	07/09 - 08/09	44	AAAm	4.62%
Negotiable certificates of deposit	405	.25% - .35%	7/09 - 10/09	32	NA	0.07%
Subtotal	84,143					
Total County investments with fiscal agents	\$ 540,213					100.00%
External specific investments:						
Federal home loan bank notes	\$ 369	4.87%	06/12	1074	AAA	0.17%
Federal home loan mortgage corp. notes	523	4.75%	09/10	449	AAA	0.23%
Guaranteed investment contracts	221,446	5.07%	09/10	457	N/A	98.92%
Medium term notes	1,520	4.62% - 4.87%	09/09 - 10/10	213	AA+	0.68%
Total external specific investments	\$ 223,858					100.00%
Total investments with fiscal agents	\$ 764,071					



Notes to the Financial Statements
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Table 9

Investment Pool Policy Restrictions versus Government Code 53601 Requirements

Investment Type	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
US Treasury obligations	5 years	5 years	None	None	None	None	None	None
Agency obligation	5 years	5 years	None	None	None	25%	None	None
Local agency obligations	5 years	5 years	None	15%	None	10%	None	A
Bankers' acceptances	180 days	180 days	40%	40%	30%	5%	None	A-1
Commercial paper (1)	270 days	270 days	40%	40%	10%	5%	A	A
Certificates of Deposit	5 years	5 years	30%	30%	30%	5%	None	A
Repurchase agreements	1 year	1 year	None	40%	None	(2)	None	None
Reverse repurchase agreements	92 days	92 days	20%	20%	None	10%	None	None
Local agency investment fund of California	N/A	N/A	None	10%	None	10%	None	None
Corporate Medium-term notes	5 years	5 years	30%	30%	30%	5%	A	A
Money market mutual funds	N/A	N/A	20%	15%	10%	10%	AAAf	AAAf
Bond funds	N/A	N/A	None	2.5%	None	2.5%	None	None
Pass-through securities (3)	5 years	5 years	20%	20%	None	5%	A/AA	A/AA

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

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

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

NOTE 4

Restricted Assets

Restricted assets include monies or other resources required to be set aside to repay principal and interest under Debt covenants; and to comply with other legal or contractual requirements. For fiscal year 2009 restricted assets were as follows:

Table 10

Restricted Assets

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	\$ 179	\$ 9,297
Nonmajor Governmental Funds		
Housing Authority Special Revenue Fund	706	
Tobacco Securitization Special Revenue Fund		47,271
Pension Obligations Bond Debt Service Fund		4,988
Redevelopment Agency Debt Service Fund		1,155
San Diego Regional Building Authority Debt Service Fund		38,643
SANCAL Debt Service Fund		1,474

NOTE 5

Receivables

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

Due from Other Governmental Agencies - Governmental activities - \$51.467 million

This amount represents Senate Bill (SB) 90 cost reimbursements due the County for the provision of State mandated programs and services mostly for fiscal years prior to 2004. The State Constitution requires reimbursement for these costs and interest will accrue on the reimbursement claims until they are paid according to Government Code 17617 over a period not more than 15 years beginning in FY 2007. The State began to reimburse the County for these programs and services in FY 2007, but has not budgeted appropriations in the current year.

Loans - Governmental activities- \$57.400 million

This amount includes: \$28.986 million in housing rehabilitation loan programs for low-income or special need residents, loans for low income housing downpayments, and redevelopment agency notes of which \$50 thousand is short term; and, \$28.414 million in community development block grant loans.



Loans- Business-type activities- \$4.617 million

This amount represents Airport Enterprise Fund (AEF) loans to Airport lessees for the purchase of AEF reversionary interests in leasehold improvements existing at the expiration of previous leases.

Table 11

Receivables

**Primary Government and Discretely Presented Component Unit
At June 30, 2009**

	Accounts	Investment Income	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
Governmental activities:								
General Fund	\$ 2,998	4,018	365,091	5,676		377,783	(3,798)	373,985
Public Safety Special Revenue Fund			31,668			31,668		31,668
Tobacco Securitization Special Revenue Fund		5,573				5,573		5,573
Other Governmental Funds	25,958	2,509	39,719	51,724	85	119,995		119,995
Internal Service Funds	541	496	4,345		40	5,422		5,422
Total governmental activities	\$ 29,497	12,596	440,823	57,400	125	540,441	(3,798)	536,643
Business-type activities:								
Enterprise Fund	\$ 208	284	1,680	4,617		6,789		6,789
Component Unit:								
First 5 Commission	\$	1,379	6,192			7,571		7,571

NOTE 6

County Property on Lease to Others

The County's blended component unit - SDRBA has a direct financing capital lease with the San Miguel Consolidated Fire Protection District (District) for two District fire stations. Additionally, the County has a sublease of a share of the Metropolitan Transit System (MTS) Towers. The share of the County's property under the MTS Towers' sub lease is an estimated \$12.74 million in structures and improvements with accumulated depreciation of \$5.23 million at June 30, 2009. The lease revenue received by the SDRBA and the County for the year ended June 30, 2009 was approximately \$894 thousand and \$793 thousand, respectively.

The County also has noncancelable operating leases for certain properties which are not material to the County's governmental operations. Additionally, the Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires. The Airport Enterprise Fund's property under operating leases includes an estimated \$2.44 million in land at June 30, 2009.

Lease revenue from noncancelable operating leases for the year ended June 30, 2009 was approximately \$15.6 million. Future minimum lease payments to be received under the capital leases and noncancelable operating leases are noted below in Table 12.

Table 12

Lease Revenue County Property Leased To Others		
Fiscal Year	Capital Leases	Operating Leases
2010	\$ 1,731	15,228
2011	1,755	14,510
2012	1,723	13,557
2013	1,742	13,348
2014	1,728	12,838
2015-2019	8,667	41,398
2020-2024	1,737	36,603
2025-2029		35,859
2030-2034		33,290
2035-2039		24,278
2040-2044		15,942
2045-2049		9,784
2050-2054		7,875
2055-2059		3,632
2060-2064		1,572
2065-2069		21
2070-2074		21
2075-2077		12
Total	\$ 19,083	279,768



NOTE 7

Capital Assets

Changes in Capital Assets

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

	Beginning Balance at July 1, 2008	Increases	Decreases	Ending Balance at June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 285,641	23,267	(1,491)	\$ 307,417
Construction in progress	267,493	122,324	(156,197)	233,620
Total capital assets, not being depreciated	553,134	145,591	(157,688)	541,037
Capital assets, being depreciated:				
Buildings and improvements	1,024,281	163,601	(1,826)	1,186,056
Equipment	291,575	35,517	(25,095)	301,997
Road infrastructure	2,304,808	52,907	(875)	2,356,840
Bridge infrastructure	44,522	6,858		51,380
Total capital assets, being depreciated	3,665,186	258,883	(27,796)	3,896,273
Less accumulated depreciation for:				
Buildings and improvements	(349,278)	(20,243)		(369,521)
Equipment	(162,387)	(38,994)	16,903	(184,478)
Road infrastructure	(870,341)	(63,555)		(933,896)
Bridge infrastructure	(14,761)	(849)		(15,610)
Total accumulated depreciation	(1,396,767)	(123,641)	16,903	(1,503,505)
Total capital assets, being depreciated, net	2,268,419	135,242	(10,893)	2,392,768
Governmental activities capital assets, net	\$ 2,821,553	280,833	(168,581)	\$ 2,933,805

	Beginning Balance at July 1, 2008	Increases	Decreases	Ending Balance at June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 11,338			\$ 11,338
Construction in progress	49,854	24,572	(10,846)	63,580
Total capital assets, not being depreciated	61,192	24,572	(10,846)	74,918
Capital assets, being depreciated:				
Buildings and improvements	52,555	6,992		59,547
Equipment	1,341		(10)	1,331
Road infrastructure	335			335
Sewer infrastructure	68,994	3,854		72,848
Total capital assets, being depreciated	123,225	10,846	(10)	134,061
Less accumulated depreciation for:				
Buildings and improvements	(23,882)	(1,441)		(25,323)
Equipment	(1,062)	(51)	9	(1,104)
Road infrastructure	(11)	(8)		(19)
Sewer infrastructure	(30,970)	(1,379)		(32,349)
Total accumulated depreciation	(55,925)	(2,879)	9	(58,795)
Total capital assets, being depreciated, net	67,300	7,967	(1)	75,266
Business-type activities capital assets, net	\$ 128,492	32,539	(10,847)	\$ 150,184

Depreciation

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

General government	\$ 1,930
Public protection	19,712
Public ways and facilities	63,765
Health and sanitation	4,329
Public assistance	1,151
Education	342
Recreation and cultural	1,813
Internal Service Funds	30,599
Total	\$ 123,641

Airport Fund	\$ 1,433
Sanitation Districts Fund	1,429
Wastewater Management Fund	17
Total	\$ 2,879



Capital Commitments

At June 30, 2009, major contracts entered into for structures and improvements and other commitments within governmental and business-type activities were as follows:

Capital Commitments At June 30, 2009		Remaining Commitments
Governmental Activities		
Other Governmental Funds:		
Construction of County Operations Center	\$	13,774
Construction of Ramona Branch Library		8,619
Construction of Fallbrook Branch Library		8,267
Construction of Medical Examiner/Forensics Center		7,910
Construction of Valley Center Road Bridge Over San Luis Rey River		7,580
Construction of Black Canyon Road Bridge Over Santa Ysabel Creek		1,827
Construction of Route 54/94 Improvements		1,425
Construction of Viejas Blvd Bridge Crossing Sweetwater River		1,388
Construction of Valley Center Road, Phase II		1,058
Subtotal		51,848
Business-type Activities		
Enterprise Funds:		
Gillespie Field Airport Taxiway Reconstruction		1,723
Sanitation District Sewer and Flow Monitoring System Improvements		1,731
Subtotal		3,454
Total	\$	55,302

NOTE 8

Interfund Balances

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

Interfund Balances At June 30, 2009		Due From						
Due To	General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total	
General Fund	\$	45,404	5,128	20,024	60	3,512	\$ 74,128	
Nonmajor Governmental		15,821		3,850	559	530	20,760	
Nonmajor Enterprise		61		3,387	410		3,858	
Internal Service		24,598		1,180	97	840	26,715	
Total	\$	40,480	45,404	5,128	28,441	1,126	4,882 \$ 125,461	

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

- a. \$1.234 million is due to the General Fund from the Redevelopment Agency Fund (Upper San Diego River Project) as a result of a loan to provide funding for Project improvements. \$1.134 million of this balance is not scheduled to be collected in the subsequent year.
- b. \$3.363 million is due from the Redevelopment Agency Fund to the Airport Enterprise Fund as a result of a loan to fund airport projects. Loans repayments are based on the condition that the collection of property tax revenue per H.S. Code 33670 is sufficient



Notes to the Financial Statements

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to allow the payment of the loan. \$3.363 million of the balance is not scheduled to be collected in the subsequent year.

c. \$195 thousand is due to the Special District Loans Fund from the County Service District Fund as a result of a loan to improve and maintain County roads. Loan repayments are made from property tax collections. \$147 thousand of the balance is not scheduled to be collected in the subsequent year.

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

NOTE 9

Interfund Transfers

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

Transfers In/Transfers Out At June 30, 2009		TRANSFERS OUT						
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
TRANSFERS IN	General Fund	\$	195,585	24,200	9,843		668	\$ 230,296
	Nonmajor Governmental		280,017	380	10,449	468	3,814	295,128
	Nonmajor Enterprise		317					317
	Internal Service		4,898					4,898
	Total	\$	285,232	195,965	24,200	20,292	468	4,482

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

NOTE 10

Payables

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

	Due to Other Government Agencies			Total Payables
	Vendors	Other	Other	
Governmental Activities:				
General Fund	\$ 56,248	10,916	4,597	\$ 71,761
Other Governmental Funds	27,602	1,254	600	29,456
Internal Service Funds	33,706	981	1	34,688
Total governmental activities	\$ 117,556	13,151	5,198	\$135,905
Business-type activities:				
Enterprise Funds	\$ 1,861	1		\$ 1,862
Component Unit:				
First 5 Commission	\$ 5,542	8,286	519	\$ 14,347

NOTE 11

Short-Term Obligations

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds in the General Fund. These notes are necessary to fund the County's annual cash flow needs. The majority of property tax collections are received in December and April.

Short-term debt activity for the fiscal year was as follows:

Short-Term Obligations	Beginning Balance at July 1, 2008		Ending Balance at June 30, 2009	
	Issued	Redeemed	Issued	Redeemed
Tax and revenue anticipation notes	\$ 75,000	75,000	\$	



NOTE 12

Lease Obligations

Operating Leases

Real Property

The County has obligations under long-term operating lease agreements through fiscal year 2020 (Table 22). The County is the lessee under the terms of several non-cancelable operating leases for real property used to house certain County operations. The total rental expense for all real property leases for the year ended June 30, 2009 was approximately \$31.2 million, including \$10.5 million for non-cancelable leases.

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

Lease Commitments - Real Property	
Fiscal Year	Minimum Lease Payments
2010	\$ 13,465
2011	13,992
2012	11,957
2013	5,195
2014	3,372
2015-2019	5,072
2020	283
Total	\$ 53,336

Personal Property

The County has also entered into operating leases for personal property, a large portion of which represents duplicating and heavy duty construction equipment. Many of these leases are subject to annual adjustment based upon negotiations. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. Total rental expense for these operating leases for the year ended June 30, 2009, was approximately \$2.9 million.

NOTE 13

Long-Term Debt

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

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COPs and LRBs is secured by a lease structure where the borrowing entity, such as the County or the San Miguel Consolidated Fire Protection District (SMCFPD) (not a component unit of the County), leases certain properties to another entity, a lessor, which in turn leases the properties back to the County or the SMCFPD. These lessors are the San Diego

Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA); both blended component units of the County. (See discussion of Blended Component Units under Note 1 "Summary of Significant Accounting Policies".)

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

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

In February 2009, the San Diego Regional Building Authority (SDRBA) issued \$136.885 million of fixed rate serial and term lease revenue bonds titled, "San Diego Regional Building Authority Lease Revenue Bonds - County Operations Center and Annex Redevelopment Project Series 2009 A" (the "Bonds"). These Bonds consist of \$87.35 million Serial Series 2009 A Bonds issued at fixed interest rates ranging from 3.00% to 5.50% with maturity dates ranging from February 1, 2012 through February 1, 2030; and, \$49.535 million Term Bonds issued at a fixed rate of 5.375% with a maturity date of February 1, 2036.

These Bonds were issued with a premium of \$1.175 million. Bond proceeds of \$138.060 million along with County contributions of \$66.243 million were distributed as follows: 1) \$178.401 to finance the acquisition, construction and improvement of certain County facilities, including facilities to be used as an operation center located in the Kearny Mesa community of San Diego; 2) \$14.492 million to pay interest during the construction period; 3) \$9.879 million to fund a bond reserve fund; 4) \$1.507 million to pay certain costs of issuance incurred in connection with these bonds; and 5) \$24 thousand was set aside to be used for various ongoing debt related costs. The interest on these Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California income taxes.



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Details of COPs and Lease Revenue Bonds outstanding at June 30, 2009 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2009
1993 Master Refunding	\$ 203,400	2.50 - 5.625%	2013	\$ 21,800
1997 Central Jail Refunding	80,675	4.00 - 5.42%	2026	58,135
1998 Downtown Courthouse Refunding	73,115	4.00 - 5.25%	2023	42,270
1999 East Mesa Refunding	15,010	3.60 - 4.75%	2010	1,815
2000 Information Technology Service Financing	51,620	4.50 - 5.125%	2010	6,370
2001 Metropolitan Transit System Towers Refunding	36,960	2.15 - 5.25%	2020	25,865
2002 Motorola	26,060	2.00 - 5.00%	2011	6,495
2003 San Miguel Consolidated Fire Protection District Refunding	10,005	2.00 - 5.00%	2020	7,565
2005 Edgemoor Project	83,510	3.00 - 5.00%	2030	79,025
2005 Regional Communications System Refunding	28,885	3.00 - 5.00%	2019	17,950
2005 North & East Justice Facilities Refunding	28,210	3.25 - 5.00%	2020	23,405
2006 Edgemoor Completion Project	42,390	4.00 - 5.00%	2030	42,390
2009 Series A COC and Annex Project	136,885	3.00 - 5.50%	2036	136,885
Total	\$ 816,725			\$ 469,970

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

Fiscal Year	Principal	Interest	Total
2010	\$ 34,400	21,836	\$ 56,236
2011	27,480	20,359	47,839
2012	24,070	19,253	43,323
2013	25,170	18,132	43,302
2014	20,090	17,137	37,227
2015-2019	106,090	71,268	177,358
2020-2024	90,005	47,119	137,124
2025-2029	77,445	26,887	104,332
2030-2034	46,950	10,669	57,619
2035-2036	18,270	1,077	19,347
Subtotal	\$ 469,970	253,737	\$ 723,707
Add:			
Arbitrage		517	
Unamortized issuance premium	8,697		
Less:			
Unamortized issuance discount	(1,777)		
Unamortized deferred amounts on refundings	(1,494)		
Total	\$ 475,913		

Taxable Pension Obligation Bonds (POBs)

POBs are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the San Diego County Employees Retirement Association's (SDCERA) pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis.

In August 2008, the County of San Diego issued \$443.515 million Series 2008 Taxable Pension Obligation Bonds as follows: 1) \$240.1 million Series 2008A Term bonds issued at a fixed interest rate of 6.029% with a maturity date of August 2026; 2) \$103.415 million Serial Series 2008A Serial Bonds (the "Serial Bonds"). A portion of the Serial Bonds matures every August with a final maturity date of August 2018. Each maturity date carries a different fixed interest rate beginning in August 2009 at 3.331% escalating each year to the August 2018 maturity date at 5.748%; 3) \$100 million of Series 2008B Variable Rate Demand Obligations (the "Series 2008B Obligations") issued in two subseries consisting of \$50 million Series 2008B-1 Variable Rate Demand Obligations and \$50 million Series 2008B-2 Variable Rate Demand Obligations. The Series 2008B Obligations bore interest at the Weekly Interest Rate with the one month LIBOR (London Interbank Offered



Rate) as a reference rate; payable on the first Wednesday of each calendar month commencing September 3, 2008 and had a final maturity date of August 2027. The interest on the County of San Diego Pension Obligation Bonds Series 2008A, 2008B-1 and 2008B-2 is not excludable from gross income for federal income tax purposes but is exempt from State of California personal income taxes.

The Series 2008B demand bonds include a liquidity facility in the form of a Standby Bond Purchase Agreement (Agreement) among the County, the Liquidity Provider and the Paying Agent Bank (Bank). Under the terms of the Agreement, the Bank agrees from time to time during the commitment period to extend credit to the County through the purchase of eligible bonds at the purchase price set forth in the Agreement, with immediately available funds, which are tendered pursuant to an optional tender or a mandatory purchase and which, in either case, the remarketing agent has been unable to remarket. During fiscal year 2009, the County paid \$585 thousand in commitment fees related to the liquidity provision of the agreement and there were no amounts drawn still outstanding under the Agreement as of June 30, 2009. According to the take-out provision, if exercised, the County would be required to retire any Bank Bonds (that is, the bonds that are being held by the SBPA) in three years and 91 days. During those three years, repayment would be made via equal principal payments each January and July. The takeout agreement is due to expire in August 2013 and is not cancelable by the County. The Series 2008B demand bonds were subsequently redeemed on July 1, 2009. (See Note 26, "Subsequent Events, Redemption of Series 2008B Variable Rate Demand Obligations").

Bond proceeds of \$443.515 million along with a \$17.195 million contribution from the General Fund, a \$37.345 million interfund loan from the General Fund to the Pension Obligation Bonds Debt Service Fund and \$22.814 million of funds held in the Pension Obligation Bonds Debt Service Fund were distributed as follows: 1) \$44 million for the partial prepayment of the County of San Diego Taxable Pension Obligation Bonds 2002 Series B (the "2002B bonds"), Subseries B-1 Auction Rate Securities; 2) \$441.038 was transferred to an escrow agent to advance refund the remaining \$441.125 million in outstanding 2002B bonds, Subseries B-1 and B2-4 Auction Rate Securities and to pay future interest payments; 3) \$10.234 million was used to pay interest on the outstanding 2002B bonds, Subseries B-1 and B2-4 Auction Rate Securities; 4) \$21.991 million was paid to two counterparties as follows: \$17.195 million to terminate the two interest rate swap agreements relating to the hedged 2002B bonds, Subseries B2-4 Auction Rate Securities; and \$4.796 million for the accrued interest on the swap; 5) \$2.477 million was deposited to a cost of issuance account, of which \$2.452 million of costs of issuance expenditures were incurred in fiscal year 2009, the remaining \$25 thousand was set aside for various ongoing debt costs; 6) \$630 thousand was used to pay the final auction agent and broker dealer fees due in

connection with the 2002B bonds, Subseries B-1 and B2-4 Auction Rate Securities; and, 7) \$499 thousand was set aside to make future bondholder payments.

The \$441.038 million transfer referred to above was placed in an irrevocable trust with an escrow agent to provide for the payment of the remaining principal and interest due on the outstanding 2002B bonds, Subseries B-1 and B2-4 Auction Rate Securities on August 15, 2008 along with a 0.07 percent premium. As a result, the 2002B bonds, Subseries B-1 and B2-4 Auction Rate Securities are considered legally defeased and the liability for those bonds has been removed from the government-wide statement of net assets governmental activities current and non-current. This advance refunding will result in reducing the County's principal and interest payments by \$215.460 million over the next 23 years to obtain an economic gain of \$44.6 million (i.e. difference between the present values of the debt service payments on the refunded debt and the refunding debt).

Details of POBs outstanding at June 30, 2009 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2009
2002 Series A	\$ 132,215	3.88 - 4.95%	2016	\$ 117,540
2002 Series B1	100,000	variable	2031	
2002 Series B2-4	405,125	variable	2031	
2004 Series A	241,360	3.28 - 5.86%	2023	212,870
2004 Series B1-2	147,825	5.91%	2025	147,825
2004 Series C CABs	64,928	4.66 - 5.76%	2016	100,170
2004 Series C Unaccrued Appreciation CABs				(15,965)
2008 Series A	343,515	3.33 - 6.03%	2027	343,515
2008 Series B	100,000	variable	2028	100,000
Total	\$ 1,534,968			\$ 1,005,955



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Annual debt service requirements to maturity for POBs are shown below in **Table 26**. The variable rate used to calculate the interest due on the Series 2008 Taxable Pension Obligation Bonds was 2.63% which represents the average Weekly Interest Rate for the weekly period ended June 30, 2009.

Fiscal Year	Principal	Unaccrued Appreciation	Interest	Total
2010	\$ 35,630	4,011	48,076	\$ 87,717
2011	33,226	3,591	47,071	83,888
2012	33,176	3,053	46,016	82,245
2013	33,215	2,386	44,938	80,539
2014	33,043	1,575	43,858	78,476
2015-2019	212,090	1,349	191,124	404,563
2020-2024	297,540		115,973	413,513
2025-2028	311,225		22,553	333,778
Subtotal	\$ 989,145	15,965	559,609	\$ 1,564,719
Add:				
Accrued appreciation through June 30, 2009	19,277			
Less:				
Accrued appreciation to be paid in fiscal year 2010	(2,467)			
Subtotal	1,005,955			
Less:				
Unamortized deferred amounts on refundings	(2,465)			
Total	\$ 1,003,490			

Tobacco Settlement Asset-Backed Bonds (TSAB)

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

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

In fiscal year 2002, the Authority issued \$446.86 million 2001 Tobacco Settlement Asset-Backed Bonds (Bonds), to fund the Authority's loan to the San Diego Tobacco Asset Securitization Corporation (Corporation), pursuant to a loan agreement between the Authority and the Corporation. (Both entities are blended component units of the County). According to the loan agreement, the Corporation has pledged, assigned and granted to the Authority, a first priority perfected security interest in all rights, title and interest of the Corporation, to the TSRs the Corporation purchased from the County, and future TSRs. The Corporation used the net proceeds of the loan, \$411.913 million, to pay the County, in exchange for the County's transfer to the Corporation of all the County's rights, title and interest in the TSRs. Net proceeds have been placed in an endowment fund to fund healthcare-based programs pursuant to Board Policy E-14 and IRS regulations.

In May 2006, the Authority issued Series 2006 TSAB in the amount of \$583.631 million to refund the outstanding principal of the original 2001 bonds, noted above and to loan an additional \$123.515 million to the Corporation. The Series 2006 Bonds are limited obligations of the Authority, maturing in fiscal year 2035-36. The proceeds were placed into the endowment fund for the aforementioned purposes.

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

Details of TSAB outstanding at June 30, 2009 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2009
Series 2006A Senior Current Interest Bonds	\$ 534,610	4.75 - 5.125%	2016-2030	\$ 514,645
Series 2006B CABs	19,770	6.25%	2032	90,735
2006B unaccrued appreciation CABs				(66,828)
Series 2006C CABs	8,686	6.40%	2033	45,305
2006C unaccrued appreciation CABs				(34,755)
Series 2006D CABs	20,565	7.10%	2036	147,179
2006D unaccrued appreciation CABs				(121,671)
Total	\$ 583,631			\$ 574,610



Annual debt service requirements to maturity for TSAB are as follows:

Tobacco Settlement Asset-Backed Bonds - Debt Service Requirements to Maturity				
Fiscal Year	Principal	Unaccrued Appreciation	Interest	Total
2010	\$ 10,630	4,046	25,756	\$ 40,432
2011	11,565	4,321	25,247	41,133
2012	11,085	4,613	24,700	40,398
2013	12,010	4,926	24,169	41,105
2014	12,970	5,260	23,595	41,825
2015-2019	86,805	32,161	107,393	226,359
2020-2024	134,575	44,663	80,855	260,093
2025-2029	189,545	62,050	41,260	292,855
2030-2034	86,540	56,710	2,136	145,386
2035-2036	7,941	4,504		12,445
Subtotal	\$ 563,666	223,254	355,111	\$ 1,142,031
Add:				
Accrued appreciation through June 30, 2009	10,944			
Subtotal	574,610			
Less:				
Unamortized issuance discount	(17,158)			
Unamortized deferred amounts on refundings	(14,078)			
Total	\$ 543,374			

TSAB pledged revenue for the year ended June 30, 2009 was as follows:

Tobacco Settlement Asset-Backed Bonds - Pledged Revenues				
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Debt Principal & Interest Paid	Pledged Revenue Received
Series 2006 Tobacco Settlement Asset-Backed Bonds	2036	\$ 1,152,975	\$ 36,273	\$ 34,025

San Diego County Redevelopment Agency (CRA) Revenue Refunding Bonds

In December 2005, the San Diego County Redevelopment Agency (CRA) issued \$16 million Revenue Refunding Bonds Series 2005A that mature in fiscal year 2032-33. The CRA has pledged property tax increment revenues generated within the Gillespie Field Project Area to pay for the bonds. Gillespie Field Airport revenues may also be used to fund debt service payments if there are insufficient property tax increment revenues to cover a particular fiscal year's debt service requirement. Bonds are also payable from funds held under the indenture, including earnings on such funds.

CRA revenue refunding bonds outstanding at June 30, 2009 were the following:

CRA Revenue Refunding Bonds				
Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2009
Revenue Refunding Bonds Series 2005A	\$ 16,000	3.65 - 5.75%	2033	\$ 14,985
Total	\$ 16,000			\$ 14,985

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

CRA Revenue Refunding Bonds - Debt Service Requirements to Maturity				
Fiscal Year	Principal	Interest	Total	
2010	\$ 345	797	\$ 1,142	
2011	360	782	1,142	
2012	375	766	1,141	
2013	395	748	1,143	
2014	415	728	1,143	
2015-2019	2,385	3,304	5,689	
2020-2024	3,070	2,596	5,666	
2025-2029	4,000	1,626	5,626	
2030-2033	3,640	390	4,030	
Total	\$ 14,985	11,737	\$ 26,722	
Less:				
Unamortized issuance discount	(40)			
Total	\$ 14,945			

CRA pledged revenue for the year ended June 30, 2009 was as follows:

CRA Revenue Refunding Bonds - Pledged Revenues				
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Debt Principal & Interest Paid	Pledged Revenue Received
Series 2005A Revenue Refunding Bonds	2033	\$ 26,722	\$ 1,147	\$ 1,176

Loans - Governmental Activities

Loans for various governmental activities included a United States Department of Agriculture Farmers Home Administration loan for the construction of low income housing; and California Energy Commission loans to fund various projects in County facilities to increase energy efficiency.



Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

In July 2008 and June 2009, the County borrowed \$428 thousand and \$454 thousand, respectively, from the California Energy Commission (CEC Loan 3) from an existing authorized loan amount of \$3 million. The loan proceeds \$882 thousand are to be used to fund multiple energy efficient projects in County facilities. Upon completion of the projects, semi-annual interest and principal payments will be made in twenty equal installments at a fixed interest rate of 4.50% with the first loan repayment commencing on December 22nd of the fiscal year following the year in which the project is completed and every June 22nd and December 22nd thereafter.

Details of loans outstanding at June 30, 2009 for governmental activities are as follows:

Loans - Governmental Activities					
Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2009	
Loans - non internal service funds (ISF)					
Pauma Heights PRD #21	\$ 160	7.75%	2009	\$	
Landavo Zone PRD #1015	344	8.25%	2016		
El Sereno Way Zone PRD #1016	118	8.25%	2012		
Firebird Manor	4,486	1.00%	2028	2,816	
Total loans - non-ISF	5,108			2,816	
Loans - ISF					
California Energy Comm Loan 1 (Facilities ISF)	1,977	4.00%	2015	1,163	
California Energy Comm Loan 2 (Facilities ISF)	3,001	3.95%	2016	2,182	
California Energy Comm Loan 3 (Facilities ISF)	882	4.50%	2020	882	
Total loans - ISF	5,860			4,227	
Total	\$ 10,968			\$ 7,043	

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

Loans - Governmental Activities				
Debt Service Requirements to Maturity				
Fiscal Year	Principal	Interest	Total	
2010	\$ 658	156	\$ 814	
2011	752	174	926	
2012	779	146	925	
2013	806	118	924	
2014	835	89	924	
2015-2019	1,716	189	1,905	
2020-2024	875	58	933	
2025-2028	622	15	637	
Total	\$ 7,043	945	\$ 7,988	

Loans - Business-Type Activities

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

Details of loans outstanding at June 30, 2009 for business-type activities are as follows:

Loans - Business-type Activities					
Loan	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2009	
2001 Airport Development Loan - Ramona Sewer Line	\$ 2,388	5.63%	2017	\$ 1,358	
2001 Airport Development Loan - Ramona Control Tower	1,196	5.63%	2017	680	
Total	\$ 3,584			\$ 2,038	

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

Loans - Business-type Activities				
Debt Service Requirements to Maturity				
Fiscal Year	Principal	Interest	Total	
2010	\$ 229	114	\$ 343	
2011	242	102	344	
2012	254	88	342	
2013	267	74	341	
2014	279	59	338	
2015 - 2017	767	80	847	
Total	\$ 2,038	517	\$ 2,555	



Prior Year Defeasance of Long-Term Debt

In prior years, the County defeased TSAB by placing the proceeds of the original issue plus additional County contributions in an irrevocable trust to provide for all future debt service payments on the old obligation. Accordingly, the trust account assets and the liability for the defeased obligation are not included in the County's financial statements. At June 30, 2009, \$418.015 million of bonds were legally defeased and remain outstanding.

Arbitrage

In compliance with the Tax Reform Act of 1986 and subsequent U.S. Treasury Regulations, the County performed arbitrage rebate calculations via a third party to determine probable amounts due to the Federal government. At June 30, 2009, a \$517 estimate of probable arbitrage rebate liability has been included in the statement of net assets.

NOTE 14

Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2009 were as follows:

Changes in Long-Term Liabilities	Beginning Balance at July 1, 2008	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2009	Amounts Due Within One Year
Governmental Activities:						
COPs, bonds & loans						
Certificates of participation and Lease Revenue Bonds (1) (2)	\$ 365,745	136,885	(32,660)		469,970	\$ 34,400
Taxable pension obligation bonds	1,068,200	443,515	(510,025)	4,265	1,005,955	35,630
Tobacco settlement asset-backed bonds	580,820		(10,000)	3,790	574,610	10,630
CRA revenue refunding bonds	15,320		(335)		14,985	345
Loans - non-internal service funds	3,196		(380)		2,816	136
Loans - internal service funds (ISF)	3,847	882	(502)		4,227	522
Arbitrage	498	19			517	
Unamortized issuance premiums	6,879	1,175	643		8,697	626
Unamortized issuance discounts	(20,168)		1,193		(18,975)	(1,194)
Unamortized deferred amounts on refundings	(18,906)	(2,588)	3,457		(18,037)	(5,112)
Total COPs, bonds & loans (1) (2)	2,005,431	579,888	(548,609)	8,055	2,044,765	75,983
Other long-term liabilities:						
Claims and judgments - ISF	106,244	23,383	(21,099)		108,528	30,213
Compensated absences -non-ISF	96,027	66,797	(63,987)		98,837	38,521
Compensated absences - ISF	2,393	1,627	(1,532)		2,488	1,012
Landfill closure and postclosure	22,199		(906)		21,293	775
Total Other long-term liabilities (2)	226,863	91,807	(87,524)		231,146	70,521
Total Governmental Activities (1)	\$ 2,232,294	671,695	(636,133)	8,055	2,275,911	\$ 146,504
Business-type activities:						
Loans	\$ 2,255		(217)		2,038	\$ 229
Compensated absences	390	330	(272)		448	182
Total Business-type Activities	\$ 2,645	330	(489)		2,486	\$ 411

(1) Beginning balance restated to include \$8.1 million of SDRBA San Miguel Consolidated Fire Protection District refunding debt outstanding at June 30, 2008 (see also Note 26 of the Financial Statements).

(2) Beginning balance restated. The 2001 Metropolitan Transit System Towers Refunding project of the San Diego Regional Building Authority (SDRBA) was restated to reclassify the County's capital lease to a SDRBA Certificate of Participation as the SDRBA is now a blended component unit of the County.



NOTE 15

Funds Used to Liquidate Liabilities

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

Liquidated Liabilities	
Liability	Fund(s) Used to Liquidate in Prior Years
Claims & Judgments	Internal Service Funds - Employee Benefits Fund and Public Liability Insurance Fund
Compensated Absences	General Fund; Special Revenue Funds - County Library, Road, Cable TV and Air Pollution; Internal Service Funds - Facilities Management, Fleet Services and Purchasing
Landfill Closure and Postclosure	General Fund

NOTE 16

Reassessment District Improvement Bonds

In July of 1991, the County issued \$28.804 million of 4-S Ranch bonds to finance the acquisition and construction of various public improvements required for the development of land located in north San Diego County west of Interstate 15 and the community of Rancho Bernardo. In July of 1997 the 4-S Ranch bonds were refunded. The County Treasurer-Tax Collector acts as an agent for property owners and bondholders in collecting and forwarding special assessment monies. The County is not obligated to pay for any special assessment bonds. Special assessment debt is solely the obligation of various separate governmental agencies. The County has covenanted to initiate judicial foreclosure in the event of a delinquency in the payment of reassessments. The amount of the 4-S Ranch special assessment debt outstanding for which the County is a fiduciary is \$7.325 million at June 30, 2009.

NOTE 17

Conduit Debt Obligations

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

Conduit debt consisted of the following: a) fourteen certificates of participation (COPs) for the acquisition, construction, capital improvement and equipping of various facilities and b) Four mortgage revenue bonds for the construction and permanent financing of multi-family residential rental projects located in the County to be partially occupied by persons of low or moderate incomes. Conduit debt is secured by the property that is financed and is payable from the respective COPs base

rentals; and underlying payments on mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the private-sector entity served by the debt issuance.

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

As of June 30, 2009, the aggregate conduit debt principal amount outstanding was \$326.451 million.

NOTE 18

Landfill Site Closure and Postclosure Care Costs

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

The projected landfill closure and postclosure care liability at June 30, 2009 for the San Marcos Landfill was \$21.293 million. This estimated amount is based on what it would cost to perform all closure and postclosure care in calendar year 2009 dollars and is subject to change as a result of such factors including but not limited to: inflation; deflation; advancements in technology; and amendments to laws and regulations.

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



As of June 30, 2009, \$24.650 million has been spent on closure costs, including revegetation costs. Prior to final closure in 2007, the County agreed to vegetate the surrounding areas of the landfill. These costs are projected to continue through 2011. Also, \$1.069 of the net assets of the government-wide statement of net assets has been restricted for remaining closure costs of the San Marcos Landfill.

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

NOTE 19 Fund Balances Reserved For Other Purposes

At June 30, 2009, the fund balances reserved for other purposes are presented in **Table 39** as follows:

Fund Balances Reserved For Other Purposes At June 30, 2009	
General Fund	
Defray administrative costs, other general reserves	\$ 23,750
Improvement and maintenance of recorded document systems	11,389
Teeter tax loss	32,034
Emergency medical services, various construction costs	21,759
Mental health	42,942
Social programs	9,590
Vector control	11,907
Real estate fraud prosecution	599
Domestic violence and child abuse prevention	3,295
Sheriff vehicle maintenance and replacement	803
Fingerprinting equipment purchase and operation	7,549
Sheriff automated warrant system	5,043
Delinquency and juvenile crime prevention	311
Reserve for donations	4,078
Total General Fund	175,049
Special Revenue Funds	
Road-future road improvements	37,280
County Service Districts projects	1,242
Flood Control-future drainage improvements	13,007
Total Special Revenue Funds	51,529
Total Fund Balances Reserved for Other Purposes	\$ 226,578



NOTE 20

Fund Balances Designated for Subsequent Years' Expenditures

At June 30, 2009, the fund balances designated for subsequent years' expenditures are presented in **Table 40** as follows:

General Fund	
Sheriff Department's future capital expenditures	\$ 4,000
Assessor's Department future expenditures	111
Clerk of the Board future expenditures	5
Department of Environmental Health future expenditures	6,512
Registrar of Voters	3,573
Housing Authority future lease payments	396
Management of conduit financing program	443
Equipment replacement for the Registrar of Voters	445
Preventative health care for children	477
South County Shelter capital improvements	64
Senior Volunteer Patrols Program in the unincorporated communities	65
Regional communication system infrastructure enhancements	12,280
Replacement of Sheriff department helicopter	2,011
Edgemoor geriatric hospital reconstruction	2,865
Health based programs aimed at reducing adult and youth smoking	8,323
Equipment replacement/system enhancement-Caller ID Remote Access Network	1,160
Future lease payments	2,010
Contingency set-aside - cost reimbursement for 2003/2007 County fires	30,728
Total General Fund	\$ 75,468
Special Revenue Funds	
Equipment acquisition	\$ 176
Building Maintenance	450
Housing and Community Development	4,499
Total Special Revenue Funds	\$ 5,125

NOTE 21

Risk Management

The County operates a Risk Management Program, whereby it is self-insured for general liability (per Gov. Code 990), medical malpractice (per Gov. Code 990.9), automobile liability (per CA. DMV Code 16020(b)(4)) and workers' compensation (per Title 8 CCR 15203.4). The County purchases insurance coverage for all risk property losses, government crime insurance, including employee dishonesty and faithful performance, airport comprehensive liability, and aircraft hull and liability insurance. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years.

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

At June 30, 2009, these liabilities discounted for anticipated investment return of 4%, totaled \$108.5 million, including \$19.9 million in public liability and \$88.6 million in workers' compensation. Changes in the balances of claim liabilities for fiscal year 2009 and 2008 are shown below:

	2009	2008
Employee Benefits Fund		
Unpaid claims, July 1	\$ 86,802	\$ 94,686
Incurred claims	18,903	10,128
Claim payments	(17,142)	(18,012)
Unpaid claims, June 30	\$ 88,563	\$ 86,802
Public Liability Insurance Fund		
Unpaid claims, July 1	\$ 19,442	\$ 16,496
Incurred claims	4,480	5,039
Claim payments	(3,957)	(2,093)
Unpaid claims, June 30	\$ 19,965	\$ 19,442

NOTE 22

Contingencies

Litigation

The County has a potential liability of \$18.3 million that could result if unfavorable final decisions were rendered in numerous lawsuits to which the County is a named defendant. Appropriations are budgeted annually for those portions of obligations coming due that fiscal year.

Unrecorded Leave Benefits

County employees have unrecorded accumulated benefits of approximately \$183.0 million in sick leave, holiday and compensatory time. With the exception of sick leave for eligible employees, these benefits are not payable to employees upon termination and are normally liquidated at year end or as employees elect to use their benefits per Civil Service rules and regulations. Accumulated vacation, sick leave, and compensatory time-off for which employees are eligible for



payment upon separation have been recorded as current or liabilities in the appropriate proprietary funds and the statement of net assets.

Federal and State Programs

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

NOTE 23

Joint Ventures

The San Diego Geographic Information Source (SanGIS) was created in July 1997 as a joint powers agreement between the City of San Diego and the County of San Diego. SanGIS objectives are to create and maintain a geographic information system; marketing and licensing compiled digital geographic data and software; providing technical services; and publishing geographic and land related information for the City and the County, other public agencies, and the private sector. It is governed by a Board of Directors consisting of the City Manager and the Chief Administrative Officer. SanGIS relies mostly on an annual budget of \$1.5 million shared equally by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported an increase in net assets of \$.141 million and ending net assets of \$.216 million for the fiscal year ended June 30, 2008. The financial report may be obtained by writing to SanGIS at 5469 Kearny Villa Rd. Suite 102, San Diego CA 92123 or by calling (858) 574-7000 or by E-mail at webmaster@sangis.org.

The County is a participant with eighteen incorporated cities to operate the Unified San Diego County Emergency Services Organization for the purpose of providing regional planning and mutual assistance in the event of an emergency in the region including accidents involving hazardous waste. The organization is governed by the Unified Disaster Council (UDC) with one voting member from San Diego County Board of Supervisors who serves as Chair of the Council, and a representative from each of the 18 incorporated cities. The County of San Diego Office of Emergency Services (OES) serves as staff to the UDC. OES is a liaison between the incorporated cities, the State Office of Emergency Services, the Federal Emergency Management Agency, and the American Red Cross. A contractual agreement requires that the cities and the County provide the total required funding each year; one half from the cities and the other half from the County. In its latest report, the organization reported an decrease in net assets of \$2.9 million and ending net assets of \$.270 million for the fiscal year ended

June 30, 2008. Separate financial statements may be obtained from the Operational Area Emergency Operations Center, 5555 Overland Ave., Suite 1911, San Diego CA 92123 or by calling (858) 565-3490.

The City of San Diego and the County of San Diego jointly formed a Consortium under the Workforce Investment Act of 1998 to provide regional employment and training services. The Consortium is governed by a five member board consisting of two members designated from the County Board of Supervisors, two members designated from the San Diego City Council and one member from the Board of Directors of United Way, a charitable organization. The board assigned the San Diego Workforce Partnership, Inc. as grant recipient and the administrative entity to operate the San Diego Consortium. The City and the County agreed to share equally any debt or liability incurred with respect to State and Federal grants. For the year ended June 30, 2008, the Partnership reported a decrease in net assets of \$1.4 million. Complete financial reports may be obtained by writing to the San Diego Workforce Partnership, 3910 University Ave., Suite 400, San Diego CA 92105-1326 or by calling (619) 228-2900.

NOTE 24

Pension and Retiree Health Plans

Pension Plan

Plan Description

The County contributes to the San Diego County Employees Retirement Association pension plan, (SDCERA-PP), a cost-sharing multiple-employer defined benefit pension plan that is administered by SDCERA. The SDCERA-PP has three Tiers and provides retirement, disability, death and survivor benefits to its General and Safety members. Tier A is the current open system. Tier I is closed to new entrants but has active members and Tier II was eliminated for active members. The Retirement Act, (also referred to as the Retirement Law of 1937 and Government Code Section 31450 et.seq.) assigns the County Board of Supervisors, the authority to establish and amend benefit provisions and assigns the SDCERA Board of Retirement the authority to approve retiree members and beneficiaries cost-of-living increases. (See note below regarding SDCERA Financial Report information.)

Funding Policy

The Retirement Act requires that County and member contributions be actuarially determined to provide a specific level of benefit. Contribution rates are expressed as a percentage of covered payroll and member rates vary according to age at entry, benefit tier level and certain negotiated contracts that provide for the County to pay a portion of members' contributions.



Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

The average member contribution rate was 10.38% for all categories combined (General Tier I, General Tier A and Safety members). The employer contribution rate for all categories combined was 23.58%.

CoSD employer contributions to SDCERA-PP for the three years ended June 30, 2009, which equaled the required contributions, were the following:

Fiscal Year Ended June 30	Contractually Required Contribution	Contributions Made	Percentage of CRC Contributed
2009	\$ 200,146	\$ 200,146	100.0%
2008	214,665	214,665	100.0%
2007	213,119	233,314	109.5%

Retiree Health Plan

Plan Description

Effective July 1, 2007, the County commenced contributing to the SDCERA retiree health plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns the authority to establish and amend health allowance benefits to the SDCERA Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from \$200 per month to \$400 per month based on members' service credits. (See note below regarding SDCERA Financial Report information.)

Funding Policy

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

CoSD's employer contributions to SDCERA-RHP for the two years ended June 30, 2009, which equaled the required contributions, were the following:

Fiscal Year Ended June 30	Contractually Required Contributions (CRC)	Contributions Made	Percentage of CRC Contributed
2009	\$ 20,838	\$ 20,838	100%
2008	21,304	21,304	100%
2007	Not Applicable	Not Applicable	Not Applicable

SDCERA Financial Report

SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the SDCERA-PP and the SDCERA-RHP. The financial report may be obtained by writing to San Diego County Employees Retirement Association, 2275 Rio Bonito Way Suite 200, San Diego, California 92108 or by calling (619) 515-0130.

NOTE 25

Fund Deficit

Internal Service Fund:	
Facilities Management	\$ (345)

The deficit within the Facilities Management Internal Service fund decreased from \$1 million at June 30, 2008 to \$0.345 million at June 30, 2009. The deficit is due to the use of California Energy Commission loans for expenses incurred for maintenance cost and energy conservation. The deficit will decrease annually as it is included in the utility rates calculation charged to the departments. The loans will be repaid by fiscal year 2016.

NOTE 26

Restatements

First 5 Commission

The beginning net asset balance of the First 5 Commission is restated as shown below in the amount of \$2,028 resulting from 1) an adjustment to pooled cash and investments reflecting a year-end fair value unrealized gain of \$2,120 and 2) a vacation accrual of \$92.

Net asset balance as of June 30, 2008	\$ 196,568
Adjustment for restatement	(2,028)
Net asset balance, restated June 30, 2008	\$ 194,540



San Diego Regional Building Authority Blended Component Unit

In fiscal year 2009, the County determined that the San Diego Regional Building Authority (SDRBA) qualified as a blended component unit of the County as it met the criteria for blending under Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In 2008, the SDRBA's 2001 Metropolitan Transit System Towers Refunding Project and 2003 San Miguel Consolidated Fire Protection District refunding (SM) Project were reported in the Specific Investments Investment Trust fund and the Pool Investments Investment Trust fund, as the SDRBA was considered an

external entity. In 2009, these projects are now reported in the SDRBA's Debt Service fund resulting in an overall change of \$4.850 million. The County also determined that the related sublease agreement between the County and the Metropolitan Transit Development Board, and the SDRBA long-term interest portion of its lease receivable from the San Miguel Consolidated Fire Protection District, were required to be reported. This resulted in additional \$10.06 million and \$2.58 million increases, respectively, to the beginning net assets of the County's government-wide Statement of Activities, for a total combined increase of \$17.49 million.

Table 46

San Diego Regional Building Authority Blended Component Unit Restatement

Restatement	Pool Investments - Investment Trust	Specific Investments - Investment Trust	Total	Investment Trust	San Diego Regional Building Authority Debt Service	Government-wide Statement of Activities/ Governmental Activities	Government-wide Statement of Activities - Total
Net asset balance as of June 30, 2008	\$ 3,153,987	468,721	\$ 3,622,708	3,622,708		3,000,666	\$ 3,219,589
Adjustment for restatement	(226)	(4,624)	(4,850)	(4,850)	4,850	17,490	17,490
Net asset balance, restated June 30, 2008	\$ 3,153,761	464,097	\$ 3,617,858	3,617,858	4,850	3,018,156	\$ 3,237,079

Change in Governmental Fund Types

In fiscal year 2009 the County reviewed the governmental fund type classifications used to report the activities for the County's Edgemoor Development fund; and the various Redevelopment Agency and SANCAL blended component unit funds. It was determined that Edgemoor and Redevelopment Agency funds formerly classified as Capital Projects funds no longer met the requirements to be treated as such and in 2009 were more appropriately reported as Special Revenue funds. It was also determined that it was more appropriate to treat one of the underlying Redevelopment Agency's debt service funds as a Special Revenue fund as its primary source of revenue is tax increment revenue to be used in part to cover pass-through payments to taxing entities located within the Gillespie Field

project area and for housing set asides. An analysis of the SANCAL's Capital Projects funds resulted in the movement of an underlying fund to the debt service fund as its underlying capital projects are completed and the remaining monies will be used to make future debt service payments on SANCAL debt. SANCAL's special revenue fund activities were also determined to be more appropriately classified as debt service activity. The results of these changes in the reporting of various funds had no effect on the overall balance of total governmental funds except for the aforementioned \$4.850 adjustment to the San Diego Regional Building Authority's Debt Service Fund for restatement. The effects within the various governmental fund types are shown in the table below:



Notes to the Financial Statements
(Amounts Expressed in Thousands Unless Otherwise Noted)

Table 47

Restatement - Governmental Funds

Restatement - Special Revenue Funds	Edgemoor Development	Redevelopment Agency	SANCAL	Total Special Revenue	
Net asset balance as of June 30, 2008	\$		1,107	\$ 393,142	
Adjustment for restatement		19,440	(1,107)	23,532	
Net asset balance, restated June 30, 2008	\$	19,440		\$ 416,674	
Restatement - Debt Service Funds	Redevelopment Agency	SANCAL	San Diego Regional Building Authority (1)	Total Debt Service	
Net asset balance as of June 30, 2008	\$	2,918	26,517	\$ 44,683	
Adjustment for restatement		(1,760)	1,196	4,286	
Net asset balance, restated June 30, 2008	\$	1,158	27,713	\$ 48,969	
Restatement - Capital Project Funds	Edgemoor Development	Redevelopment Agency	SANCAL	Total Capital Projects	
Net asset balance as of June 30, 2008	\$	19,440	3,439	4,695	\$ 32,032
Adjustment for restatement		(19,440)	(3,439)	(89)	(22,968)
Net asset balance, restated June 30, 2008	\$			4,606	\$ 9,064

(1) The effect of the SDRBA Debt Service Fund restatement is also shown in the SDRBA Restatement footnote.

NOTE 27

Subsequent Events

Tax and Revenue Anticipation Notes

In July 2009, the County issued tax and revenue anticipation notes (TRANS) totaling \$220 million due June 30, 2010 at a coupon rate of 2.00% and a yield of 0.37%. Proceeds from the notes will be used to meet fiscal year 2010 cash flow requirements. Fiscal year 2010 unrestricted revenues collateralize the notes.

San Diego County Capital Asset Leasing Corporation - "County of San Diego Certificates of Participation (Justice Facilities Refunding)"

In October 2009, the San Diego County Capital Asset Leasing Corporation (SANCAL) issued \$80.940 million of fixed rate Certificates of Participation titled "County of San Diego Certificates of Participation (Justice Facilities Refunding)" (the "Certificates") issued at fixed interest rates ranging from 2.00% to 5.00% with maturity dates ranging from October 1, 2010 through October 1, 2025.

These Certificates were issued with a premium of \$7.803 million. Certificate proceeds of \$88.743 million along with \$18.014 million of funds held by the 1997 Central Jail Refunding and 1998 Downtown Courthouse Refunding trustee (trustee) were distributed as follows: 1) \$99.561 was transferred to an escrow agent to advance refund the outstanding \$55.475 million 1997 Central Jail Refunding and \$42.270 million 1998 Downtown Courthouse Refunding Certificates of Participation and to provide \$1.816 for future interest payments thereon; 2) \$4.818 million of proceeds were used to fund the Certificates'

debt service reserve fund; 3) \$752 thousand were set aside to pay certain costs of issuance; 4) \$1.595 million was transferred to the refunding trustee base rental account to fund the April 2010 debt service interest payment on the Certificates; and 5) \$31 thousand of existing funds were set aside to be used for various ongoing debt related costs.

Redemption of Series 2008B Variable Rate Demand Obligations

On July 1st 2009, the County redeemed in full \$100 million Series 2008B Variable Rate Demand Obligations (the "Series 2008B Obligations") issued in two subseries consisting of \$50 million Series 2008B-1 Variable Rate Demand Obligations and \$50 million Series 2008B-2 Variable Rate Demand Obligations.

The source of funds used to redeem the Series 2008B Obligations were as follows: 1) \$63.9 million internal loan granted from the General Fund to the Pension Obligation fund which will be repaid to the General Fund via charges to County departments made possible by a reduction in the required retirement system contribution rates for fiscal year 2010; 2) \$24.1 million contribution from the General Fund to the Pension Obligation Bond Debt Service Fund; and, 3) \$12 million from Pension Obligation Debt Service Fund monies on hand.

The redemption of the \$100 million Series 2008B Obligations is anticipated to result in approximately \$4.5 million of annual debt service savings.



NOTE 28

New Governmental Accounting Standards

Implementation Status

In November 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. Liabilities and expenses would be estimated using an "expected cash flows" measurement technique, which is used by environmental professionals but will be employed for the first time by governments. Statement 49 also will require governments to disclose information about their pollution obligations associated with clean up efforts in the notes to the financial statements. This statement is effective for the County's fiscal year ending June 30, 2009.

Because pollution remediation activities are immaterial recommended disclosures are not necessary.

In June 2008, the GASB issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities.

The disclosures required by Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, have been incorporated into this Statement. The objectives, terms, and risks of hedging derivative instruments are required disclosures. Disclosures also include a summary of derivative instrument activity that provides an indication of the location of fair value amounts reported on the financial statements. The disclosures for investment derivative instruments are similar to the disclosures of other investments. This statement is effective for the County's fiscal year ending June 30, 2010.

The County does not currently invest in derivatives, consequently this Statement is not currently applicable.

In March 2009, GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental

Accounting Standards Board's (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The GASB is responsible for establishing GAAP for state and local governments. However, the current GAAP hierarchy was set forth in the American Institute of Certified Public Accountants' (AICPA) Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*, rather than in the authoritative literature of the GASB. This Statement is effective immediately upon issuance.

In March 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. This Statement is effective immediately upon issuance.

Under Analysis

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

In June 2007, GASB issued Statement 51, *Accounting and Financial Reporting for Intangible Assets*. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. This Statement also provides guidance on recognizing internally generated computer software as an intangible asset. This guidance serves as an application of the specified-conditions approach described above to the development cycle of computer software.



Notes to the Financial Statements

(Amounts Expressed in Thousands Unless Otherwise Noted)

This Statement also establishes guidance specific to intangible assets related to amortization. This Statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. If there are no factors that limit the useful life of an intangible asset, the Statement provides that the intangible asset be considered to have an indefinite useful life.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated. This statement is effective for the County's fiscal year ending June 30, 2010.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for the County's fiscal year ending June 30, 2011.



Required Supplementary Information



Required Supplementary Information

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

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 938,440	938,440	930,584
Licenses, permits and franchise fees	37,306	35,967	35,838
Fines, forfeitures and penalties	52,755	52,954	56,252
Revenue from use of money and property	31,548	31,548	28,396
Aid from other governmental agencies:			
State	965,544	954,576	878,902
Federal	783,155	815,147	729,675
Other	90,036	94,147	134,026
Charges for current services	280,550	281,386	282,151
Other revenue	38,973	40,312	61,847
Total revenues	3,218,307	3,244,477	3,137,671
Expenditures:			
Current:			
General government:			
Assessor/recorder/county clerk - finance	34,568	35,935	31,646
Auditor and controller	29,914	30,537	26,966
Auditor and controller - information technology mgt services	7,570	7,690	7,406
Board of supervisors district #1	1,231	1,431	1,135
Board of supervisors district #2	1,303	1,303	1,160
Board of supervisors district #3	1,189	1,258	1,225
Board of supervisors district #4	1,155	1,356	986
Board of supervisors district #5	1,335	1,535	1,212
Board of supervisors general office	1,222	1,223	1,147
CAC major maintenance	2,783	2,783	1,536
Chief Administrative office - legislative and administrative	4,758	4,855	4,381
Civil service commission	617	629	563
Clerk of the board of supervisors - legislative and administrative	3,254	3,361	2,916
Clerk of the board of supervisors - property management	3,772	3,772	3,176
Community enhancement	3,420	3,420	3,389
Community projects	12,005	10,051	8,724
Community services	11,803	14,179	5,021
Contributions to capital outlay	161	161	
County counsel	21,897	22,630	21,187
County technology office	10,186	10,281	8,757
Countywide general expense	76,500	93,365	19,263
Financing and general government - legislative and administrative	36,379	36,437	3,000
Financing and general government - other general	15,674	15,674	7,056
Health and human services - legislative and administrative	431	431	470
Human resources - other general government	4,251	4,352	4,067
Human resources - personnel	18,450	18,780	16,346
Land use and environment - legislative and administrative	5,860	5,415	3,863
Public safety - legislative and administrative	21,690	17,104	10,795
Registrar of voters	25,509	31,686	21,010
Treasurer/tax collector	18,741	19,094	18,471
Total general government	377,628	400,728	236,874

(Continued)

See notes to required supplementary information.



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

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
Public protection:			
Agriculture weights and measures	\$ 15,843	17,072	15,440
Agriculture weights and measures - sealer	2,724	2,724	2,518
Alternate public defender	16,107	15,572	15,591
Assessor/recorder/county clerk - other protection	22,236	22,223	18,612
Child support	48,275	49,597	47,131
Citizens law enforcement review board	550	566	403
Contributions for trial courts	74,322	75,422	71,393
Defense attorney/contract administration	9,168	6,328	5,149
Department of animal services	14,122	14,332	13,572
District attorney-judicial	140,219	146,410	134,626
Grand jury	731	731	651
LAFCO administration	344	344	344
Land use and environment - other protection	1,067	1,067	955
Medical examiner	7,987	8,214	8,028
Office of emergency services	7,736	16,827	9,333
Planning and land use - fire protection	16,550	23,296	16,819
Planning and land use - other protection	28,797	31,197	23,818
Probation - adult detention	3,920	3,920	3,249
Probation - detention and correction	112,749	111,931	107,462
Probation - juvenile detention	44,269	43,808	40,932
Probation - police protection	2,402	1,902	2,178
Public defender	53,532	57,289	55,683
Public safety - judicial		9	8
Public works, flood control, soil and water, general	13,088	13,782	3,071
Public works, general - other protection	10,758	10,759	1,541
Sheriff - adult detention	200,920	202,560	198,881
Sheriff - detention and correction	449	125	125
Sheriff - other protection	2,747	2,788	2,358
Sheriff - police protection	339,734	357,731	327,032
Total public protection	1,191,346	1,238,526	1,126,903
Public ways and facilities:			
Public Works, Dept of Gen	1,051	1,172	389
Public works, general - public ways	608	663	301
Total public ways and facilities	1,659	1,835	690
Health and sanitation:			
Environmental health	37,182	38,642	34,742
Health and human services agency - California children services	19,414	19,414	19,339
Health and human services agency - drug and alcohol abuse services	51,572	51,597	45,828
Health and human services agency - health	89,977	90,225	84,786
Health and human services agency - health administration	54,314	54,140	34,089
Health and human services agency - medical care	147,379	147,701	140,011
Health and human services agency - mental health	313,774	313,775	266,631
Public works, general - sanitation	3,752	4,627	5,207
Total health and sanitation	\$ 717,364	720,121	630,633

(Continued)

See notes to required supplementary information.



Required Supplementary Information

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

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
Public assistance:			
Health and human services agency - aid programs	\$ 46,768	46,768	48,529
Health and human services agency - other assistance	289,587	289,243	282,665
Health and human services agency - social administration	724,183	724,618	688,088
Health and human services agency - veterans' services	814	814	884
Housing Authority	9,747	10,545	9,252
Probation - care of court wards	9,723	9,723	10,078
Total public assistance	1,080,822	1,081,711	1,039,496
Education:			
Farm and home advisor	1,032	1,044	808
Total education:	1,032	1,044	808
Recreation and cultural:			
Parks and recreation	35,999	36,375	29,274
Total recreation and cultural:	35,999	36,375	29,274
Contingency reserve	20,294	20,294	
Capital outlay	16,944	17,330	8,059
Debt service:			
Principal	32,125	32,125	32,125
Interest and fiscal charges	22,191	22,191	12,255
Total expenditures	3,497,404	3,572,280	3,117,117
Excess (deficiency) of revenues over (under) expenditures	(279,097)	(327,803)	20,554
Other financing sources (uses):			
Sale of capital assets			29
Refunding bonds issued		443,515	443,515
Payment to escrow agent/refunded bond		(441,038)	(441,038)
Transfers in	275,926	256,421	230,296
Transfers out	(467,465)	(469,302)	(285,232)
Total other financing sources (uses)	(191,539)	(210,404)	(52,430)
Net change in fund balance	(470,636)	(538,207)	(31,876)
Fund balance at beginning of year	1,220,466	1,220,466	1,220,466
Increase (decrease) in			
Reserve for inventories		1,448	1,448
Fund balance at end of year	\$ 749,830	683,707	1,190,038

See notes to required supplementary information.



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Public Safety Fund**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Aid from other governmental agencies:			
State	\$ 235,919	235,919	195,511
Total revenues	235,919	235,919	195,511
Excess (deficiency) of revenues over (under) expenditures	235,919	235,919	195,511
Other financing sources (uses):			
Transfers out	(239,904)	(239,904)	(195,965)
Total other financing sources (uses)	(239,904)	(239,904)	(195,965)
Net change in fund balance	(3,985)	(3,985)	(454)
Fund balance at beginning of year	4,103	4,103	4,103
Fund balance at end of year	\$ 118	118	3,649

See notes to required supplementary information.



Required Supplementary Information

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

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		22,831
Total revenues			22,831
Expenditures:			
Current:			
General government:			
Tobacco Settlement	3,300	3,300	
Total general government	3,300	3,300	
Total expenditures	3,300	3,300	
Excess (deficiency) of revenues over (under) expenditures	(3,300)	(3,300)	22,831
Other financing sources (uses):			
Transfers out	(24,200)	(24,200)	(24,200)
Total other financing sources (uses)	(24,200)	(24,200)	(24,200)
Net change in fund balance	(27,500)	(27,500)	(1,369)
Fund balance at beginning of year	428,374	428,374	428,374
Fund balance at end of year	\$ 400,874	400,874	427,005

See notes to required supplementary information.



Budgetary Information

General Budget Policies

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for: the Tobacco Securitization Joint Special Revenue Fund; SANCAL, a non-profit corporation, and the Debt Service and Capital Projects Funds (other governmental funds). Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year with the approval of the Board of Supervisors.

Appropriations may also be adjusted during the year with the approval of the Board of Supervisors. Additionally, the Chief Financial Officer is authorized to approve certain transfers and revisions of appropriations within a department. Such adjustments are reflected in the final budgetary data. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

The schedule of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund, Public Safety Fund and the Tobacco Endowment Fund that is presented as Required Supplementary Information was prepared in accordance with generally accepted accounting principles (GAAP).

The Original Budget consists of the adopted budget plus the budget carried forward from the prior fiscal year. Accordingly, encumbrances that are subject to automatic re-appropriation are included as part of the original budget. The original budget is also adjusted to reflect reserves, transfers, allocations, and supplemental appropriations that may occur prior to the start of the fiscal year. The County adopts its budget subsequent to the start of the each new fiscal year by mid-August. The final budget includes the original budget plus amended budget changes occurring during the fiscal year.

The Actual column represents the actual amounts of revenue and expenditures reported on a GAAP basis which is the same basis that is used to present the aforementioned original and final budget.





Combining & Individual Fund Information



and Other Supplementary Information



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specific purposes.

AIR POLLUTION FUND

This fund was established to provide for control of air pollution from motor vehicles and other sources in order to attain health based air quality standards. Revenue sources include license and permit fees, fines, state and federal funds, charges to property owners and vehicle registration fees.

ASSET FORFEITURE PROGRAM FUND

This fund was established to account for assets which have been seized by law enforcement agencies during the investigation of criminal activities. These monies and the investment income derived therefrom are used for the prevention, investigation, apprehension and prosecution of drug and other criminal law violators.

CABLE TV FUND

This fund was established to account for revenue earned and expenditures made for cable television related projects appropriated for the benefit of the cable subscribers who have paid the user fees for this fund.

COUNTY LIBRARY FUND

This fund was established to provide library services for the unincorporated area as well as 11 of the incorporated cities within the county. Property taxes provide most of the fund's revenues; federal aid, state aid and fines provide the remaining revenues.

COUNTY SERVICE DISTRICT FUNDS

These special district funds were established to provide authorized services such as road, park, lighting maintenance, fire protection or ambulance service to specific areas in the County. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties.

EDGEMOOR DEVELOPMENT FUND

This fund is exclusively for assisting in the development of the Edgemoor property. The Edgemoor property represents approximately 375 acres of county owned land and 50 acres owned by the Grossmont Union High School District in the Santee area. Future development may include parks, a library,

housing, a fire station, post office and others. Revenues are derived from the sale or lease of land within the Edgemoor property.

FLOOD CONTROL DISTRICT FUND

This fund was established to account for revenues and expenditures related to providing flood control in the county. It is financed primarily by ad valorem property taxes and federal grants.

HOUSING AUTHORITY FUND

This fund was established to account for revenues and expenditures related to providing decent housing in a suitable environment for individuals who cannot afford standard private housing. Contracts with the U.S. Department of Housing and Urban Development provide the major funding sources.

HOUSING AND COMMUNITY DEVELOPMENT FUND

The Housing and Community Development Fund was established to receive federal community development block grants as well as state grants. Expenditures are for special projects related to various housing programs within the County.

IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY FUND (IHSSPA)

This authority was established for the administration of the IHSSPA registry, investigation of the qualifications and background of potential registry personnel, referral of registry personnel to IHSSPA recipients and the provision for training of providers and recipients. Financing is provided by the Social Services realignment fund, federal and state programs.

INACTIVE WASTESITES FUND

This fund was established to receive one-time homeowner association deposits and residual funds from the sale of the County's Solid Waste System. Expenditures include repairs, maintenance and care for the County's inactive landfill sites in accordance with all applicable governmental regulations, laws and guidelines.

INMATE WELFARE PROGRAM FUND

This fund was established to receive telephone and other vending commissions and profits from stores operated in connection with the county jail and probation facilities. Fund expenditures, by law, must be solely for the benefit, education and welfare of confined inmates.



LIGHTING MAINTENANCE DISTRICT FUND

This fund was established to provide street and road lighting services to specified areas of the County. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners.

OTHER SPECIAL DISTRICTS FUNDS

These funds were established to receive user fees, and land lease revenues, fines and state funding. Expenditures include retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purpose capital improvements and repairs.

PARK LAND DEDICATION FUND

This fund was established to receive and expend special park land dedication fees to developers of land as a condition for approval of any development. The fees are then used for the purchase of land and the development of land for park or recreational facilities. These facilities serve the future residents of such developments. In lieu of the payment of these fees, the developer may dedicate land for park or recreational facilities.

REDEVELOPMENT AGENCY FUND

This fund was established to account for the financial resources obtained and used for pass-through payments to taxing entities located in the Gillespie Field and Upper San Diego River project areas. Mandatory payments of the twenty percent set-aside to the Gillespie Field and Upper San Diego River Housing funds are made through interfund operating transfers. The interfund activity is eliminated to minimize the doubling effect between the funds. Revenues primarily consist of incremental property taxes collected within the project areas. Financial resources received are also used to make operating transfers to the Redevelopment Agency - Debt Service Fund for payment of principal and interest on revenue bonds.

ROAD FUND

This fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds, vehicle code fines, and fees and reimbursements for engineering services provided.

TOBACCO SECURITIZATION JOINT SPECIAL REVENUE FUND

The Tobacco Securitization Joint Special Revenue Fund accounts for the transactions of the San Diego County Tobacco Asset Securitization Corporation and Tobacco Securitization Joint Powers Authority, two component units, that are blended into the County's financial statements.

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

PENSION OBLIGATION BONDS FUND

This fund receives payments from the County and other agencies for payment of principal and interest due on taxable pension obligation bonds. The debt issue was used to satisfy the County's requirement to amortize the unfunded actuarial accrued liability with respect to retirement benefits accruing to members of the association.

REDEVELOPMENT AGENCY FUND

This fund's primary source of income are operating transfers from the Redevelopment Agency - Special Revenue Fund and investment income based on a trust agreement between the agency and a trustee bank for payment of principal and interest due on revenue bonds. Pledged installments from the county airport system are deposited with a trustee and are available if taxes and investment income are insufficient to pay debt service payments. In addition to the pledged amounts, a bond reserve was funded with bond proceeds.

SAN DIEGO REGIONAL BUILDING AUTHORITY FUND

This fund receives rental payments based on lease purchase agreements from the County general fund and the San Miguel Fire District for payment of principal and interest due on certificates of participation and lease revenue bonds. These debt issuances are legal obligations of the San Diego Regional Building Authority and were issued to finance the acquisition and construction of permanent buildings by the County. Debt is secured by the lease purchase payments.

SANCAL FUND

This fund receives rental payments based on lease purchase agreements from the capital outlay fund and the general fund for payment of principal and interest due on certificates of participation. These debt issuances are legal obligations of a nonprofit corporation and were issued to finance the purchasing of necessary equipment and the acquisition and construction of permanent buildings by the County. Debt is secured by the lease purchase payments from the County.



CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds)

CAPITAL OUTLAY FUND

This fund is used exclusively to finance the acquisition, construction and completion of permanent public improvements including public buildings and for the costs of acquiring land and permanent improvements. The fund may also be used to make annual payments on bond indebtedness for the construction of public facilities and to acquire public facilities through lease purchases. Revenues are obtained from the sale of fixed assets, from lease or rental of county-owned facilities, and from other funds such as grants and contributions when allocated by the Board of Supervisors to the fund.

SAN DIEGO REGIONAL BUILDING AUTHORITY FUND

This fund is used to account for the expenditures of the proceeds from the sale of certificates of participation and lease revenue bonds of the San Diego Regional Building Authority used for the acquisition and construction of permanent buildings by the County.

SANCAL FUND

This fund is used to account for the expenditures of the proceeds from the sale of nonprofit corporation certificates of participation for the purchase of various types of equipment and the acquisition and construction of permanent buildings by the County.



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2009 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Pooled cash and investments	\$ 250,795	28,675	162,457	441,927
Investments with fiscal agents	43,021			43,021
Receivables, net	112,886	350	6,759	119,995
Property taxes receivables, net	695			695
Due from other funds	6,121	4,024	10,615	20,760
Inventories	1,606			1,606
Deposits with others	2,292			2,292
Prepaid items	484			484
Restricted assets:				
Cash with fiscal agents	301	7		308
Investments with fiscal agents	47,676	36,467		84,143
Lease receivable		9,786		9,786
Total assets	465,877	79,309	179,831	725,017
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	18,825	19	10,612	29,456
Accrued payroll	2,050			2,050
Due to other funds	16,673	2,073	9,695	28,441
Deferred revenues	35,668	9,786	2,146	47,600
Unearned revenue	8,136		157	8,293
Total liabilities	81,352	11,878	22,610	115,840
Fund balances:				
Reserved fund balance:				
Reserved for loans, due from other funds and prepaids	52,158	22		52,180
Reserved for deposits with others	81			81
Reserved for inventories	1,606			1,606
Reserved for debt service	40,797	67,409		108,206
Reserved for housing repairs and improvements	382			382
Reserved for other purposes	51,529			51,529
Unreserved:				
Designated for encumbrances	20,074			20,074
Designated for subsequent years' expenditures	5,125			5,125
Designated for landfill postclosure and landfill closure costs	57,900			57,900
Undesignated	154,873		157,221	312,094
Total fund balances	384,525	67,431	157,221	609,177
Total liabilities and fund balances	\$ 465,877	79,309	179,831	725,017



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2009 (In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	Cable TV Fund	County Library Fund	County Service District Funds
ASSETS					
Pooled cash and investments	\$ 15,276	8,250	3,416	15,623	19,707
Investments with fiscal agents					
Receivables, net	1,879	29	1,201	769	256
Property taxes receivables, net				336	63
Due from other funds	1	5		99	108
Inventories	154	43	5	96	
Deposits with others					
Prepaid items					
Restricted assets:					
Cash with fiscal agents					
Investments with fiscal agents					
Total assets	17,310	8,327	4,622	16,923	20,134
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,432	9	18	1,996	1,527
Accrued payroll	340		56	552	
Due to other funds	336		4,281	654	429
Deferred revenues				307	59
Unearned revenue	1,742			451	74
Total liabilities	3,850	9	4,355	3,960	2,089
Fund balances:					
Reserved fund balance:					
Reserved for loans, due from other funds and prepaids					
Reserved for deposits with others					
Reserved for inventories	154	43	5	96	
Reserved for debt service					
Reserved for housing repairs and improvements					
Reserved for other purposes					
Reserved for other purposes					
Unreserved:					
Designated for encumbrances	2,909	228	60	1,332	399
Designated for subsequent years' expenditures	450			86	89
Designated for landfill postclosure and landfill closure costs					
Undesignated	9,947	8,047	202	11,449	16,315
Total fund balances	13,460	8,318	267	12,963	18,045
Total liabilities and fund balances	\$ 17,310	8,327	4,622	16,923	20,134

(Continued)



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds**

June 30, 2009 (In Thousands)

(Continued)	Edgemoor Development Fund	Flood Control District Fund	Housing Authority Fund	Housing and Community Development Fund	In Home Supportive Services Public Authority Fund
ASSETS					
Pooled cash and investments	\$ 13,884	24,096	21,128	3,647	367
Investments with fiscal agents					
Receivables, net	50	88	13,107	44,532	4
Property taxes receivables, net		44			
Due from other funds		1,739	109	626	
Inventories					
Deposits with others			81		
Prepaid items			1		
Restricted assets:					
Cash with fiscal agents			301		
Investments with fiscal agents			405		
Total assets	13,934	25,967	35,132	48,805	371
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	19	228	1,029	2,228	62
Accrued payroll					
Due to other funds	6	2,041	1,431	108	220
Deferred revenues		40	3,144	6	
Unearned revenue		65	2,368	1	
Total liabilities	25	2,374	7,972	2,343	282
Fund balances:					
Reserved fund balance:					
Reserved for loans, due from other funds and prepaids			8,732	41,943	
Reserved for deposits with others			81		
Reserved for inventories					
Reserved for debt service			250		
Reserved for housing repairs and improvements			382		
Reserved for other purposes		13,007			
Unreserved:					
Designated for encumbrances	259	1,187			
Designated for subsequent years' expenditures				4,500	
Designated for landfill postclosure and landfill closure costs					
Undesignated	13,650	9,399	17,715	19	89
Total fund balances	13,909	23,593	27,160	46,462	89
Total liabilities and fund balances	\$ 13,934	25,967	35,132	48,805	371

(Continued)



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

June 30, 2009 (In Thousands)

(Continued)	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund	Other Special Districts Funds	Park Land Dedication Fund
ASSETS					
Pooled cash and investments	\$ 21,355	7,174	1,198	717	10,363
Investments with fiscal agents	43,021				
Receivables, net	978	62	4	2	37
Property taxes receivables, net			11		
Due from other funds	3	404		3	
Inventories		150			
Deposits with others					
Prepaid items					
Restricted assets:					
Cash with fiscal agents					
Investments with fiscal agents					
Total assets	65,357	7,790	1,213	722	10,400
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	509	491	104		25
Accrued payroll	44				
Due to other funds	123	146	51	4	173
Deferred revenues			10		
Unearned revenue	529		17		
Total liabilities	1,205	637	182	4	198
Fund balances:					
Reserved fund balance:					
Reserved for loans, due from other funds and prepaids					
Reserved for deposits with others					
Reserved for inventories		150			
Reserved for debt service					
Reserved for housing repairs and improvements					
Reserved for other purposes					
Unreserved:					
Designated for encumbrances	340	34	18		1,696
Designated for subsequent years' expenditures					
Designated for landfill postclosure and landfill closure costs	57,900				
Undesignated	5,912	6,969	1,013	718	8,506
Total fund balances	64,152	7,153	1,031	718	10,202
Total liabilities and fund balances	\$ 65,357	7,790	1,213	722	10,400

(Continued)



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds**

June 30, 2009 (In Thousands)

(Continued)	Redevelopment Agency Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
ASSETS				
Pooled cash and investments	\$ 9,369	75,225		250,795
Investments with fiscal agents				43,021
Receivables, net	1,236	32,241	16,411	112,886
Property taxes receivables, net	241			695
Due from other funds	116	2,908		6,121
Inventories		1,158		1,606
Deposits with others		2,211		2,292
Prepaid items	483			484
Restricted assets:				
Cash with fiscal agents				301
Investments with fiscal agents			47,271	47,676
Total assets	11,445	113,743	63,682	465,877
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	3	9,073	72	18,825
Accrued payroll		1,058		2,050
Due to other funds	4,829	1,841		16,673
Deferred revenues	320	15,372	16,410	35,668
Unearned revenue	51	2,838		8,136
Total liabilities	5,203	30,182	16,482	81,352
Fund balances:				
Reserved fund balance:				
Reserved for loans, due from other funds and prepaids	1,483			52,158
Reserved for deposits with others				81
Reserved for inventories		1,158		1,606
Reserved for debt service			40,547	40,797
Reserved for housing repairs and improvements				382
Reserved for other purposes		37,280		51,529
Unreserved:				
Designated for encumbrances	1	11,611		20,074
Designated for subsequent years' expenditures				5,125
Designated for landfill postclosure and landfill closure costs				57,900
Undesignated	4,758	33,512	6,653	154,873
Total fund balances	6,242	83,561	47,200	384,525
Total liabilities and fund balances	\$ 11,445	113,743	63,682	465,877



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS Debt Service Funds

June 30, 2009 (In Thousands)

	Pension Obligation Bonds Fund	Redevelopment Agency Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
ASSETS					
Pooled cash and investments	\$ 8,792		145	19,738	28,675
Receivables, net	32		238	80	350
Due from other funds	4,002			22	4,024
Restricted assets:					
Cash with fiscal agents	7				7
Investments with fiscal agents	4,981	1,155	28,857	1,474	36,467
Lease receivable			9,786		9,786
Total assets	17,814	1,155	39,026	21,314	79,309
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable			15	4	19
Due to other funds	2,073				2,073
Deferred revenue			9,786		9,786
Total liabilities	2,073		9,801	4	11,878
Fund balances:					
Reserved fund balance:					
Reserved for loans, due from other funds and prepaids				22	22
Reserved for debt service	15,741	1,155	29,225	21,288	67,409
Total fund balances	15,741	1,155	29,225	21,310	67,431
Total liabilities and fund balances	\$ 17,814	1,155	39,026	21,314	79,309



COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

June 30, 2009 (In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	Total Capital Projects Funds
ASSETS			
Pooled cash and investments	\$ 4,485	157,972	162,457
Receivables, net	6,134	625	6,759
Due from other funds	10,615		10,615
Total assets	21,234	158,597	179,831
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	3,884	6,728	10,612
Due to other funds	9,695		9,695
Deferred revenues	2,146		2,146
Unearned revenue	157		157
Total liabilities	15,882	6,728	22,610
Fund balances:			
Unreserved:			
Undesignated	5,352	151,869	157,221
Total fund balances	5,352	151,869	157,221
Total liabilities and fund balances	\$ 21,234	158,597	179,831



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 43,315			43,315
Licenses, permits and franchise fees	14,152			14,152
Fines, forfeitures and penalties	3,096			3,096
Revenue from use of money and property	15,532	2,168	1,984	19,684
Aid from other governmental agencies:				
State	82,787		4,112	86,899
Federal	122,992		5,399	128,391
Other	10,156	23		10,179
Charges for current services	34,063			34,063
Other revenue	38,405	10,641	538	49,584
Total revenues	364,498	12,832	12,033	389,363
Expenditures:				
Current:				
General government	6,215	41	6,194	12,450
Public protection	6,940			6,940
Public ways and facilities	85,112			85,112
Health and sanitation	39,092			39,092
Public assistance	132,904			132,904
Education	40,653			40,653
Recreation and cultural	3,287			3,287
Capital outlay	50,198		121,405	171,603
Debt service:				
Principal	10,380	69,770		80,150
Interest and fiscal charges	26,868	64,708		91,576
Bond issuance costs		3,959		3,959
Total expenditures	401,649	138,478	127,599	667,726
Excess (deficiency) of revenues over (under) expenditures	(37,151)	(125,646)	(115,566)	(278,363)
Other financing sources (uses):				
Sale of capital assets	2			2
Issuance of bonds and loans:				
Face value of bonds issued		25,902	110,983	136,885
Premium on issuance of bonds			1,175	1,175
Transfers in	25,357	118,206	151,565	295,128
Transfers out	(20,292)			(20,292)
Total other financing sources (uses)	5,067	144,108	263,723	412,898
Net change in fund balances	(32,084)	18,462	148,157	134,535
Fund balances at beginning of year (restated)	416,674	48,969	9,064	474,707
Increase (decrease) in Reserve for inventories	(65)			(65)
Fund balances at end of year	\$ 384,525	67,431	157,221	609,177



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	Cable TV Fund	County Library Fund	County Service District Funds
Revenues:					
Taxes	\$			29,595	4,475
Licenses, permits and franchise fees	7,170		6,164		
Fines, forfeitures and penalties	1,392	1,656			
Revenue from use of money and property	461	200	93	387	509
Aid from other governmental agencies:					
State	1,263			549	76
Federal	1,997			3	
Other	6,238			2,117	1,646
Charges for current services	705		4	1,149	7,096
Other revenue	690	61	16	680	30
Total revenues	19,916	1,917	6,277	34,480	13,832
Expenditures:					
Current:					
General government			2,709		853
Public protection		817			948
Public ways and facilities					1,011
Health and sanitation	24,142				7,553
Public assistance					
Education				40,653	
Recreation and cultural					2,336
Capital outlay	364			759	21
Debt service:					
Principal					244
Interest and fiscal charges					21
Total expenditures	24,506	817	2,709	41,412	12,987
Excess (deficiency) of revenues over (under) expenditures	(4,590)	1,100	3,568	(6,932)	845
Other financing sources (uses):					
Sale of capital assets		1			
Transfers in				7,238	8
Transfers out	(963)	(200)	(5,130)	(1,469)	(509)
Total other financing sources (uses)	(963)	(199)	(5,130)	5,769	(501)
Net change in fund balances	(5,553)	901	(1,562)	(1,163)	344
Fund balances at beginning of year	19,019	7,440	1,828	14,113	17,701
Increase (decrease) in					
Reserve for inventories	(6)	(23)	1	13	
Fund balances at end of year	\$ 13,460	8,318	267	12,963	18,045

(Continued)



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Edgemoor Development Fund	Flood Control District Fund	Housing Authority Fund	Housing and Community Development Fund	In Home Supportive Services Public Authority Fund
Revenues:					
Taxes	\$	4,205			
Licenses, permits and franchise fees					
Fines, forfeitures and penalties					
Revenue from use of money and property	754	258	1,159	7	36
Aid from other governmental agencies:					
State		40		621	
Federal		45	98,378	14,664	
Other			10	145	
Charges for current services		900	2,629		
Other revenue		1	383	250	
Total revenues	754	5,449	102,559	15,687	36
Expenditures:					
Current:					
General government	964				
Public protection		2,260			
Public ways and facilities					
Health and sanitation					
Public assistance			112,023	8,722	12,159
Education					
Recreation and cultural					
Capital outlay		3,775			
Debt service:					
Principal			136		
Interest and fiscal charges			29		
Total expenditures	964	6,035	112,188	8,722	12,159
Excess (deficiency) of revenues over (under) expenditures	(210)	(586)	(9,629)	6,965	(12,123)
Other financing sources (uses):					
Sale of capital assets					
Transfers in				4,500	12,124
Transfers out	(5,321)			(12)	
Total other financing sources (uses)	(5,321)			4,488	12,124
Net change in fund balances	(5,531)	(586)	(9,629)	11,453	1
Fund balances at beginning of year (restated)	19,440	24,179	36,789	35,009	88
Increase (decrease) in Reserve for inventories					
Fund balances at end of year	\$ 13,909	23,593	27,160	46,462	89

(Continued)



Combining Financial Statements/Schedules -
Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund	Other Special Districts Funds	Park Land Dedication Fund
Revenues:					
Taxes	\$		1,054		
Licenses, permits and franchise fees					698
Fines, forfeitures and penalties	24			24	
Revenue from use of money and property	3,412	4,056	24	5	261
Aid from other governmental agencies:					
State	587	18	10	97	
Federal					
Other					
Charges for current services	636		724	105	
Other revenue	2	701			
Total revenues	4,661	4,775	1,812	231	959
Expenditures:					
Current:					
General government					
Public protection		2,807		108	
Public ways and facilities			1,613	48	
Health and sanitation	7,397				
Public assistance					
Education					
Recreation and cultural					951
Capital outlay		114			
Debt service:					
Principal					
Interest and fiscal charges					
Total expenditures	7,397	2,921	1,613	156	951
Excess (deficiency) of revenues over (under) expenditures	(2,736)	1,854	199	75	8
Other financing sources (uses):					
Sale of capital assets		1			
Transfers in		1,487			
Transfers out	(134)	(1,882)			(405)
Total other financing sources (uses)	(134)	(394)			(405)
Net change in fund balances	(2,870)	1,460	199	75	(397)
Fund balances at beginning of year	67,022	5,701	832	643	10,599
Increase (decrease) in Reserve for inventories		(8)			
Fund balances at end of year	\$ 64,152	7,153	1,031	718	10,202

(Continued)



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Redevelopment Agency Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
Revenues:				
Taxes	\$ 3,986			43,315
Licenses, permits and franchise fees		120		14,152
Fines, forfeitures and penalties				3,096
Revenue from use of money and property	225	1,534	2,151	15,532
Aid from other governmental agencies:				
State		79,526		82,787
Federal		7,905		122,992
Other				10,156
Charges for current services		20,115		34,063
Other revenue	50	1,360	34,181	38,405
Total revenues	4,261	110,560	36,332	364,498
Expenditures:				
Current:				
General government	1,533		156	6,215
Public protection				6,940
Public ways and facilities		82,440		85,112
Health and sanitation				39,092
Public assistance				132,904
Education				40,653
Recreation and cultural				3,287
Capital outlay		45,165		50,198
Debt service:				
Principal			10,000	10,380
Interest and fiscal charges	545		26,273	26,868
Total expenditures	2,078	127,605	36,429	401,649
Excess (deficiency) of revenues over (under) expenditures	2,183	(17,045)	(97)	(37,151)
Other financing sources (uses):				
Sale of capital assets				2
Transfers in				25,357
Transfers out	(1,140)	(3,127)		(20,292)
Total other financing sources (uses)	(1,140)	(3,127)		5,067
Net change in fund balances	1,043	(20,172)	(97)	(32,084)
Fund balances at beginning of year (restated)	5,199	103,775	47,297	416,674
Increase (decrease) in				
Reserve for inventories		(42)		(65)
Fund balances at end of year	\$ 6,242	83,561	47,200	384,525



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Pension Obligation Bonds Fund	Redevelopment Agency Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
Revenues:					
Revenue from use of money and property	\$ 421	4	1,026	717	2,168
Aid from other governmental agencies:					
Other				23	23
Other revenue	10,641				10,641
Total revenues	11,062	4	1,026	740	12,832
Expenditures:					
Current:					
General government			12	29	41
Debt service:					
Principal	68,900	335	535		69,770
Interest and fiscal charges	56,283	812	499	7,114	64,708
Bond issuance costs	2,452		1,507		3,959
Total expenditures	127,635	1,147	2,553	7,143	138,478
Excess (deficiency) of revenues over (under) expenditures	(116,573)	(1,143)	(1,527)	(6,403)	(125,646)
Other financing sources (uses):					
Issuance of bonds and loans:					
Face value of bonds issued			25,902		25,902
Transfers in	117,066	1,140			118,206
Total other financing sources (uses)	117,066	1,140	25,902		144,108
Net change in fund balances	493	(3)	24,375	(6,403)	18,462
Fund balances at beginning of year (restated)	15,248	1,158	4,850	27,713	48,969
Fund balances at end of year	\$ 15,741	1,155	29,225	21,310	67,431



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Capital Outlay Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Capital Projects Funds
Revenues:				
Revenue from use of money and property	\$ 83	1,855	46	1,984
Aid from other governmental agencies:				
State	4,112			4,112
Federal	5,399			5,399
Other revenue	538			538
Total revenues	10,132	1,855	46	12,033
Expenditures:				
Current:				
General government		6,194		6,194
Capital outlay	93,669	23,084	4,652	121,405
Total expenditures	93,669	29,278	4,652	127,599
Excess (deficiency) of revenues over (under) expenditures	(83,537)	(27,423)	(4,606)	(115,566)
Other financing sources (uses):				
Issuance of bonds and loans:				
Face value of bonds issued		110,983		110,983
Premium on issuance of bonds		1,175		1,175
Transfers in	84,431	67,134		151,565
Total other financing sources (uses)	84,431	179,292		263,723
Net change in fund balances	894	151,869	(4,606)	148,157
Fund balances at beginning of year (restated)	4,458		4,606	9,064
Fund balances at end of year	\$ 5,352	151,869		157,221



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Air Pollution Fund**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 7,989	7,989	7,170
Fines, forfeitures and penalties	700	700	1,392
Revenue from use of money and property	200	200	461
Aid from other governmental agencies:			
State	5,399	11,650	1,263
Federal	2,786	2,786	1,997
Other	4,926	6,076	6,238
Charges for current services	445	445	705
Other revenue	200	200	690
Total revenues	22,645	30,046	19,916
Expenditures:			
Current:			
Health and sanitation:			
Air pollution control	18,338	19,116	18,252
Air pollution control, air quality GMER program early grant		620	
Air pollution control, air quality State LESB program		5,600	
Air pollution control, GMERP match fund		1,025	
Air pollution control, improvement trust	1,556	2,046	903
Air pollution control, moyer program	7,110	8,531	4,127
Air pollution control, power general mitigation	1,262	2,874	860
Total health and sanitation	28,266	39,812	24,142
Capital outlay	874	586	364
Total expenditures	29,140	40,398	24,506
Excess (deficiency) of revenues over (under) expenditures	(6,495)	(10,352)	(4,590)
Other financing sources (uses):			
Transfers in	5,810	195	
Transfers out	(6,769)	(1,154)	(963)
Total other financing sources (uses)	(959)	(959)	(963)
Net change in fund balance	(7,454)	(11,311)	(5,553)
Fund balance at beginning of year	19,019	19,019	19,019
Increase (decrease) in			
Reserve for inventories		(6)	(6)
Fund balance at end of year	\$ 11,565	7,702	13,460



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

Asset Forfeiture Program Fund

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 1,000	1,000	1,656
Revenue from use of money and property	100	100	200
Other revenue			61
Total revenues	1,100	1,100	1,917
Expenditures:			
Current:			
Public protection:			
District attorney asset forfeiture program - federal	400	550	195
District attorney asset forfeiture program - state	200	250	233
Probation asset forfeiture program	52	52	51
Sheriff's asset forfeiture program	1,124	1,124	338
Total public protection	1,776	1,976	817
Capital outlay	50	50	
Total expenditures	1,826	2,026	817
Excess (deficiency) of revenues over (under) expenditures	(726)	(926)	1,100
Other financing sources (uses):			
Sale of capital assets			1
Transfers out	(324)	(324)	(200)
Total other financing sources (uses)	(324)	(324)	(199)
Net change in fund balance	(1,050)	(1,250)	901
Fund balance at beginning of year	7,440	7,440	7,440
Increase (decrease) in			
Reserve for inventories		(23)	(23)
Fund balance at end of year	\$ 6,390	6,167	8,318



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Cable TV Fund**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 2,745	6,034	6,164
Revenue from use of money and property		75	93
Charges for current services	150	150	4
Other revenue			16
Total revenues	2,895	6,259	6,277
Expenditures:			
Current:			
General government:			
Media and public relation	3,029	2,950	2,709
Total general government	3,029	2,950	2,709
Total expenditures	3,029	2,950	2,709
Excess (deficiency) of revenues over (under) expenditures	(134)	3,309	3,568
Other financing sources (uses):			
Transfers out	(159)	(5,124)	(5,130)
Total other financing sources (uses)	(159)	(5,124)	(5,130)
Net change in fund balance	(293)	(1,815)	(1,562)
Fund balance at beginning of year	1,828	1,828	1,828
Increase (decrease) in			
Reserve for inventories		1	1
Fund balance at end of year	\$ 1,535	14	267



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 29,310	29,310	29,595
Revenue from use of money and property	361	361	387
Aid from other governmental agencies:			
State	967	1,111	549
Federal	5	5	3
Other	656	656	2,117
Charges for current services	2,041	2,041	1,149
Other revenue	674	3,674	680
Total revenues	34,014	37,158	34,480
Expenditures:			
Current:			
Education:			
County Library	45,777	48,492	40,653
Total Education	45,777	48,492	40,653
Capital outlay	624	1,150	759
Total expenditures	46,401	49,642	41,412
Excess (deficiency) of revenues over (under) expenditures	(12,387)	(12,484)	(6,932)
Other financing sources (uses):			
Transfers in	5,500	7,371	7,238
Transfers out	(1,406)	(4,567)	(1,469)
Total other financing sources (uses)	4,094	2,804	5,769
Net change in fund balance	(8,293)	(9,680)	(1,163)
Fund balance at beginning of year	14,113	14,113	14,113
Increase (decrease) in			
Reserve for inventories		13	13
Fund balance at end of year	\$ 5,820	4,446	12,963



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
County Service District Funds**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 4,265	4,265	4,475
Revenue from use of money and property	286	295	509
Aid from other governmental agencies:			
State	25	25	76
Other	1,565	1,565	1,646
Charges for current services	7,186	7,186	7,096
Other revenue		1	30
Total revenues	13,327	13,337	13,832
Expenditures:			
Current:			
General government:			
Regional Communication System CSA 135	633	633	623
Regional Communication System CSA 135 Zone B Del Mar	60	60	46
Regional Communication System CSA 135 Zone F Poway	150	150	149
Regional Communications System CSA 135 Zone H Solana Beach	38	38	35
Total general government	881	881	853
Public protection:			
Fire protection, PRD 107 Elfin Forest	333	333	266
Fire protection, PRD 109 MT Laguna F	63	63	52
Fire protection, PRD 110 MT Palomar F	106	106	91
Fire protection, PRD 111 Boulevard F	91	91	33
Fire protection, PRD 112 Campo Fire	68	106	67
Fire protection, PRD 113 San Pasqual	102	103	75
Fire protection, PRD 115 Pepper Drive	364	364	364
Total public protection	1,127	1,166	948
Public ways and facilities:			
PRD 10 Davis Dr	27	27	4
PRD 100 Viejas View	23	23	3
PRD 1002 Sunny Acres	12	12	4
PRD 1003 Alamo Way	5	5	2
PRD 1004 Butterfly	19	19	18
PRD 1005 Eden Valley	41	41	3
PRD 1008 Canter	25	25	4
PRD 1009 Golf Drive	2	2	
PRD 101 A Hi-Ridge R	34	34	4
PRD 101 Johnson LK	106	106	4
PRD 1010 Alpine Highlands ZN	131	131	6
PRD 1011 La Cuesta ZN	21	21	4
PRD 1012 8112 Millar	34	34	5
PRD 1013 Singing Trails	90	90	5
PRD 1015 Landavo Drive ET AL	61	61	8
PRD 1016 El Sereno Way	7	7	7
PRD 102 MTN Meadow	223	223	9
PRD 103 Alto Drive	207	207	7
PRD 104 Artesian RO	104	104	4
PRD 105 A Alta Loma D	64	64	6

(Continued)



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL County Service District Funds

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
PRD 105 Alta Loma D	\$ 52	52	5
PRD 106 Garrison Ay	55	55	10
PRD 11 A Bernardo RD	26	26	3
PRD 11 A Bernardo RD	36	36	5
PRD 11 D Bernardo RD	24	24	9
PRD 117 Legend Rock	29	29	13
PRD 12 Lomair	200	200	23
PRD 123 Mizpah Lane	39	39	5
PRD 125 Wrightwood	36	36	17
PRD 126 Sandhurst W	30	30	3
PRD 127 Singing Trails	42	42	4
PRD 13 A Pala Mesa	212	212	25
PRD 13 B Stewart Canyon	52	52	20
PRD 130 Wilkes Road	143	143	13
PRD 133 Rnch Creek Rd	64	64	4
PRD 134 Kenora Lane	46	46	19
PRD 14 Rancho Diego	3	3	
PRD 16 Wynola	63	63	8
PRD 18 Harrison Park	211	211	26
PRD 20 Daily Road	646	646	213
PRD 21 Pauma Heights	259	259	7
PRD 22 W Dougherty St	17	17	3
PRD 23 Rock Terrce RD	9	9	7
PRD 24 MT Whitney RD	34	34	4
PRD 30 Royal Oaks-CAR	41	41	9
PRD 38 Gay Rio Terrace	59	59	3
PRD 39 Sunbeam Lane	12	12	3
PRD 45 Rincon Springs	48	48	5
PRD 46 Rocosco Road	40	40	4
PRD 49 Sunset Knls RD	32	32	4
PRD 50 Knoll Park LN	104	104	3
PRD 53 Knoll Park LN EX	185	185	3
PRD 54 MT Helix	104	104	6
PRD 55 Rainbow Crest	200	214	208
PRD 6 Pauma Valley	205	205	6
PRD 60 River Drive	70	70	3
PRD 61 GRN Meadow Way	154	154	4
PRD 63 Hillview Road	487	487	8
PRD 64 Lila Lane	14	14	11
PRD 70 El Camino Cort	\$ 38	38	3

(Continued)



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
County Service District Funds**

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Original Budget	Final Budget	Actual
PRD 75 A Gay Rio Drive	\$ 190	190	4
PRD 75 B Gay Rio Drive	297	297	4
PRD 76 Kingford CT	25	25	4
PRD 77 Montiel TRK TR	172	172	5
PRD 78 Gardena Ay	57	57	4
PRD 8 Magee RD-PAL	295	295	6
PRD 80 Harris TRK TRL	204	204	24
PRD 88 East Fifth St	58	58	4
PRD 9 B Santa Fe	44	44	5
PRD 90 South Cordov	42	42	4
PRD 94 Roble Grnde	420	420	5
PRD 95 Valle Del Sol	191	191	101
PRD 99 Via Allndra	38	38	5
Public works, PRD 1014 Lavender PT Lane	52	52	
Total public ways and facilities	7,442	7,456	1,011
Health and sanitation:			
CSA 17 San Dieguito Ambulance	2,645	2,645	2,582
CSA 69 Heartland Paramedics	5,218	5,218	4,944
PRD 136 Sundance Detention Basin	113	113	24
Sanitation, PRD 122 Otay Mesa East	38	38	3
Total health and sanitation	8,014	8,014	7,553
Recreation and cultural:			
CSA 26 LMD Zone 2 Julian	100	100	76
CSA 128 San Miguel Park	487	495	468
CSA 26 Rancho San Diego	235	250	250
CSA 26 San Diego landscape maintenance	136	166	166
CSA 81 Fallbrook Park	137	147	145
CSA 83 San Dieguito	598	628	602
CSA 83A 4S Ranch Park	340	350	349
PRD 26 A Cottonwood Village	208	208	139
PRD 26 B Monte Vista	414	414	141
Recreation and cultural:	2,655	2,758	2,336
Capital outlay	48	285	21
Debt service:			
Principal	106	301	244
Interest and fiscal charges	28	28	21
Total expenditures	20,301	20,889	12,987
Excess (deficiency) of revenues over (under) expenditures	(6,974)	(7,552)	845
Other financing sources (uses):			
Transfers in	157	134	8
Transfers out	(531)	(509)	(509)
Total other financing sources (uses)	(374)	(375)	(501)
Net change in fund balance	(7,348)	(7,927)	344
Fund balance at beginning of year	17,701	17,701	17,701
Fund balance at end of year	\$ 10,353	9,774	18,045



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 1,557	1,557	754
Total revenues	1,557	1,557	754
Expenditures:			
Current:			
General government:			
Edgemoor development fund	1,080	2,779	964
Total general government	1,080	2,779	964
Total expenditures	1,080	2,779	964
Excess (deficiency) of revenues over (under) expenditures	477	(1,222)	(210)
Other financing sources (uses):			
Transfers out	(7,021)	(5,321)	(5,321)
Total other financing sources (uses)	(7,021)	(5,321)	(5,321)
Net change in fund balance	(6,544)	(6,543)	(5,531)
Fund balance at beginning of year (restated)	19,440	19,440	19,440
Fund balance at end of year	\$ 12,896	12,897	13,909



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Flood Control District Fund**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 4,822	4,822	4,205
Revenue from use of money and property	100	100	258
Aid from other governmental agencies:			
State			40
Federal			45
Charges for current services	8	2,988	900
Other revenue	3,311	331	1
Total revenues	8,241	8,241	5,449
Expenditures:			
Current:			
Public protection:			
Flood control district	4,640	5,289	2,260
Stormwater Maintenance	8	8	
Total public protection	4,648	5,297	2,260
Capital outlay	3,775	3,775	3,775
Total expenditures	8,423	9,072	6,035
Excess (deficiency) of revenues over (under) expenditures	(182)	(831)	(586)
Net change in fund balance	(182)	(831)	(586)
Fund balance at beginning of year	24,179	24,179	24,179
Fund balance at end of year	\$ 23,997	23,348	23,593



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 23	23	1,159
Aid from other governmental agencies:			
Federal	102,811	105,352	98,378
Other			10
Charges for current services	4,550	2,557	2,629
Other revenue	2,376	2,630	383
Total revenues	109,760	110,562	102,559
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	109,674	114,626	112,023
Total public assistance	109,674	114,626	112,023
Debt service:			
Principal	134	136	136
Interest and fiscal charges	31	29	29
Total expenditures	109,839	114,791	112,188
Excess (deficiency) of revenues over (under) expenditures	(79)	(4,229)	(9,629)
Net change in fund balance	(79)	(4,229)	(9,629)
Fund balance at beginning of year	36,789	36,789	36,789
Fund balance at end of year	\$ 36,710	32,560	27,160



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Housing and Community Development Fund**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		7
Aid from other governmental agencies:			
State	2,460	2,460	621
Federal	33,081	37,711	14,664
Other	42	42	145
Other revenue	1,250	1,250	250
Total revenues	36,833	41,463	15,687
Expenditures:			
Current:			
Public assistance:			
Housing and community development	36,833	41,413	8,722
Total public assistance	36,833	41,413	8,722
Total expenditures	36,833	41,413	8,722
Excess (deficiency) of revenues over (under) expenditures		50	6,965
Other financing sources (uses):			
Transfers in		4,500	4,500
Transfers out		(50)	(12)
Total other financing sources (uses)		4,450	4,488
Net change in fund balance		4,500	11,453
Fund balance at beginning of year	35,009	35,009	35,009
Fund balance at end of year	\$ 35,009	39,509	46,462



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL In Home Supportive Services Public Authority Fund

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		36
Total revenues			36
Expenditures:			
Current:			
Public assistance:			
IHSS Public authority	13,799	13,799	12,159
Total public assistance	13,799	13,799	12,159
Total expenditures	13,799	13,799	12,159
Excess (deficiency) of revenues over (under) expenditures	(13,799)	(13,799)	(12,123)
Other financing sources (uses):			
Transfers in	13,799	13,799	12,124
Total other financing sources (uses)	13,799	13,799	12,124
Net change in fund balance			1
Fund balance at beginning of year	88	88	88
Fund balance at end of year	\$ 88	88	89



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Inactive Wastesites Fund**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$		24
Revenue from use of money and property	448	448	3,412
Aid from other governmental agencies:			
State	1,698	1,973	587
Charges for current services	776	7,779	636
Other revenue	7,603	510	2
Total revenues	10,525	10,710	4,661
Expenditures:			
Current:			
Health and sanitation:			
Duck pond landfill cleanup	16	16	15
Hillsborough maintenance	276	276	157
Inactive waste site management	10,841	11,390	7,225
Total health and sanitation	11,133	11,682	7,397
Total expenditures	11,133	11,682	7,397
Excess (deficiency) of revenues over (under) expenditures	(608)	(972)	(2,736)
Other financing sources (uses):			
Transfers in		174	
Transfers out	(223)	(133)	(134)
Total other financing sources (uses)	(223)	41	(134)
Net change in fund balance	(831)	(931)	(2,870)
Fund balance at beginning of year	67,022	67,022	67,022
Fund balance at end of year	\$ 66,191	66,091	64,152



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

Inmate Welfare Program Fund

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 3,295	3,295	4,056
Aid from other governmental agencies:			
State	43	43	18
Other revenue	150	150	701
Total revenues	3,488	3,488	4,775
Expenditures:			
Current:			
Public protection:			
Probation inmate welfare	226	226	207
Sheriff's inmate welfare - adult detention	2,720	2,708	2,597
Sheriff's inmate welfare - police protection	18	18	3
Total public protection	2,964	2,952	2,807
Capital outlay	106	118	114
Total expenditures	3,070	3,070	2,921
Excess (deficiency) of revenues over (under) expenditures	418	418	1,854
Other financing sources (uses):			
Sale of capital assets			1
Transfers in	1,487	1,487	1,487
Transfers out	(1,952)	(1,952)	(1,882)
Total other financing sources (uses)	(465)	(465)	(394)
Net change in fund balance	(47)	(47)	1,460
Fund balance at beginning of year	5,701	5,701	5,701
Increase (decrease) in			
Reserve for inventories		(8)	(8)
Fund balance at end of year	\$ 5,654	5,646	7,153



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Lighting Maintenance District Fund**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 886	886	1,054
Revenue from use of money and property	19	19	24
Aid from other governmental agencies:			
State	11	11	10
Charges for current services	678	678	724
Other revenue	9	9	
Total revenues	1,603	1,603	1,812
Expenditures:			
Current:			
Public ways and facilities:			
San Diego Lighting Maintenance	1,671	1,769	1,613
Total public ways and facilities	1,671	1,769	1,613
Total expenditures	1,671	1,769	1,613
Excess (deficiency) of revenues over (under) expenditures	(68)	(166)	199
Net change in fund balance	(68)	(166)	199
Fund balance at beginning of year	832	832	832
Fund balance at end of year	\$ 764	666	1,031



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL Other Special Districts Funds

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 16	16	24
Revenue from use of money and property	5	5	5
Aid from other governmental agencies:			
State	120	120	97
Charges for current services	90	90	105
Total revenues	231	231	231
Expenditures:			
Current:			
Public protection:			
Agriculture weights and Measure - Fish and Game	37	37	22
Public works, survey	90	90	86
Total public protection	127	127	108
Public ways and facilities:			
Special Aviation	125	125	48
Total public ways and facilities	125	125	48
Total expenditures	252	252	156
Excess (deficiency) of revenues over (under) expenditures	(21)	(21)	75
Net change in fund balance	(21)	(21)	75
Fund balance at beginning of year	643	643	643
Fund balance at end of year	\$ 622	622	718



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Park Land Dedication Fund**

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 202	202	698
Revenue from use of money and property			261
Total revenues	202	202	959
Expenditures:			
Current:			
Recreation and cultural:			
Local Park Planning Area 15 Sweetwater	9	9	3
Local Park Planning Area 16 Otay	2	2	
Local Park Planning Area 19 Jamul	13	13	
Local Park Planning Area 20 Spring Valley	4	129	127
Local Park Planning Area 25 Lakeside	13	13	8
Local Park Planning Area 26 Crest	205	205	201
Local Park Planning Area 27 Alpine	10	10	8
Local Park Planning Area 28 Ramona	470	470	459
Local Park Planning Area 29 Escondido	8	8	1
Local Park Planning Area 30 San Marcos	4	4	1
Local Park Planning Area 31 San Dieguito	20	20	1
Local Park Planning Area 32 Carlsbad	3	3	
Local Park Planning Area 35 Fallbrook	23	23	8
Local Park Planning Area 36 Bonsall	5	5	
Local Park Planning Area 37 Vista	4	4	1
Local Park Planning Area 38 Valley Center	39	514	129
Local Park Planning Area 39 Pauma	12	12	
Local Park Planning Area 4 Lincoln Acres	4	4	1
Local Park Planning Area 40 Palomar-Julian	6	6	
Local Park Planning Area 41 Mount Empire	5	5	2
Local Park Planning Area 42 Anza-Borrego	5	5	
Local Park Planning Central Mountain	5	5	
Local Park Planning Oceanside	1	1	
Local Park Planning Valle de Oro	4	4	1
Recreation and cultural:	874	1,474	951
Total expenditures	874	1,474	951
Excess (deficiency) of revenues over (under) expenditures	(672)	(1,272)	8
Other financing sources (uses):			
Transfers out	(846)	(1,746)	(405)
Total other financing sources (uses)	(846)	(1,746)	(405)
Net change in fund balance	(1,518)	(3,018)	(397)
Fund balance at beginning of year	10,599	10,599	10,599
Fund balance at end of year	\$ 9,081	7,581	10,202



Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 3,895	3,901	3,986
Revenue from use of money and property	245	245	225
Other revenue			50
Total revenues	4,140	4,146	4,261
Expenditures:			
Current:			
General government:			
Gillespie Field	540	697	461
Other general government			36
Plant acquisition, CP CO Redevelopment Agy-Gilles Field	141	141	124
Plant acquisition, CP CO Redevelopment Agy-UP SD River	4,409	4,409	805
Plant acquisition, Redevelopment Agy USDRVR Housing	338	864	57
Plant acquisition, Redevelopment Agy Gillespie Housing	506	2,397	50
Total general government	5,934	8,508	1,533
Debt service:			
Principal	59	59	
Interest and fiscal charges			545
Total expenditures	5,993	8,567	2,078
Excess (deficiency) of revenues over (under) expenditures	(1,853)	(4,421)	2,183
Other financing sources (uses):			
Transfers out	(1,147)	(1,147)	(1,140)
Total other financing sources (uses)	(1,147)	(1,147)	(1,140)
Net change in fund balance	(3,000)	(5,568)	1,043
Fund balance at beginning of year (restated)	5,199	5,199	5,199
Fund balance at end of year	\$ 2,199	(369)	6,242



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

For the Year Ended June 30, 2009 (In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 366	69	120
Fines, forfeitures and penalties	36	36	
Revenue from use of money and property	1,713	1,713	1,534
Aid from other governmental agencies:			
State	111,569	116,138	79,526
Federal	12,260	34,830	7,905
Charges for current services	23,912	23,636	20,115
Other revenue	5,363	6,539	1,360
Total revenues	155,219	182,961	110,560
Expenditures:			
Current:			
Public ways and facilities:			
Public works, road	124,905	178,974	82,440
Total public ways and facilities	124,905	178,974	82,440
Capital outlay	45,345	45,277	45,165
Total expenditures	170,250	224,251	127,605
Excess (deficiency) of revenues over (under) expenditures	(15,031)	(41,290)	(17,045)
Other financing sources (uses):			
Transfers in		280	
Transfers out	(2,953)	(3,393)	(3,127)
Total other financing sources (uses)	(2,953)	(3,113)	(3,127)
Net change in fund balance	(17,984)	(44,403)	(20,172)
Fund balance at beginning of year	103,775	103,775	103,775
Increase (decrease) in			
Reserve for inventories		(42)	(42)
Fund balance at end of year	\$ 85,791	59,330	83,561





ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

AIRPORT FUND

This fund is used to account for the maintenance, operations and development of County airports. A major objective of the airport program is to purchase and develop airport property in order to create tax revenues and create jobs in the private sector.

SANITATION DISTRICTS FUND

This fund is used to account for the activities of all individual sanitation districts governed by the County Board of Supervisors.

WASTEWATER MANAGEMENT

This fund is used to account for operational services and support provided to sanitation districts governed by the Board of Supervisors.



Combining Financial Statements - Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS ENTERPRISE FUNDS

June 30, 2009 (In thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 4,894	75,799	583	81,276
Receivables, net	6,019	766	4	6,789
Due from other funds	16	7	472	495
Total current assets	10,929	76,572	1,059	88,560
Noncurrent assets:				
Due from other funds	3,363			3,363
Capital assets:				
Land	10,249	1,069	20	11,338
Construction and contracts in progress	48,180	15,400		63,580
Buildings and improvements	57,127	1,699	721	59,547
Equipment	525	594	212	1,331
Road network	335			335
Sewer network		72,848		72,848
Accumulated depreciation	(24,593)	(33,624)	(578)	(58,795)
Total noncurrent assets	95,186	57,986	375	153,547
Total assets	106,115	134,558	1,434	242,107
LIABILITIES				
Current liabilities:				
Accounts payable	1,465	397		1,862
Accrued payroll	80		88	168
Due to other funds	352	629	145	1,126
Unearned revenue	27	1		28
Bonds and loans payable	229			229
Compensated absences	86		96	182
Total current liabilities	2,239	1,027	329	3,595
Noncurrent liabilities:				
Bonds and loans payable	1,809			1,809
Compensated absences	126		140	266
Total noncurrent liabilities	1,935		140	2,075
Total liabilities	4,174	1,027	469	5,670
NET ASSETS				
Invested in capital assets, net of related debt	89,785	57,986	375	148,146
Unrestricted	12,156	75,545	590	88,291
Total net assets (deficits)	\$ 101,941	133,531	965	236,437



**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS**

For the Year Ended June 30, 2009 (In Thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
Operating revenues:				
Charges for current services	\$ 9,397	20,114	6,567	36,078
Other revenue	49	3	14	66
Total operating revenues	9,446	20,117	6,581	36,144
Operating expenses:				
Salaries	3,173		3,691	6,864
Repairs and maintenance	918	4,749	128	5,795
Equipment rental	459		516	975
Sewage processing		9,396		9,396
Contracted services	3,603		1,007	4,610
Depreciation	1,433	1,429	17	2,879
Utilities	213		2	215
Fuel	4			4
Other operating expenses	654	1,092	407	2,153
Total operating expenses	10,457	16,666	5,768	32,891
Operating income (loss)	(1,011)	3,451	813	3,253
Nonoperating revenues (expenses):				
Grants	12,974			12,974
Interest and dividends	461	1,771	5	2,237
Interest expense	(127)			(127)
Gain or loss on disposal of assets			(1)	(1)
Other nonoperating revenues	3			3
Total nonoperating revenues (expenses)	13,311	1,771	4	15,086
Income (loss) before capital contributions and transfers	12,300	5,222	817	18,339
Transfers in		317		317
Transfers out	(223)		(245)	(468)
Change in net assets	12,077	5,539	572	18,188
Net assets (deficits) at beginning of year	89,864	127,992	393	218,249
Net assets (deficits) at end of year	\$ 101,941	133,531	965	236,437



Combining Financial Statements - Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

For the Year Ended June 30, 2009 (In Thousands)

	Airport Fund	Sanitation Districts Fund	Wastewater Management Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 9,055	20,044	42	29,141
Cash received from other funds	100	1,693	6,595	8,388
Cash payments to suppliers	(9,140)	(15,253)	(1,778)	(26,171)
Cash payments to employees	(3,138)		(3,649)	(6,787)
Cash payments to other funds	(443)	(315)	(1,966)	(2,724)
Net cash provided (used) by operating activities	(3,566)	6,169	(756)	1,847
Cash flows from noncapital financing activities:				
Operating grants	15,343			15,343
Transfers from other funds		317		317
Transfers to other funds	(223)		(245)	(468)
Other noncapital increases	3			3
Net cash provided (used) by non-capital financing activities	15,123	317	(245)	15,195
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(22,239)	(1,301)		(23,540)
Principal paid on long-term debt	(217)			(217)
Interest paid on long-term debt	(127)			(127)
Advances from other funds		(14)		(14)
Net cash provided (used) by capital and related financing activities	(22,583)	(1,315)		(23,898)
Cash flows from investing activities:				
Investment income	595	2,077	14	2,686
Net increase (decrease) in cash and cash equivalents	(10,431)	7,248	(987)	(4,170)
Cash and cash equivalents - beginning of year	15,325	68,551	1,570	85,446
Cash and cash equivalents - end of year	4,894	75,799	583	81,276
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(1,011)	3,451	813	3,253
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Inc (dec) in compensated absences	24		34	58
Inc (dec) in accrued payroll	13		11	24
Inc (dec) in due to other funds	98	(84)	(1,578)	(1,564)
Inc (dec) in accounts payable	(3,832)	(66)	(107)	(4,005)
Inc (dec) in unearned revenue	(23)	(1)		(24)
Dec (inc) in accounts and notes receivables	(283)	(71)	3	(351)
Dec (inc) in due from other funds	15	1,511	51	1,577
Depreciation	1,433	1,429	17	2,879
Total adjustments	(2,555)	2,718	(1,569)	(1,406)
Net cash provided (used) by operating activities	(3,566)	6,169	(756)	1,847
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	\$ 895	136		1,031



INTERNAL SERVICE FUNDS

Internal service funds are established to account for services furnished to other county departments and are financed primarily by these service charges. Because they are exempt from budgetary control, they are free to employ commercial accounting techniques, and are often used in situations where a more accurate determination of operating results is desired.

EMPLOYEE BENEFITS FUND

This fund was established to account for all of the county's workers' compensation program, unemployment insurance and medical.

FACILITIES MANAGEMENT FUND

This fund was established to account for the financing of public service utilities, property management, architectural and engineering services and mail services provided to other county departments on a cost reimbursement basis.

FLEET SERVICES FUND

This fund was established to account for the financing of General Services' Fleet vehicles provided to other County departments on a cost reimbursement basis.

INFORMATION TECHNOLOGY FUND

This fund was established to account for the financing of software applications for human resources, payroll, and financial systems as well as telecommunications services provided to other county departments on a cost reimbursement basis.

OTHER MISCELLANEOUS INTERNAL SERVICE FUND

This fund was established to provide for the financing of clothing and personal sundry items for persons institutionalized at various County facilities.

PUBLIC LIABILITY INSURANCE FUND

This fund was established to account for all of county's public liability claims and related expenses in compliance with the applicable provisions of the law.

PURCHASING FUND

This fund accounts for the financing of materials and supplies provided to county departments and provides printing and record storage services; all on a cost reimbursement basis.

ROAD AND COMMUNICATION EQUIPMENT FUND

This fund was established to account for the financing of public works and communications equipment provided to other county departments on a cost reimbursement basis.

SPECIAL DISTRICTS LOAN FUND

This fund was established to provide financing for start up services for new and existing county service districts on a cost reimbursement basis.



Combining Financial Statements - Internal Service Funds

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS					
June 30, 2009 (In thousands)					
	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
ASSETS					
Current assets:					
Pooled cash and investments	\$ 92,602	1,953	7,040	13,109	4,167
Receivables, net	328	2,474	143	2,218	116
Due from other funds	1,407	7,068	2,634	14,664	
Inventories		374	1,222		148
Total current assets	94,337	11,869	11,039	29,991	4,431
Noncurrent assets:					
Due from other funds					
Capital assets:					
Construction and contracts in progress			919		
Equipment		579	103,482	55,480	281
Accumulated depreciation		(407)	(52,162)	(55,480)	(277)
Total noncurrent assets		172	52,239		4
Total assets	94,337	12,041	63,278	29,991	4,435
LIABILITIES					
Current liabilities:					
Accounts payable	2,836	4,807	3,165	23,136	216
Accrued payroll		591	110		
Accrued interest		3			
Due to other funds	2,190	674	167		425
Unearned revenue		307	1		
Bonds and loans payable		522			
Compensated absences		723	122		
Claims and judgments	21,768				
Total current liabilities	26,794	7,627	3,565	23,136	641
Noncurrent liabilities:					
Bonds and loans payable		3,705			
Compensated absences		1,054	178		
Claims and judgments	66,795				
Total noncurrent liabilities	66,795	4,759	178		
Total liabilities	93,589	12,386	3,743	23,136	641
NET ASSETS					
Invested in capital assets, net of related debt		172	52,239		4
Unrestricted net assets (deficits)	748	(517)	7,296	6,855	3,790
Total net assets (deficits)	\$ 748	(345)	59,535	6,855	3,794

(Continued)



**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

June 30, 2009 (In thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
ASSETS					
Current assets:					
Pooled cash and investments	\$ 27,209	3,257	6,520	714	156,571
Receivables, net	103	15	25		5,422
Due from other funds	65	680	2	48	26,568
Inventories		3			1,747
Total current assets	27,377	3,955	6,547	762	190,308
Noncurrent assets:					
Due from other funds				147	147
Capital assets:					
Construction and contracts in progress					919
Equipment		245	31,490		191,557
Accumulated depreciation		(47)	(16,159)		(124,532)
Total noncurrent assets		198	15,331	147	68,091
Total assets	27,377	4,153	21,878	909	258,399
LIABILITIES					
Current liabilities:					
Accounts payable	308	6	214		34,688
Accrued payroll		139			840
Accrued interest					3
Due to other funds	904	115	407		4,882
Unearned revenue					308
Bonds and loans payable					522
Compensated absences		167			1,012
Claims and judgments	8,445				30,213
Total current liabilities	9,657	427	621		72,468
Noncurrent liabilities:					
Bonds and loans payable					3,705
Compensated absences		244			1,476
Claims and judgments	11,520				78,315
Total noncurrent liabilities	11,520	244			83,496
Total liabilities	21,177	671	621		155,964
NET ASSETS					
Invested in capital assets, net of related debt		198	15,331		67,944
Unrestricted net assets (deficits)	6,200	3,284	5,926	909	34,491
Total net assets (deficits)	\$ 6,200	3,482	21,257	909	102,435



Combining Financial Statements - Internal Service Funds

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

For the Year Ended June 30, 2009 (In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
Operating revenues:					
Charges for current services	\$ 32,753	98,741	33,867	118,405	3,965
Other revenue	202	1,505	196	202	1,084
Total operating revenues	32,955	100,246	34,063	118,607	5,049
Operating expenses:					
Salaries		24,237	4,765		
Repairs and maintenance		28,413	7,948		9
Equipment rental		57	87		
Contracted services	8,792	8,408	919	120,266	329
Depreciation		39	10,223	18,493	6
Utilities		19,375	306		
Cost of material		55	116		1,630
Claims and judgments	18,903				
Fuel		256	8,665		5
Other operating expenses		20,812	1,016		43
Total operating expenses	27,695	101,652	34,045	138,759	2,022
Operating income (loss)	5,260	(1,406)	18	(20,152)	3,027
Nonoperating revenues (expenses):					
Grants	145	2,472			
Interest and dividends	2,250	14	199	40	11
Interest expense		(147)			
Gain (loss) on disposal of assets			(722)		
Other nonoperating revenues					
Total nonoperating revenues (expenses)	2,395	2,339	(523)	40	11
Income (loss) before capital contributions and transfers	7,655	933	(505)	(20,112)	3,038
Capital contributions			7,458		
Transfers in	95	1,364	940	1,764	
Transfers out		(1,635)	(302)		(2,155)
Change in net assets	7,750	662	7,591	(18,348)	883
Net assets (deficits) at beginning of year	(7,002)	(1,007)	51,944	25,203	2,911
Net assets (deficits) at end of year	\$ 748	(345)	59,535	6,855	3,794

(Continued)



**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Operating revenues:					
Charges for current services	\$ 12,000	6,552	6,725		313,008
Other revenue	110	260			3,559
Total operating revenues	12,110	6,812	6,725		316,567
Operating expenses:					
Salaries		5,562			34,564
Repairs and maintenance		20	3,173		39,563
Equipment rental		846			990
Contracted services	8,131	701	439		147,985
Depreciation		24	1,814		30,599
Utilities		10			19,691
Cost of material		1			1,802
Claims and judgments	4,480				23,383
Fuel		1	1,238		10,165
Other operating expenses	2	710			22,583
Total operating expenses	12,613	7,875	6,664		331,325
Operating income (loss)	(503)	(1,063)	61		(14,758)
Nonoperating revenues (expenses):					
Grants					2,617
Interest and dividends	734	97	178	1	3,524
Interest expense					(147)
Gain (loss) on disposal of assets			(97)		(819)
Other nonoperating revenues			184		184
Total nonoperating revenues (expenses)	734	97	265	1	5,359
Income (loss) before capital contributions and transfers	231	(966)	326	1	(9,399)
Capital contributions					7,458
Transfers in		735			4,898
Transfers out		(390)			(4,482)
Change in net assets	231	(621)	326	1	(1,525)
Net assets (deficits) at beginning of year	5,969	4,103	20,931	908	103,960
Net assets (deficits) at end of year	\$ 6,200	3,482	21,257	909	102,435



Combining Financial Statements - Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2009 (In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Other Miscellaneous Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 202	3,394	1,403	868	4,931
Cash received from other funds	33,331	93,837	32,147	114,613	317
Cash payments to suppliers	(9,086)	(73,221)	(18,301)	(118,493)	(3,213)
Cash payments to employees		(24,131)	(4,735)		
Cash payments to other funds	(712)	(4,878)	(985)	(183)	
Cash paid for judgments and claims	(17,142)				
Net cash provided (used) by operating activities	6,593	(4,999)	9,529	(3,195)	2,035
Cash flows from noncapital financing activities:					
Operating grants	145	468			
Transfers from other funds	95	1,364	940	1,764	
Transfers to other funds		(1,635)	(302)		(2,155)
Advances to other funds					
Principal paid on long term debt		(502)			
Interest paid on long term debt		(148)			
Proceeds from loans		882			
Other noncapital increases					
Net cash provided (used) by non-capital financing activities	240	429	638	1,764	(2,155)
Cash flows from capital and related financing activities:					
Capital contributions			936		
Acquisition of capital assets		(63)	(14,788)		
Proceeds from sale of assets			878		
Net cash provided (used) by capital and related financing activities		(63)	(12,974)		
Cash flows from investing activities:					
Investment income	2,629	14	260	40	11
Net increase (decrease) in cash and cash equivalents	9,462	(4,619)	(2,547)	(1,391)	(109)
Cash and cash equivalents - beginning of year	83,140	6,572	9,587	14,500	4,276
Cash and cash equivalents - end of year	92,602	1,953	7,040	13,109	4,167
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	5,260	(1,406)	18	(20,152)	3,027
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Inc (dec) in compensated absences		63	10		
Inc (dec) in accrued payroll		81	19		
Inc (dec) in due to other funds	(712)	(1,756)	150	(183)	329
Inc (dec) in accounts payable	404	948	(392)	(66)	(1,226)
Inc (dec) in claims and judgments	1,761				
Inc (dec) in unearned revenue		(418)			
Dec (inc) in accounts and notes receivables		(10)	175	501	(116)
Dec (inc) in due from other funds	(120)	(2,589)	(688)	(1,788)	1
Dec (inc) in Inventories		49	14		14
Depreciation		39	10,223	18,493	6
Total adjustments	1,333	(3,593)	9,511	16,957	(992)
Net cash provided (used) by operating activities	6,593	(4,999)	9,529	(3,195)	2,035
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			635		
Governmental Contributions of Capital Assets	\$		6,522		

(Continued)



**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2009 (In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 110	261			11,169
Cash received from other funds	11,995	6,008	7,693		299,941
Cash payments to suppliers	(8,289)	(1,882)	(450)		(232,935)
Cash payments to employees		(5,542)			(34,408)
Cash payments to other funds	(273)	(727)	(4,285)		(12,043)
Cash paid for judgments and claims	(3,957)				(21,099)
Net cash provided (used) by operating activities	(414)	(1,882)	2,958		10,625
Cash flows from noncapital financing activities:					
Operating grants					613
Transfers from other funds		735			4,898
Transfers to other funds		(390)			(4,482)
Advances to other funds	59			(165)	(106)
Principal paid on long term debt					(502)
Interest paid on long term debt					(148)
Proceeds from loans					882
Other noncapital increases			184		184
Net cash provided (used) by non-capital financing activities	59	345	184	(165)	1,339
Cash flows from capital and related financing activities:					
Capital contributions					936
Acquisition of capital assets			(4,808)		(19,659)
Proceeds from sale of assets			126		1,004
Net cash provided (used) by capital and related financing activities			(4,682)		(17,719)
Cash flows from investing activities:					
Investment income	866	127	233	1	4,181
Net increase (decrease) in cash and cash equivalents	511	(1,410)	(1,307)	(164)	(1,574)
Cash and cash equivalents - beginning of year	26,698	4,667	7,827	878	158,145
Cash and cash equivalents - end of year	27,209	3,257	6,520	714	156,571
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(503)	(1,063)	61		(14,758)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Inc (dec) in compensated absences		21			94
Inc (dec) in accrued payroll		28			128
Inc (dec) in due to other funds	(273)	47	118		(2,280)
Inc (dec) in accounts payable	(155)	(398)	(3)		(888)
Inc (dec) in claims and judgments	523				2,284
Inc (dec) in unearned revenue					(418)
Dec (inc) in accounts and notes receivables					550
Dec (inc) in due from other funds	(6)	(542)	968		(4,764)
Dec (inc) in Inventories		1			78
Depreciation		24	1,814		30,599
Total adjustments	89	(819)	2,897		25,383
Net cash provided (used) by operating activities	(414)	(1,882)	2,958		10,625
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			212		847
Governmental Contributions of Capital Assets	\$				6,522





INVESTMENT TRUST FUNDS

Investment trust funds are used to account for investments held on behalf of external entities in either the County pool or specific investments. These assets are held in a fiduciary capacity and accordingly, net assets reported in the Investment Trust funds are held in trust for other purposes.

SPECIFIC INVESTMENTS - INVESTMENT TRUST FUND

This Fund was created for the purpose of reporting individual investments which are offered as an alternative to a pooled position. It includes specific investments for external entities.

POOL INVESTMENTS - INVESTMENT TRUST FUND

This fund was established to account for the external portion of the County Treasurer's investment pool in which the County; its component units and legally separate governments commingle or pool their resources in an investment pool.



COMBINING STATEMENT OF FIDUCIARY NET ASSETS Investment Trust Funds

June 30, 2009 (In Thousands)

	Pooled Investments - Investment Trust	Specific Investments - Investment Trust	Total
ASSETS			
Pooled cash and investments	\$ 3,537,006		3,537,006
Investments with fiscal agents		223,858	223,858
Receivables:			
Investment income receivable	12,915	26	12,941
Total assets	3,549,921	223,884	3,773,805
NET ASSETS			
Held in trust for pool participants	3,549,921		3,549,921
Held in trust for individual investment accounts		223,884	223,884
Total held in trust	\$ 3,549,921	223,884	3,773,805



COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Investment Trust Funds

For the Year Ended June 30, 2009 (In Thousands)

	Pooled Investments - Investment Trust	Specific Investments - Investment Trust	Total
ADDITIONS			
Contributions:			
Contributions to investments	\$ 5,901,019		5,901,019
Total contributions	5,901,019		5,901,019
Investment earnings:			
Net increase (decrease) in fair value of Investments	8,899	(82)	8,817
Investment income	4,746	12,141	16,887
Total investment earnings	13,645	12,059	25,704
Total additions	5,914,664	12,059	5,926,723
DEDUCTIONS			
Distributions from investments	5,518,504	252,272	5,770,776
Total deductions	5,518,504	252,272	5,770,776
Change in net assets	396,160	(240,213)	155,947
Net assets at beginning of year (restated)	3,153,761	464,097	3,617,858
Net assets at end of year	\$ 3,549,921	223,884	3,773,805





AGENCY FUNDS

Agency funds are used to account for situations where the County's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, assets reported in the agency funds are offset by a liability to the party on whose behalf they are held.

OTHER AGENCY FUNDS

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

PROPERTY TAXES COLLECTIONS FUNDS

These funds are used for recording the collection and distribution of property taxes.



Combining Financial Statements - Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES Agency Funds

For the Year Ended June 30, 2009 (In Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY TAX COLLECTIONS FUNDS				
ASSETS				
Pooled cash and investments	\$ 48,940	15,252,117	15,245,599	55,458
Accounts receivable		18,295	18,295	
Investment income receivable	2,286	12,204	13,594	896
Taxes receivable		5,628,306	5,628,306	
Total assets	51,226	20,910,922	20,905,794	56,354
LIABILITIES				
Accounts payable	209	2,405,700	2,404,593	1,316
Due to other governments	51,017	14,623,237	14,619,216	55,038
Total liabilities	51,226	17,028,937	17,023,809	56,354
OTHER AGENCY FUNDS				
ASSETS				
Pooled cash and investments	357,736	19,173,820	19,228,060	303,496
Cash with fiscal agents	3,723	22,494	21,219	4,998
Investments with fiscal agents		1,905	1,905	
Accounts receivable		23,218	22,679	539
Investment income receivable	35,768	48,068	80,035	3,801
Other receivables		22,225	22,225	
Total assets	397,227	19,291,730	19,376,123	312,834
LIABILITIES				
Accounts payable	33,503	3,290,907	3,300,171	24,239
Warrants outstanding	206,190	9,474,879	9,500,922	180,147
Accrued payroll		257	257	
Due to other governments	157,534	2,558,349	2,607,435	108,448
Total liabilities	397,227	15,324,392	15,408,785	312,834
TOTAL AGENCY FUNDS				
ASSETS				
Pooled cash and investments	406,676	34,425,937	34,473,659	358,954
Cash with fiscal agents	3,723	22,494	21,219	4,998
Investments with fiscal agents		1,905	1,905	
Accounts receivable		41,513	40,974	539
Investment income receivable	38,054	60,272	93,629	4,697
Other receivables		22,225	22,225	
Taxes receivable		5,628,306	5,628,306	
Total assets	448,453	40,202,652	40,281,917	369,188
LIABILITIES				
Accounts payable	33,712	5,696,607	5,704,764	25,555
Warrants outstanding	206,190	9,474,879	9,500,922	180,147
Accrued payroll		257	257	
Due to other governments	208,551	17,181,586	17,226,651	163,486
Total liabilities	\$ 448,453	32,353,329	32,432,594	369,188



INTRODUCTION

Government Accounting Standards Board (GASB) Statement 44 "Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)" requires that certain detailed statistical information be presented in this section, typically in ten-year trends, to assist users in utilizing the basic financial statements, notes to the financial statements, and required supplementary information in order to assess the economic condition of the County. Provisions of this Statement require that governments preparing this statistical section are encouraged but not required, to report all years of information retroactively.

In this regard, when available, ten year trend information has been provided. When accounting data or other information is unavailable, statistical tables are footnoted to indicate as such. Generally, information was unavailable due to the following:

- ◆ Accounting data used in the preparation of the Comprehensive Annual Financial Reports prior to the County's implementation of changes in accounting and presentation called for in GASB Statement 34 "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," (implemented by the County in Fiscal Year 2002) was not archived in such a manner to enable a retroactive restatement of previous years accounting data.
- ◆ Non-accounting trend data called for by Statement 44 which was significantly different than data reported in previous fiscal years' statistical tables was either not available from external sources in the format required or was not available in internal archived data.

FINANCIAL TRENDS..... 148

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

REVENUE CAPACITY 153

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

DEBT CAPACITY..... 157

These Tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION 161

These Tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATING INFORMATION..... 163

These Tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in the following tables is derived from the comprehensive annual financial reports for the relevant year.



Table 1
County of San Diego
Net Assets by Component
Last Eight Fiscal Years (1)
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year			
	2002	2003	2004	2005
Net assets				
Governmental activities				
Invested in capital assets, net of related debt	\$ 2,178,892	2,261,697	2,324,806	2,341,126
Restricted	148,489	243,815	169,983	223,565
Unrestricted	271,909	(317,357)	(668,868)	(541,048)
Total governmental activities net assets	2,599,290	2,188,155	1,825,921	2,023,643
Business-type activities				
Invested in capital assets, net of related debt	66,026	71,293	78,485	84,416
Restricted	34,151	15		
Unrestricted	44,495	80,359	79,358	76,310
Total business-type activities net assets	144,672	151,667	157,843	160,726
Primary government				
Invested in capital assets, net of related debt	2,244,918	2,332,990	2,403,291	2,425,542
Restricted	182,640	243,830	169,983	223,565
Unrestricted	316,404	(236,998)	(589,510)	(464,738)
Total primary government net assets	\$ 2,743,962	2,339,822	1,983,764	2,184,369
Net assets				
Governmental activities				
Invested in capital assets, net of related debt	\$ 2,367,442	2,409,050	2,468,142	2,582,854
Restricted	224,635	162,318	181,198	314,107
Unrestricted	(197,916)	178,231	351,326	319,669
Total governmental activities net assets	2,394,161	2,749,599	3,000,666	3,216,630
Business-type activities				
Invested in capital assets, net of related debt	97,212	112,549	126,237	148,146
Restricted				
Unrestricted	81,125	84,779	92,686	88,909
Total business-type activities net assets	178,337	197,328	218,923	237,055
Primary government				
Invested in capital assets, net of related debt	2,464,654	2,521,599	2,594,379	2,731,000
Restricted	224,635	162,318	181,198	314,107
Unrestricted	(116,791)	263,010	444,012	408,578
Total primary government net assets	\$ 2,572,498	2,946,927	3,219,589	3,453,685

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section



Table 2
County of San Diego
Changes in Net Assets
For the Last Eight Fiscal Years (1)
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities								
General government	\$ 170,908	234,062	234,759	232,826	240,158	249,993	298,607	275,508
Public protection	823,520	1,140,484	1,173,532	960,227	1,021,464	1,079,320	1,180,114	1,158,162
Public ways and facilities	168,202	142,356	160,344	122,797	128,268	133,148	144,452	151,125
Health and sanitation	547,200	598,189	564,796	545,805	559,709	580,384	638,869	678,217
Public assistance	825,028	1,035,065	1,052,911	972,592	1,015,481	1,043,454	1,114,453	1,177,320
Education	24,119	30,850	31,722	27,394	32,488	33,223	36,355	42,424
Recreation and cultural	18,021	23,520	26,493	21,405	23,376	28,469	33,941	34,542
Interest on long-term debt	68,771	87,627	91,897	106,612	116,692	146,997	119,138	118,927
Total governmental activities expenses	2,645,769	3,292,153	3,336,454	2,989,658	3,137,636	3,294,988	3,565,929	3,636,225
Business-type activities								
Airport	7,973	7,125	7,373	8,117	7,699	8,209	8,848	10,614
Wastewater Management	3,808	4,357	4,005	5,076	4,733	4,422	5,320	16,666
Transit (2)	17,085							
Sanitation Districts	15,306	15,216	15,828	20,564	15,133	15,620	17,574	5,794
Total business-type activities expenses	44,172	26,698	27,206	33,757	27,565	28,251	31,742	33,074
Total primary government expenses	2,689,941	3,318,851	3,363,660	3,023,415	3,165,201	3,323,239	3,597,671	3,669,299
Program revenues								
Governmental activities								
Charges for services:								
General government	94,805	121,070	93,143	84,769	99,083	98,365	130,645	93,939
Public protection	166,900	170,221	206,679	229,150	202,941	201,332	217,953	215,343
Other activities	119,291	117,569	122,139	100,465	153,535	153,717	137,020	133,834
Operating grants and contributions	1,724,847	1,873,493	1,914,614	1,867,829	2,067,803	2,113,585	2,152,380	2,181,366
Capital grants and contributions	30,128	40,587	67,357	32,303	5,283	7,559	24,474	60,703
Total governmental activities program revenues	2,135,971	2,322,940	2,403,932	2,314,516	2,528,645	2,574,558	2,662,472	2,685,185
Business-type activities								
Charges for services:								
Airport	5,479	7,396	6,734	8,345	7,433	9,367	16,097	9,397
Wastewater management	4,106	4,496	5,447	5,357	4,322	4,662	5,318	6,567
Transit (2)	17,047							
Sanitation districts	15,713	15,444	15,765	16,949	17,251	17,995	20,060	20,114
Operating grants and contributions	5,763	3,769	4,153	3,700	9,994	8,257	7,725	12,974
Capital grants and contributions	501	839	1,539	1,036	58	464		
Total business-type program revenues	48,609	31,944	33,638	35,387	39,058	40,745	49,200	49,052
Total primary government program revenues	2,184,580	2,354,884	2,437,570	2,349,903	2,567,703	2,615,303	2,711,672	2,734,237
Net (Expense) Revenue								
Governmental activities	(509,798)	(969,213)	(932,522)	(675,142)	(608,991)	(720,430)	(903,457)	(951,040)
Business-type activities	4,437	5,246	6,432	1,630	11,493	12,494	17,458	15,978
Total primary government net (expense) revenue	\$ (505,361)	(963,967)	(926,090)	(673,512)	(597,498)	(707,936)	(885,999)	(935,062)

(Table continued on next page)



Table 2
County of San Diego
Changes in Net Assets
For the Last Eight Fiscal Years (1)
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
General revenues and other changes in net assets								
Governmental activities								
Taxes:								
Property taxes	\$ 412,400	459,340	496,917	441,716	516,569	559,726	637,491	618,048
Other taxes	5,011	3,964	4,200	96,927	34,219	26,760	20,374	15,167
Intergovernmental unrestricted:								
Property taxes in lieu of VLF (3)				203,788	261,695	277,930	303,348	316,925
Sales and use taxes	48,414	50,898	50,046	8,524	23,475	26,534	24,872	22,435
Interest	38,166	30,213	18,452	38,066	63,810	88,974	87,554	57,859
Other general revenues				83,079	78,651	95,343	80,804	118,929
Total governmental general revenues	503,991	544,415	569,615	872,100	978,419	1,075,267	1,154,443	1,149,363
Special Item: gain or loss on sale of properties	1,054	474						
Transfers	359	(160)	673	764	1,090	601	81	151
Total governmental activities	505,404	544,729	570,288	872,864	979,509	1,075,868	1,154,524	1,149,514
Business-type activities								
Investment Income	2,694	1,437	417	1,730	7,048	4,189	4,113	2,237
Other general revenues		27		287	160	2,909	105	68
Total business-type general revenues	2,694	1,464	417	2,017	7,208	7,098	4,218	2,305
Special Item: gain or loss on sale of properties	(5,145)							
Transfers	(359)	160	(673)	(764)	(1,090)	(601)	(81)	(151)
Total business-type activities	(2,810)	1,624	(256)	1,253	6,118	6,497	4,137	2,154
Total primary government	502,594	546,353	570,032	874,117	985,627	1,082,365	1,158,661	1,151,668
Change in net assets								
Governmental activities	(4,394)	(424,484)	(362,234)	197,722	370,518	355,438	251,067	198,474
Business-type activities	1,627	6,870	6,176	2,883	17,611	18,991	21,595	18,132
Total change in net assets	\$ (2,767)	(417,614)	(356,058)	200,605	388,129	374,429	272,662	216,606

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section
(2) County Transit System was divested on June 28, 2002 to the San Diego Metropolitan Transit Development Board
(3) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue



Table 3
County of San Diego
Fund Balances Governmental Funds
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund					
Reserved	\$ 106,777	267,091	215,197	210,277	213,292
Unreserved	246,148	351,193	355,155	388,384	337,708
Total general fund	352,925	618,284	570,352	598,661	551,000
All Other Governmental Funds					
Reserved	179,991	267,661	251,704	294,793	208,900
Unreserved, reported in:					
Special Revenue Funds (1)	60,304	215,458	485,565	447,612	523,399
Capital Projects Fund	54,254	22,375	14,418	9,771	10,864
Total other governmental funds	\$ 294,549	505,494	751,687	752,176	743,163
	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 291,832	272,936	410,244	273,231	266,434
Unreserved	375,626	625,949	744,838	947,235	923,604
Total general fund	667,458	898,885	1,155,082	1,220,466	1,190,038
All Other Governmental Funds					
Reserved	284,316	278,878	274,024	199,472	213,984
Unreserved, reported in:					
Special Revenue Funds (1)	481,792	633,430	624,996	672,652	668,626
Capital Projects Fund	84,389	65,452	73,923	30,210	157,221
Total other governmental funds	\$ 850,497	977,760	972,943	902,334	1,039,831

(1) The increase in the unreserved fund balance of special revenue funds was principally due to the proceeds received from the issuance of San Diego County Tobacco Securitization Corporation Series Tobacco Settlement Asset Backed Bonds in 2002 and 2006



Table 4

County of San Diego
 Changes in Fund Balances Governmental Funds
 Last Eight Fiscal Years (1)
 (Modified Accrual Basis of Accounting)
 (In Thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:								
Taxes	\$ 409,969	446,835	497,178	717,174	1,102,032	1,146,937	971,616	973,899
Licenses, permits and franchise fees	37,808	39,335	42,252	42,954	41,824	43,807	45,257	49,990
Fines, forfeitures and penalties	39,691	41,236	46,495	55,538	60,071	58,355	63,014	59,348
Revenue from use of money and property	45,567	40,733	25,867	50,811	76,608	93,246	137,963	70,911
Aid from other governmental agencies:								
State	1,139,344	1,231,904	1,201,278	1,080,663	867,063	927,850	1,169,642	1,161,312
Federal	574,002	632,241	701,057	729,725	793,039	820,851	908,582	858,066
Other	57,777	66,116	69,860	74,272	94,866	100,323	79,066	144,205
Charges for current services	251,018	266,574	277,637	286,631	314,021	325,049	312,018	316,214
Other revenue	70,203	70,065	65,913	84,410	67,419	76,680	73,745	111,431
Total revenues	2,625,379	2,835,039	2,927,537	3,122,178	3,416,943	3,593,098	3,760,903	3,745,376
Expenditures:								
General government	156,517	209,874	216,183	211,521	199,349	233,471	277,286	249,324
Public protection	809,185	1,145,171	1,216,276	939,070	1,014,653	1,065,984	1,145,807	1,133,843
Public ways and facilities	95,936	123,202	115,426	84,560	67,145	74,319	80,051	85,802
Health and sanitation	548,627	600,525	562,657	541,921	556,165	577,389	633,382	669,725
Public assistance	827,229	1,037,467	1,053,545	970,208	1,011,315	1,043,293	1,111,701	1,172,400
Education	24,005	31,013	31,308	27,119	32,043	32,961	35,569	41,461
Recreation and cultural	16,514	20,805	24,702	19,614	22,964	26,774	32,042	32,561
Total CAFR Governmental functions	2,478,013	3,168,057	3,220,097	2,794,013	2,903,634	3,054,191	3,315,838	3,385,116
Capital outlay	72,341	83,748	54,958	54,157	109,897	138,017	157,818	179,662
Debt service:								
Principal	101,538	88,846	69,839	60,849	57,245	73,816	184,614	112,275
Interest and fiscal charges	67,773	73,747	92,503	94,556	109,491	116,095	107,631	103,831
Bond issuance costs			4,095	1,915	6,172	885		3,959
Payment to refunded bond escrow agent					24,256			
Total expenditures	2,719,665	3,414,398	3,441,492	3,005,490	3,210,695	3,383,004	3,765,901	3,784,843
Excess (deficiency) of revenues over (under) expenditures	(94,286)	(579,359)	(513,955)	116,688	206,248	210,094	(4,998)	(39,467)
Other financing sources (uses)								
Sale of capital assets	2,230	474	4,044	18,400	12,355	1,601	68	31
Issuance of bonds and loans:								
Face value of bonds issued				83,510	166,611	42,390		136,885
Face value of loans issued				160		462		
Discount on issuance of bonds					(20,501)			
Premium on issuance of bonds				5,960	1,308	606		1,175
Long-term debt proceeds	411,913	560,886	454,179					
Refunding bonds issued	65,319	176,890		28,885	461,230			443,515
Payment to refunded bond escrow agent				(31,633)				
Payment to escrow agent/refunded bond	(66,254)	(176,890)			(467,458)			(441,038)
Transfers in	1,188,505	768,997	776,167	819,490	867,973	512,386	594,512	525,424
Transfers (out)	(1,196,995)	(773,145)	(777,180)	(819,627)	(868,908)	(514,680)	(594,882)	(525,689)
Total other financing sources (uses)	404,718	557,212	457,210	105,145	152,610	42,765	(302)	140,303
Net change in fund balances	\$ 310,432	(22,147)	(56,745)	221,833	358,858	252,859	(5,300)	100,836
Debt service as a percentage of noncapital expenditures	6.40%	4.88%	4.79%	5.27%	5.38%	5.85%	8.10%	5.99%

(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section



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

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured		
2000	\$ 173,156,433	\$ 2,011,700	\$ 2,957,459	\$ 7,263,938	\$ 4,403,504	\$ 437,295	\$ 180,548,731	1.00000
2001	187,297,036	2,144,396	3,897,721	7,701,247	4,646,122	676,798	195,717,480	1.00000
2002	205,354,845	2,127,362	3,926,419	8,749,368	4,872,712	801,613	214,483,669	1.00000
2003	224,113,067	2,450,811	3,263,353	8,509,857	5,121,115	353,596	232,862,377	1.00000
2004	247,063,576	2,728,490	3,007,787	8,941,840	5,961,964	780,078	254,999,651	1.00000
2005	273,700,150	2,645,348	2,951,588	8,852,828	6,504,638	827,514	280,817,762	1.00000
2006	310,318,786	2,748,781	3,273,999	9,533,091	6,958,731	957,441	317,958,485	1.00000
2007	347,969,648	3,380,284	2,461,837	10,739,964	7,500,343	1,053,199	355,998,191	1.00000
2008	381,485,632	3,321,363	3,528,453	10,387,757	8,219,783	1,207,922	389,295,500	1.00000
2009	398,804,220	3,411,110	3,604,712	10,891,875	9,043,072	1,293,899	406,374,946	1.00000

(1) Due to the passage of Proposition 13 (Prop 13) in 1978, the County does not track the estimated actual value of real and personal properties therefore, assessed value as a percentage of actual value is not applicable. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value.

Source: County of San Diego, Auditor and Controller, Property Tax Services Division



Table 6
County of San Diego
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Overlapping Rates (2)				Total Direct & Overlapping Rates
	County of San Diego (1)	Cities	Schools	Special Districts	
2000	1.000	0.004	0.046	0.011	1.061
2001	1.000	0.004	0.047	0.011	1.062
2002	1.000	0.004	0.048	0.009	1.061
2003	1.000	0.004	0.054	0.008	1.066
2004	1.000	0.003	0.062	0.007	1.072
2005	1.000	0.004	0.062	0.006	1.072
2006	1.000	0.004	0.059	0.008	1.071
2007	1.000	0.005	0.055	0.009	1.069
2008	1.000	0.005	0.058	0.009	1.072
2009	1.000	0.004	0.050	0.007	1.061

(1) The \$1.00 per \$100 of Assessed Value (Proposition 13) tax rate beginning in Fiscal Year 1979 is distributed according to State Law on a percentage basis to each of the eligible taxing agencies in the County.

(2) Overlapping rates for cities, schools and special districts are chargeable to property owners within their respective tax rate areas (TRA). Overlapping rates do not apply to all property owners (e.g., the rates for special districts apply only to property owners whose property is located within the geographical boundary (TRA) of the special district).

Source: County of San Diego, Auditor and Controller, Property Tax Services Division



Table 7
County of San Diego
Principal Property Taxpayers
June 30, 2009
(In Thousands)

Taxpayer	2009			2000		
	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value
San Diego Gas & Electric Company	\$ 4,217,344	1	1.07%	\$ 2,010,148	1	1.17%
Irvine Company	1,777,047	2	0.45%			
Southern California Edison Company	1,529,640	3	0.39%	1,716,252	2	1.00%
Kilroy Realty L P	1,438,252	4	0.37%	280,883	7	0.16%
Qualcomm Inc	1,243,048	5	0.32%	513,022	4	0.30%
San Diego Expressway L P	1,200,000	6	0.31%			
Arden Realty Ltd Partnership	1,041,162	7	0.26%			
O C/S D Holdings LLC	1,003,047	8	0.25%			
Pacific Bell Telephone Company	852,867	9	0.22%	1,333,567	3	0.78%
Genentech Inc	547,873	10	0.14%			
Equitable Life Assurance Society				372,236	5	0.22%
Cabrillo Power				362,742	6	0.21%
Spieker Properties				267,342	8	0.16%
L-O Coronado Holding II Inc				266,997	9	0.16%
Sea World Inc				264,336	10	0.15%
Totals	<u>\$ 14,850,280</u>		<u>3.78%</u>	<u>\$ 7,387,525</u>		<u>4.31%</u>

Source: County of San Diego, Auditor and Controller, Property Tax Services Division



Table 8
County of San Diego
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collections within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2000	\$1,805,487	\$1,769,015	97.98%	\$26,683	\$1,795,698	99.46%
2001	1,957,175	1,925,872	98.40%	26,377	1,952,249	99.75%
2002	2,144,837	2,110,686	98.41%	26,909	2,137,595	99.66%
2003	2,328,624	2,291,331	98.40%	27,432	2,318,763	99.58%
2004	2,549,997	2,512,209	98.52%	27,674	2,539,883	99.60%
2005	2,808,178	2,759,201	98.26%	40,131	2,799,332	99.69%
2006	3,179,585	3,110,799	97.84%	57,643	3,168,442	99.65%
2007	3,559,982	3,454,709	97.04%	82,155	3,536,864	99.35%
2008	3,892,955	3,739,090	96.05%	95,779	3,834,869	98.51%
2009	4,063,749	3,903,633	96.06%	N/A	3,903,633	96.06%

(1) Includes secured, unsecured and unitary tax levy for the county and school districts, cities and special districts under the supervision of independent governing boards.

Source: County of San Diego, Auditor and Controller, Property Tax Services Division



Table 9
County of San Diego
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2000	2001	2002	2003	2004
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	\$ 515,980	466,450	433,790	395,285	344,365
Redevelopment Agency	4,870	4,770	4,655	4,530	4,400
Tobacco			403,868	449,235	440,305
Pension Obligation Bonds	347,305	317,345	282,900	824,395	1,268,878
Capital and retrofit loans	1,120	4,490	4,277	7,088	5,750
Capitalized Leases	81,834	76,525	46,604	40,860	37,346
Business-Type Activities:					
Capital Loans					2,998
Sanitation Loans	401	225	200	195	195
Capitalized Leases	10,286	6,486			
Total Primary Government	\$ 961,796	876,291	1,176,294	1,721,588	2,104,237
Percentage of Personal Income (1)	1.04%	0.90%	1.17%	1.65%	1.86%
Per Capita (1)	\$ 340	306	405	589	717
	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	\$ 393,395	356,690	364,355	330,055	469,970
Redevelopment Agency	4,260	16,000	15,640	15,320	14,985
Tobacco	430,350	583,904	584,137	580,820	574,610
Pension Obligation Bonds	1,252,243	1,238,405	1,206,887	1,068,200	1,005,955
Capital and retrofit loans	7,316	8,098	7,920	7,043	7,043
Capitalized Leases	34,625	31,894	29,623	27,590	
Business-Type Activities:					
Capital Loans	2,926	2,745	2,551	2,255	2,038
Total Primary Government	\$ 2,125,115	2,237,736	2,211,113	2,031,283	2,074,601
Percentage of Personal Income (1)	1.79%	1.77%	1.67%	1.41%	1.54%
Per Capita (1)	\$ 722	759	743	646	654

(1) See table 13 Demographic and Economic Statistics



Table 10

County of San Diego
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
 (In Thousands, Except Per Capita Amount)

Fiscal Year	Certificates of Participation & Lease Revenue Bonds	Less: Amounts Available in Debt Service Fund	Net Certificates of Participation	Pension Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Pension Obligation Bonds	Total Net Bonded Debt	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2000	\$ 515,980	\$ 31,265	\$ 484,715	\$ 347,305	\$ 112	\$ 347,193	\$ 831,908	0.46%	\$ 290
2001	466,450	37,002	429,448	317,345	143	317,202	746,650	0.38%	257
2002	433,790	26,162	407,628	282,900	220	282,680	690,308	0.32%	236
2003	395,285	25,957	369,328	824,395	2,369	822,026	1,191,354	0.51%	406
2004	344,365	21,798	322,567	1,268,878	14,966	1,253,912	1,576,479	0.62%	536
2005	393,395	29,085	364,310	1,252,243	66,550	1,185,693	1,550,003	0.55%	526
2006	356,690	29,380	327,310	1,238,405	50,822	1,187,583	1,514,893	0.48%	509
2007	364,355	35,238	329,117	1,206,887	27,328	1,179,559	1,508,676	0.42%	507
2008	330,055	26,474	303,581	1,068,200	15,248	1,052,952	1,356,533	0.35%	431
2009	469,970	50,513	419,457	1,005,955	15,741	990,214	1,409,671	0.35%	444

(1) See Total Assessed Value on Statistical Table 5

(2) See population data on Statistical Table 13



Table 11
County of San Diego
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit (1)	Legal Debt Margin	Legal Debt Margin/ Debt Limit
2000	\$ 2,256,859		\$ 2,256,859	100%
2001	2,446,469		2,446,469	100%
2002	2,681,046		2,681,046	100%
2003	2,910,780		2,910,780	100%
2004	3,187,496		3,187,496	100%
2005	3,510,222		3,510,222	100%
2006	3,974,481		3,974,481	100%
2007	4,449,977		4,449,977	100%
2008	4,866,194		4,866,194	100%
2009	5,079,687		5,079,687	100%
Legal Debt Margin Calculation for Fiscal Year 2008-2009				
Assessed value	\$ 406,374,946			
Debt limit (1.25% of total assessed value) (2)	5,079,687			
Debt applicable to limit:				
General obligation bonds				
Less: Amount set aside for repayment of general obligation debt				
Total net debt applicable to limit				
Legal debt margin	\$ 5,079,687			
<p>(1) For the fiscal years presented, the County had no debt that qualified as indebtedness subject to the bonded debt limit under the California Constitution.</p> <p>(2) Under California State law, the total amount of bonded indebtedness shall not at any time exceed 1.25% of the taxable property of the County as shown by the last equalized assessment roll.</p>				



Table 12

County of San Diego
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Tobacco Settlement Asset-Backed Bonds (1)							
Fiscal Year	Tobacco Settlement Revenues	Less: Operating Expenses (3)	Net Available Revenue	Principal (2)	Interest	Coverage	
2002	\$ 26,205	\$ 50	\$ 26,155	\$ 8,045	\$ 18,160	1.00	
2003	35,444	113	35,331	9,560	25,351	1.01	
2004	29,961	131	29,830	8,930	24,830	0.88	
2005	30,415	172	30,243	9,955	24,446	0.88	
2006	27,915	173	27,742	1,550	11,975	2.05	
2007	29,219	164	29,055	3,100	26,820	0.97	
2008	31,106	146	30,960	6,865	26,599	0.93	
2009	34,181	156	34,025	10,000	26,273	0.94	
Redevelopment Agency Refunding Bonds (Gillespie Field Series Bonds)							
Fiscal Year	Property Tax Incremental Revenues	Less: Operating Expenses (3)	Net Available Revenue	Principal	Interest	Coverage	
2000	\$ 1,285	\$ 1,187	\$ 98	\$ 90	\$ 316	0.24	
2001	1,696	1,072	624	100	311	1.52	
2002	2,129	668	1,461	115	305	3.48	
2003	2,237	958	1,279	125	299	3.02	
2004	3,133	2,129	1,004	130	292	2.38	
2005	2,135	1,262	873	140	284	2.06	
2006	2,089	5,485	(3,396)	150	513	(5.12)	
2007	1,976	791	1,185	360	837	0.99	
2008	2,181	1,123	1,058	320	825	0.92	
2009	2,281	1,105	1,176	335	812	1.03	

(1) Data for fiscal years 2002-2006 applies to the Series 2001 Tobacco Asset-Backed bonds that were issued in 2002. In May 2006, the Series 2001 Tobacco bonds were refunded and the Series 2006 Tobacco Asset-Backed bonds were issued.
 (2) Tobacco Principal Debt Service requirements includes Turbo Principal payments.
 (3) Operating expenses do not include interest.



Table 13
County of San Diego
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (in dollars) (3)	School Enrollment (4)	Unemployment Rate (5)
2000	2,824,933	\$92,654,006	\$32,799	480,017	4.3
2001	2,864,593	97,009,480	33,865	488,377	4.3
2002	2,901,719	100,655,726	34,688	494,588	5.3
2003	2,921,810	104,630,453	35,810	499,750	5.7
2004	2,933,929	113,062,259	38,536	499,356	5.1
2005	2,941,658	118,793,000	40,383	498,186	4.5
2006	2,948,362	126,194,000	42,801	495,228	4.2
2007	2,974,861	133,369,000	44,832	496,699	4.6
2008	3,146,274	143,873,000	45,728	494,016	6
2009	3,173,407	134,696,000	42,445	496,702	10.2

Sources:

Primary

- (1) DOF - The California Department of Finance
- (2) LAEDC- Los Angeles County Economic Development Corporation, the Kyser Center for Economic Research
- (3) LAEDC- Los Angeles County Economic Development Corporation, the Kyser Center for Economic Research
- (4) California Department of Education & Education Data Partnership
- (5) U.S. Department of Labor, Bureau of Labor Statistics

Secondary

- (1) BEA - Bureau of Economic Analysis, U.S. Department of Commerce



Table 14
County of San Diego
Principal Employers
Current Year and Nine Years Ago

Employer	2009			2000		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (3)
Federal Government	41,600	1	2.94%	43,000	1	3.27%
State of California	41,600	2	2.94%	35,600	2	2.71%
University of California, San Diego	29,337	3	2.07%	20,653	3	1.57%
County of San Diego (4)	17,189	4	1.22%	16,555	4	1.26%
San Diego Unified School District	14,555	5	1.03%	12,784	5	0.97%
Sharp HealthCare	14,400	6	1.02%	8,003	7	0.61%
Scripps Health	12,622	7	0.89%			
City of San Diego	11,087	8	0.78%	11,500	6	0.88%
Qualcomm Inc.	9,859	9	0.70%	7,000	9	0.53%
Kaiser Permanente	7,618	10	0.54%	6,600	10	0.50%
U.S. Postal Service, San Diego District				7,124	8	0.54%
Total	199,867		14.13%	168,819		12.84%

Sources:

(1) San Diego Business Journal

(2) California Labor MarketInfo

Percentage is calculated by dividing employees by total employment of 1,414,600 as of June 2009

(3) California Labor MarketInfo

Percentage is calculated by dividing employees by total employment of 1,315,100 as of June 2000

(4) County of San Diego 2009 and 2000 Adopted Operational Plans



Table 15
County of San Diego
Full-time Equivalent County Government Employees by Function
Last Nine Fiscal Years (1)

Function	Fiscal Years				
	2001	2002	2003	2004	2005
General	1,556	1,567	1,605	1,578	1,495
Public protection	7,472	7,910	8,006	7,667	7,506
Public ways and facilities	356	373	380	351	350
Health and sanitation	2,207	2,287	2,315	2,250	2,130
Public assistance	3,879	4,141	4,027	3,737	3,567
Education	239	278	281	265	265
Recreation and cultural	122	143	145	154	154
Total	15,831	16,699	16,759	16,002	15,467

Function	Fiscal Years			
	2006	2007	2008	2009
General	1,486	1,505	1,538	1,515
Public protection	7,673	7,804	8,027	7,879
Public ways and facilities	366	373	393	405
Health and sanitation	2,127	2,188	2,242	2,222
Public assistance	3,761	3,659	3,781	3,659
Education	275	295	297	312
Recreation and cultural	158	168	180	176
Total	15,846	15,992	16,458	16,168

(1) 10 year trend data is unavailable, see explanatory information contained in introduction to Statistical Section

Source: County of San Diego Auditor and Controller, Central Payroll Division



Table 16
County of San Diego
Operating Indicators by Function
Last Six Fiscal Years (1)

Function	Fiscal Year					
	2004	2005	2006	2007	2008	2009
General						
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	(2)	74.00%	96.10%	94.50%	99.80%	94.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	(2)	(2)	100.00%	100.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	(2)	99.00%	98.00%	97.20%	96.00%	96.30%
Public protection						
Child support services: Percent of current support collected (federal performance measure #3)	41.00%	42.10%	49.00%	50.00%	51.00%	50.00%
Sheriff: Deputy Initiated Actions (DIA)	(2)	221,732	215,346	243,118	263,626	270,666
Sheriff: Number of jail bookings	139,019	145,180	144,727	146,566	142,357	144,756
Sheriff: Daily average – number of inmates	5,009	5,102	5,184	5,118	5,209	5,141
District Attorney: Felony defendants received	30,108	31,150	31,182	30,357	27,849	28,150
District attorney: Misdemeanor defendants received	27,575	25,443	28,068	28,081	28,458	29,512
Planning and land use: Percent of building inspections completed next day	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Animal services: Percentage euthanized animals that were treatable	(2)	12.90%	12.90%	13.80%	15.80%	15.90%
Public ways and facilities						
Public works: Protect water quality through DPW roads/drainage waste debris removal (cubic yards removed)	(2)	42,000	51,287	28,700	29,580	27,000
Health and sanitation						
Regional Operations: Children age 24 months served by regional public health centers immunized when vaccine is due and available	(2)	(2)	(2)	(2)	99.70%	99.00%
Air pollution control district: Average number of days meeting the federal ozone standards (3-year avg.)	(2)	356	358	359	355	355
Behavioral Health Services: Wait time for children's mental health outpatient treatment	9 days	5 days	4 days	4 days	4 days	7 days
Public assistance						
Regional Operations: Welfare-to-Work participants and their families who secure stable employment, remaining off aid for six continuous months	88.00%	88.00%	89.00%	85.00%	95.00%	89.00%
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	93.00%	94.00%	96.00%	96.00%	95.00%	96.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equiv.)	74.00%	76.00%	79.00%	83.00%	86.00%	87.00%
Education						
County library: Annual average circulation per Item	(2)	2.51	2.57	3.08	3.10	5.44
Recreation and cultural						
Parks and Recreation: Number of parkland acres owned and managed	37,326	40,000	40,600	41,100	41,500	45,043
Parks and Recreation: Number of miles of trails managed in the county trails program	(2)	(2)	275	305	315	320
(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section						
(2) Trend data not available						
Source: Various County departments						



Table 17

County of San Diego
Capital Asset Statistics by Function
Last Five Fiscal Years (1)

Function	Fiscal Year				
	2005	2006	2007	2008	2009
General government					
Fleet vehicles	1,608	1,797	1,492	2,186	1,841
Buildings	1,038	1,029	1,108	1,131	1,135
Land	884	896	917	940	989
Public protection					
Building - sub stations	5	5	9	12	12
Patrol units	922	920	1,415	1,491	1,519
Detention facilities	9	9	10	10	10
Public ways and facilities					
Road miles	1,905.79	1,911.18	1,921.25	1,927.99	1,929.40
Bridges	174	174	174	178	178
Airports	8	8	8	7	7
Road stations	32	32	15	15	15
Health and sanitation					
Inactive landfills	11	11	18	17	17
Sewer lines miles	376.32	379.31	379.83	406.00	425.10
Water pollution control facilities	2	2	3	3	3
Public assistance					
Administration building	1	1	1	1	1
Housing facilities	6	6	6	6	6
Education					
Libraries	27	27	20	20	20
Recreation and cultural					
Parks/Open space area	90	90	92	95	92
Camp grounds	9	9	9	9	8
(1) 10 year trend data is unavailable, see explanatory information contained in Introduction to Statistical Section					
Source: Various county departments					





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