

County of San Diego, California



Popular Annual
Financial Report
Fiscal year ended June 30, 2016

ABOUT THIS REPORT

Citizens of San Diego County:

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2016 was prepared by the Auditor and Controller's office to provide readers of interest an easy to understand summary of our financial activities. The data from this report was taken from our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. Both reports are available online at www.sdcounty.ca.gov/auditor/cafr.html.

The information included in this report contains an overview of the County's economy and outlook, an analysis of the County's financial position and key financial information concerning the County's investments, capital assets and debt. It also includes a summary of our General Management System, around which we have built a culture of operational excellence, and highlights the five County business groups. It also provides summaries of how the County's monies were received and spent and includes significant statistical and demographic data.

It is important to note that the financial data in this report is unaudited, includes information exclusively on primary government funds and is presented on a non-GAAP (Generally Accepted Accounting Principles) basis. This means that it excludes discrete component unit and fiduciary fund information, contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP.

We hope you enjoy reading this report and invite you to access our audited CAFR online for more detailed information on your County finances. We welcome your questions, comments and suggestions regarding the information in this report. You can contact our office at (619) 531-5413.

County Mission
"To efficiently provide public services that build strong and sustainable communities"



Donald F. Steuer
Donald F. Steuer
Assistant Chief Administrative Officer/
Chief Operating Officer



Tracy M. Sandoval
Tracy M. Sandoval
Deputy Chief Administrative Officer/
Auditor and Controller



Board of Supervisors



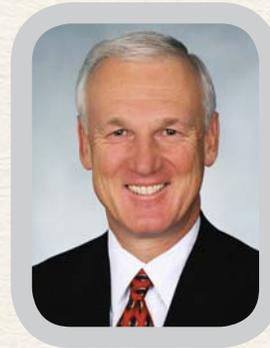
Greg Cox
District 1



Dianne Jacob
District 2
Vice Chair



Dave Roberts
District 3



Ron Roberts
District 4
Chair



Bill Horn
District 5

The County was incorporated on February 18, 1850, and functions under a charter adopted in July 1933. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. The Chief Administrative Officer appoints the Assistant Chief Administrative Officer/Chief Operating Officer, the Deputy Chief Administrative Officer/Auditor and Controller and all other appointive officers. Elected officials head the offices of the Assessor/Recorder/County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

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 and Del Mar is the smallest. Tijuana, Mexico is a substantial urban neighbor with a shared border, workforce, and economy.

San Diego County Population

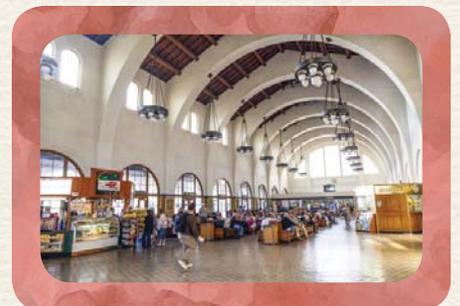
112,930	CARLSBAD	60,768	NATIONAL CITY
265,070	CHULA VISTA	175,948	OCEANSIDE
25,230	CORONADO	50,103	POWAY
4,274	DEL MAR	1,391,676	SAN DIEGO
102,337	EL CAJON	93,295	SAN MARCOS
61,928	ENCINITAS	56,757	SANTEE
150,760	ESCONDIDO	13,494	SOLANA BEACH
27,434	IMPERIAL BEACH	98,896	VISTA
59,982	LA MESA	511,119	UNINCORPORATED
26,611	LEMON GROVE	3,288,612	TOTAL

Source: California Department of Finance as reported on January 1, 2016

Statistics

5.1%	UNEMPLOYMENT RATE
504,561	SCHOOL ENROLLMENT
\$5.41 BILLION	ADOPTED ANNUAL BUDGET
\$56,832	PERSONAL INCOME PER CAPITA

Sources: 2016 CAFR Statistical Table 13 and Adopted Operational Plan Fiscal Years 2015-16 & 2016-17



ABOUT SAN DIEGO COUNTY

County Economy and Outlook

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

The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. The real estate market impacts the County's general purpose revenue (GPR). Actual GPR increased in Fiscal Year 2015-16 from Fiscal Year 2014-15. General purpose revenue funds local services when no other funding is available and funds the County's share of costs for services that are provided in partnership with the State and federal governments. The County continues to adjust to changing roles and responsibilities in the areas of health, public safety, and redevelopment.

County management continuously evaluates and responds to the changing economic environment and its impact on the cost and the demand for County services.

Source: 2016 CAFR Letter of Transmittal

County Vision
"A region that is
Building Better Health,
Living Safely and
Thriving"
 **Live Well San Diego**



Employment Mix ⁽¹⁾

244,100	GOVERNMENT ⁽²⁾
235,700	PROFESSIONAL & BUSINESS SERVICES
218,700	TRADE, TRANSPORTATION & UTILITIES
200,200	EDUCATIONAL & HEALTH SERVICES
189,800	LEISURE & HOSPITALITY
106,200	MANUFACTURING
73,000	FINANCIAL ACTIVITIES
71,600	CONSTRUCTION
53,600	OTHER SERVICES
23,800	INFORMATION TECHNOLOGY
9,600	FARMING
400	MINING & LOGGING

⁽¹⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.

⁽²⁾ Excludes the U.S. Department of Defense.

Source: Adopted Operational Plan Fiscal Years 2016-17 & 2017-18

ACHIEVEMENTS

Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of San Diego for its Popular Annual Financial Report for the fiscal year ended June 30, 2015. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.



Other Awards and Recognitions

During fiscal year 2016 the County received awards for its leadership and excellence in operations, including 48 awards from the National Association of Counties. Examples include:

Environmental Health: Butane Honey Oil Lab Safety Guide for Emergency First Responders. Safety guidelines were developed for first responders and published in the Journal of the Clandestine Laboratory Investigating Chemists Association in January 2016.

Human Resources: Work Safe, Stay Healthy Training Tracks. The Work Safe Stay Healthy program offers customized safety messaging and training to meet the needs of each employee.

Library: Dare to Dream Workshop Series - works with partners to offer a community gathering place where one can go to seek information from organizations that work to solidify protection from deportation, enable people to gain work authorization, the right to travel in the United States, apply for a social security number and apply for a California Driver's License.

Probation: Improving Probation Officer Effectiveness with Mobile Applications. Developed a mobile case management application used by San Diego County Probation Officers to efficiently manage their offender caseloads in the field; enhancing their operational effectiveness while controlling costs.

Health and Human Services Agency - Child Welfare Services (CWS): Pathways to Well-Being is the County's joint partnership and cross system collaboration between Behavioral Health Services, CWS and families to promote safety, permanency in living situation, and overall well-being for youth in the foster system.

Note: Other Awards and Recognitions are listed in the 2016 CAFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2016-17 & 2017-18.



GENERAL MANAGEMENT SYSTEM

The General Management System outlines the County's strategic intent (strategic planning), prioritizes its goals and use of resources (operational planning), describes how it monitors progress on performance (monitoring and control), ensures collaboration (functional threading) and recognizes accomplishments (motivation, rewards and recognition) throughout the year. By communicating and adhering to this business model, the County of San Diego is able to maintain an organizational culture that values transparency, accountability, innovation and fiscal discipline and which provides focused, meaningful public services.

County Values
 "Integrity,
 Stewardship,
 and
 Commitment"



Strategic Planning



Operational Planning



Monitoring & Control



Functional Threading



Motivation, Rewards & Recognition

"Brand Promise"

5
years

Where do we want to go?

County Strategic Plan

"Road Map"

2
years

How do we get there from here?

County Operational Plan

"Check Points"

Quarterly

How is our performance?

County Annual Report

"Collaboration"

365
days

Are we working together?

CAO Leadership Team meeting

"Pay It Forward"

365
days

Are we encouraging excellence?

CAO Coin of Excellence



County Strategic Initiatives & Objectives

Strategic Initiatives: By focusing our priorities through Strategic Initiatives we will continue to advance the County's *Live Well San Diego* vision



Healthy Families

San Diego County has fully optimized its health and social service delivery system to make it an industry leader in efficiency, integration and innovation

- Promote the implementation of a service delivery system that is sensitive to individuals' needs

Every resident has the opportunity to make positive healthy choices that reduce preventable deaths

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

The County makes health, safety and thriving a focus of all policies and programs through internal and external collaboration

- Pursue policy and program change for healthy, safe and thriving environments to positively impact residents
- Leverage internal communication resources, resource groups and social media to enhance employee understanding of the County's *Live Well San Diego* vision



Safe Communities

Make San Diego the most resilient community in America

- Encourage and promote residents to take important and meaningful steps to protect themselves and their families for the first 72 hours during a disaster

Make San Diego the safest urban county in the nation

- Plan, build and maintain safe communities to improve the quality of life for all residents
- Expand data-driven prevention strategies and utilize current technologies to reduce crime at the local and regional level

All San Diego youth are protected from crime, neglect and abuse

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

The regional criminal justice system achieves a balance between accountability and rehabilitation

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



Sustainable Environments

San Diego is a vibrant region with planning, development, infrastructure and services that strengthen the local economy

- Provide and promote services that increase consumer and business confidence

The region is a leader in protecting and promoting our natural and agricultural resources, diverse habitats and sensitive species

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

Cultivate a natural environment for residents, visitors and future generations to enjoy

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

All residents engage in community life and civic activities

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



Operational Excellence

Make San Diego the best managed county in the nation

- Promote a culture of ethical leadership and decision making across the enterprise
- Align services to available resources to maintain fiscal stability

Make San Diego County the best in the nation for providing exceptional customer service

- Provide modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers
- Strengthen our customer service culture to ensure a positive customer experience

Make San Diego County the best place to work in the nation

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

Source: County of San Diego 2016-2021 Strategic Plan

COUNTY FINANCIALS

Government-wide Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources by \$2.88 billion at the close of fiscal year 2016, an increase of \$245.5 million or 9% over fiscal year 2015. This included an \$81.8 million increase in net investment in capital assets, (a 2.5% increase over fiscal year 2015), and a decrease of approximately \$14.6 million in the County's restricted net position (a 2.4% decrease over fiscal year 2015). Additionally, net unrestricted net position increased by \$178.3 million in unrestricted net position, (a 15% increase over fiscal year 2015).

The largest portion of the County's net position reflects its net investment of \$3.29 billion in capital assets, net of related debt. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

The County's restricted net position equaled \$605 million and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws and/or regulations of other governments. The remaining portion of the County's net position includes \$(1.02) billion in negative unrestricted net position, primarily the result of implementing Governmental Accounting Standards Board (GASB) Statement 68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 in fiscal year 2015, which resulted in reporting a \$2.25 billion beginning net pension liability and a beginning fiscal year 2015 \$2.25 billion negative unrestricted net position. This amount is offset by positive unrestricted net position, predominantly attributed to the County's General Fund.



June 30, 2016 and 2015 (In thousands)

	Total Primary Government	
	2016	2015
Assets		
Current and other assets	\$ 3,831,875	3,654,742
Capital assets	3,606,993	3,556,486
Total assets	7,438,868	7,211,228
Deferred Outflows of Resources		
Total deferred outflows of resources	739,305	378,921
Liabilities		
Long-term liabilities	4,491,227	3,900,991
Other liabilities	600,005	521,602
Total liabilities	5,091,232	4,422,593
Deferred Inflows of Resources		
Total deferred inflows of resources	211,733	537,837
Net Position		
Net investment in capital assets	3,292,086	3,210,235
Restricted	604,917	619,565
Unrestricted	(1,021,795)	(1,200,081)
Total net position	\$ 2,875,208	2,629,719

Source: 2016 CAFR Management's Discussion and Analysis Table 1

Total Net Position Fiscal Years 2012 - 2016 (In billions)



Key Terms

Here are some definitions that will take the mystery out of the accounting terms you will find throughout the financial sections of this report.

Government-wide: This PAFR presents the balance sheet (statement of net position) which includes assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. It also presents the income statement (statement of changes in net position) which includes revenue and expense information.

Governmental Funds: The County maintains various governmental funds that are used to account for tax, program and other miscellaneous revenues.

Business-type Funds: The County maintains various business-type funds that are used to account for activities for which a fee is charged to external users for goods or services.

Primary Government: Includes all of the governmental and business-type activities belonging to the County but excludes the discrete component unit and fiduciary funds.

Assets: What is owned by the County.

Deferred outflows of resources: Use of net assets (assets minus liabilities) applicable to a future year.

Liabilities: What the County owes.

Deferred inflows of resources: Net assets (assets minus liabilities) received applicable to a future year.

Net position: The difference between: assets plus deferred outflows of resources; minus liabilities and deferred inflows of resources. It's the County's net worth.

Current and other assets: Includes such items as pooled cash and investments, cash and investments with fiscal agents, receivables, internal balances, inventories, deposits with others, and prepaid items.

Capital assets: Includes such items as County land, easements, construction in progress, buildings and improvements, software, equipment, infrastructure, and accumulated depreciation/amortization, if applicable.

Long-term liabilities: Includes such items as bonds, loans, compensated absences, net pension liability, and other County obligations.

Other liabilities: Includes such items as payables, payroll, accrued interest and unearned revenue.

Net investment in capital assets: Represents amounts invested in capital assets less accumulated depreciation/amortization and any outstanding debt used to acquire these assets.

Restricted: What is not available for use by the County because it is set aside for a particular use.

Unrestricted: One-time funds available for the County to use for operations.

The 2016 CAFR is available at: www.sdcounty.ca.gov/auditor/cafr.html

COUNTY FINANCIALS

Government-wide Statement of Changes in Net Position

Program revenues are those that derive directly from the program itself or from other parties, not the taxpayers; while general revenues are those not required to be reported as program revenues. All expenses are reported under a specific function - a group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

Notable changes in revenues between fiscal years 2015 and 2016 are attributable in part to: increases in revenue consisting of \$49 million, (\$31 million in secured property taxes and \$18 million in property taxes in lieu of vehicle license fees), both attributable to the county-wide growth in assessed valuation, \$43 million in In-Home Supportive Services program revenue due to an increase in staffing as part of hiring and retention efforts for caseload management and implementation of federal and State policy changes, \$25 million in Behavioral and Mental Health revenues, \$12.5 million in CalWORKs assistance program revenue, and \$8.6 million in institutional care revenue; offset by decreases of \$19.6 million in public federal aid public assistance, and \$3.8 million in Assembly Bill 109 Public Safety Realignment revenue.

Notable changes in expenses between fiscal years 2015 and 2016 include an \$86 million increase in reported pension related expenses due in part to the increase in the County's net pension liability, coupled with a \$49.1 million increase in contracted services.

**For the Years Ended
June 30, 2016 and 2015
(In thousands)**

	Total Primary Government	
	2016	2015
Revenues:		
Program revenues		
Charges for services	\$ 555,318	548,094
Operating grants and contributions	2,547,262	2,468,519
Capital grants and contributions	12,947	39,224
General revenues		
Property taxes	680,434	648,974
Transient occupancy tax	4,128	4,166
Real property transfer tax	24,589	21,049
Miscellaneous taxes	38	15
Property taxes in lieu of vehicle license fees	351,524	332,928
Sales and use taxes	28,898	27,847
Investment earnings	19,440	12,586
Other	91,522	96,944
Total revenues	4,316,100	4,200,346
Expenses:		
Governmental Activities:		
General government	257,887	258,169
Public protection	1,359,423	1,309,087
Public ways and facilities	140,245	161,341
Health and sanitation	675,077	640,020
Public assistance	1,421,851	1,327,664
Education	41,086	37,686
Recreation and cultural	44,883	42,748
Interest	81,665	86,816
Business-type Activities:		
Airport	14,439	14,664
Jail stores commissary	5,362	4,506
Sanitation District	28,693	30,745
Total expenses	4,070,611	3,913,446
Change in net position	245,489	286,900
Net position at beginning of year	2,629,719	2,342,819
Net position at end of year	\$ 2,875,208	2,629,719

Source: 2016 CAFR Management's Discussion and Analysis Table 2



County Revenues & Expenses Fiscal Years 2012-2016

(In billions)



Key Terms

REVENUES:

Charges for services: Fees charged for licenses, permits and franchises, fines, forfeitures, penalties and other fees.

Operating grants and contributions: Aid from local, state and federal agencies.

Capital grants and contributions: Federal and state grants for capital activities and donations made from external entities, e.g. developers.

Property taxes: County property taxes levied.

Transient occupancy tax: A tax levied by the County on rental receipts for temporary lodging in a hotel or other similar facility doing business in the unincorporated area.

Real property transfer tax: A tax assessed on property when ownership is transferred.

Miscellaneous taxes: Various other taxes levied.

Property taxes in lieu of vehicle license fees: Property taxes collected in lieu of vehicle license fees.

Sales and use taxes: A consumption tax charged at the point of purchase for certain goods and services.

Investment earnings: Earnings on County investments.

Other: Includes various miscellaneous revenue types that are not reported in aforementioned categories.

EXPENSES:

General government: Services provided by support departments such as the Assessor/Recorder/County Clerk, Auditor & Controller, Treasurer-Tax Collector, County Counsel, Board of Supervisors and the County Technology Office.

Public protection: Services provided by departments such as Agriculture Weights and Measures, District Attorney, Department of Animal Services, Office of Emergency Services, fire protection

Permanent Road Divisions, Medical Examiner, Probation, and Sheriff.

Public ways and facilities: Services provided by departments such as Permanent Road Divisions, Public Works, and the San Diego Lighting Maintenance District.

Health and sanitation: Services provided by departments such as Air Pollution Control, ambulance and paramedic County Service Areas, Environmental Health, Health and Human Services Agency, Inactive Waste Site Management and certain permanent road divisions.

Public assistance: Services provided by departments such as Health and Human Services, Housing Authority, Probation and In Home Supportive Services Public Authority.

Education: Services provided by departments such as the County Library, and Farm & Home Advisor.

Recreation and cultural: Services provided by departments such as park County Service Areas, Local Park Planning Areas and Parks and Recreation.

Interest: Expenses associated with County debt.

Airport: Expenses related to the maintenance, operations and development of County airports. A major objective of the airport program is to develop airport property utilizing federal and state grants in order to enhance the value of public assets, generate new revenues and be a catalyst for aviation and business development.

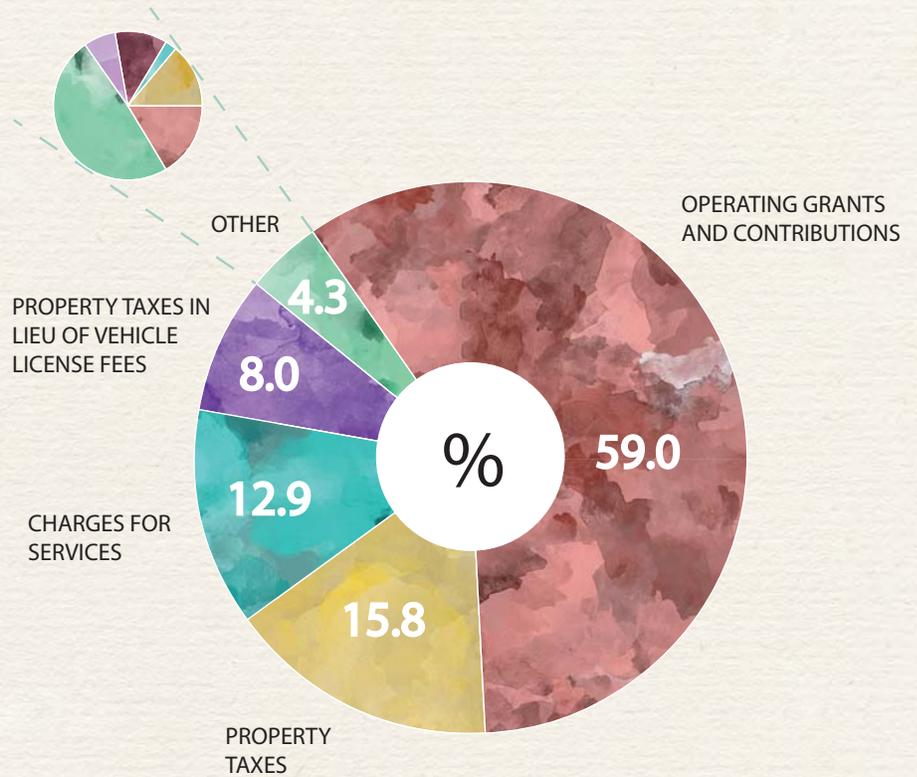
Jail stores commissary: Expenses related to the financing of a Sheriff's commissary store allowing persons incarcerated at various County detention facilities to purchase a variety of goods, including food, snacks, stationery, personal care items and telephone time.

Sanitation district: Expenses related to the operations of the sanitation district governed under the Board of Supervisors.

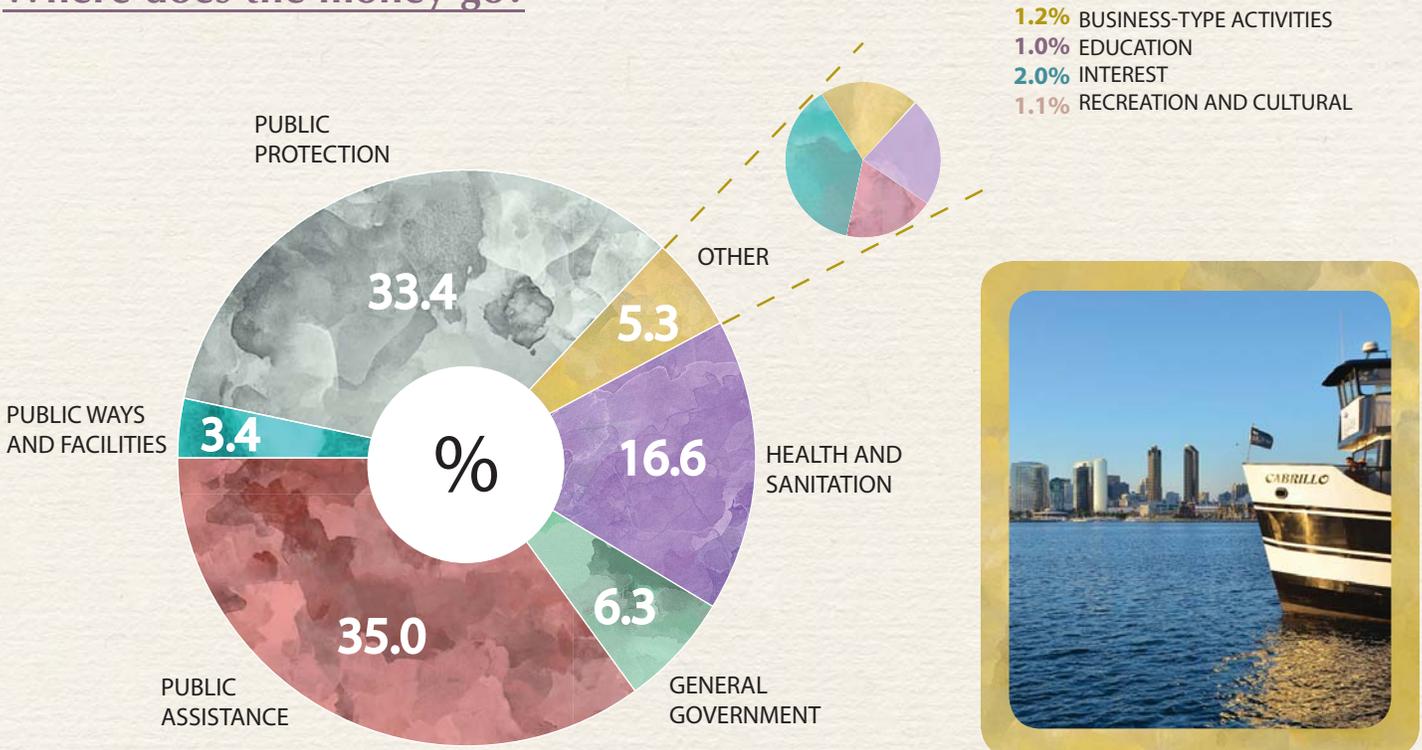
COUNTY FINANCIALS

CAPITAL GRANTS AND CONTRIBUTIONS	0.3%
INVESTMENT EARNINGS	0.5%
TRANSIENT OCCUPANCY TAX AND MISCELLANEOUS TAXES	0.1%
REAL PROPERTY TRANSFER TAX	0.6%
SALES AND USE TAXES	0.7%
OTHER	2.1%

Where does the money come from?



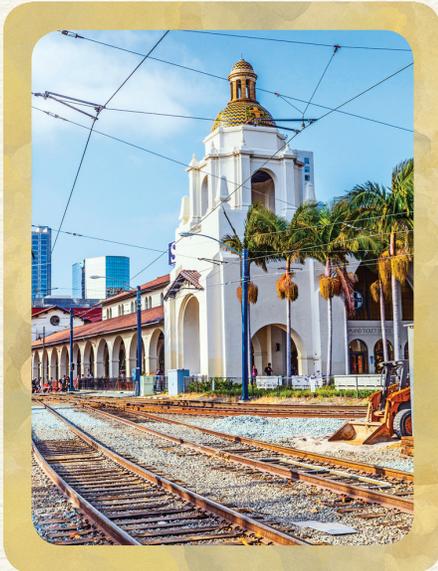
Where does the money go?



County Pooled Investments

The County investment practices and policies are based upon state law and prudent money management. The objectives of the Pooled Investment Policy are:

- To safeguard the principal of the funds under the County Treasurer’s control.
- To meet the liquidity needs of the participants.
- To achieve an investment return on the funds under the control of the County Treasurer within the parameters of prudent risk management.

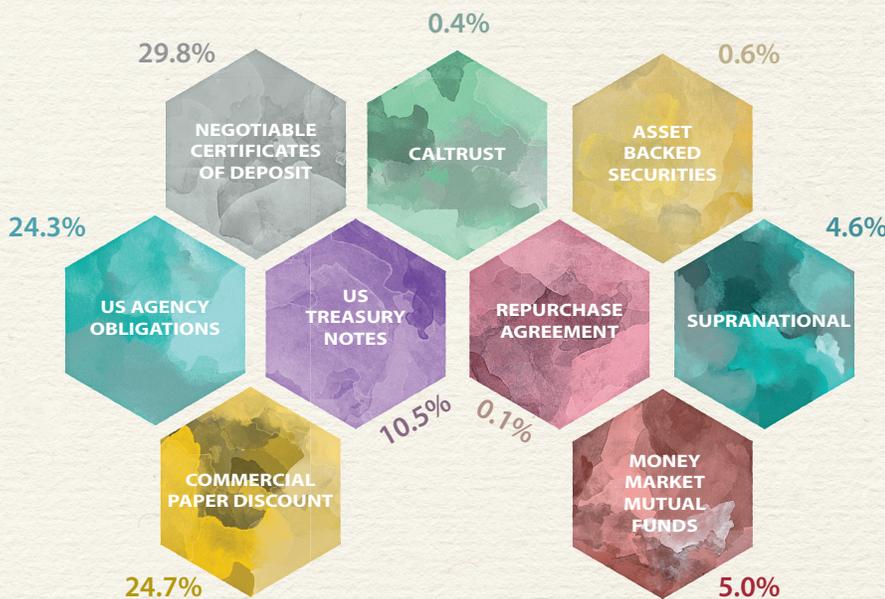


Pooled Investments (In thousands)		
Investment	Fair Value	Standard & Poor’s Rating
US Agency obligations	\$ 2,099,147	AA+
US Treasury notes	904,536	AA+/AAA
Repurchase agreement	2,302	A-1
Supranational	400,145	AAA
Commercial paper discount	2,134,985	A-1/A-1+
Money market mutual funds	443,017	A-1+/AA/AAA
Negotiable certificates of deposit	2,575,000	A-1/A1+/AA-
CalTRUST	35,140	AA
Asset backed securities	48,142	AAA
Total investments	\$ 8,642,414	

*Note: Data presented in this chart excludes investments with fiscal agents.
Source: 2016 CAFR Notes to the Financial Statements Table 7*

Credit ratings are forward-looking opinions about credit risk. This year the County pool (Pool) remained rated AAAf/S1 by Standard & Poor’s (S&P). The ‘AAAf’ rating indicates the highest level of protection against losses from credit defaults, whereas the ‘S1’ volatility rating indicates that the Pool possesses low sensitivity to changing market conditions.

The County’s Pooled Money Fund Investment Policy and California State Law set minimum credit ratings for each type of investment held by the Pool. AAA is the highest quality S&P rating an investment can receive.



KEY FINANCIAL DATA

Capital Assets

The chart below depicts the outstanding capital assets, net of depreciation/amortization, as of June 30, 2016 for both Business-type and Governmental funds.

At June 30, 2016, the County's capital assets, net of depreciation/amortization totaled \$3.61 billion. Capital assets are used to provide services to county residents. Some of the significant capital asset activity in fiscal year 2016 was as follows:

\$56.6 million towards construction and improvements of County maintained roads, bridges, and other road related infrastructure.

\$36 million towards acquisition of equipment.

\$27.2 million towards development of various software applications.

\$22.6 million towards construction of the Fleet Maintenance Facility and Parking Structure.

\$16.7 million towards construction of the Las Colinas Detention and Reentry Facility in Santee.

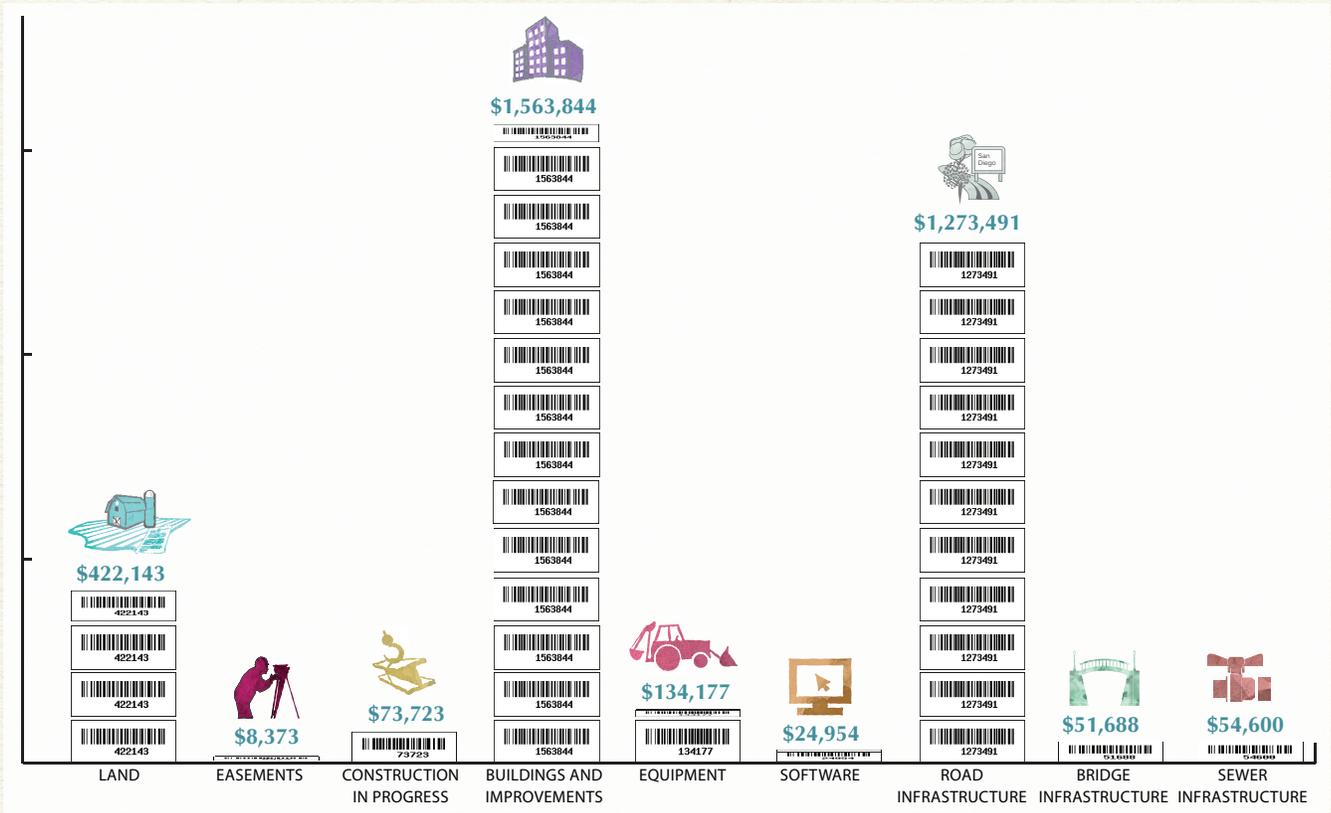
\$10 million towards construction of the parking garage at Cedar and Kettner.

\$8 million towards improvements of various capital projects.

\$6.8 million towards construction of the Alpine Branch Library.

\$1.7 million towards construction of the Gillespie Field Cajon Air Center.

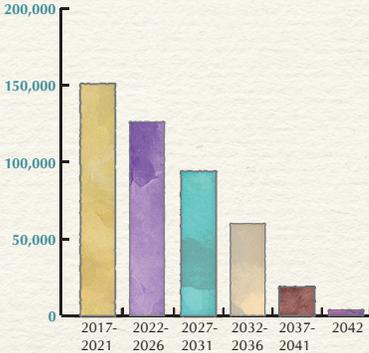
\$1.7 million towards improvements at Barona Airport.



Long-Term Liabilities

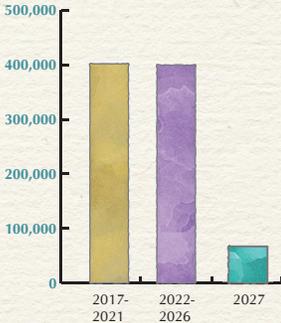
At June 30, 2016 the County’s long-term liabilities totaled \$1.898 billion: \$1.524 billion in long-term debt principal of certificates of participation, bonds and loans; and \$374 million of other long-term liabilities including capital leases, claims and judgments, compensated absences, landfill postclosure, pollution remediation, and unamortized premiums and discounts.

County Debt Service Requirements to Maturity
(In thousands)



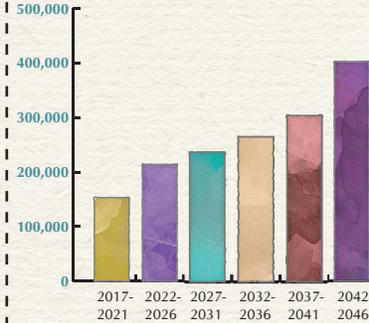
Certificates of Participation (COP) and Lease Revenue Bonds (LRB)

COP/LRB provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COP/LRB is secured by a lease structure where the borrowing entity leases certain properties to another entity, a lessor, which in turn leases the properties back to the borrower. These lessors are the San Diego County Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA).



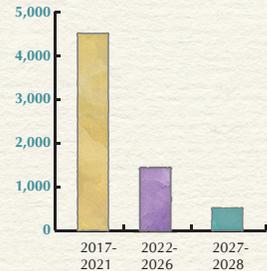
Taxable Pension Obligation Bonds (POB)

POB are issued by the County to reduce its pension unfunded actuarial accrued 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 pension plan. They are also issued to refund previously issued Pension Obligation debt.



Tobacco Settlement Asset-Backed Bonds (TSAB)

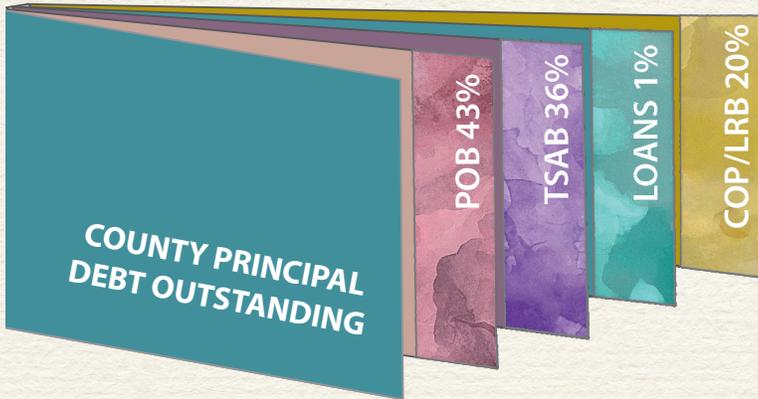
TSAB are issued by the Tobacco Securitization Joint Powers Authority of Southern California to securitize future revenue streams available to the County pursuant to various agreements.



Loans

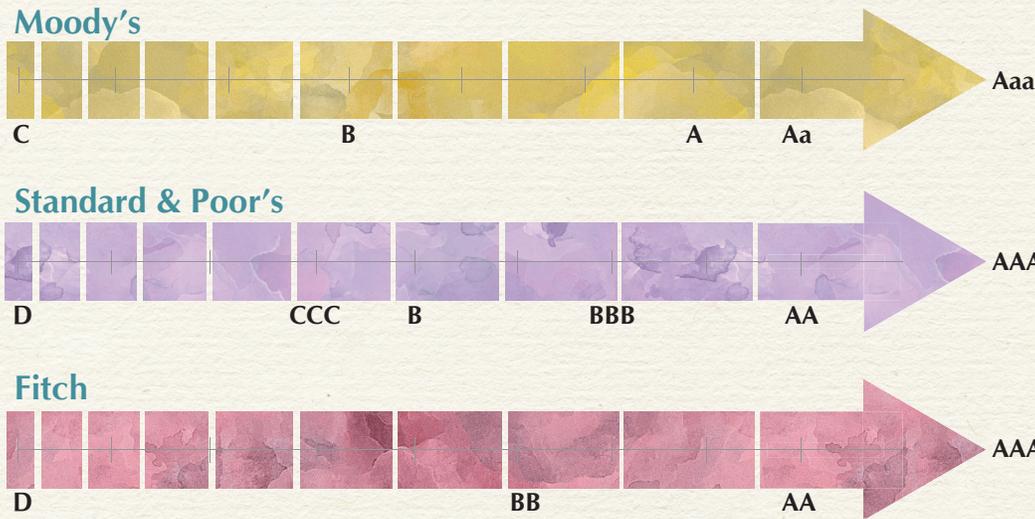
Loans provide funds for the construction of low income housing; for various projects in County facilities to increase energy efficiency; for the construction of a sewer line and installation of a control tower, at the Ramona Airport; and for lighting improvements at various facilities.

Note: The charts above include debt principal, unaccrued appreciation and interest, whereas the chart below includes debt principal only.



KEY FINANCIAL DATA

Credit Rating Scale



Note: S&P and Fitch use a plus (+) or minus (-) to show relative standing within its major rating categories. Moody's applies numerical modifiers 1,2 and 3 to each generic rating classification from Aa to Caa where 1 indicates ranking at the higher end, 2 is mid-range and 3 ranks at the lower end of its category.

Sources:

- <http://www.moody.com/ratings-process/Ratings-Definitions/002002>
- <http://www.standardandpoors.com/ratings/definitions-and-faqs/en/us>
- https://www.fitchratings.com/web_content/ratings/fitch_ratings_definitions_and_scales.pdf

Credit Ratings

As of June 30, 2016	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aaa	AAA	AAA
Certificates of Participation San Diego County Capital Asset Leasing Corporation (SANCAL)	Aa2	AA+	AA+
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	Aa2	AA+	AA+
Lease Revenue Refunding Bonds SDRBA (County Operations Center) Series 2016A	Aa2	AA+	AA+
Refunding Lease Revenue Bonds SDRBA San Miguel	A2	AA+	not rated
Pension Obligation Bonds	Aa2	AA+	AA+
Tobacco Settlement Asset-Backed Bonds -Series 2006A1 (Senior)	Ba3	BBB	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A2 (Senior)	B2	BB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A3 (Senior)	B2	B+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	CCC+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	CCC	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	CCC	not rated
San Diego County Redevelopment Agency Bonds	not rated	not rated	not rated

Source: 2016 CAFR Management's Discussion and Analysis Table 3



Inventory of Parcels and Assessed Valuations

The County Assessor prepares the local roll which includes the values of real & personal property located throughout the County. The first step in the assessment process is to locate and identify all parcels of property. This is done through the use of assessor’s parcel maps. There are 986,858 mapped taxable parcels of land, showing the assessor’s parcel numbers, recorded dimensions, acreage, street widths, parcel and lot boundaries, adjoining parcels and recorded map information. The information found on these maps is obtained from government maps, recorded maps, subdivision maps, record of surveys and road surveys. The table below shows the inventory of parcels and assessed valuations for fiscal year 2015-2016. For more information regarding maps and how to obtain a copy, visit <https://arcc.sdcounty.ca.gov/Pages/maps-about.aspx>.

Key Terms

Assessment Parcel: An area of land in one ownership and one general use that in the opinion of the Assessor should be included under one description for assessment purposes after consideration of all legal factors.

Assessed Value: One hundred percent of full value for the 1981/82 fiscal year and the following fiscal years. Prior to fiscal year 1981/82, the assessed value was 25% of the full value.

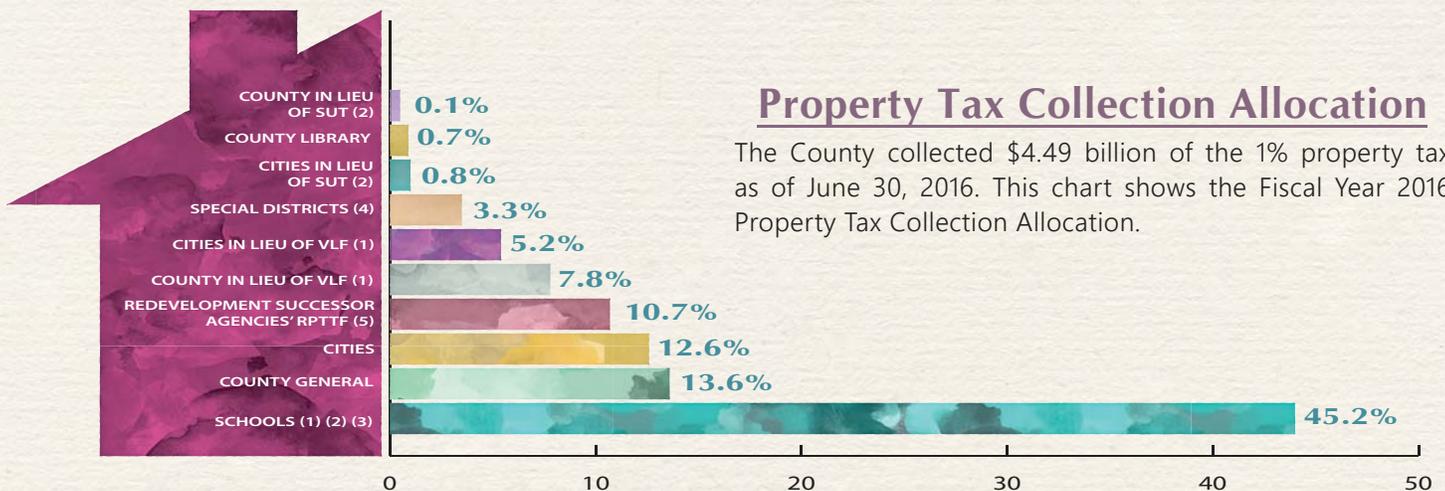
Assessor’s maps: The foundation of the assessor’s record system that provide the legal description for the assessment of all parcels of real property for taxation.

Current Roll: The roll containing the property on which current taxes are a lien. “Roll” means the entire assessment roll.

Sources: County of San Diego Property Valuations, Tax Rates, Useful Information for Taxpayers Fiscal Year ending June 30, 2016, Table 23 & Glossary; California State Board of Equalization Assessors’ Handbook Section 215

Real Property	Total Taxable Parcels	Assessed Valuations
Residential	919,200	\$ 334,964,373,413
Industrial	11,345	23,541,399,429
Commercial	27,001	66,603,645,295
Irrigated Farm	3,429	1,161,109,050
Rural Land (Non-irrigated)	8,831	1,575,532,695
Institutional	2,215	7,752,049,496
Recreational	14,369	2,813,424,681
Miscellaneous	468	36,389,562
Total Taxable Parcels	986,858	\$ 438,447,923,621

Note: Data represents total assessed values of real property only, without exemptions.



Property Tax Collection Allocation

The County collected \$4.49 billion of the 1% property tax as of June 30, 2016. This chart shows the Fiscal Year 2016 Property Tax Collection Allocation.

1. Represents the exchange of Property Tax for Cities and County Vehicle License Fee as authorized under Senate Bill 1096, chaptered August 5, 2004.
2. Represents the exchange of Property Tax for Cities and County Sales and Use Tax as authorized under Assembly Bill 1766, chaptered August 2, 2003. Does not include State reimbursement (Triple Flip Closeout) paid to the County and cities on July 15, 2016.
3. The collection allocated to Educational Revenue Augmentation Fund (ERAF) was used to pay the in lieu of vehicle license fee (VLF) and in lieu of sales and use tax (SUT) to County and Cities.
4. Includes districts under the Board of Supervisors.
5. The redevelopment agencies were dissolved in Fiscal Year 2011-12 (ABx1 26). Their share of property taxes were deposited to the redevelopment successor agencies' Redevelopment Property Tax Trust Fund (RPTTF).

Sources: 2016 CAFR Statistical Table 8; Details of the Property Tax Collection Allocation were provided by the County Auditor and Controller's Property Tax Services Division

2016 ACHIEVEMENTS OF NOTE

By the Numbers

Health and Human Services Agency: Delivered age-appropriate vaccines to 100% (14,557) of children 0–18 years of age who were served at regional Public Health Centers and clinics thereby protecting them from diseases such as measles and whooping cough.

Treasurer-Tax Collector: Continued to educate employees on the Deferred Compensation Plan by presenting two Investment and Retirement Symposiums.

Sheriff: Conducted 15,581 field interviews, to collect information to emphasize information-led policing (ILP) and increased community knowledge in law enforcement efforts, exceeding the goal of 13,000.

Animal Services: Ensured that 84.9% of 20,333 sheltered dogs and cats were reunited with their owner or adopted into a new home.

Agriculture, Weights and Measures: Ensured consumer confidence by completing 100% of approximately 30,000 annual inspections for fuel meters, taxi meters, water dispensers, computing scales and counter scales.

Serving the Public

Assessor/Recorder/County Clerk: In order to provide the public with a variety of online forms for submittal and related services, the Home Owners Exemption form was digitized and the process automated. This has provided a more efficient and effective level of customer service by leveraging the latest technology in online form processing and electronic signature technology.

Health and Human Services Agency: Developed a plan to enhance Access Customer Service Call Center self-service call features and web page to improve the customer service experience for San Diego County residents.

District Attorney: Opened the District Attorney's Community Action Resource Center (CARE) in National City to provide law enforcement services and education, and to solicit community input on law enforcement initiatives.

Registrar of Voters: Expanded partnerships with organizations that work with persons with Limited English Proficiency (LEP) in order to recruit bilingual poll workers.

Planning and Development Services (PDS): Expanded online permitting services to include an online document library, which provides direct online public access to select PDS documents.

Operational Excellence

Health and Human Services Agency: Received voluntary recognition from the national Public Health Accreditation Board (PHAB) demonstrating the County's excellence across the full array of public health functions set forth in the 10 Essential Public Health Services.

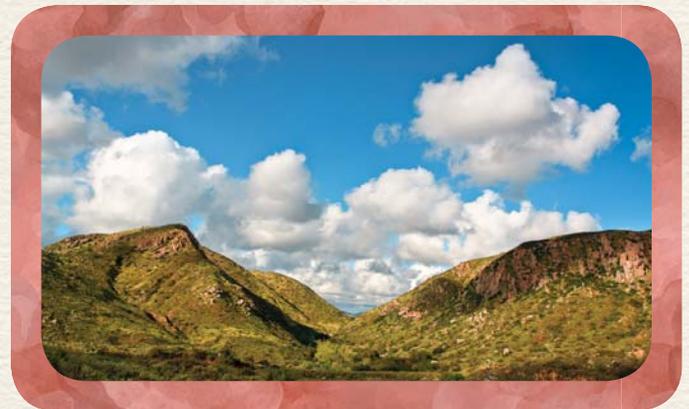
Emergency Services: Emergency Services received a National Association of Counties (NACo) award for employing a Disaster Preparedness Curriculum, "Be Aware! Be Prepared! Exploring Natural Disasters through Research", to foster a culture of self-sufficiency and disaster readiness for San Diego County fourth grade students.

Department of Purchasing and Contracting (DPC): DPC earned the 2015 Achievement of Excellence in Procurement Award from the National Procurement Institute (NPI) for the 15th consecutive year. The award recognizes organizational excellence in procurement.

Department of Parks and Recreation (DPR): Earned three 2016 American In-House Design Awards from Graphic Design USA magazine for DPR's Strategic Plan, their first ever DPR Calendar and their new and improved Program and Activity Guides.

County Communications Office (CCO): The CCO was honored by the National Association of Telecommunications Officers and Advisors (NATOA). The County took first place in the social media category as well as the public health category for a video about the fourth year of the *Live Well San Diego* initiative. The CCO was also honored in five other categories, including Overall Excellence.

[Note: Other Awards and Recognitions are listed in the 2016 CAFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2016-17 & 2017-18.](#)





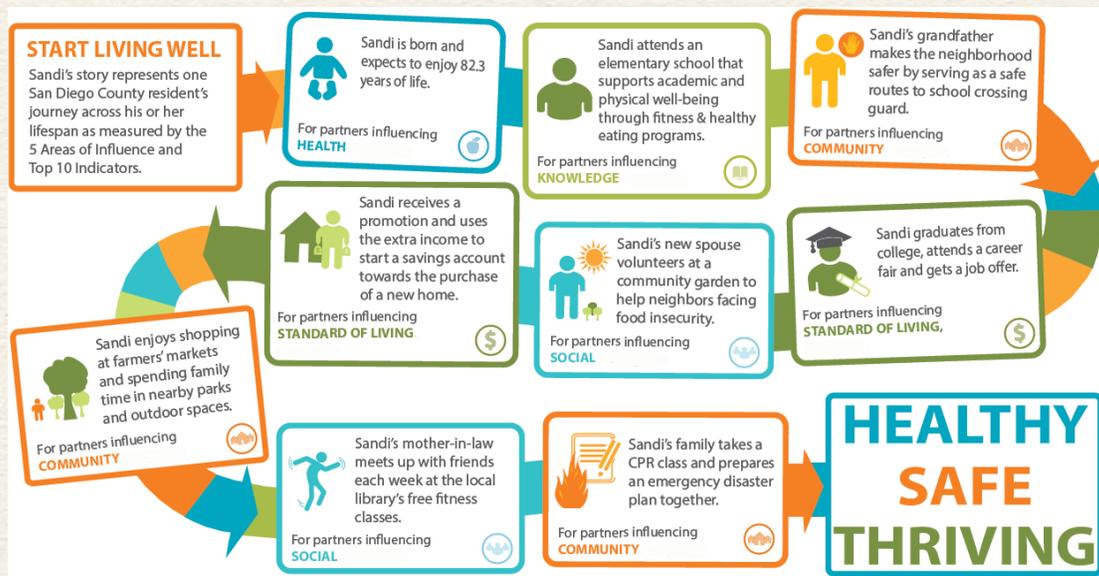
The San Diego County Board of Supervisors adopted *Live Well San Diego* as a regional initiative in 2010. The Building Better Health component of the initiative was adopted in 2010, and is focused on improving the health of residents and supporting healthy choices. Living Safely was adopted in 2012, and is aimed at protecting residents from crime and abuse, making neighborhoods safe, and supporting resilient communities. Thriving was adopted in 2014, and is designed to give people a chance to grow, connect and enjoy the highest quality of life through the natural and built environment, enrichment activities, and civic engagement, education and economic prosperity.

Live Well San Diego has evolved from a 10-year strategy to become the County's vision – a County vision that has since enveloped the region. The County accomplished this by recognizing it would need the collective strength of other community leaders to realize our goal. Now, more than 200 partners are working on *Live Well San Diego*. They reflect every sector of our community – city government, business and schools to faith-based and community-based organizations – and they have all committed to the regional *Live Well San Diego* vision. Partners collaborate regularly and represent the full range of the region's diverse stakeholders and their respective interests, needs and strengths. They are influential,

innovative, forward thinking and measuring progress towards results. In pursuit of healthy, safe and thriving communities, each partner contributes in unique ways to advance the shared vision and is guided by the framework of each of the three *Live Well San Diego* components - Building Better Health, Living Safely, and Thriving.

"Healthy, Safe and Thriving Communities"

The County of San Diego has identified the *Live Well San Diego* Indicators as a shared measurement system for the County departments and community partners to track the progress of collective efforts. These indicators - Life Expectancy, Quality of Life, Education, Unemployment Rate, Income, Security, Physical Environment, Built Environment, Vulnerable Populations and Community Involvement - are part of a framework known as "10-5-1" meaning the Top 10 Indicators span five Areas of Influence - Health, Knowledge, Standard of Living, Community, and Social - that track progress toward one vision of a region that is Building Better Health, Living and Thriving. To learn more about *Live Well San Diego* and making an impact, visit <http://www.livewellsd.org>



Sources: <http://www.livewellsd.org>; San Diego County Annual Report

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