

County of San Diego, California

Popular Annual Financial Report / Fiscal year ended June 30, 2017



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



Citizens of San Diego County:

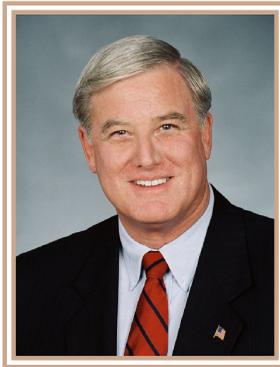
Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2017 was prepared by the Auditor and Controller's office to provide readers of interest an easy to understand summary of our financial activities. The data from this report was taken from our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. 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.

Board of Supervisors



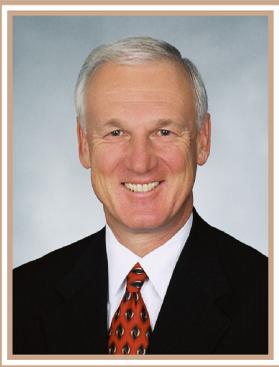
Greg Cox
District 1



Dianne Jacob
District 2
Chair



Kristin Gaspar
District 3
Vice Chair



Ron Roberts
District 4



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.

Statistics

4.3%
UNEMPLOYMENT RATE

505,310
SCHOOL ENROLLMENT

\$5.36 BILLION
ADOPTED ANNUAL BUDGET

\$57,930
PERSONAL INCOME PER CAPITA

Sources: 2017 CAFR
Statistical Table 13 and
Adopted Operational Plan
Fiscal Years 2016-17 &
2017-18

San Diego County Population

113,725	CARLSBAD	61,210	NATIONAL CITY
267,917	CHULA VISTA	176,461	OCEANSIDE
24,543	CORONADO	50,253	POWAY
4,297	DEL MAR	1,406,318	SAN DIEGO
102,803	EL CAJON	94,042	SAN MARCOS
62,288	ENCINITAS	57,100	SANTEE
151,492	ESCONDIDO	13,527	SOLANA BEACH
27,510	IMPERIAL BEACH	101,797	VISTA
60,286	LA MESA	513,828	UNINCORPORATED
26,795	LEMON GROVE	3,316,192	TOTAL

Source: California Department of Finance as reported on January 1, 2017.



County Economy and Outlook

Overall, San Diego's economic outlook continues to be moderately positive with growth anticipated in 2017, albeit at a slower pace than 2016. The regional gross domestic product is expected to lag in 2017, with the region trailing the State and nation in inflation adjusted growth of only 1.2 percent, according to Kelly Cunningham, economist for the National University System Institute for Policy Research.

The state of the economy impacts the ability of the County to provide the services that residents rely upon. Changing economic conditions impact the County's revenue and workload, along with the strategies used to manage the public's resources.

The real estate market impacts the County's general purpose revenue (GPR). Actual GPR increased in Fiscal Year 2016-17 from Fiscal Year 2015-16. 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: 2017 CAFR Letter of Transmittal

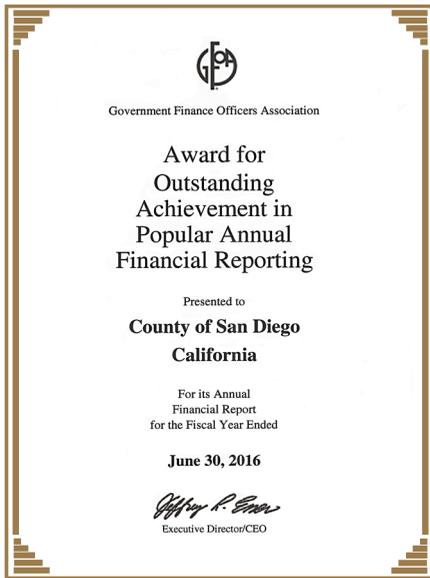


Employment Mix ⁽¹⁾

	251,500
GOVERNMENT ⁽²⁾	
	235,300
PROFESSIONAL & BUSINESS SERVICES	
	218,500
TRADE, TRANSPORTATION & UTILITIES	
	202,000
EDUCATIONAL & HEALTH SERVICES	
	195,800
LEISURE & HOSPITALITY	
	107,800
MANUFACTURING	
	75,300
FINANCIAL ACTIVITIES	
	80,800
CONSTRUCTION	
	58,600
OTHER SERVICES	
	23,500
INFORMATION TECHNOLOGY	
	9,500
FARMING	
	300
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 2017-18 & 2018-19



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, 2016. 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 to determine its eligibility for another Award.

Other Awards and Recognitions

During fiscal year 2017, the County received awards for its leadership and excellence in operations, including 56 awards from the National Association of Counties. Examples include:

Human Resources: Diversity & Inclusion Marketing and Branding. Developed the marketing plan for the Diversity & Inclusion Strategic Plan.

Health and Human Services Agency – Housing and Community Development Services (HCDS): Homelessness: Let’s Talk About It. County employees can and often are the first line of intervention for the homeless. HCDS developed a robust training program to provide frontline staff with tools and techniques to improve engagement and interactions with people experiencing homelessness and connect them with community resources.

Registrar of Voters/County Library: Mail Ballot Drop-Off Partnership. The County Library, in partnership with the Registrar of Voters, hosted 13 convenient mail-ballot drop-off locations and 20 polling sites for the General Election at various library branches from October 31st to November 8th; providing opportunities to encourage civic engagement and access, while increasing foot traffic across participating branches.

Public Works: Multi-Year Road Resurfacing Program. Public Works solicited input from all 26 Community Planning Groups to assist in identifying road resurfacing needs. Each group provided the County a list of priority roads based on community input. Staff incorporated pavement management software information and field staff recommendations to determine the final list of roads to be treated and placed the information on the County’s webpage with an interactive GIS layer the public could use.

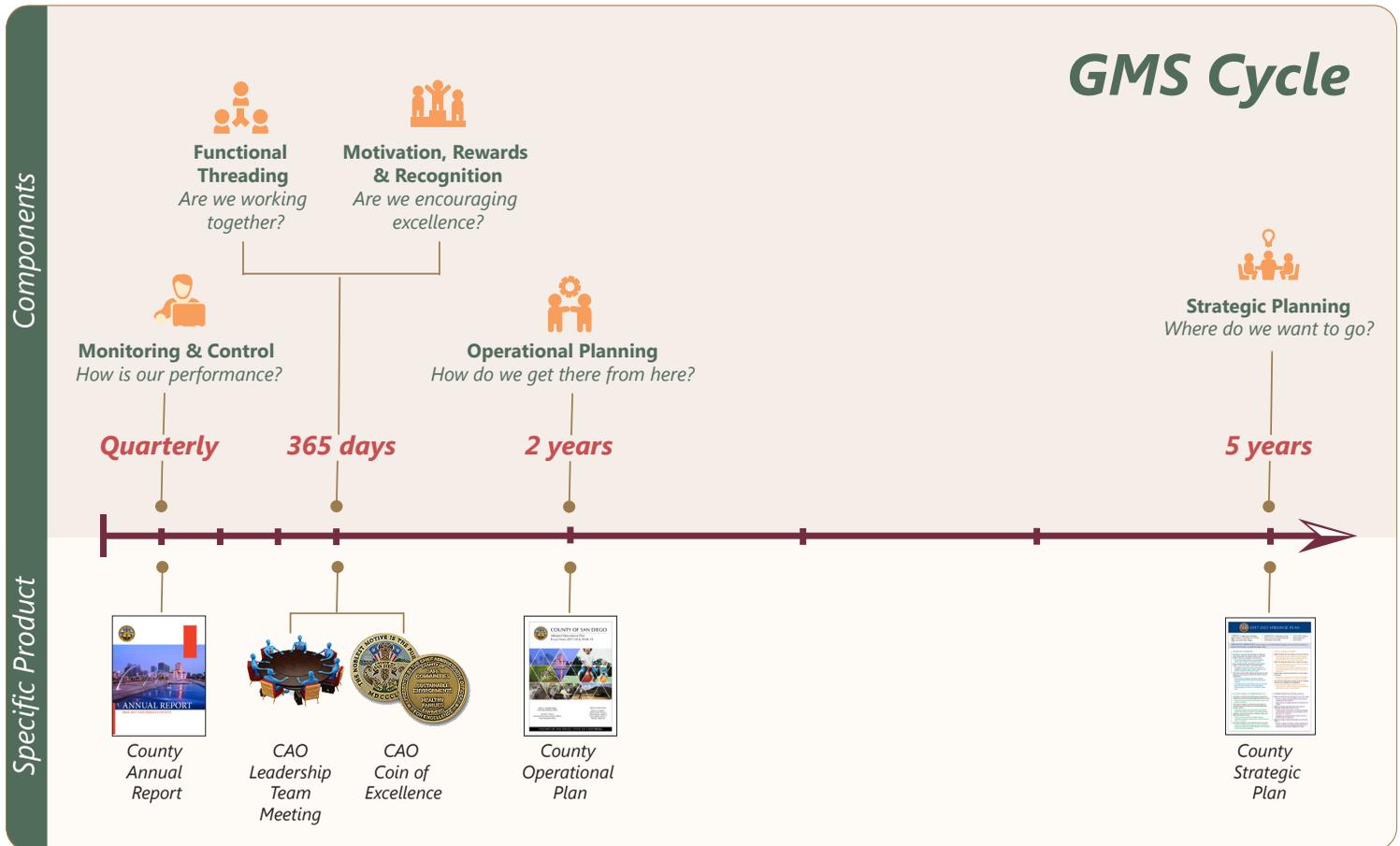
Office of Emergency Services: Spanish Public Information to Bridge a Crisis Communication Gap. This project developed Spanish versions of the Emergency Portal which includes ReadySanDiego.org, SDCountyEmergency.com, and SDCountyRecovery.com. Spanish versions of the SD Emergency mobile phone app and social media sites were also included.

Note: Other Awards and Recognitions are listed in the 2017 CAFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2017-18 & 2018-19.



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. Each of the five components of the GMS form an annual cycle. Certain components take place at specific times, while others are performed year-round.



County Strategic Initiatives

Strategic Planning communicates the County’s strategic direction for the next five years. The Strategic Plan explains the County’s four Strategic Initiatives, in addition to its vision, mission and values. The four Strategic Initiatives focus on how we achieve the County’s vision of a region that is Building Better Health, Living Safely and Thriving.



Source: County of San Diego GMS Manual

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 \$2.82 billion at the close of fiscal year 2017, a decrease of \$54.6 million or 2% over fiscal year 2016. This included a \$12.4 million increase in net investment in capital assets, (a .4% increase over fiscal year 2016), and a decrease of approximately \$8.1 million in the County's restricted net position (a 1.3% decrease over fiscal year 2016). Additionally, unrestricted net position decreased by \$58.9 million, (a 5.8% decrease over fiscal year 2016).

The largest portion of the County's net position reflects its net investment of \$3.3 billion in capital assets, net of related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

The County's restricted net position equaled \$597 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 \$(1.08) billion in negative unrestricted net position; primarily the result of implementing Governmental Accounting Standards Board (GASB) Statement No. 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, 2017 and 2016 (In thousands)

	Total Primary Government	
	2017	2016
Assets		
Current and other assets	\$ 4,001,402	3,831,875
Capital assets	3,600,555	3,606,993
Total assets	7,601,957	7,438,868
Deferred Outflows of Resources		
Total deferred outflows of resources	1,814,216	739,305
Liabilities		
Long-term liabilities	5,848,126	4,491,227
Other liabilities	576,266	600,005
Total liabilities	6,424,392	5,091,232
Deferred Inflows of Resources		
Total deferred inflows of resources	171,144	211,733
Net Position		
Net investment in capital assets	3,304,473	3,292,086
Restricted	596,862	604,917
Unrestricted	(1,080,698)	(1,021,795)
Total net position	\$ 2,820,637	2,875,208

Source: 2017 CAFR Management's Discussion and Analysis Table 1

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.

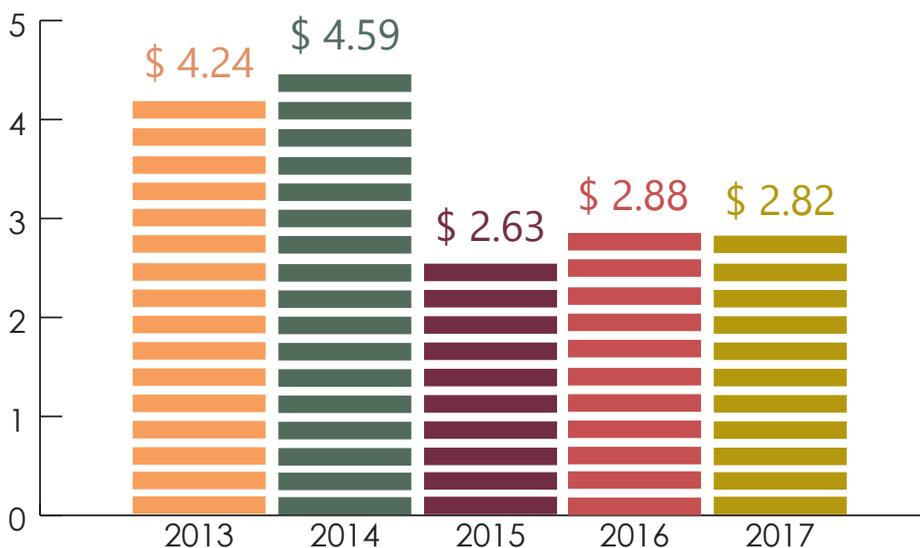
Other liabilities: Includes such items as payables, payroll, accrued interest and unearned revenue.

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.

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



The 2017 CAFR is available at: www.sdcounty.ca.gov/auditor/cafr.html

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 2016 and 2017 are attributable in part to: increases in revenue consisting of \$59 million, (\$40 million in secured property taxes and \$19 million in property taxes in lieu of vehicle license fees),

both attributable to the county-wide growth in assessed valuation, \$51.9 million in various State aid realignment, \$8.1 million in foster care, non-assisted food stamps and aid to families with dependent children related administrative revenues, due to an increase in allocations; \$8 million in state aid community corrections related to Assembly Bill 109; \$7 million in MediCal revenue associated with the increased spending due to Affordable Care Act implementation and an increase in allocation; offset by a decrease of \$165.4 million in federal aid associated with the transfer of collective bargaining responsibilities to the State for In-Home Supportive Services (IHSS) providers as part of the Coordinated Care Initiative. There is no impact to services resulting from this change.

Notable changes in expenses between fiscal years 2016 and 2017 include a \$325 million net increase in pension related expenses; an \$81 million increase in overall salaries and benefit costs; a \$31 million increase in repairs and maintenance; and, an \$11 million increase in tenant assistance payments; offset by a \$213 million net decrease in contracted services.



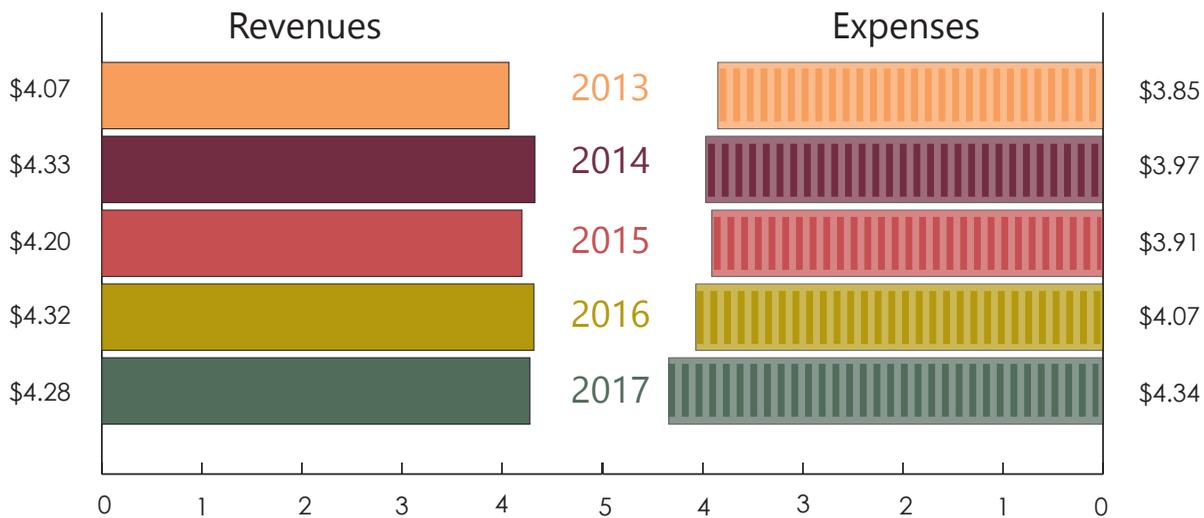
**For the Years Ended
June 30, 2017 and 2016
(In thousands)**

	Total Primary Government	
	2017	2016 (1)
Revenues:		
Program revenues		
Charges for services	\$ 598,086	551,632
Operating grants and contributions	2,413,181	2,547,262
Capital grants and contributions	16,296	12,947
General revenues		
Property taxes	720,645	680,434
Transient occupancy tax	4,889	4,128
Real property transfer tax	23,960	24,589
Miscellaneous taxes	10	38
Property taxes in lieu of vehicle license fees	371,105	351,524
Sales and use taxes	27,779	28,898
Investment earnings	15,838	19,440
Other	90,754	95,208
Total revenues	4,282,543	4,316,100
Expenses:		
Governmental Activities:		
General government	637,532	541,255
Public protection	1,455,462	1,216,828
Public ways and facilities	140,366	122,212
Health and sanitation	723,508	629,536
Public assistance	1,179,180	1,364,444
Education	38,477	33,608
Recreation and cultural	37,727	32,569
Interest	79,152	81,665
Business-type Activities:		
Airport	14,518	14,439
Jail stores commissary	6,007	5,362
Sanitation District	25,185	28,693
Total expenses	4,337,114	4,070,611
Change in net position	(54,571)	245,489
Net position at beginning of year	2,875,208	2,629,719
Net position at end of year	\$ 2,820,637	2,875,208

(1) Certain 2016 balances were recast for comparability purposes to conform to the 2017 change in the process used to determine the elimination of the effect of internal service fund activity.

Source: 2017 CAFR Management's Discussion and Analysis Table 2

County Revenues & Expenses
Fiscal Years 2013-2017
(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 Agency, Housing Authority, Probation and In Home Supportive Services Public Authority.

Education: Services provided by departments such as the County Library.

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

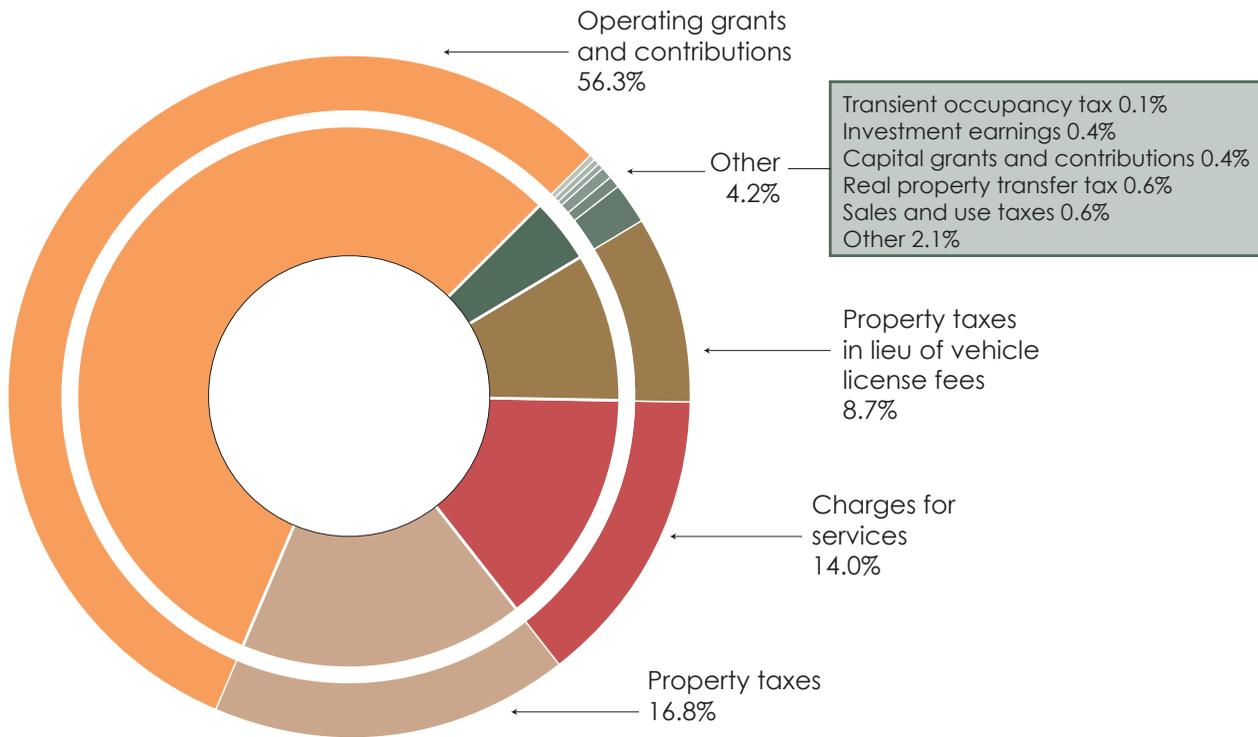
Interest: Expenses associated with County debt.

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.

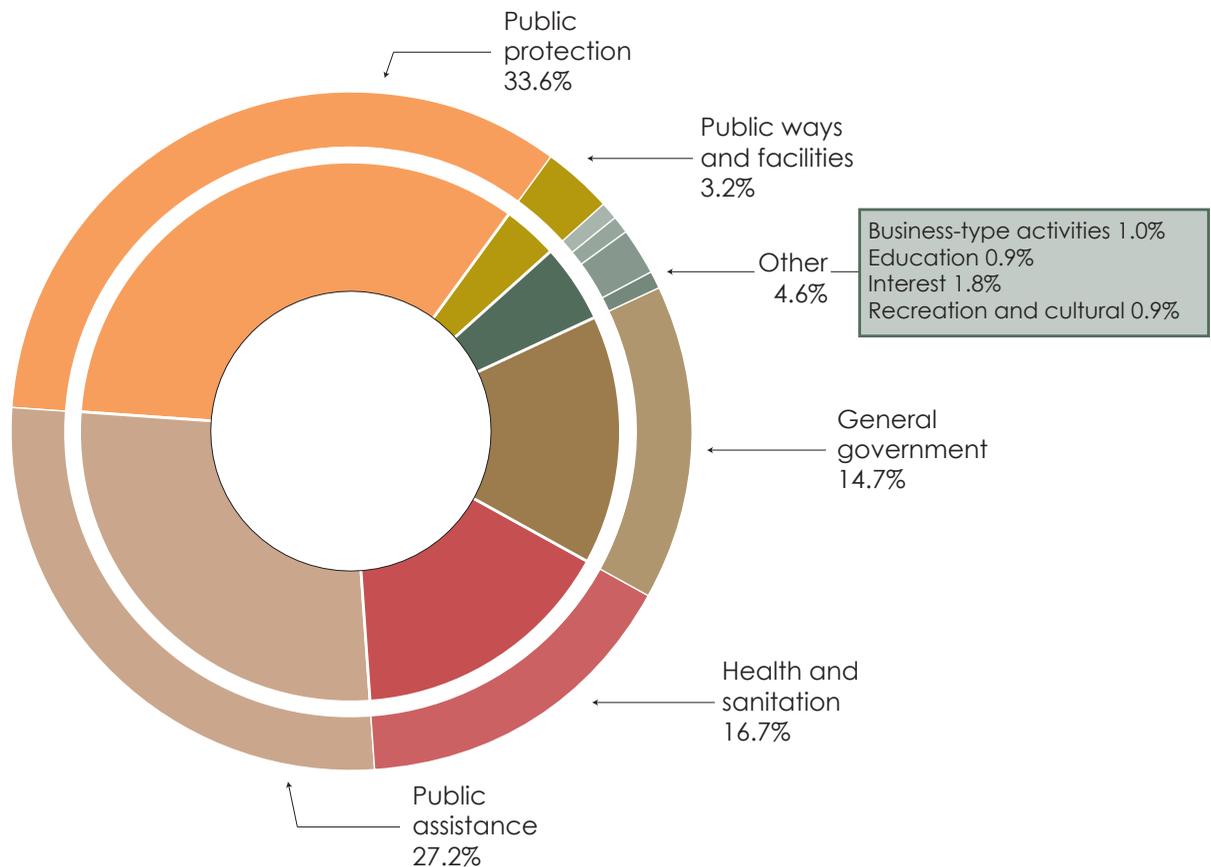
Jail stores commissary: Expenses related to the financing of a Sheriff's commissary store allowing persons incarcerated at various County detention facilities to purchase a variety of goods, including food, snacks, stationery, personal care items and telephone time.

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

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.

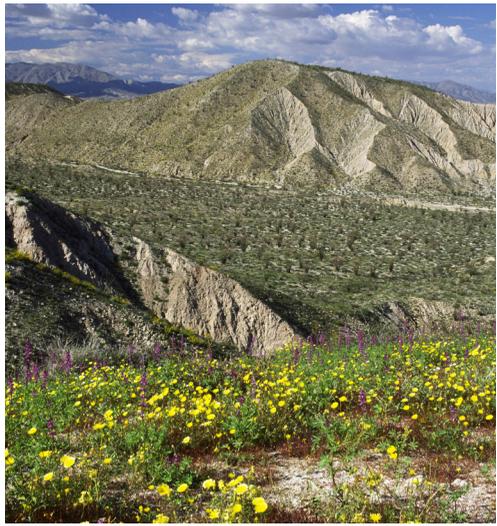
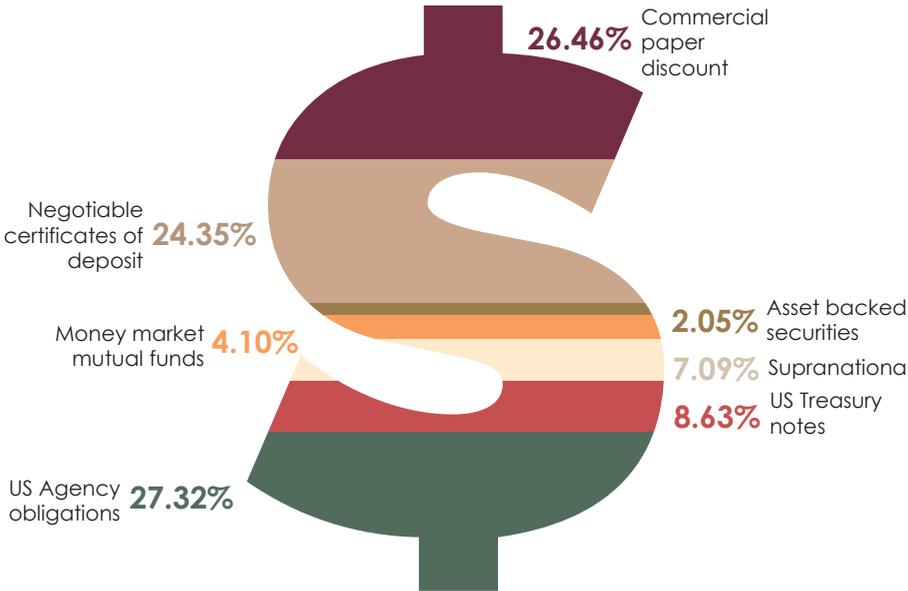


Pooled Investments (In thousands)		
Investment	Fair Value	Fitch Rating
US Agency obligations	\$ 2,433,324	A-/AAA
US Treasury notes	768,213	AAA
Supranational	631,434	AAA
Commercial paper discount	2,355,747	A/A+/AA-
Money market mutual funds	365,300	AAA
Negotiable certificates of deposit	2,168,500	A/A+/A-/AA-
Asset backed securities	182,056	AAA
Total investments	\$ 8,904,574	

Note: Data presented in this chart excludes investments with fiscal agents.
Source: 2017 CAFR Notes to the Financial Statements Table 7

Credit ratings are forward-looking opinions about credit risk. This year the County Pool (the "Pool") remained rated AA Af/S1 by Fitch. The 'AA Af' 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 Pool's Investment Policy and California State Law set minimum credit ratings for each type of investment held by the Pool. The Pool invests in highly rated securities rated at least "A/F1" by Fitch Ratings.





Capital Assets

The chart below depicts the outstanding capital assets, net of depreciation/amortization, as of June 30, 2017 for both Business-type and Governmental funds.

At June 30, 2017, the County's capital assets, net of depreciation/amortization totaled \$3.6 billion. Capital assets are used to provide services to county residents. Some of the significant capital asset activity in fiscal year 2017 was as follows:

\$30 million towards construction and improvements of County maintained roads, bridges, and other road related infrastructure.

\$25.3 million towards construction of a crime lab.

\$22.9 million towards acquisition of equipment.

\$17.2 million towards development of various software applications.

\$10.1 million towards improvements of various capital projects.

\$7.9 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).

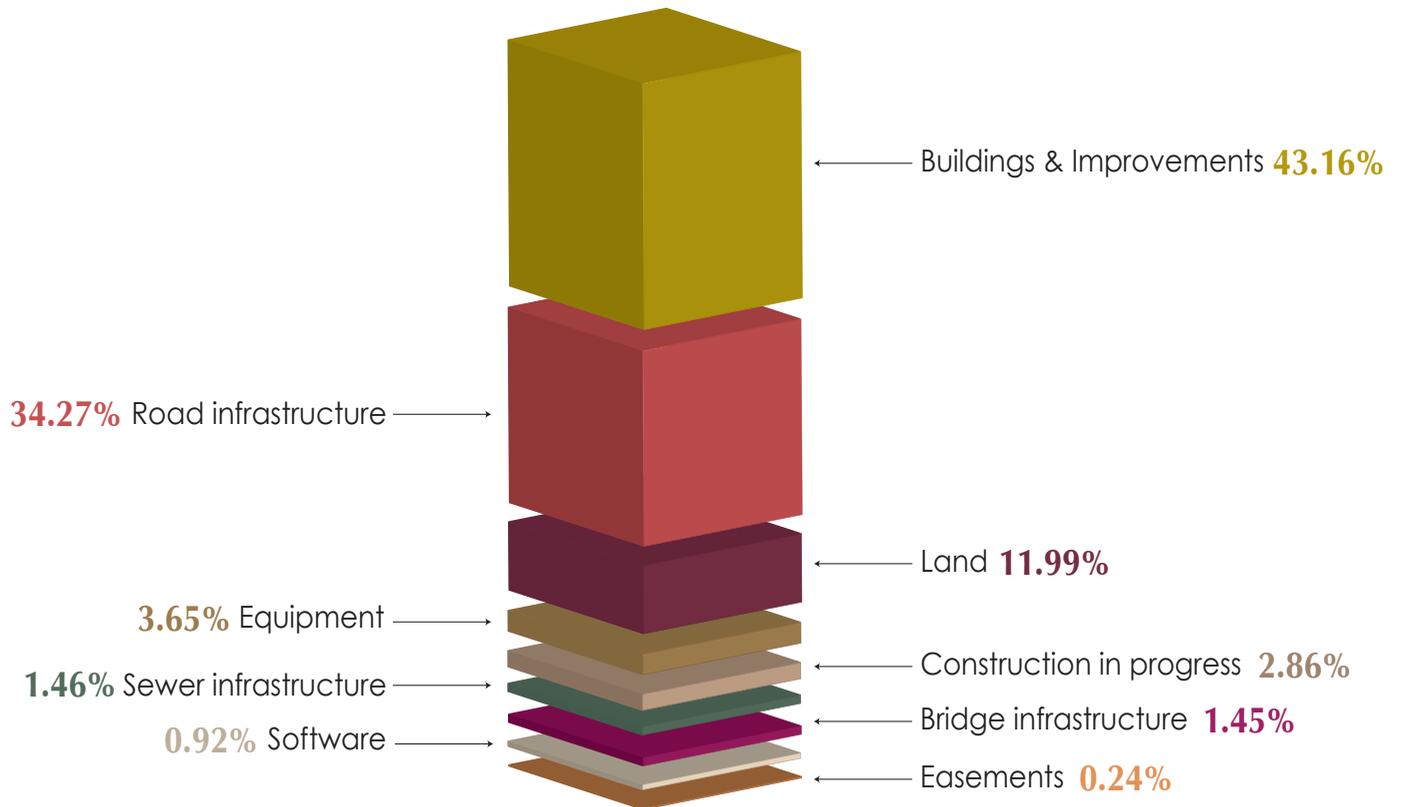
\$6.8 million in infrastructure donated by developers.

\$5 million in structures from donation.

\$5.4 million towards construction of the Gillespie Field Cajon Air Center.

\$1.5 million towards sewer improvements at Flinn Springs.

\$1.4 million towards sewer improvements at Industry Road.



Long-Term Liabilities

At June 30, 2017 the County's long-term liabilities totaled \$1.855 billion: \$1.464 billion in long-term debt principal of certificates of participation, bonds and loans; and \$391 million of other long-term liabilities including capital leases, claims and judgments, compensated absences, landfill postclosure, pollution remediation, and unamortized premiums and discounts.

Loans

Loans provide funds for the construction of low income housing; for various projects in County facilities to increase energy efficiency; for the purchase of one acre of property located in the Borrego Springs area to support the County's Regional Communications System (RCS); and for lighting improvements at various facilities.

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).

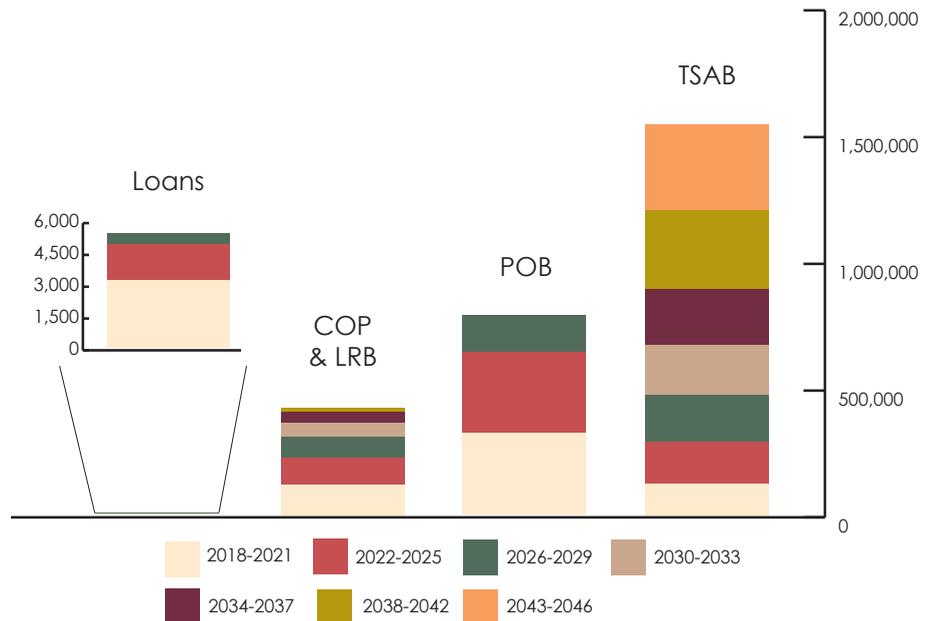
Taxable Pension Obligation Bonds (POB)

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. 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.

County Debt Service Requirements to Maturity (In thousands)



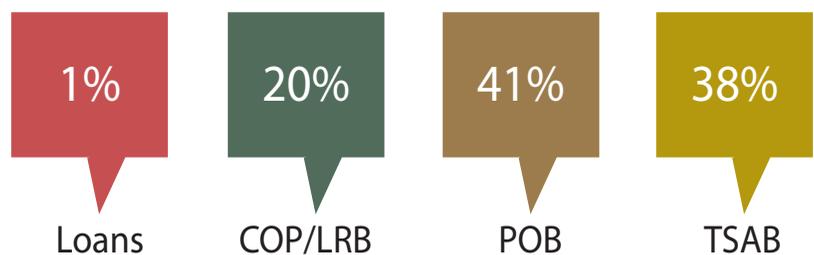
Note: This chart includes debt principal, unaccrued appreciation and interest.

County Board of Supervisors Policy Manual, Section B, Policy B-65, "Long-Term Obligations and Financial Management Policy" (<http://www.sandiegocounty.gov/content/sdc/cob/policy.html>), provides guidance on the County's long-term financial strategy and obligations. Examples of management practices and other information about long-term obligations found in the policy include the following:

The County shall:

- ▣ Invest general purpose revenue savings generated by maturing long-term obligations and/or refinancings to accelerate payment of outstanding long-term obligations and/or to avoid the issuance of new long-term obligations by cash financing of capital projects;
- ▣ Continually review outstanding obligations and aggressively initiate refinancings when economically feasible and advantageous; and,
- ▣ Never use long-term financial obligations to finance current operations or recurring needs.

County Principal Debt Outstanding



Note: This chart includes debt principal only.

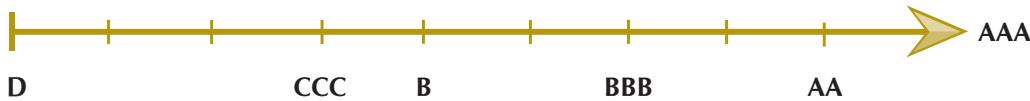
KEY FINANCIAL DATA

Credit Rating Scale

Moody's



Standard & Poor's



Fitch



Note: S&P and Fitch use a plus (+) or minus (-) to show relative standing within its major rating categories. Moody's appends 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:

https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004

https://www.spratings.com/documents/20184/760102/SPRS_Understanding-Ratings_GRE.pdf/298e606f-ce5b-4ece-9076-66810cd9b6aa

<https://www.fitchratings.com/site/definitions>

Credit Ratings			
As of June 30, 2017	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aaa	AAA	AAA
Certificates of Participation San Diego County Capital Asset Leasing Corporation (SANCAL)	Aa1	AA+	AA+
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	Aa1	AA+	AA+
Lease Revenue Refunding Bonds SDRBA (County Operations Center) Series 2016A	Aa1	AA+	AA+
Refunding Lease Revenue Bonds SDRBA San Miguel	A1	AA+	not rated
Pension Obligation Bonds	Aa2	AA+	AA+
Tobacco Settlement Asset-Backed Bonds - Series 2006A1 (Senior)	Baa1	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: 2017 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 989,089 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 2016-2017. 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.

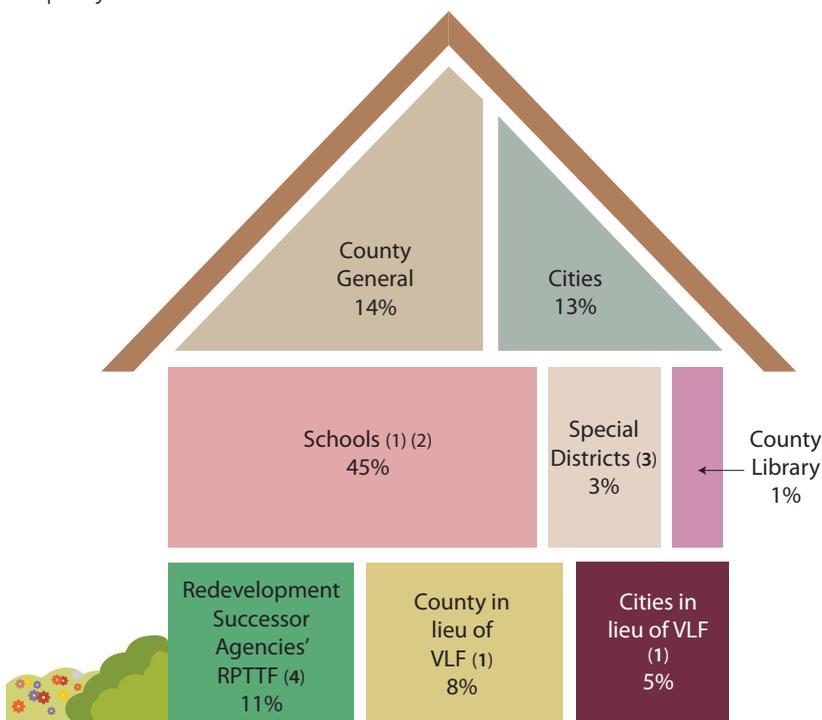
Sources: County of San Diego Property Valuations, Tax Rates, Useful Information for Taxpayers Fiscal Year ending June 30, 2017, Table 23 & Glossary; California State Board of Equalization Assessors’ Handbook Section 215

Inventory of Parcels and Assessed Valuations Fiscal Year 2016-2017		
Real Property	Total Taxable Parcels	Assessed Valuations
Residential	921,422	\$ 353,382,436,249
Industrial	11,313	24,792,977,223
Commercial	27,071	70,799,140,673
Irrigated Farm	3,369	1,203,226,096
Rural Land (Non-irrigated)	8,758	1,538,417,357
Institutional	2,213	8,402,899,174
Recreational	14,468	2,892,165,959
Miscellaneous	475	40,117,844
Total Taxable Parcels	989,089	\$ 463,051,380,575

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

Property Tax Collection Allocation

The County collected \$4.74 billion of the 1% property tax as of June 30, 2017. This chart shows the Fiscal Year 2017 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. The collection allocated to Educational Revenue Augmentation Fund (ERAF) was used to pay the in lieu of vehicle license fee (VLF) to County and Cities.
3. Includes districts under the Board of Supervisors.
4. 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: 2017 CAFR Statistical Table 8; Details of the Property Tax Collection Allocation were provided by the County Auditor and Controller’s Property Tax Services Division

By the Numbers

Assessor/Recorder/County Clerk: Examined and processed 99.9% (396,577 of 396,898) of documents submitted for eRecording within 3 hours of receipt, providing customers a more efficient and secure recording and document return process.

District Attorney: Achieved a 94% (10,965 of 11,690) rate of conviction on felony cases prosecuted, exceeding the goal of 90%.

County Library: Provided relevant adult programs that promoted lifelong learning and civic engagement by serving more than 150,000 participants; exceeding past levels of service by 55,000 program participants.

Health and Human Services Agency: Reviewed 99% (88 of 89) of skilled nursing facilities quarterly through the Long Term Care Ombudsman program to strengthen protections for vulnerable older adults and persons with disabilities.

Environmental Health: Inspected and implemented mosquito control as needed at 100% of coastal water bodies (e.g., lagoons, estuaries and refuges) affected by high tide events within 48 hours.

Serving the Public

Sheriff: Participated in regional prevention outreach to those offenders at risk for homelessness and mental health issues through a number of collaborative partnerships. Several Homeless Outreach Teams (HOT) have been created to specifically address this concern.

Treasurer-Tax Collector: Provided a learning platform and forum to address current government finance issues by facilitating four seminars including Fraud Prevention, Cash Handling, Debt Financing and Investment of Public Funds for local agencies.

Purchasing and Contracting: Continued to improve website for easy access to contracting information and improved transparency.

University of California Cooperative Extension: Developed and implemented a new training program for returning and disabled veterans on agricultural production systems, entrepreneurship and business management using different knowledge transfer strategies.

Health and Human Services Agency: Promoted efforts such as the 2017 *Live Well San Diego* 5K Walk/Run and Resource Fair and other public events and encouraged residents to exercise and enjoy the environment while receiving health and wellness information.

Note: Other Awards and Recognitions are listed in the 2017 CAFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2017-18 & 2018-19.



Operational Excellence

Health and Human Services Agency - Central Region: Received the "Friend of Love Award" from King-Chavez Neighborhood of Schools. The "Friend of Love Award" was given in recognition of the contributions from the Nutrition Education Obesity Prevention Program (NEOP) during the 2016-2017 school year.

Probation: Received a National Association of Counties (NACo) award, "Trauma Responsive Unit Protects Youth in Custody" for creating a 20-bed Trauma Responsive Unit (TRU) in Juvenile Hall to provide evidence-based treatment to youth affected by traumatic experiences.

General Services: Received a NACo award, "Supporting Electric Vehicle Use by the Public, Employees and County Fleet". The County is leading the region with its multi-phase Electric Vehicle (EV) Charging network and vehicle program.

Department of Parks and Recreation (DPR): Earned the "2016 National Recreation and Park Association Kudos Marketing Award" for strategic marketing and new graphic brand identity. This national award is given to one agency that has significantly contributed to the public's increased awareness and recognition of public parks and recreation through a marketing campaign and communications.

Chief Administrative Office: Received a NACo award, "Employee Resource Group Council". The Employee Resource Group Council is a forum for the County's existing and developing employee resource groups (ERGs) to collaborate and communicate. The Council allows ERGs to come together to train and develop County leaders and to ensure that influential groups (the ERGs) align with County initiatives.

ReadySanDiego.org was designed by the San Diego County Office of Emergency Services in conjunction with the Homeland Security Ready.gov national public service advertising campaign. The Ready Campaign is designed to educate and empower Americans to prepare for and respond to emergencies, including natural disasters and potential terrorist attacks.

The ReadySanDiego.org webpage provides County citizens with answers to Frequently Asked Questions received by the San Diego County Office of Emergency Services; latest preparedness news; access to the various disaster preparedness guides and other useful links. The Ready San Diego program is comprised of four components and the Perfect Ten checklist.

HAVE YOU EARNED THE PERFECT TEN?

TAKE THESE IMPORTANT STEPS TO PREPARE YOURSELF AND YOUR FAMILY FOR A DISASTER.

- 1 Register for AlertSanDiego.
- 2 Maintain 100 feet of defensible space around your home.
- 3 Know your hazards.
- 4 Stay informed with official information.
- 5 Have a disaster plan for your family.
- 6 Be ready to evacuate in 15 minutes or less.
- 7 Create an emergency supplies kit.
- 8 Ensure your home insurance policy fully covers your home and contents.
- 9 Download the SD Emergency App.
- 10 Be prepared to evacuate your pets, livestock.

MAKE A PLAN

Families may not be together when a disaster strikes, so it is important to have emergency plans that include: How they will contact one another; how to get back together; and what to do in different situations. ReadySan Diego provides three different guides available for download from their website.

BUILD A KIT

Through its Ready Campaign the Federal Emergency Management Agency educates and empowers families to take some simple steps to prepare for and respond to potential emergencies. Families should have some basic supplies on hand in order to survive for at least three days if an emergency occurs. Example supplies include: water, cash, food, radio, flashlight, first aid kit, whistle, can opener, prescriptions, phone charger, photos, and personal computers.

STAY INFORMED

The County in partnership with Blackboard Connect Inc., has instituted a regional notification system that will be able to send telephone notifications to residents and businesses within the County impacted by an emergency or disaster. Listed and unlisted landline phone numbers are stored in the database. Cell phones, VoIP and email addresses require registration via AlertSanDiego (American Sign Language is also available).

Select Accessible option during registration for ASL.

GET INVOLVED

Programs such as the Community Emergency Response Team (CERT) are designed to help families, neighbors and neighborhoods protect themselves in an emergency situation. CERT is an all-risk, all hazard training. It is designed to be a positive and realistic approach to emergency and disaster situations where citizens may initially be on their own and their actions can make a difference.

EMERGENCIES/DISASTERS THE COUNTY PREPARES FOR....

Visit www.ReadySanDiego.org to learn more and to access the various services described above.



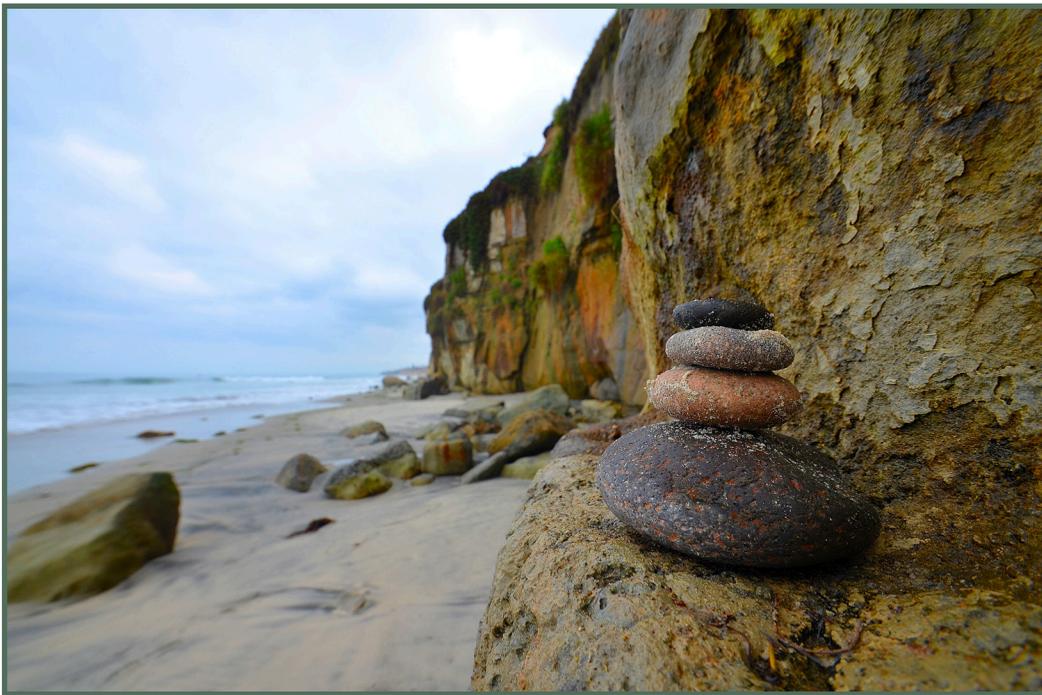
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