

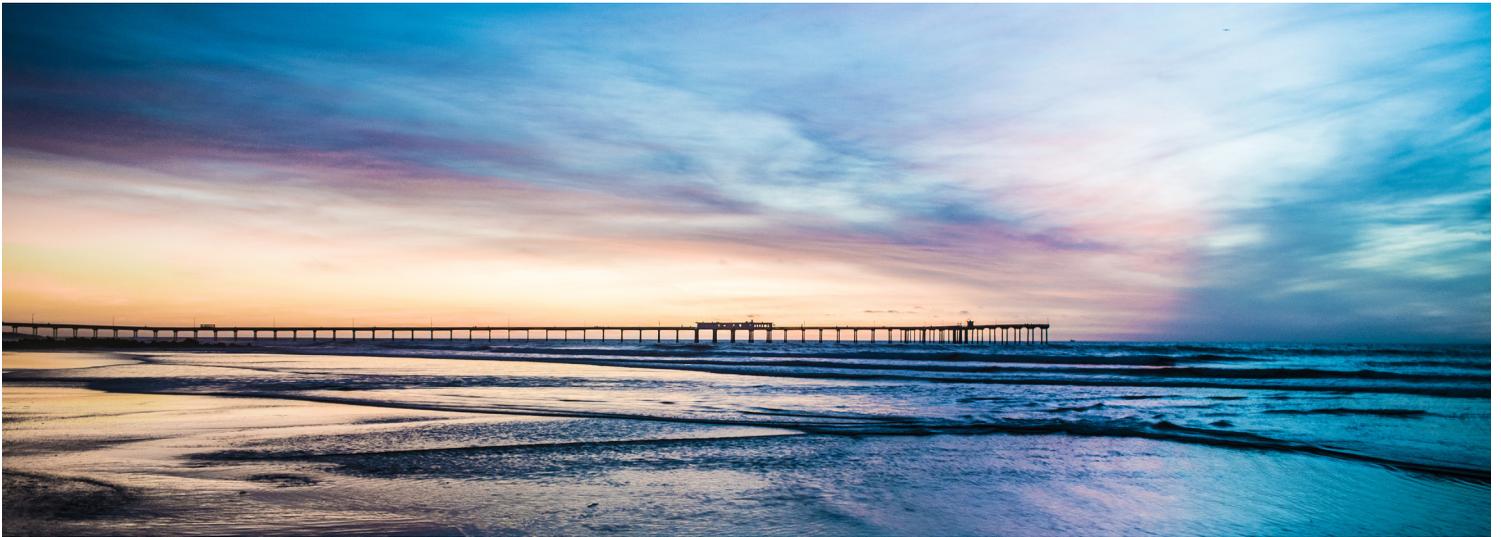
County of San Diego, California

Popular Annual Financial Report

Fiscal year ended June 30, 2018



ABOUT THIS REPORT



Citizens of San Diego County:

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2018 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, 2018. Both reports are available online at www.sdcountry.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.



Donald F. Steuer

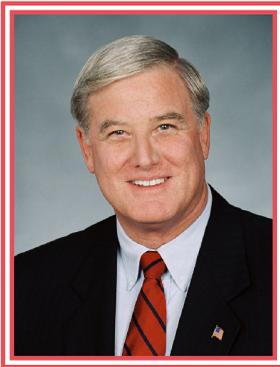
Assistant Chief Administrative Officer/
Chief Operating Officer



Tracy M. Sandoval

Deputy Chief Administrative Officer/
Auditor and Controller

Board of Supervisors



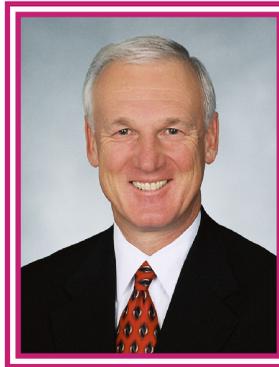
Greg Cox
District 1



Dianne Jacob
District 2
Vice Chair



Kristin Gaspar
District 3
Chair



Ron Roberts
District 4



Bill Horn
District 5

Statistics

3.7%

UNEMPLOYMENT RATE

508,169

SCHOOL ENROLLMENT

\$5.79 Billion

ADOPTED ANNUAL BUDGET

\$58,318

PERSONAL INCOME
PER CAPITA

Sources: 2018 CAFR Statistical Table 13 and Adopted Operational Plan Fiscal Years 2017-18 & 2018-19.

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



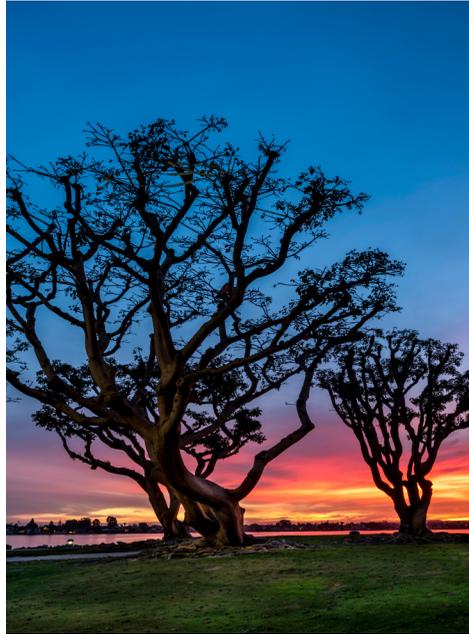
114,622	CARLSBAD	62,257	NATIONAL CITY
267,503	CHULA VISTA	177,362	OCEANSIDE
21,683	CORONADO	50,207	POWAY
4,322	DEL MAR	1,419,845	SAN DIEGO
105,557	EL CAJON	95,768	SAN MARCOS
63,158	ENCINITAS	56,994	SANTEE
151,478	ESCONDIDO	13,938	SOLANA BEACH
28,163	IMPERIAL BEACH	103,381	VISTA
61,261	LA MESA	513,123	UNINCORPORATED
26,834	LEMON GROVE	3,337,456	TOTAL

Source: California Department of Finance as reported on January 1, 2018.

ABOUT SAN DIEGO COUNTY

County Economy and Outlook

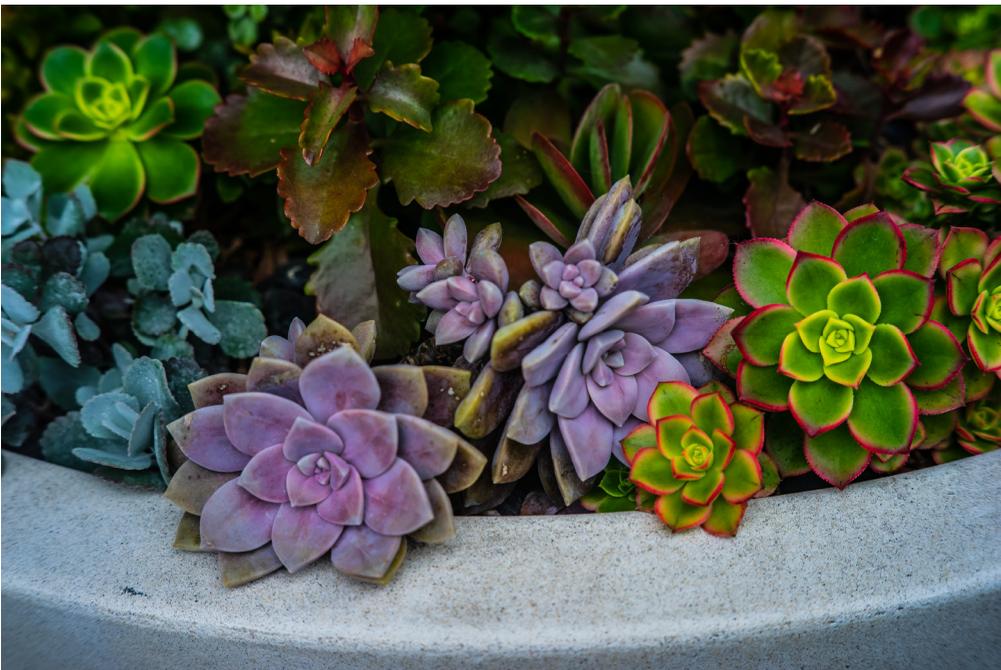
Overall, San Diego's "outlook for the local economy remain[ed] positive for now," according to the University of San Diego (USD) Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County Synopsis from May 2018. Dr. Lynn Reaser, chief economist of Point Loma Nazarene University's Fermanian Business & Economic Institute saw regional gains in a number of areas in the San Diego forecast, including, "The Navy's presence will be increasing here. We will see the benefits of the overall biotech as that field continues to expand. More consumer spending will fuel travel, tourism, and entertainment. Exports will be growing. These tax cuts will basically benefit San Diego as well as the rest of the nation."



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. Some economic indicators suggest that the economy is continuing to improve at a modest pace following recovery from the great recession. A number of risk factors are continuously monitored: employment growth, recovery in the housing market, and the national economy as a whole.

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

Source: 2018 CAFR Letter of Transmittal and Management's Discussion and Analysis.



Employment Mix (1)

252,700

GOVERNMENT (2)

236,400

PROFESSIONAL & BUSINESS SERVICES

228,400

TRADE, TRANSPORTATION & UTILITIES

205,900

EDUCATIONAL & HEALTH SERVICES

194,300

LEISURE & HOSPITALITY

108,300

MANUFACTURING

76,200

FINANCIAL ACTIVITIES

80,000

CONSTRUCTION

59,200

OTHER SERVICES

24,000

INFORMATION TECHNOLOGY

8,100

FARMING

300

MINING & LOGGING

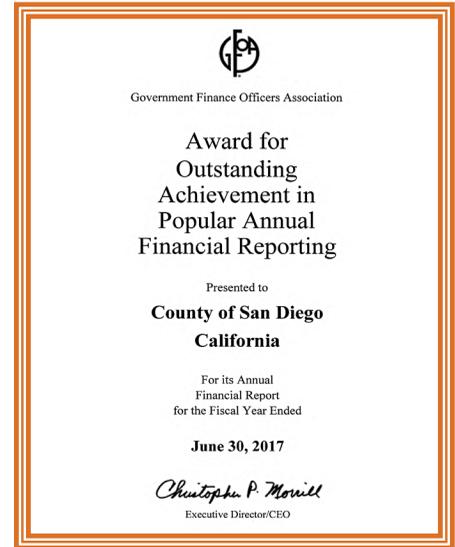
(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.

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

Source: Adopted Operational Plan Fiscal Years 2018-19 & 2019-20.

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, 2017. 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 2018, the County received awards for its leadership and excellence in operations, including 41 awards from the National Association of Counties. Examples include:

Child Support Services: Military and Veteran Liaison and Outreach. Child Support added a liaison to the staff. The role is that of an in-house expert on the familial, legal, financial and career intricacies of the armed forces. The department also partners with a host of veteran-focused organizations to help veterans with child support cases.

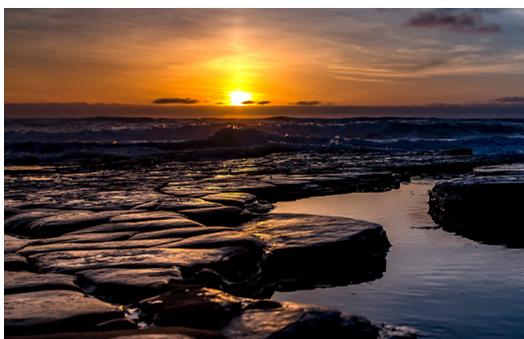
General Services: Energy Leaders of the Future. This project was developed to meet a challenge by the state to bring half of all commercial buildings to “Zero Net Energy” by 2030. The plan defines the County facilities’ current efficiency, where it would be in 2030 if nothing changes but current standards are applied to renovations and new construction, defines the gap between current practices and where we need to be including actions necessary to accomplish the goal.

Human Resources: Diversity & Inclusion Training Series. The training series is offered to all employees and focus on the County’s commitment to valuing diversity and practicing inclusion. The classroom-based trainings are customized to the specific needs and challenges we have as a region.

Parks and Recreation: Gramping. The County hosted an intergenerational camping program for grandparents who serve as primary caregivers for their grandchildren. The program included a series of games, nature walks, education sessions, a tree planting activity, stargazing, stories, a lesson on how to safely build a campfire to roast s’mores and other bonding opportunities.

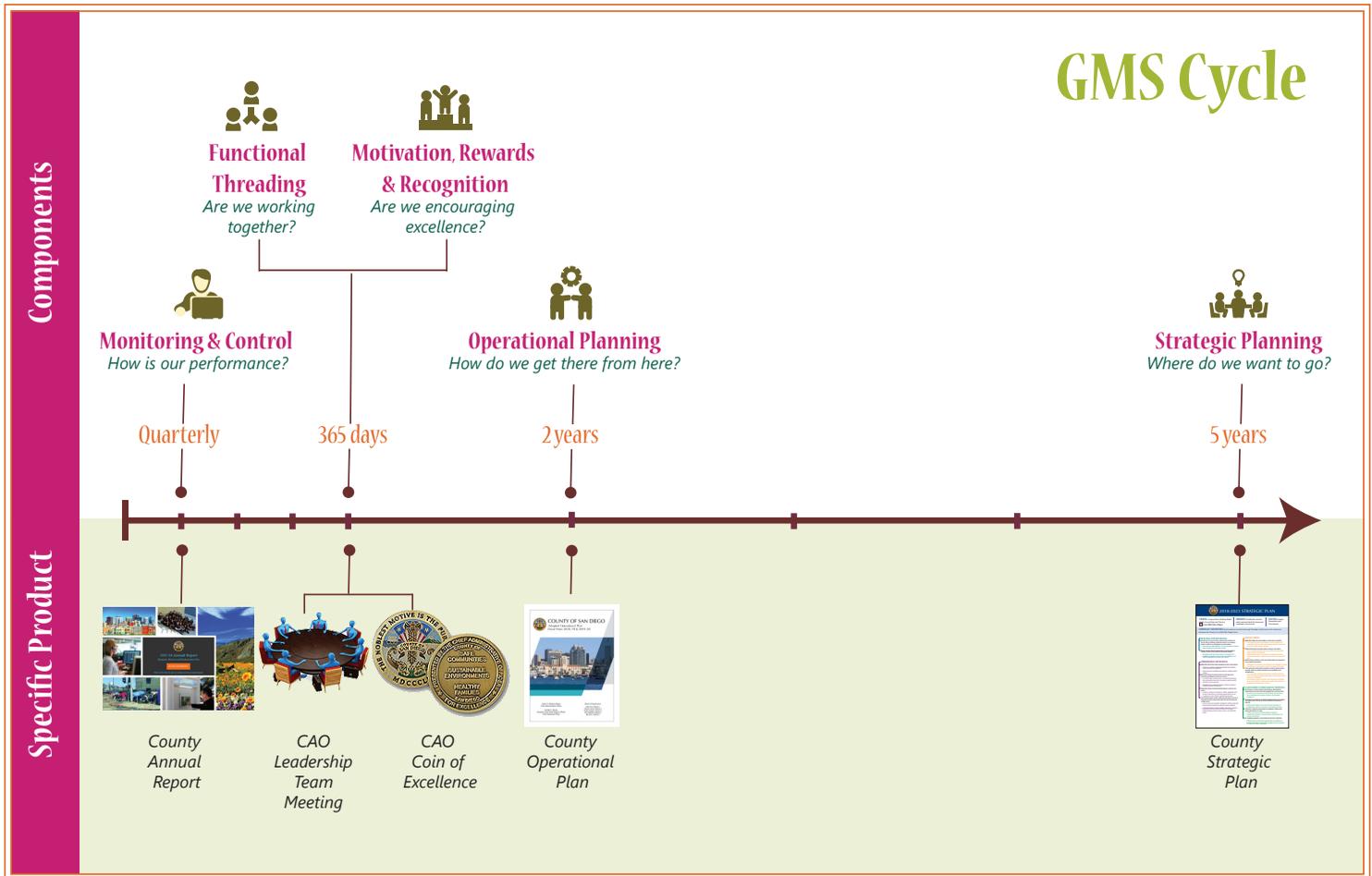
Health and Human Services Agency: ConnectWellSD. The County built a leading-edge computer system to improve customer outcomes through innovative data sharing. The ConnectWellSD system integrates data from eight County departments and two community service provider directories to create a comprehensive record for each customer, which allows service providers a holistic view of their customer’s history and needs.

Note: Other Awards and Recognitions are listed in the 2018 CAFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2018-19 & 2019-20.



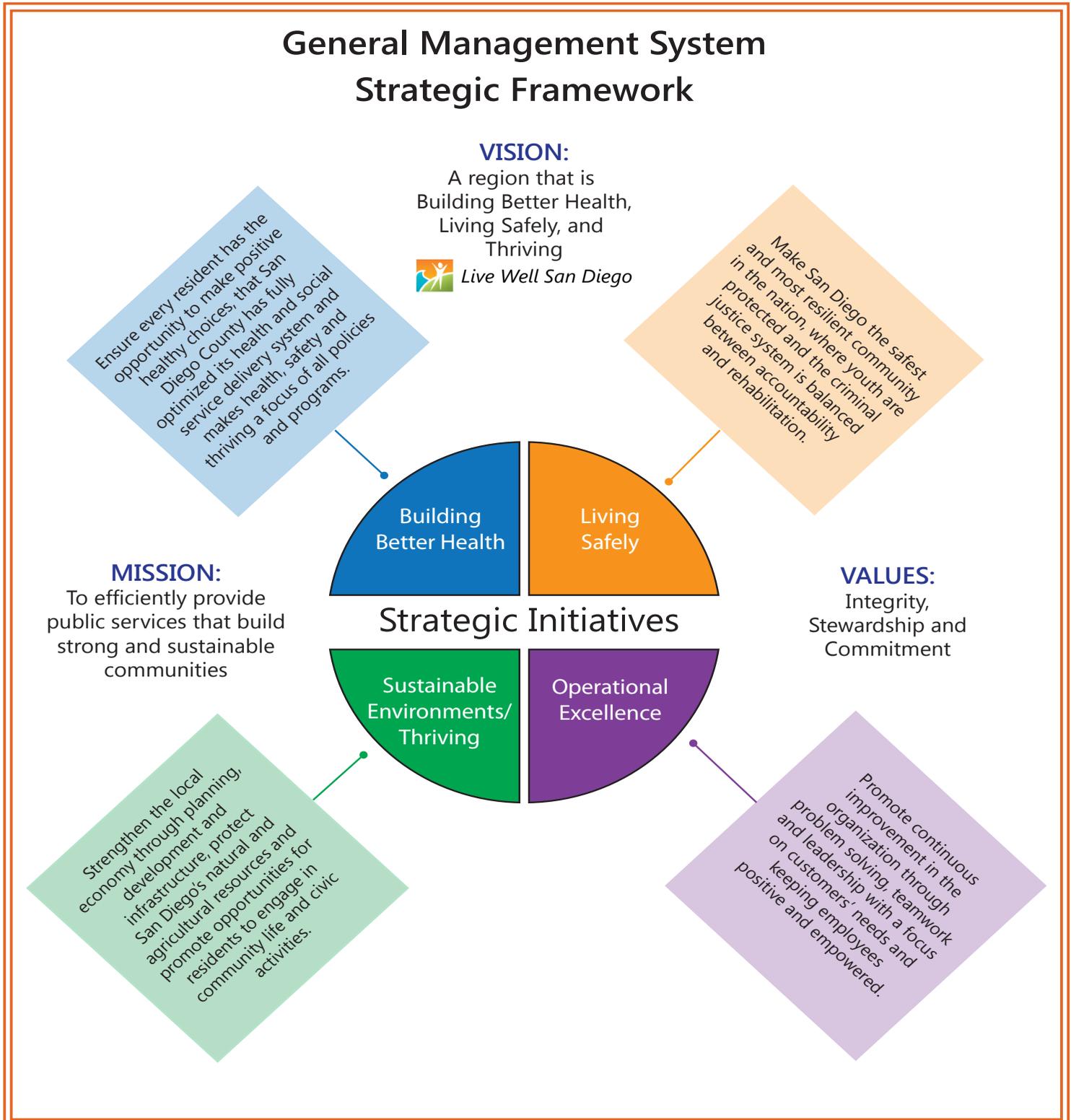
GENERAL MANAGEMENT SYSTEM

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: Adopted Operational Plan Fiscal Years 2018-19 and 2019-20.

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 2018, an increase of \$184.3 million or 7% over fiscal year 2017. This included an approximately \$102.3 million increase in net investment in capital assets, (a 3.1% increase over fiscal year 2017), and an increase of approximately \$69.7 million in the County's restricted net position (an 11.7% increase over fiscal year 2017). Overall, unrestricted net position decreased by \$109.1 million. The County implemented a new accounting pronouncement – GASB 75, which had the effect of reporting a beginning net OPEB liability and deferred outflows of resources of \$121.4 million, which resulted in restating beginning net position (not shown below). The previously mentioned increase of \$184.3 million in net position was composed of the \$121.4 million restatement of net position referred to above, coupled with combined changes in total assets, deferred outflows of resources, liabilities, and deferred inflows of resources totaling \$62.9 million.

The largest portion of the County's net position reflects its net investment in capital assets of \$3.4 billion (land, easements, buildings and improvements, equipment, software and infrastructure; 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 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.

An additional portion of the County's net position (restricted net position), equaled \$666 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 \$(1.19) billion in negative unrestricted net position; primarily the result of implementing GASB 68 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; and due to the fiscal year 2018 implementation of the previously mentioned GASB 75.



June 30, 2018 and 2017 (In thousands)

	Total Primary Government	
	2018	2017
Assets		
Current and other assets	\$ 4,274,100	4,001,402
Capital assets	3,730,604	3,600,555
Total assets	8,004,704	7,601,957
Deferred Outflows of Resources		
Total deferred outflows of resources	1,206,795	1,814,216
Liabilities		
Long-term liabilities	5,411,488	5,848,126
Other liabilities	675,281	576,266
Total liabilities	6,086,769	6,424,392
Deferred Inflows of Resources		
Total deferred inflows of resources	241,202	171,144
Net Position		
Net investment in capital assets	3,406,783	3,304,473
Restricted	666,597	596,862
Unrestricted	(1,189,852)	(1,080,698)
Total net position	\$ 2,883,528	2,820,637

Source: 2018 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, net other postemployment benefits liability, and other County obligations.

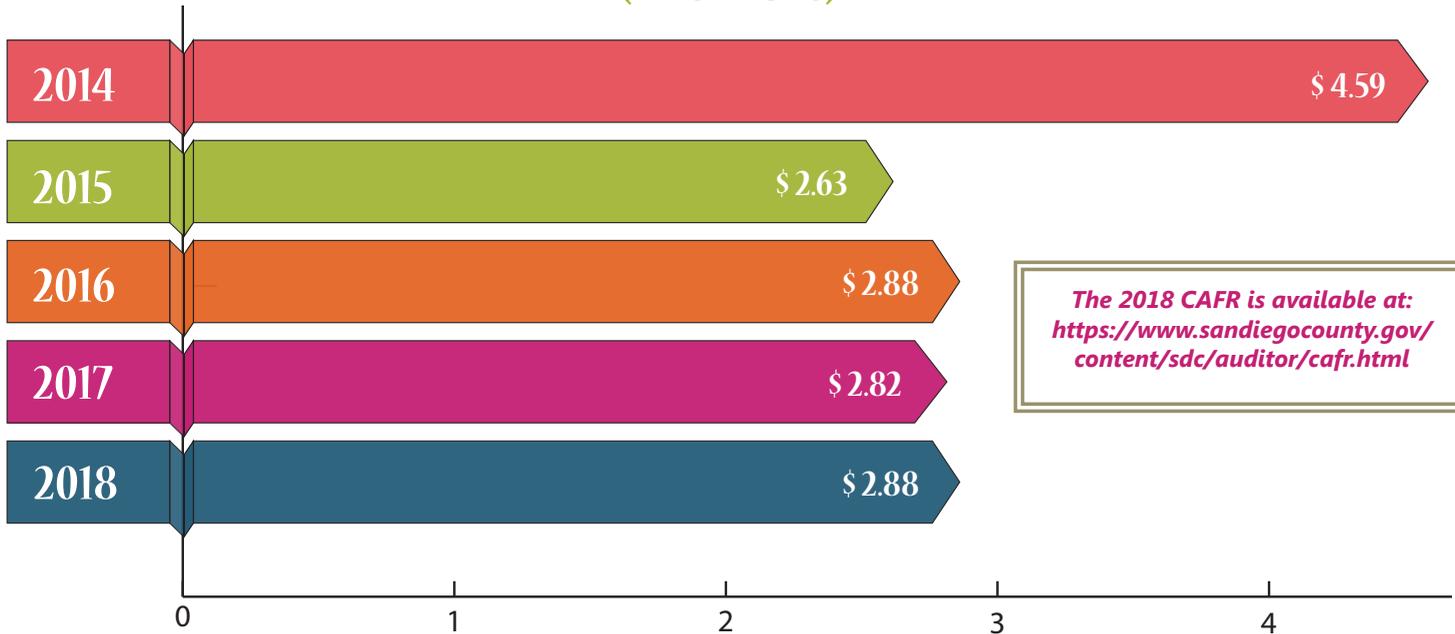
Other liabilities: Includes such items as payables, payroll, accrued interest and unearned revenue.

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 2014 - 2018
(In billions)



The 2018 CAFR is available at:
https://www.sandiegocounty.gov/content/sdc/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 2017 and 2018 are attributable in part to: increases in revenue consisting of \$60 million, (\$38 million in secured property taxes and \$22 million in property taxes in lieu of vehicle license fees), both attributable to the county-wide growth in assessed valuation; \$115 million in various State aid realignment, including Mental

Health Services Act revenues; \$29 million in federal aid associated with the expansion of contracted community behavioral health services and increased social services administrative revenue to support increased expenditures in increased allocations; \$21 million in Senate Bill 90 cost reimbursements for the provision of State mandated programs; \$10 million in law enforcement services revenues primarily due to recovered costs of the negotiated labor agreements and service level adjustments to nine contract cities, transit entities, a community college district and tribes, as well as an increased allocation from the State to provide trial court security; and, \$10 million in growth funding revenues for one-time juvenile probation activities.

Notable changes in expenses between fiscal years 2017 and 2018 include a \$209 million increase in overall salaries and benefit costs; coupled with a \$2 million increase in utilities costs; offset by a \$146 million net decrease in pension related expenses; coupled with a \$38 million decrease in repairs and maintenance.

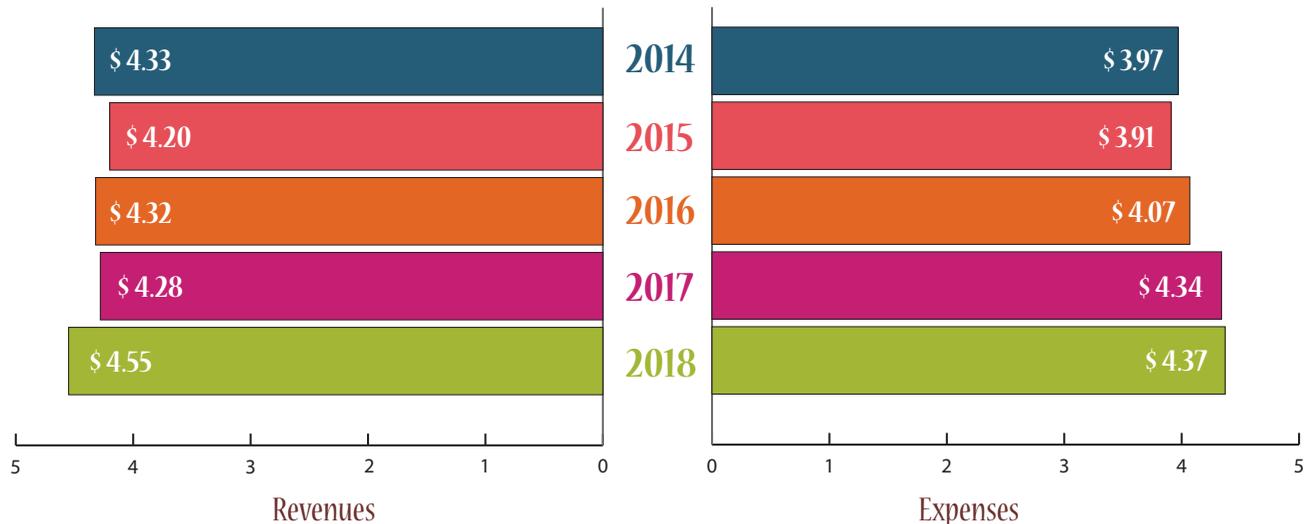


	Total Primary Government	
	2018	2017
For the Years Ended		
June 30, 2018 and 2017		
(In thousands)		
Revenues:		
Program Revenues		
Charges for services	\$ 602,677	598,086
Operating grants and contributions	2,589,470	2,413,181
Capital grants and contributions	9,360	16,296
General Revenues		
Property taxes	758,427	720,645
Transient occupancy tax	5,105	4,889
Real property transfer tax	25,910	23,960
Miscellaneous taxes	6	10
Property taxes in lieu of vehicle license fees	393,824	371,105
Sales and use taxes	30,744	27,779
Investment earnings	39,216	15,838
Other	96,496	90,754
Total revenues	4,551,235	4,282,543
Expenses:		
Governmental Activities:		
General government	621,987	637,532
Public protection	1,435,847	1,455,462
Public ways and facilities	160,615	140,366
Health and sanitation	777,383	723,508
Public assistance	1,158,563	1,179,180
Education	39,107	38,477
Recreation and cultural	38,081	37,727
Interest	78,217	79,152
Business-type Activities:		
Airport	18,399	14,518
Jail Stores Commissary	6,050	6,007
Sanitation District	32,660	25,185
Total expenses	4,366,909	4,337,114
Change in net position	184,326	(54,571)
Net position at beginning of year (restated)	2,699,202	2,875,208
Net position at end of year	\$ 2,883,528	2,820,637

Note: The 2017 column has not been restated.

Source: 2018 CAFR Management's Discussion and Analysis Table 2.

County Revenues & Expenses
Fiscal Years 2014-2018
(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 County Service Areas, 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.

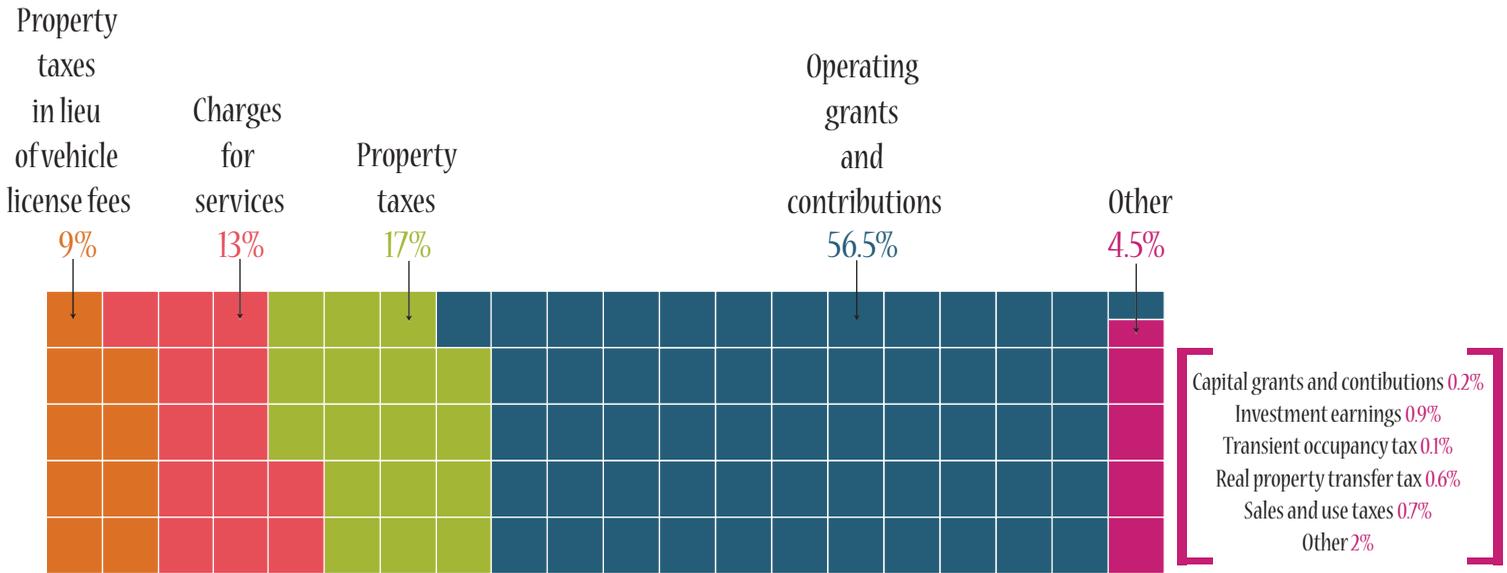
Airport: Expenses related to the maintenance, operations and development of County airports. A major objective of the airport program is to develop airport property utilizing federal and state grants in order to enhance the value of public assets, generate new revenues and be a catalyst for aviation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

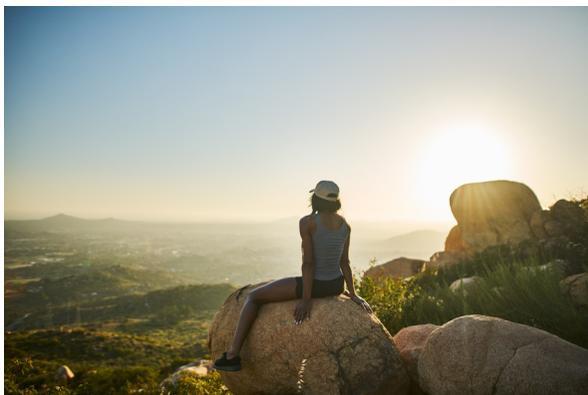
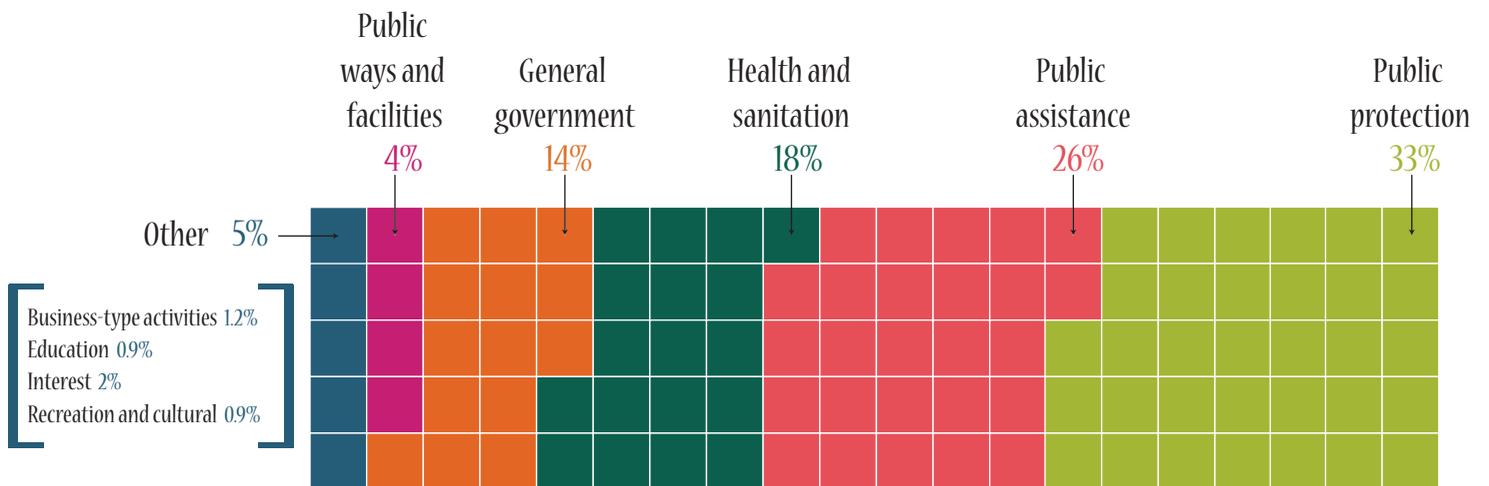
Sanitation District: Expenses related to the operations of the sanitation district governed under the Board of Supervisors.

COUNTY FINANCIALS

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.

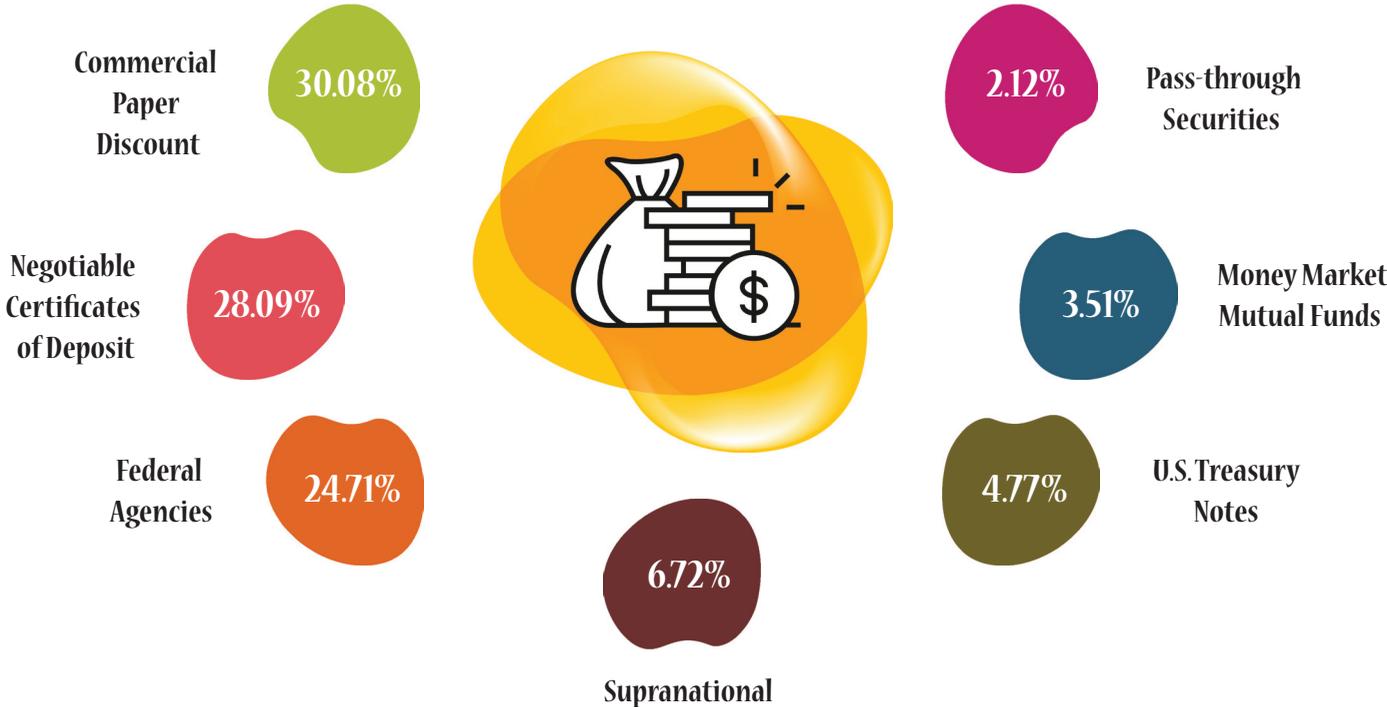


Pooled Investments (In thousands)		
Investment	Fair Value	Fitch Rating
Federal Agencies	\$ 2,458,821	AAA
U.S. Treasury Notes	474,142	AAA
Supranational	668,215	AAA
Commercial Paper Discount	2,994,041	F1 - F1+
Money Market Mutual Funds	348,802	AAA
Negotiable Certificates of Deposit	2,794,513	F1 - F1+
Pass-through Securities	210,808	AAA, F1+
Total investments	\$ 9,949,342	

Note: Data presented in this chart excludes investments with fiscal agents.
 Source: 2018 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.



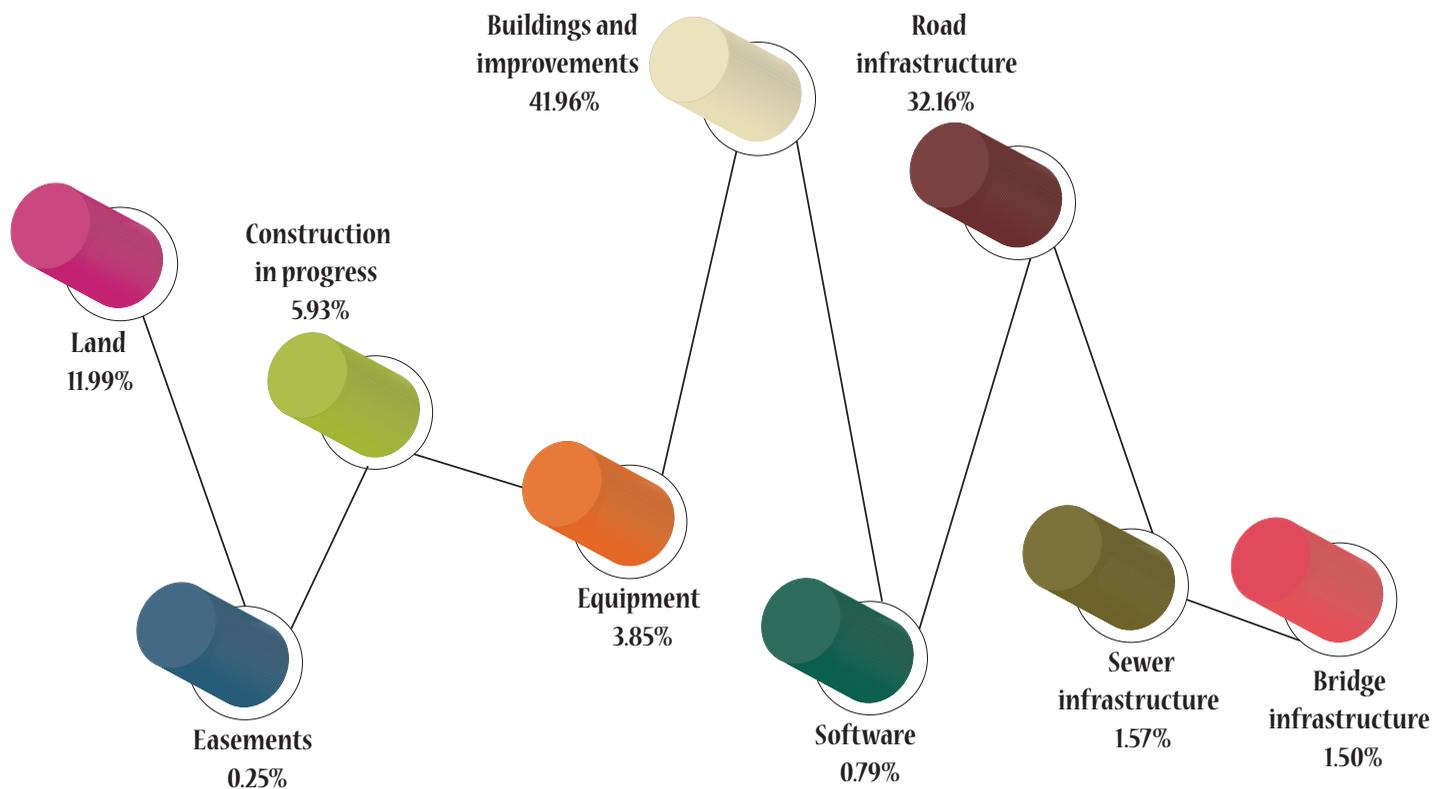
KEY FINANCIAL DATA

Capital Assets

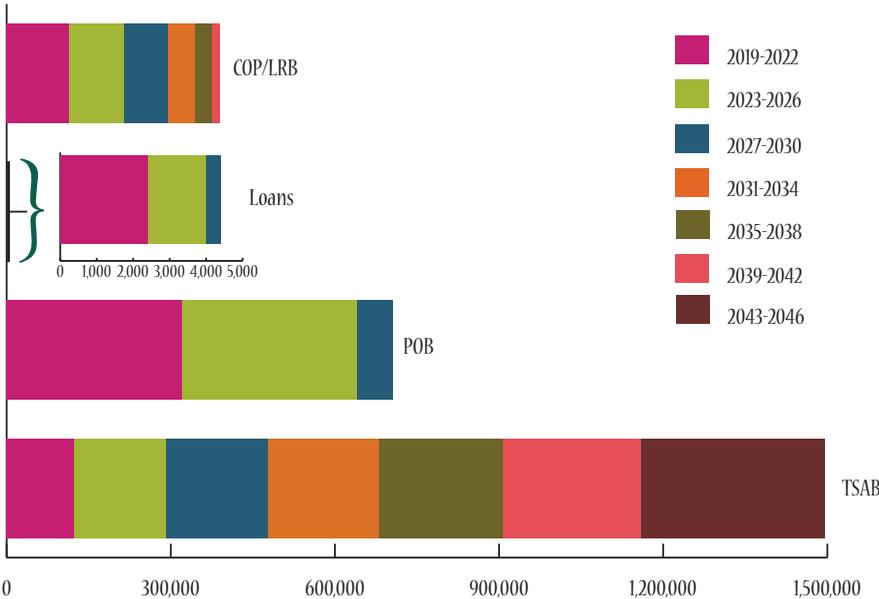
The chart below depicts the outstanding capital assets, net of depreciation/amortization, as of June 30, 2018 for both Business-type and Governmental funds.

At June 30, 2018, the County's capital assets, net of depreciation/amortization totaled \$3.7 billion. Capital assets are used to provide services to county residents. Some of the significant capital asset activity in fiscal year 2018 was as follows:

- \$49.7 million towards construction of Crime Lab.
- \$42.9 million towards acquisition of equipment.
- \$29.1 million towards construction and improvements of County maintained roads, bridges, and other road related infrastructure.
- \$21.1 million towards construction of North Coastal Health and Human Services Agency Facility.
- \$15.3 million towards improvement of various capital projects.
- \$14.0 million towards development of various software applications.
- \$12.4 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).
- \$5.9 million towards construction of Regional Communication System.
- \$5.6 million towards construction of Borrego Springs Community Library.
- \$4.9 million in infrastructure donated by developers.
- \$4.1 million towards sewer improvements at Rancho San Diego.
- \$2.4 million towards sewer improvements at Woodside.
- \$1.5 million towards construction of Sewer Monitoring System.



County Debt Service Requirements to Maturity
(In thousands)



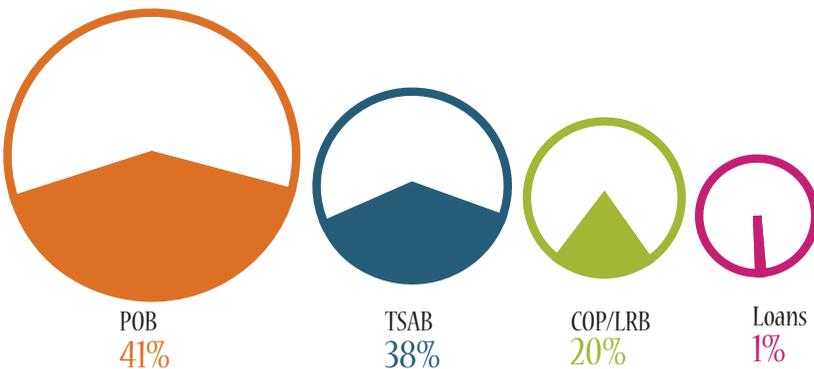
Note: This chart includes debt principal, unaccrued appreciation and interest.

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.

Long-Term Liabilities

At June 30, 2018 the County's long-term liabilities totaled \$1.845 billion: \$1.394 billion in long-term debt principal of certificates of participation, bonds and loans; and \$451 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.

KEY FINANCIAL DATA

Credit Rating Scale

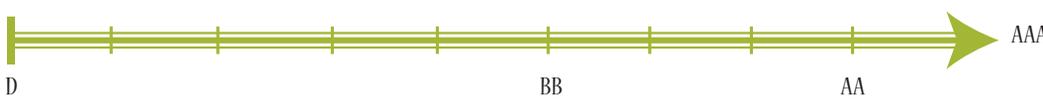
Moody's



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/20184/774196/Guide_to_Credit_Rating_Essentials_Digital.pdf

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



Credit Ratings			
As of June 30, 2018	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	AAA	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: 2018 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 more than 28,600 assessor’s maps, showing almost 996,000 parcels of land. These maps cover the county, including all the cities as well as the unincorporated areas. The parcel maps show 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 2017-2018. For more information regarding maps and how to obtain a copy, visit <https://arcc.sdcounty.ca.gov>.

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 and 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.

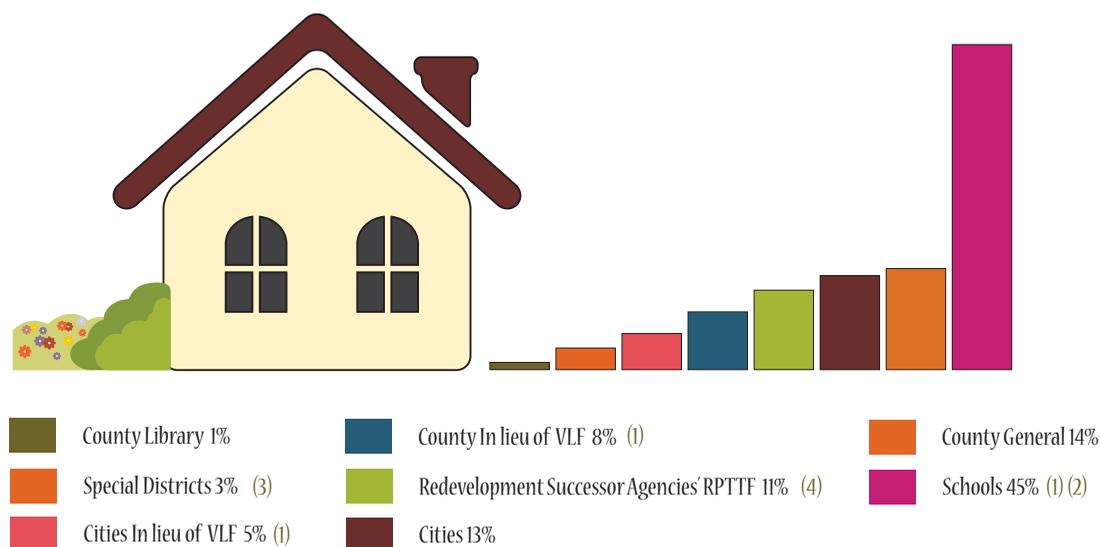
Sources: County of San Diego Property Valuations, Tax Rates, Useful Information for Taxpayers Fiscal Year Ending June 30, 2018, Table 23 & Glossary; California State Board of Equalization Assessors’ Handbook Section 215.

Inventory of Parcels and Assessed Valuations Fiscal Year 2017-2018		
Real Property	Total Taxable Parcels	Assessed Valuations
Residential	926,122	\$ 375,905,132,143
Industrial	11,319	26,538,770,555
Commercial	27,008	74,617,041,791
Irrigated Farm	3,286	1,206,570,317
Rural Land (Non-irrigated)	8,666	1,556,870,658
Institutional	2,209	9,025,461,254
Recreational	14,730	2,867,918,137
Miscellaneous	481	37,630,480
Total Taxable Parcels	993,821	\$ 491,755,395,335

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

Property Tax Collection Allocation

The County collected \$5.02 billion of the 1% property tax as of June 30, 2018. This chart shows the Fiscal Year 2018 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: 2018 CAFR Statistical Table 8; Details of the Property Tax Collection Allocation were provided by the County Auditor and Controller's Property Tax Services Division.

ACHIEVEMENTS OF NOTE

By the Numbers

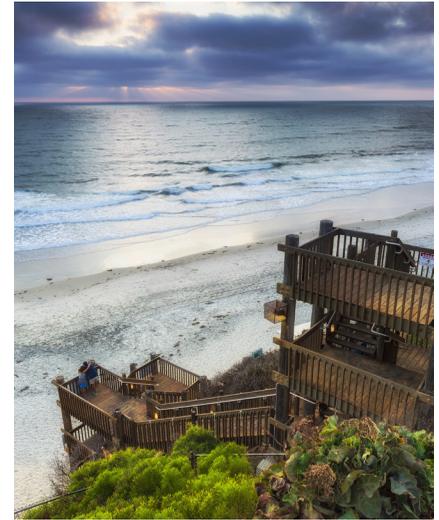
Sheriff: Reached the standard of answering 90% of 9-1-1 calls within 10 seconds.

Treasurer-Tax Collector: Maintained a collection rate of 99.21% for secured taxes and 97% for unsecured taxes by preparing and mailing property tax bills/notices, and processing tax payments in a timely manner to ensure timely revenue collection on behalf of San Diego County's taxpayers.

Animal Services: Achieved a goal of 0% euthanasia of any healthy or treatable animals by reuniting lost pets with their owner or through adoption to a new family or transfer to a rescue partner.

Health and Human Services Agency: Conducted 97% (6,144 of 6,311) of face-to-face contacts within 10 days of receiving an Adult Protective Services (APS) referral and provided timely assistance and resources, which helped adults meet their own needs.

Environmental Health: Ensured that 99% (14,843 of 14,875) of retail food facilities in the region were inspected at a minimum annually.



Serving the Public

District Attorney: Developed a supportive services protocol to meet the needs of children who have lost a loved one due to domestic violence homicides.

Health and Human Services Agency (HHSA): Maintained compliance with all federal and State accrediting requirements at the Public Health Services laboratory to ensure protection of community health and prevention of the spread of disease.

Assessor/Recorder/County Clerk: Reengineered and automated the import of birth and death certificates and amendments from HHSA. This reduced staff time scanning the certificates and amendments and allowed customers to receive complete records in a more efficient and timely manner.

Registrar of Voters: Offered voters the option to subscribe to an electronic version of the Sample Ballot and Voter Informational Pamphlet in lieu of a paper copy.

Agriculture, Weights and Measures: Leveraged the County's "Tell Us Now!" app to improve customer service by providing a mobile option for the public to report issues related to gas pumps, scales or price verification.

Operational Excellence

Health and Human Services Agency: Edgemoor Distinct Part Skilled Nursing Facility earned the 2017 National Gold - Excellence in Quality Award presented by the American Health Care Association and the National Center for Assisted Living. The award honors organizations that serve as models of excellence in providing high-quality care.

Public Works: Received an Outstanding Innovation for Green Planning and Design Award from the Association of Environmental Professionals, San Diego Chapter for guidance work provided on green infrastructure.

Office of Emergency Services: Received a National Association of Counties (NACo) award, "Portable Charging Stations". This program is a collaborative effort to provide additional portable power resources to the region in the event of a prolonged power outage. The portable charging stations can support medical assistance devices anywhere in the region as part of an emergency shelter or on its own.

County Library: Received a NACo award, "Back to School Jam". The program distributes free backpacks with school supplies to the children of families who participate in a resources fair with community partners. Activities include information booths, health screenings, crafts, literacy-based programs and a free lunch for children.

County Communications Office: Named the Crisis Communications Leader of the year by the California Association of Public Information Officers. The award honors a professional or team who has demonstrated extraordinary success in providing leadership during a natural disaster, act of terrorism or a reputational crisis.

Note: Other Awards and Recognitions are listed in the 2018 CAFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2018-19 & 2019-20.

COUNTY CULTURE: DIVERSITY AND INCLUSION



Diversity is the range of human differences - recognizing that each person has layers of diversity, which together make his or her perspective unique and essential to the success of the organization.

Inclusion is actively and intentionally valuing multiple layers of human differences and viewing such differences as strengths. Inclusion is the degree to which employees and customers of all identities - whether visible or not - are able to be authentic and feel safe and respected.

Cultural Competence is the ability to honor and respect the beliefs, backgrounds, inter-personal styles, attitudes and behaviors of both customers and employees in order to work effectively in cross-cultural situations.

Equity is fair treatment, access, opportunity, and advancement for all, while striving to identify and eliminate barriers that have prevented the full participation of some groups. Equity acknowledges and considers differences, disparities, and disproportionality to ensure a fair process and outcome.

The County of San Diego is committed to valuing diversity and practicing inclusion because our diverse workforce is our greatest asset and our customers are our number one priority. Practicing inclusion is dependent upon each employee, at every level of the organization, expanding their capacity for communications in three areas:

MIND-SET



Curiosity:

- ☑ Be curious about who people are and what matters to them
- ☑ View conflicts as opportunities to gain more insight about different perspectives

Self-Awareness:

- ☑ Reflect on your own reactions when someone has different opinions or behaviors
- ☑ Be mindful of unconscious bias and challenge assumptions.
- ☑ Increase knowledge and self-awareness of your own culture, as well as other cultural groups

Flexibility:

- ☑ Develop a flexible communication style to effectively interact with others
- ☑ Be open to different values, communication styles and behaviors

Collaboration:

- ☑ Share your ideas and seek out opinions that are different than your own
- ☑ Develop techniques to conduct inclusive meetings to increase collaborative problem-solving and decision-making

Leadership:

- ☑ Adapt your communication style in order to create a safe space for others to be authentic
- ☑ Hold yourself and others accountable for their behaviors related to diversity, inclusion and cultural competence
- ☑ Communicate the values of diversity, inclusion and cultural competence and how they align with organizational goals
- ☑ Support opportunities for employees from underrepresented groups and create an executive leadership team that is reflective of the community

SKILL-SET



OPEN HEART



Relationship Building:

- ☑ Genuinely connect with others to build rapport and trust
- ☑ Treat people in ways that signify respect to them and their differences
- ☑ Demonstrate empathy for others
- ☑ Serve our customers with HEART

County of San Diego Workforce Diversity Statistics

2010 Census Comparison

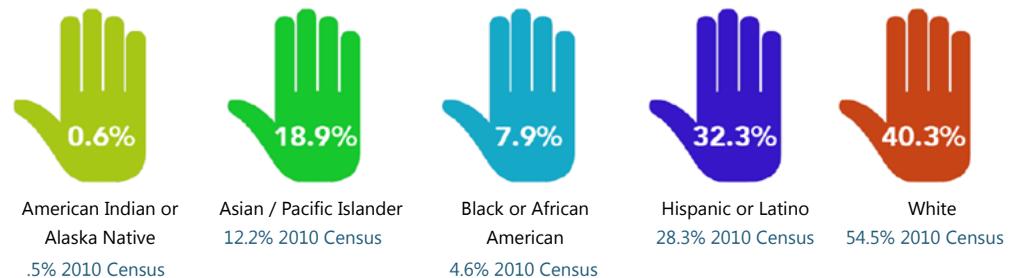


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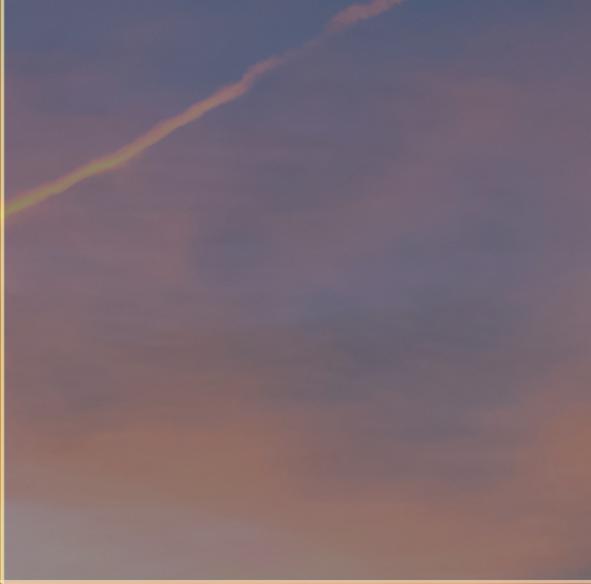
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