

Fiscal year ended June 30,

2019

Popular Annual Financial Report

County of San Diego, California

ABOUT THIS REPORT



Citizens of San Diego County:

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019 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, 2019. 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.



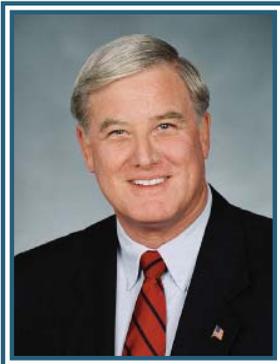
Tracy M. Sandoval

Deputy Chief Administrative Officer/
Chief Financial Officer



Tracy Drager
Auditor and Controller

Board of Supervisors



Greg Cox
District 1
Vice Chair



Dianne Jacob
District 2
Chair



Kristin Gaspar
District 3



Nathan Fletcher
District 4



Jim Desmond
District 5

Statistics

3.3%

UNEMPLOYMENT RATE

506,260

SCHOOL ENROLLMENT

\$6.27 Billion

ADOPTED ANNUAL BUDGET

\$57,151

PERSONAL INCOME
PER CAPITA

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. All other non-elected officers are appointed by the CAO. 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.

Sources: 2019 CAFR Statistical Table 13 and Adopted Operational Plan Fiscal Years 2018-19 & 2019-20.

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: Adopted Operational Plan Fiscal Years 2019-20 and 2020-21.

ABOUT SAN DIEGO COUNTY

County Economy and Outlook

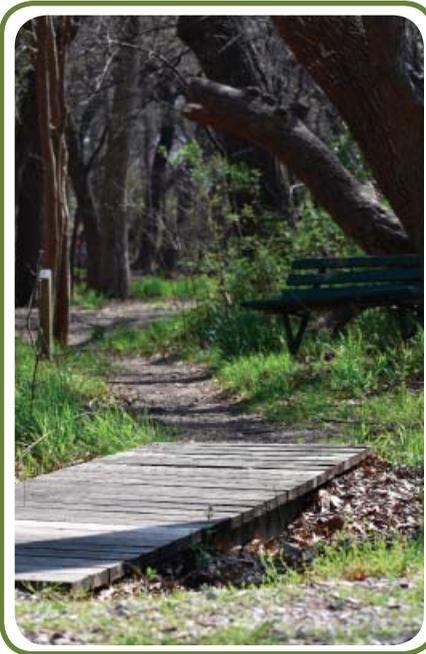
Overall, "San Diego's economy will likely run faster than the national economy in the coming year," according to a consensus of economists ("Economy: Defense, Tech and Tourism to Help S.D. Beat National Numbers," San Diego Business Journal, January 7, 2019, <<https://www.sdbj.com/news/2019/jan/07/2019-look-ahead-diverse-sectors-bring-balance-econ/?page=1&>>, accessed on March 29, 2019). According to the San Diego Business Journal, in 2019 "San Diego will continue to feel the benefits of its diversified economy, which does not rise and fall on the fortunes of a single vertical market. Real estate, technology and tourism are just some of its facets," (ibid). Dr. Lynn Reaser, chief economist of Point Loma Nazarene University's Fermanian Business & Economic Institute added, "San Diego's economy should slightly outperform the U.S.

economy because of its core strengths in defense, technology and tourism," although, "Slowing global growth and higher interest rates may hold back economic growth," (ibid).

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: 2019 CAFR Letter of Transmittal and Management's Discussion and Analysis.



Employment Mix (1)

252,500
GOVERNMENT (2)
249,700
PROFESSIONAL & BUSINESS SERVICES
233,500
TRADE, TRANSPORTATION & UTILITIES
215,200
EDUCATIONAL & HEALTH SERVICES
200,900
LEISURE & HOSPITALITY
114,600
MANUFACTURING
76,000
FINANCIAL ACTIVITIES
83,100
CONSTRUCTION
56,100
OTHER SERVICES
24,000
INFORMATION TECHNOLOGY
8,100
FARMING
300
MINING & LOGGING

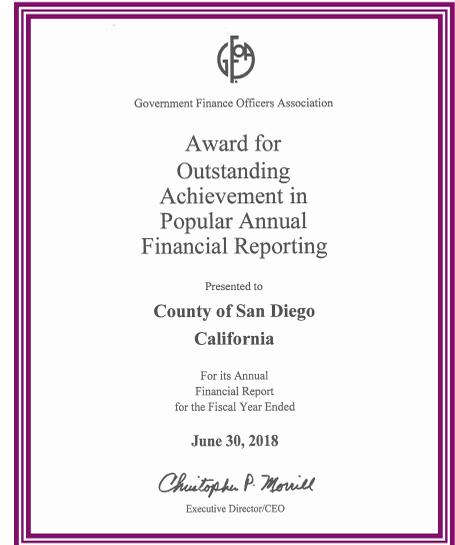
(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.
(2) Excludes the U.S. Department of Defense.

Source: Adopted Operational Plan Fiscal Years 2019-20 & 2020-21.



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, 2018. 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 2019, the County received awards for its leadership and excellence in operations, including 44 awards from the National Association of Counties. Examples include:

Probation: Urban Camp (UC)/Girls Rehabilitation Facility (GRF), Tender Loving Canines Training Program (TLC). The goal of the program is to provide at-risk girls at Probation facilities with skills to prevent adult incarceration through the experience of training service dogs. The intervention and life skills taught give girls between the ages of 13-18 the opportunity to alter their life paths at this critical age. TLC at UC/GRF encourages girls to envision new lives for themselves and gives them the skill set to achieve change.

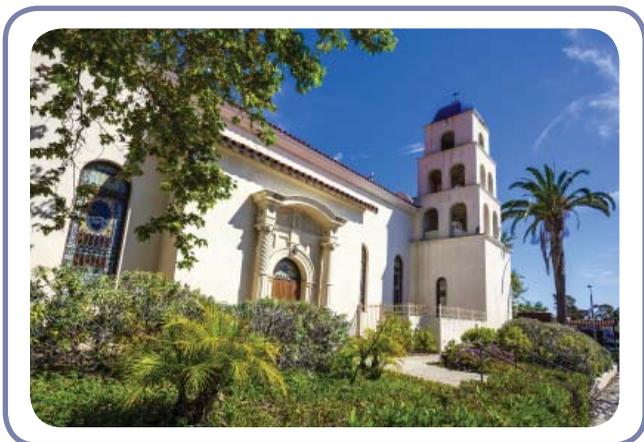
Planning and Development Services: Online Electric Vehicle Charging Station Permits. The department developed an online public website to allow customers seeking permits for residential electric vehicle charging stations to quickly and easily obtain required permits. The program saves staff costs by eliminating manual processing and entry errors and omissions.

Human Resources: Unconscious Bias in Hiring. An online course was designed for employees who participate in hiring panels. The course identifies and addresses unconscious bias for better professional relationships and communication. The County strives to attract the best and brightest employees who reflect the region's diversity.

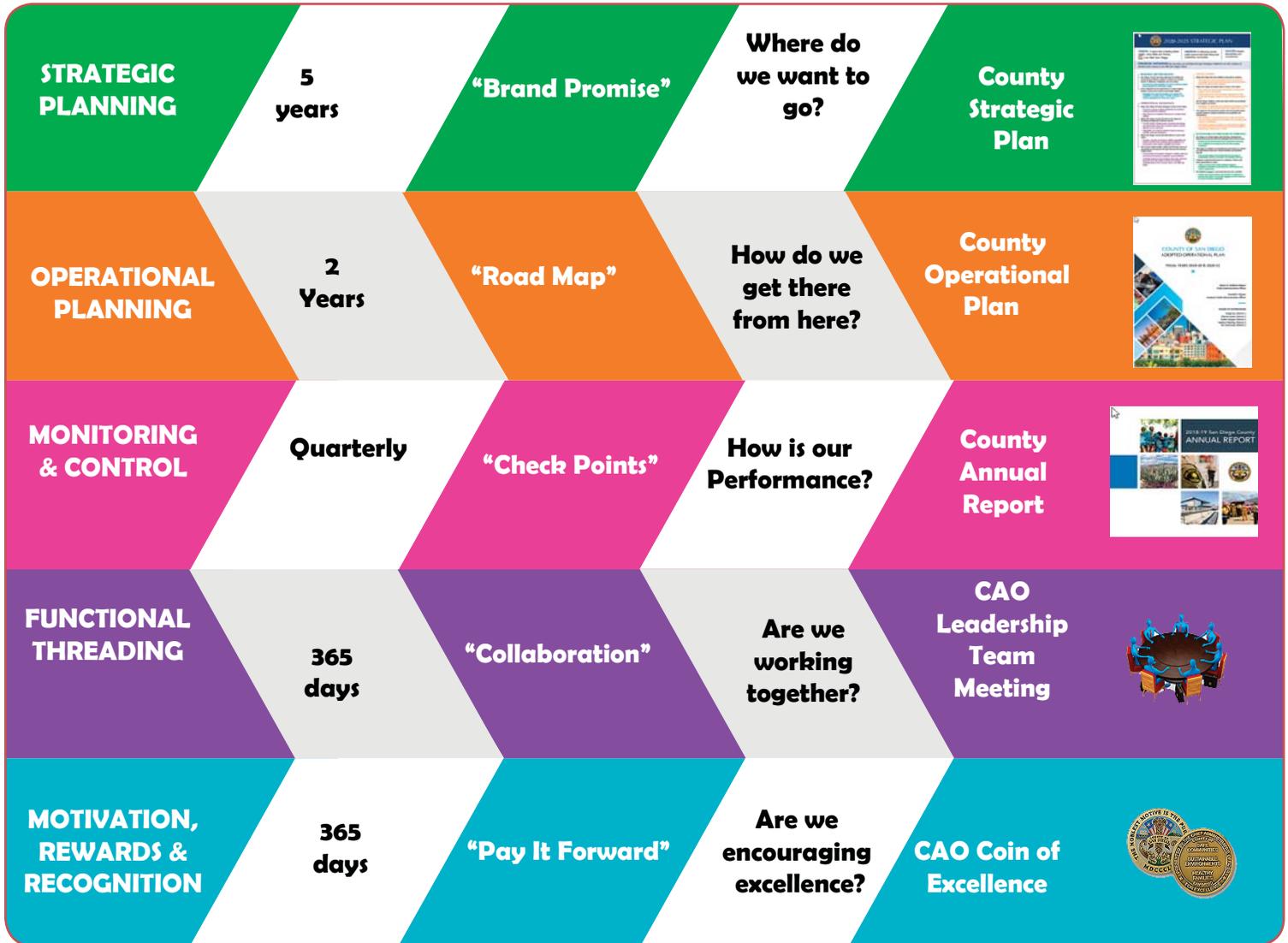
County Library: Green Teen Program. The Library began the program to educate and model good ecological practices and encourage healthy nutrition. Using a grant from the Ramona Community Foundation, the teens established a garden.

Health and Human Services Agency: The Bridgeways Program. Behavioral health treatment is provided for youth up to age 21 who are involved or at-risk of becoming involved in the juvenile justice system using outpatient clinical, institutional and field supportive services.

Note: Other Awards and Recognitions are listed in the 2019 CAFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2019-20 & 2020-21.



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.





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.

Mission:

To efficiently provide public services that build strong and sustainable communities.

Vision:

A region that is Building Better Health, Living Safely, and Thriving.



Live Well San Diego

Values:

Integrity, Stewardship and Commitment.

Source: Adopted Operational Plan Fiscal Years 2019-20 and 2020-21.

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 \$3.21 billion at the close of fiscal year 2019, an increase of \$322.1 million or 11.2% over fiscal year 2018. This included a \$104.4 million increase in net investment in capital assets, (a 3.1% increase over fiscal year 2018), and an increase of approximately \$346.2 million in the County's restricted net position (a 51.9% increase over fiscal year 2018). Additionally, unrestricted net position decreased by \$128.5 million (a 10.8% decrease over fiscal year 2018). The previously mentioned increase of \$322.1 million in net position was composed of changes in total assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

The largest portion of the County's net position reflects its net investment in capital assets of \$3.51 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 \$1.01 billion 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 \$(1.32) billion in net negative unrestricted net position. The majority of this balance represents the negative unrestricted net position attributable to the County's outstanding Net Pension Liability and Net Other Postemployment Benefits Liability.



June 30, 2019 and 2018 (In thousands)

	Total Primary Government	
	2019	2018
Assets		
Current and other assets	\$ 4,474,712	4,274,100
Capital assets	3,811,084	3,730,604
Total assets	8,285,796	8,004,704
Deferred Outflows of Resources		
Total deferred outflows of resources	918,067	1,206,795
Liabilities		
Long-term liabilities	5,115,383	5,411,488
Other liabilities	637,372	675,281
Total liabilities	5,752,755	6,086,769
Deferred Inflows of Resources		
Total deferred inflows of resources	245,518	241,202
Net Position		
Net investment in capital assets	3,511,119	3,406,783
Restricted	1,012,829	666,597
Unrestricted	(1,318,358)	(1,189,852)
Total net position	\$ 3,205,590	2,883,528

Source: 2019 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 2015 - 2019 (In billions)

The 2019 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 2018 and 2019 are attributable in part to increases of: \$112 million in capital grants and contributions predominantly due to an increase in donated assets such as land; \$93 million in federal revenues primarily tied to expansion of behavioral health, mental health and substance abuse programs, coupled with social services

programs primarily associated with increased expenditures and updated administrative allocations; \$39 million in property taxes and \$24 million in property taxes in lieu of vehicle license fees - both attributable to the county-wide growth in assessed valuation; \$46 million in investment earnings; and \$25 million in aid from State monies from the Road Maintenance and Rehabilitation Account established by the Road Repair and Accountability Act of 2017.

Notable changes in expenses between fiscal years 2018 and 2019 mainly include increases of: \$80 million in overall salaries and benefit costs; \$55 million in expansion of contracted community services; \$24 million in Health and Human Services Agency one-time costs incurred for information technology projects; and, \$19 million in claims and judgments.

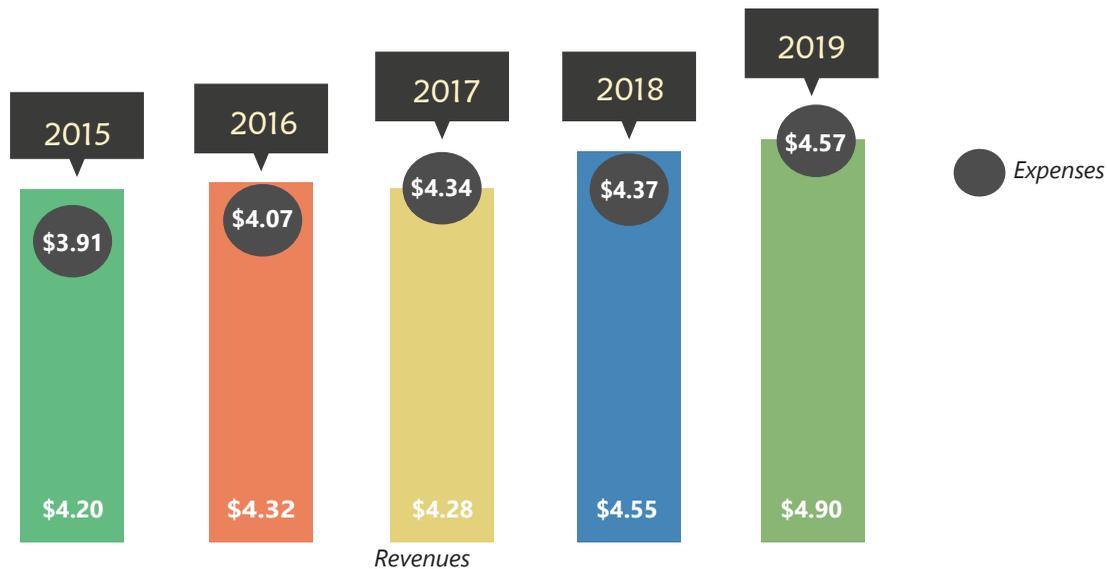
**For the Years Ended
June 30, 2019 and 2018
(In thousands)**

	Total Primary Government	
	2019	2018
Revenues:		
Program Revenues		
Charges for services	\$ 598,064	602,677
Operating grants and contributions	2,716,374	2,589,470
Capital grants and contributions	121,425	9,360
General Revenues		
Property taxes	797,838	758,427
Transient occupancy tax	5,785	5,105
Real property transfer tax	26,521	25,910
Miscellaneous taxes	6	6
Property taxes in lieu of vehicle license fees	417,601	393,824
Sales and use taxes	32,332	30,744
Investment earnings	86,348	39,216
Other	92,775	96,496
Total revenues	4,895,069	4,551,235
Expenses:		
Governmental Activities:		
General government	709,150	621,987
Public protection	1,479,542	1,435,847
Public ways and facilities	149,776	160,615
Health and sanitation	835,771	777,383
Public assistance	1,187,343	1,158,563
Education	40,020	39,107
Recreation and cultural	43,701	38,081
Interest	74,355	78,217
Business-type Activities:		
Airport	15,178	18,399
Jail Stores Commissary	5,836	6,050
Sanitation District	32,335	32,660
Total expenses	4,573,007	4,366,909
Change in net position	322,062	184,326
Net position at beginning of year	2,883,528	2,699,202
Net position at end of year	\$ 3,205,590	2,883,528

Source: 2019 CAFR Management's Discussion and Analysis Table 2.



County Revenues & Expenses
Fiscal Years 2015-2019
(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.

Where does the money come from?



Property taxes in lieu of vehicle license fees
8.5%



Charges for Services
12.2%



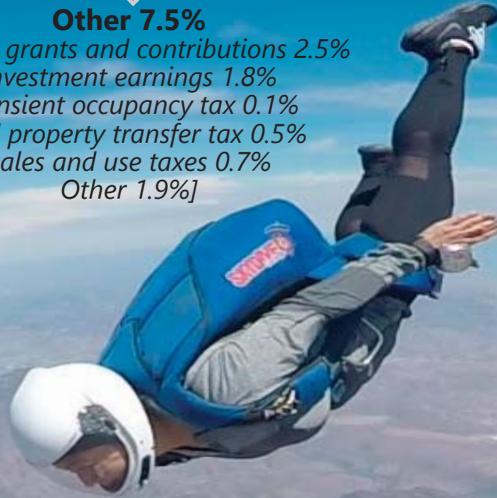
Other 7.5%
[Capital grants and contributions 2.5%
Investment earnings 1.8%
Transient occupancy tax 0.1%
Real property transfer tax 0.5%
Sales and use taxes 0.7%
Other 1.9%]



Property taxes
16.3%



Operating grants and contributions
55.5%



Where does the money go?



Public ways and facilities
3.3%



Public protection
32.3%



General government
15.5%



Other 4.6%
[Business-type activities 1.1%
Education 0.9%
Interest 1.6%
Recreation and cultural 1.0%]



Health and sanitation
18.3%



Public assistance
26.0%

County Pooled Investments

The County investment policies and practices are based on prudent money management principles and state law. 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 control of the County Treasurer within the parameters of prudent risk management.

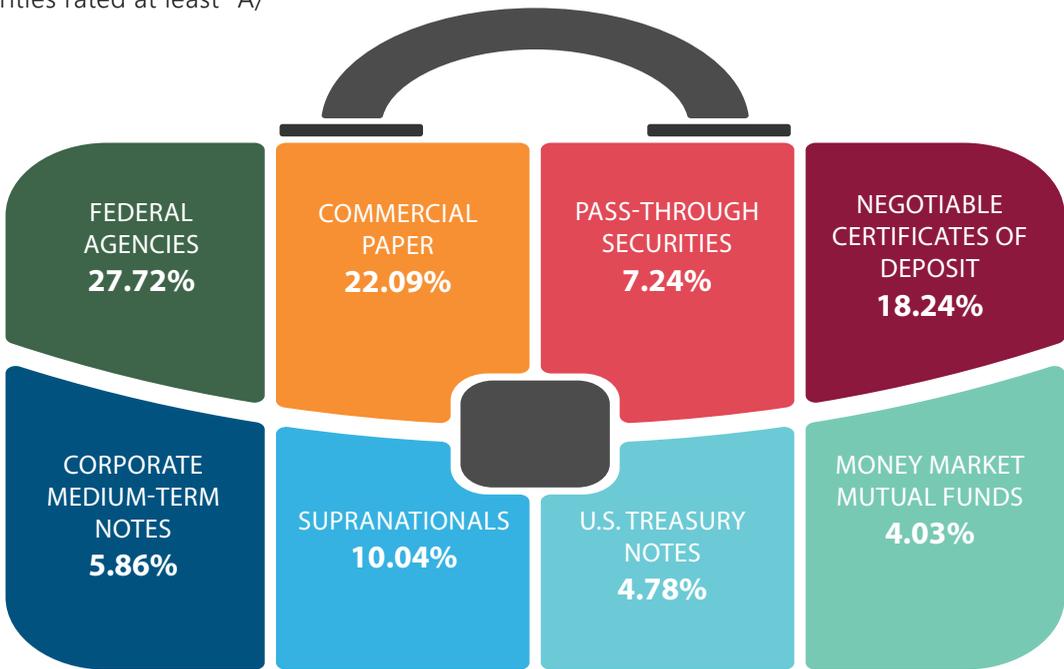


Pooled Investments (In thousands)		
Investment	Fair Value	Fitch Rating
Federal Agencies	\$ 2,810,388	AAA
U.S. Treasury Notes	484,451	AAA
Pass-through Securities	733,814	F1+/AAA
Supranationals	1,018,299	AAA
Commercial Paper	2,239,962	F1+- F1
Money Market Mutual Funds	409,093	AAA
Negotiable Certificates of Deposit	1,849,607	F1+- F1
Corporate Medium-Term Notes	594,535	A-AA+
Total investments	\$ 10,140,149	

*Note: Data presented in this chart excludes investments with fiscal agents.
Source: 2019 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 AAf/S1 by Fitch. The 'AAf' 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.



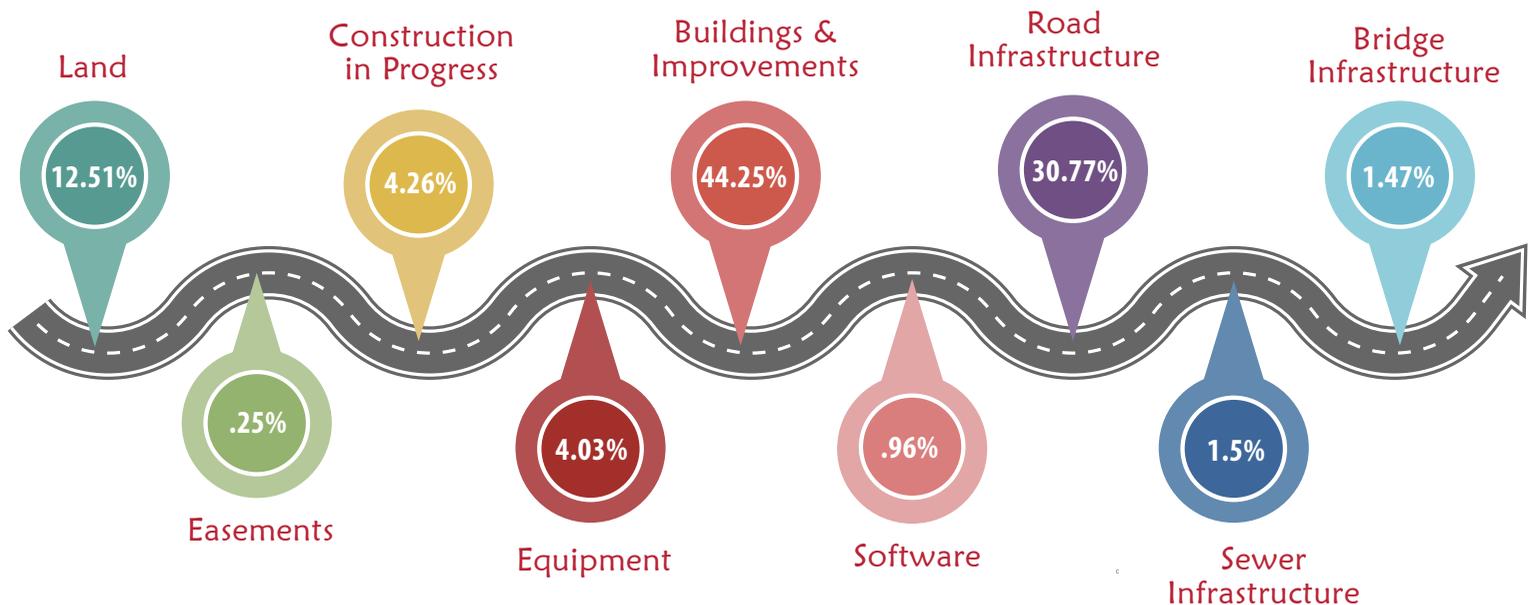
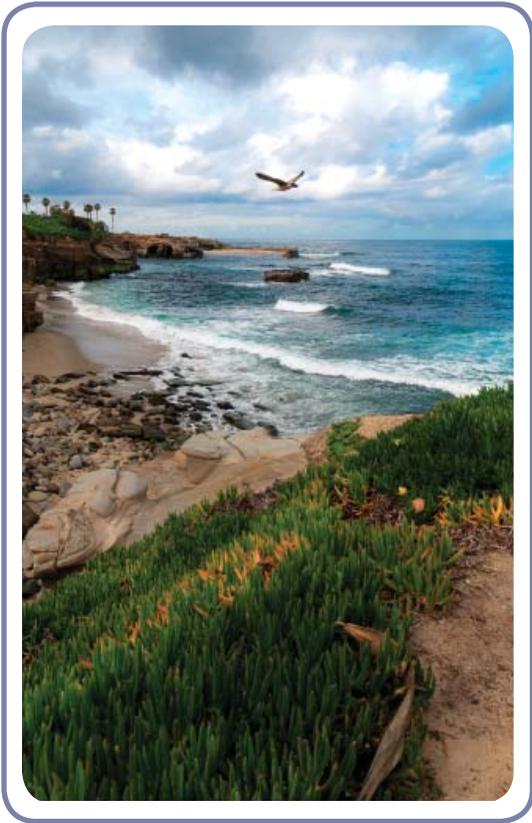
KEY FINANCIAL DATA

Capital Assets

The chart below depicts the outstanding capital assets, net of depreciation/amortization, as of June 30, 2019 for both Business-type and Governmental funds.

At June 30, 2019, the County's capital assets, net of depreciation/amortization totaled \$3.8 billion. Capital assets are used to provide services to county residents. Some of the significant capital asset activity in fiscal year 2019 was as follows:

- \$72.9 million from land donations.
- \$45.3 million towards construction and improvements of County maintained roads, bridges, and other road related infrastructure.
- \$36.6 million towards acquisition of equipment.
- \$20.9 million towards construction of Sheriff Technology and Information Center.
- \$18.0 million towards improvement of various capital projects.
- \$14.6 million towards development of various software applications.
- \$14.3 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).
- \$10.7 million towards construction of Assessor/Recorder/County Clerk Branch Office.
- \$8.6 million towards construction of Crime Lab.
- \$6.4 million towards land acquisition for Calavo Park.
- \$6.5 million towards construction of Borrego Springs Community Library.
- \$5.5 million towards construction of Pine Valley Fire Station.
- \$1.9 million towards construction of Sewer Monitoring System.



County Debt Service Requirements to Maturity (In thousands)



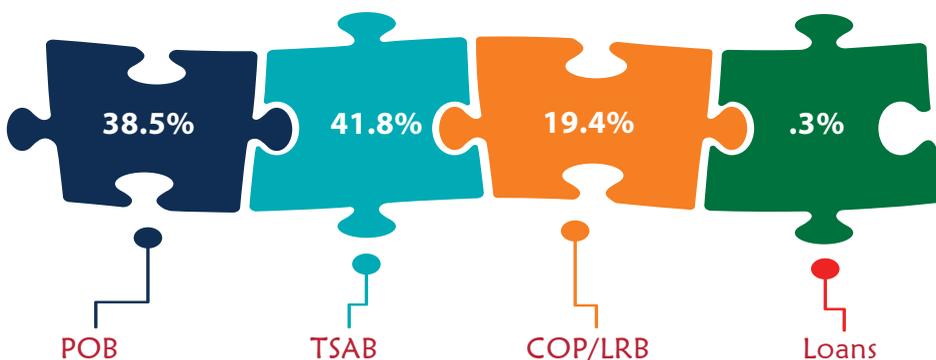
Note: This chart includes debt principal, unaccrued appreciation and interest.

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, 2019 the County's long-term liabilities totaled \$1.798 billion: \$1.322 billion in long-term debt principal of certificates of participation, bonds and loans; and \$476 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).

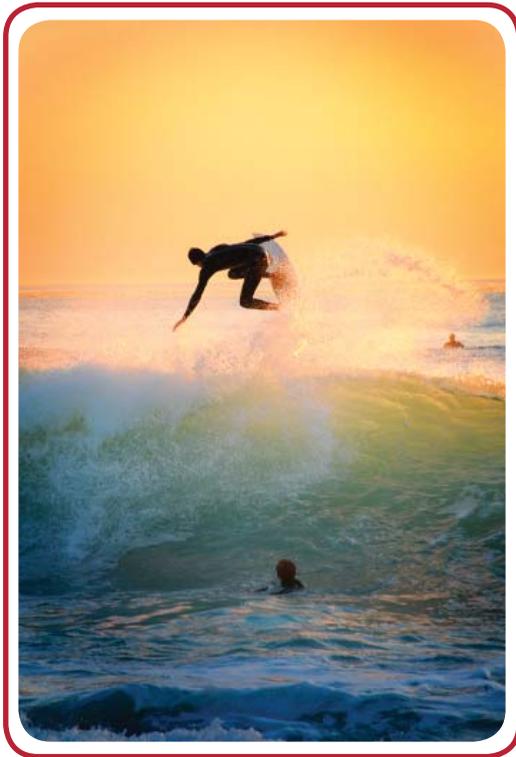
Taxable Pension Obligation Bonds (POB)

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

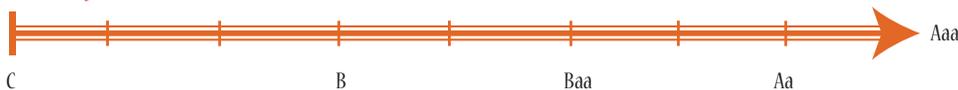


Credit Ratings			
As of June 30, 2019	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aaa	AAA	AAA
Certificates of Participation San Diego County Capital Asset Leasing Corporation (SANCAL)	Aa1	AA+	AA+
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System 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)	A3	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: 2019 CAFR Management's Discussion and Analysis Table 3.

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/sites/products/AboutMoodyRatingsAttachments/MoodyRatingSymbolsandDefinitions.pdf>

https://www.spratings.com/documents/20184/774196/Guide_to_Credit_Rating_Essentials_Digital.pdf

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

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 998,298 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 2018-2019. For more information regarding maps and how to obtain a copy, visit <https://arcc.sdcounty.ca.gov>.

Inventory of Parcels and Assessed Valuations Fiscal Year 2018-2019		
Real Property	Total Taxable Parcels	Assessed Valuations
Residential	930,507	\$ 399,438,496,079
Industrial	11,292	28,506,196,340
Commercial	27,074	78,903,311,984
Irrigated Farm	3,234	1,240,979,702
Rural Land (Non-irrigated)	8,596	1,536,086,502
Institutional	2,210	9,467,099,875
Recreational	14,906	2,909,630,966
Miscellaneous	479	62,900,429
Total Taxable Parcels	998,298	\$ 522,064,701,877

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

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, 2019, Table 23 & Glossary; California State Board of Equalization Assessors’ Handbook Section 215.

Property Tax Collection Allocation

The County collected \$5.32 billion of the 1% property tax (including Unitary tax) as of June 30, 2019. This chart shows the Fiscal Year 2019 Property Tax Collection Allocation.



Sources: 2019 CAFR Statistical Table 8; Details of the Property Tax Collection Allocation were provided by the County Auditor and Controller’s Property Tax Services Division.

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).

ACHIEVEMENTS OF NOTE

By the Numbers

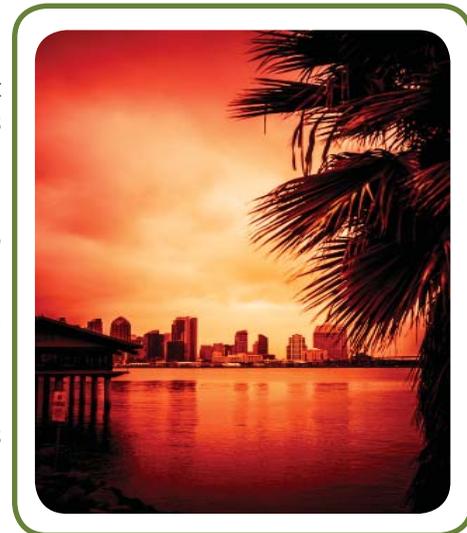
Sheriff: Answered 96% of 9-1-1 calls within 15 seconds, exceeding the standard of 95%.

Treasurer-Tax Collector: Provided a learning platform and forum to address current government finance issues by facilitating four symposiums for local agencies including Fraud Prevention, Cash Handling, Municipal Debt and Investment/Financial Management.

Registrar of Voters: Tallied 25% (385 of 1,542) of precincts for the November 2018 Gubernatorial General election by 11:30 pm on Election Night.

Parks and Recreation: Increased the amount of conserved lands by 1,921 acres, from 49,800 to 51,721 parkland acres owned and effectively managed.

Health and Human Services Agency: Ensured 90% (1,094 of 1,211) of adolescents had an appointment at a substance use disorder outpatient program within 10 business days of requesting services.



Serving the Public

District Attorney: Entered into contracts with housing providers for assistance including rental and deposit assistance, hotel vouchers and transitional housing for victims of sexual assault, sexual exploitation and/or human trafficking.

Assessor/Recorder/County Clerk: Established a Disabled Veterans Advisory Group comprised of veterans currently receiving the Disabled Veterans' Property Tax Exemption to assist in community outreach and promotion of the exemption.

Health and Human Services Agency: Released the Suicide Prevention Action Plan Update 2018 to advance the community conversation on specific steps everyone can take to reduce suicide.

General Services: Ensured that County-owned properties selected for affordable housing development consider walkability, access to public transit and proximity to supporting services.

University of California Cooperative Extension (UCCE): Assisted families in achieving and maintaining financial self-sufficiency through household savings and debt reduction, by providing information via the UCCE and America Saves websites.

Operational Excellence

County Technology Office: Won third place in the Center for Digital Government's Overall County Government Experience awards. The awards recognize the achievements and best practices of States, cities and counties that have gone to the web and beyond to radically improve the experience of government and push the boundaries of how citizen services are delivered.

Purchasing and Contracting: Received the Outstanding Agency Accreditation Achievement Award from the National Institute for Public Procurement (NIGP). NIGP recognizes agencies that are leaders in the public procurement sector. The County of San Diego is the first county in California to receive such accreditation and is among 61 other accredited agencies nationwide.

Agriculture, Weights and Measures (AWM): AWM's Citrus Quarantine Program received the Citrus Hero Award from the Citrus Pest and Disease Prevention Program for the department's involvement and assistance at the "State of Huanglongbing" event in Escondido. Huanglongbing is a deadly bacterial disease of citrus and a major risk for the state and local citrus growers.

Child Support: Received a National Association of Counties award for its college savings program. The Parents Invest in Education program helps more families open and contribute to college savings plans for their children. The San Diego County Department of Child Support Services strives to eliminate intergenerational poverty and encourage family self-sufficiency. A major driver towards overcoming poverty is education. And this program enables more children in Child Support caseload to obtain higher education.

Health and Human Services Agency: The National Association of Area Agencies on Aging (n4a) recognized Aging & Independence Services with an Aging Achievement Award for the Adult Protective Services (APS) Training Academy at its Annual Conference & Tradeshow in Chicago. The Academy provides year-long training and strengths-based coaching, as well as serving as a support group for new APS specialists.

Note: Other Awards and Recognitions are listed in the 2019 CAFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2019-20 & 2020-21.

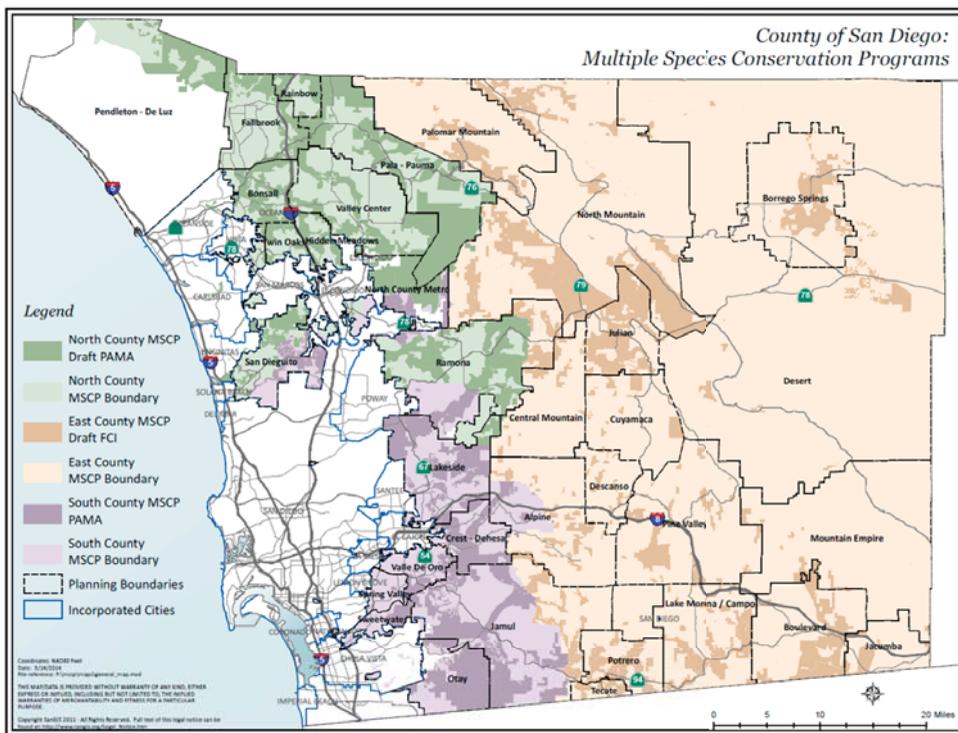
MULTIPLE SPECIES CONSERVATION PROGRAM

The Multiple Species Conservation Program (MSCP) is a comprehensive habitat conservation planning program that addresses multiple species habitat needs and the preservation of native vegetation communities in southwestern San Diego County. The MSCP balances protection of habitat and species with recreation, development, and agricultural activities within the San Diego region. The South County MSCP Subarea Plan, adopted by the Board of Supervisors on October 22, 1997, covers 252,132 acres of unincorporated land. The County is currently working on the North County MSCP, which will cover the northern part of the unincorporated area, and East County MSCP, which will cover the land in the eastern part of the unincorporated area.

The overall MSCP goal is to maintain and enhance biological diversity in the region and conserve viable populations of endangered, threatened, and key sensitive species and their habitats, thereby preventing local extirpation and ultimate extinction. The County Department of Parks and Recreation is responsible for managing and monitoring the MSCP lands the County acquires. The County conducts stewardship and management activities on County owned lands including but not limited to, trash removal, patrolling, signage, fire management, invasive plant species removal, habitat restoration and maintenance of cultural resources. The County Department of Parks and Recreation is also responsible for monitoring MSCP covered plants and animals on County owned lands.

The **South County MSCP** approved in 1997 covers 85 species including: plants, invertebrates, amphibians, reptiles, birds, and mammals.

North County MSCP (In Development) - The proposed covered species list in the North County MSCP includes species that are either currently listed as threatened or endangered under the California or Federal Endangered Species Acts or may become listed during the 50-year term of the plan. In addition to the proposed list of 29 covered species, a Watch List with approximately 14 species is included. Watch List species are species that are not yet listed as threatened or endangered but are being "watched" because they are vulnerable and could be listed during the 50-year term of the North County MSCP. **East County MSCP** (In Development) - The East County Plan Area covers approximately 1.6 million acres and will potentially provide coverage for many of the 253 sensitive species in the plan area.



The MSCP:

- ☐ Preserves San Diego's unique native habitats and wildlife for future generations.
- ☐ Works across political boundaries in a unique regional conservation effort.
- ☐ Protects watersheds and water quality.
- ☐ Streamlines the permitting process for development projects
- ☐ Ensures compliance with the federal Endangered Species Act, state Endangered Species Act and state Natural Communities Conservation Planning Act.

The MSCP is important because it:

- ☐ Conserves San Diego's natural areas and quality of life.
- ☐ Protects San Diego's diversity of native plants and animals, including threatened and endangered species.
- ☐ Accommodates future growth by streamlining building regulations.

For more information on the County of San Diego's MSCP or a full listing of the covered species: email MSCP@sdcounty.ca.gov or visit the MSCP website at <https://www.sandiegocounty.gov/content/sdc/pds/mscp.html>.

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