



County of San Diego, California

Popular Annual Financial Report

Fiscal year ended June 30, 2021





Citizens of San Diego County:

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2021 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. 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 four 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 ACFR 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 (858) 694-2176.



Ebony N. Shelton
Deputy Chief Administrative Officer/
Chief Financial Officer



Tracy Drager
Auditor and Controller

Board of Supervisors

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.

Statistics

7.0%

UNEMPLOYMENT RATE

490,068

SCHOOL ENROLLMENT

\$6.55 Billion

ADOPTED ANNUAL BUDGET

\$49,703

PERSONAL INCOME
PER CAPITA

Sources: 2021 ACFR Statistical Table 13 and Adopted Operational Plan Fiscal Years 2020-21 & 2021-22.

The 2021 ACFR is available at:
<https://www.sandiegocounty.gov/content/sdc/auditor/cafr.html>



Nora Vargas
District 1
Vice-Chair



Joel Anderson
District 2



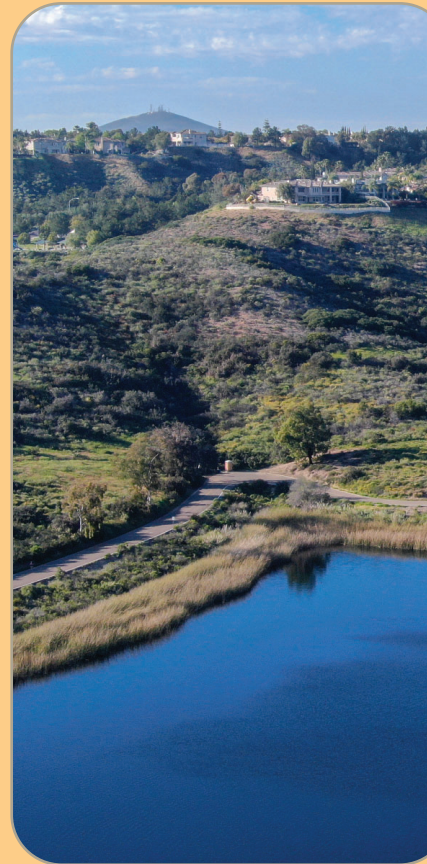
Terra Lawson-Remer
District 3



Nathan Fletcher
District 4
Chair



Jim Desmond
District 5



ABOUT SAN DIEGO COUNTY



County Economy and Outlook

San Diego's economy has been affected by the Coronavirus Disease 2019 (COVID-19). Unemployment rose sharply from pre- COVID-19 levels of 3.2 percent to a 2020 peak of 15.9% at the end of April; it dropped to a pandemic low of 6.8% in November before the winter surge in COVID- 19 cases sent cases upward and caused additional State closures on businesses (California Employment Development Department. San Diego - Carlsbad MSA Labor Force Data, accessed on March 29, 2021). By May 2021, the local San Diego unemployment rate was 6.3%, slightly higher than the US average (5.5%) and lower than the State's rate (7.5%) (California Employment Development Department. San Diego - Carlsbad Metropolitan Statistical Area Press Release. June 2021).

Most experts expected overall sales tax dollars to be less in 2020 than the same period in 2019, but stimulus funding and a shift to online shopping have not only helped consumers but the overall health of the economy.

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. A number of risk factors are continuously monitored, including employment, 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: 2021 ACFR Letter of Transmittal and Management's Discussion and Analysis.

San Diego County Population

114,463	CARLSBAD	62,099	NATIONAL CITY
272,202	CHULA VISTA	177,335	OCEANSIDE
21,381	CORONADO	49,338	POWAY
4,268	DEL MAR	1,430,489	SAN DIEGO
104,393	EL CAJON	97,209	SAN MARCOS
62,183	ENCINITAS	57,999	SANTEE
153,008	ESCONDIDO	13,838	SOLANA BEACH
28,055	IMPERIAL BEACH	102,928	VISTA
59,966	LA MESA	505,675	UNINCORPORATED
26,526	LEMON GROVE	3,343,355	TOTAL

Source: Adopted Operational Plan Fiscal Years 2021-22 & 2022-23.

Employment Mix ⁽¹⁾

235,900
GOVERNMENT ⁽²⁾
253,400
PROFESSIONAL & BUSINESS SERVICES
220,500
TRADE, TRANSPORTATION & UTILITIES
211,800
EDUCATIONAL & HEALTH SERVICES
130,400
LEISURE & HOSPITALITY
112,900
MANUFACTURING
74,000
FINANCIAL ACTIVITIES
87,800
CONSTRUCTION
40,600
OTHER SERVICES
21,900
INFORMATION TECHNOLOGY
8,400
FARMING
300
MINING & LOGGING

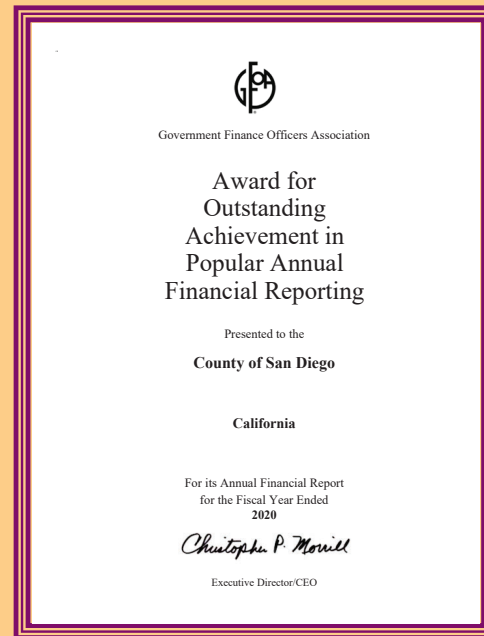
(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.

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

Source: Adopted Operational Plan Fiscal Years 2021-22 & 2022-23.

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, 2020. 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 2021, the County received awards for its leadership and excellence in operations, including 51 awards from the National Association of Counties. Examples include:

Health and Human Services Agency: Live Well Mobile Office. Adds to the County's capability to deliver indispensable services in a coordinated and integrated manner, to improve the lives of residents, and realize the Live Well San Diego vision. The mobile office was launched to ensure services are delivered directly to San Diego County communities in a comprehensive and multidisciplinary way.

Planning and Development Services: Permit Streamlining, and Self-Certification Program. Program that allows professional customers to certify certain building permits themselves, reducing their plan-check times. The program was created in response to stakeholder requests and allows customers to self-certify certain permit types to reduce plan check time performed by County staff. This program has a training and auditing component that allows interested and qualified professionals to use their experience and license to certify that their plans are complete and designed to meet all the local requirements.

Assessor/Recorder/County Clerk - The Marriage Hut was created to continue issuing marriage licenses to the public during the global pandemic, while following State and County public health orders. A separate space was set up in an open-air environment to allow for proper ventilation as well as social distancing during marriage license appointments, and has been very well received by the public.

County Fire: Emergency Access Program Gives Vulnerable Residents Peace of Mind. Launched in 2020, the Residential KnoxBox program's objective is to provide back-up emergency access to overcome a barrier during crises: a locked front door. The program provides indestructible lock boxes that store a spare house key. Called KnoxBoxes, County Fire staff install the boxes at no cost on the homes of qualifying residents. The program is available to some of County Fire's most vulnerable residents: those 62 years or older, disabled, or who need help with a major life activity.

Note: Other Awards and Recognitions are listed in the 2021 ACFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2021-22 & 2022-23.



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 2021-22 and 2022-23.



County of San Diego

Statement of Values

Vision

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

Mission

To efficiently provide public services that build strong and sustainable communities

Core Values

In recognition that "The noblest motive is the public good," we are dedicated to the following values:

Integrity

Character First

- We maintain the public's trust through honest and fair behavior.
- We exhibit the courage to do the right thing for the right reason.
- We are dedicated to the highest ethical standards.

Stewardship

Service Before Self

- We are accountable to each other and the public for providing service and value.
- We uphold the law and effectively manage the County's public facilities, resources and natural environment.
- We accept personal responsibility for our conduct and obligations.
- We will ensure responsible stewardship of all that is entrusted to us.

Commitment

Excellence in all that we do

- We work with professionalism and purpose.
- We make a positive difference in the lives of the residents we serve.
- We support a diverse workforce and inclusive culture by embracing our differences.
- We practice civility by fostering an environment of courteous and appropriate treatment of all employees and the residents we serve.
- We promote innovation and open communication.

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 \$3.38 billion at the close of fiscal year 2021, an increase of \$44.4 million or 1.3% over fiscal year 2020. This included a \$171.5 million increase in net investment in capital assets, (a 4.7% increase over fiscal year 2020), and an increase of approximately \$245.6 million in the County's restricted net position (a 21.2% increase over fiscal year 2020). Additionally, unrestricted net position decreased by \$372.7 million (a 25.1% decrease over fiscal year 2020). The previously mentioned increase of \$44.4 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 \$3.83 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 \$1.41 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 \$(1.86) billion in net negative unrestricted net position attributable to the County's outstanding Net Pension Liability and Net OPEB Liability.

June 30, 2021 and 2020 (In thousands)

	Total Primary Government	
	2021	2020
Assets		
Current and other assets	\$ 5,420,109	4,958,636
Capital assets	4,146,332	3,938,373
Total assets	9,566,441	8,897,009
Deferred Outflows of Resources		
Total deferred outflows of resources	1,527,765	1,166,318
Liabilities		
Long-term liabilities	6,279,368	5,625,441
Other liabilities	1,342,602	945,099
Total liabilities	7,621,970	6,570,540
Deferred Inflows of Resources		
Total deferred inflows of resources	93,207	158,133
Net Position		
Net investment in capital assets	3,832,335	3,660,873
Restricted	1,404,546	1,158,944
Unrestricted	(1,857,852)	(1,485,163)
Total net position	\$ 3,379,029	3,334,654

Source: 2021 ACFR Management's Discussion and Analysis Table 1.

The 2021 ACFR is available at: <https://www.sandiego-county.gov/content/sdc/auditor/cafr.html>

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 (OPEB) 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 2017 - 2021 (In billions)

2021	\$3.38
2020	\$3.33
2019	\$3.21
2018	\$2.88
2017	\$2.82



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 2020 and 2021 are attributable in part to increases of: \$394 million in COVID-19 revenue tied to the County's T3 Strategy of Test, Trace and Treat to support COVID-19 emergency response efforts (broken down as follows: \$190 million COVID-19; \$50 million in

COVID-19 American Rescue Plan Act (ARPA); and, \$154 attributable to the CARES Act); \$55 million in federal aid tied to various alcohol and drug treatment and mental health programs; \$47 million in federal aid tied to Social Services Administrative revenue; and, \$44 million tied to various Public Health Services grants primarily in Epidemiology and Laboratory Capacity (ELC) for Prevention and Control of Emerging Infectious Diseases grant.

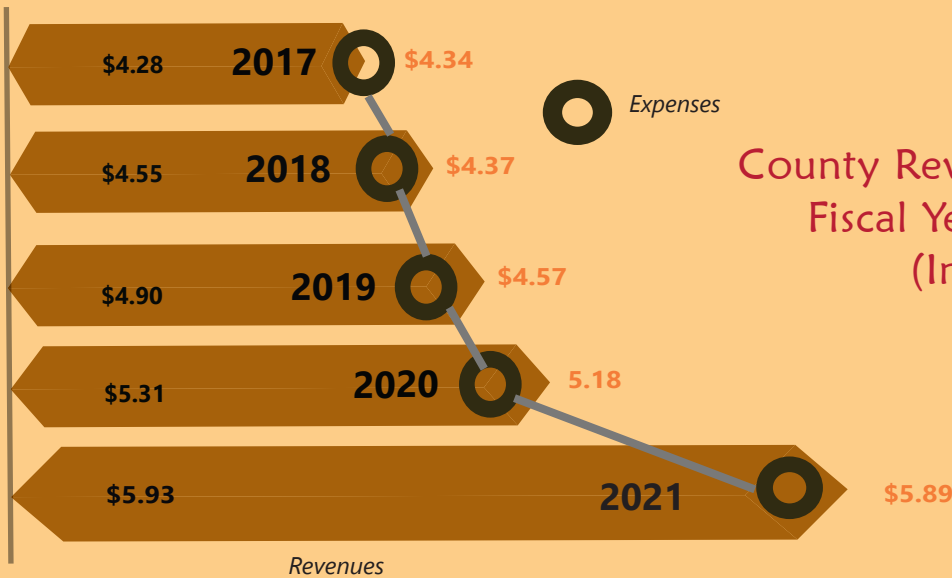
Notable changes in expenses between fiscal years 2020 and 2021 include increases of \$263 million tied to the County's T3 Strategy of Test, Trace and Treat to support COVID-19 emergency response efforts; \$150 million in overall salaries and benefit costs; \$96 million increase tied to the \$94 million Great Plates Delivered Program and \$2 million in various Aging & Independence Services programs to support COVID-19 emergency response efforts; and, \$46 million in Small Business Stimulus Program expenses.



For the Years Ended June 30, 2021 and 2020 (In thousands)

	Total Primary Government	
	2021	2020
Revenues:		
Program Revenues		
Charges for services	\$ 630,817	646,844
Operating grants and contributions	3,758,523	3,066,604
Capital grants and contributions	24,242	29,828
General Revenues		
Property taxes	881,605	851,473
Transient occupancy tax	5,386	4,173
Real property transfer tax	35,608	25,138
Miscellaneous taxes	8	3
Property taxes in lieu of vehicle license fees	465,076	441,609
Sales and use taxes	37,810	30,967
Investment earnings	(2,998)	104,681
Other	97,870	104,738
Total revenues	5,933,947	5,306,058
Expenses:		
Governmental Activities:		
General government	465,464	426,846
Public protection	1,823,535	1,848,040
Public ways and facilities	163,809	188,295
Health and sanitation	1,363,772	1,022,279
Public assistance	1,838,270	1,475,071
Education	56,272	52,225
Recreation and cultural	57,617	57,995
Interest	57,386	47,689
Business-type Activities:		
Airport	15,586	14,889
Jail Stores Commissary	5,222	5,776
San Diego County Sanitation District	31,716	28,385
Sanitation District - Other	10,923	9,504
Total expenses	5,889,572	5,176,994
Changes in net position before transfers	44,375	129,064
Transfers		
Changes in net position	44,375	129,064
Net position at beginning of year	3,334,654	3,205,590
Net position at end of year	\$ 3,379,029	3,334,654

Source: 2021 ACFR Management's Discussion and Analysis Table 2.



County Revenues & Expenses Fiscal Years 2017-2021 (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 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 Districts: Expenses related to the operations of the sanitation districts governed under the Board of Supervisors.

Where does the money go?

Public protection **31.0%**
Public assistance **31.0%**
Health and sanitation **23.2%**
General government **7.9%**
Public ways and facilities **2.8%**
Other **4.1%**

[Business-type activities 1.1%

Education 1.0%

Interest 1.0%

Recreation and cultural 1.0%]

Where does the money come from?

Operating grants and contributions **63.3%**
Property taxes **14.9%**
Charges for services **10.6%**
Property taxes in lieu of vehicle license fees **7.8%**
Other **3.4%**

[Capital grants and contributions .4%

Investment earnings .1%

Transient occupancy tax 0.1%

Real property transfer tax 0.6%

Sales and use taxes 0.6%

Other 1.6%]

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.

Credit ratings are forward-looking opinions about credit risk. This year the County Pool (the "Pool") remained rated AAAs/S1 by Fitch. The 'AAAs' 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.

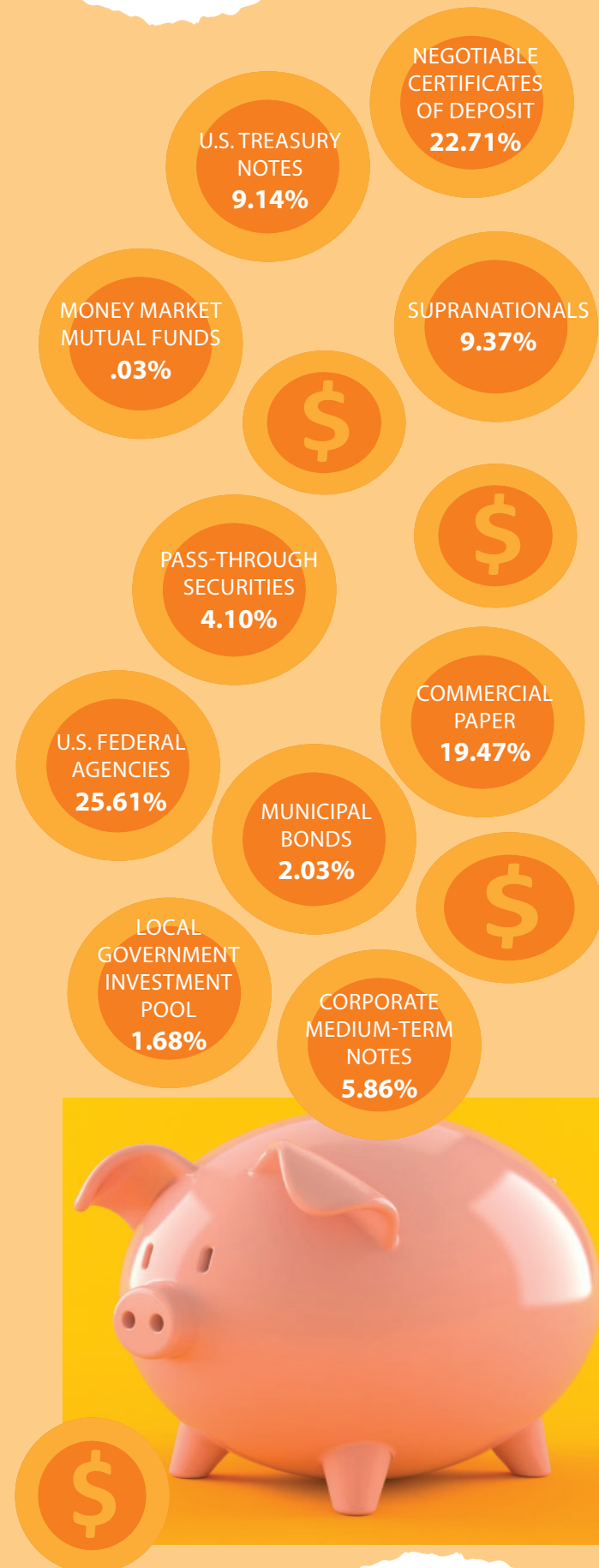
The County Pool's Investment Policy and California State Law set minimum credit ratings for each type of investment held by the Pool. The Pool invests in highly rated securities rated at least "A/F1" by Fitch Ratings or another nationally recognized statistical rating organization.

Pooled Investments
(In thousands)

Investment	Fair Value	Fitch Rating
U.S. Federal Agencies	\$ 3,051,088	NR/AA+/AAA
U.S. Treasury Notes	1,088,906	AAA
Pass-through Securities	487,985	NR -AAA
Supranationals	1,116,426	NR -AAA
Commercial Paper	2,318,756	A-1 -A-1+
Local Government Investment Pools	200,708	AAA
Money Market Mutual Funds	3,800	NR -AAA
Municipal Bonds	241,362	NR -AAA
Negotiable Certificates of Deposit	2,705,093	A-1 -A-1+
Corporate Medium-Term Notes	697,476	A-1 -A-1+
Total investments	\$ 11,911,600	

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

Source: 2021 ACFR Notes to the Financial Statements Table 7.



KEY FINANCIAL DATA

Capital Assets

The chart below depicts the outstanding capital assets, net of depreciation/amortization, as of June 30, 2021 for both Business-type and Governmental funds.

At June 30, 2021, the County's capital assets, net of depreciation/amortization totaled \$4.15 billion. Capital assets are used to provide services to county residents. Some of the significant capital asset activity in fiscal year 2021 was as follows:

\$83.1 million towards construction of Youth Transition Campus.

\$64.4 million towards construction and improvements of County maintained roads, bridges, and other road related infrastructure.

\$59.1 million towards acquisition of equipment.

\$19.8 million towards Rock Mountain Detention Facility renovations.

\$16.8 million towards improvement of various capital projects.

\$15.8 million towards development of various software applications.

\$11.7 million towards construction of Tijuana River Valley Regional Park Campground and Nature Education Center.

\$11.7 million towards County Administration Center renovations.

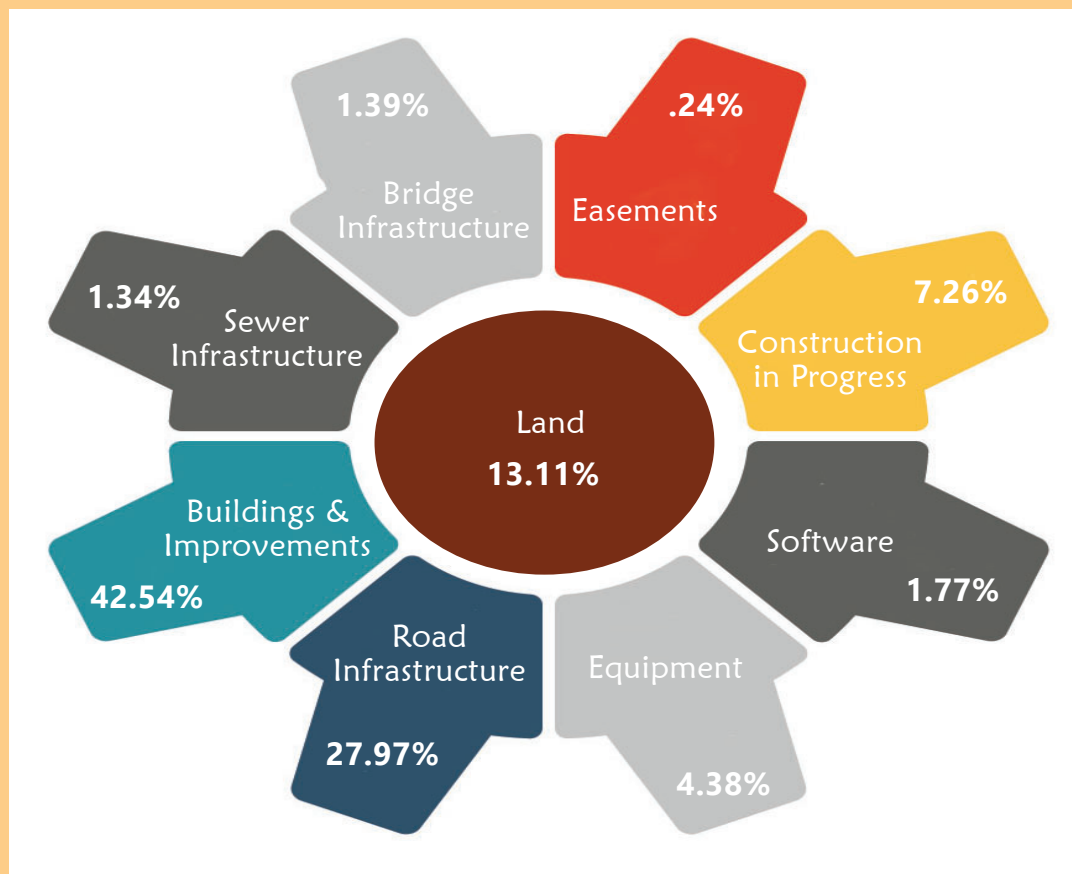
\$9.5 million towards construction of Regional Communication System.

\$8.4 million towards various land acquisitions for the Multiple Species Conservation Program.

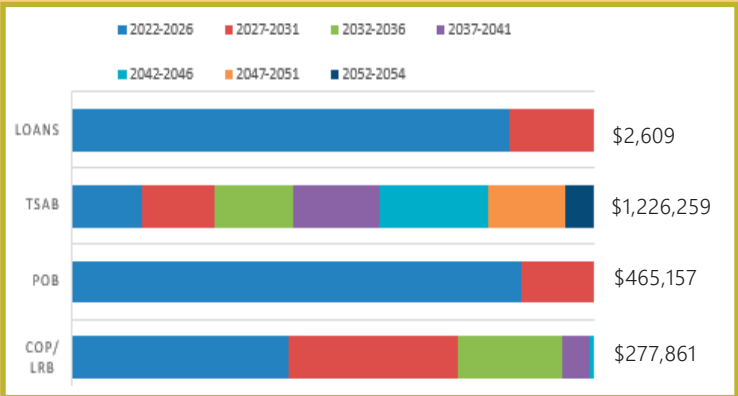
\$7.5 million towards Ohio Street Probation renovations.

\$7.3 million towards land acquisition for Emergency Vehicle Operations Course.

\$5.1 million towards improvements at Gillespie Field Cajon Air Center.



County Debt Service Requirements to Maturity (In thousands)



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

Long-Term

At June 30, 2021 the County's long-term liabilities totaled \$1.709 billion: \$1.078 billion in long-term debt principal of certificates of participation, bonds and loans; and \$631 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 energy savings measures 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.

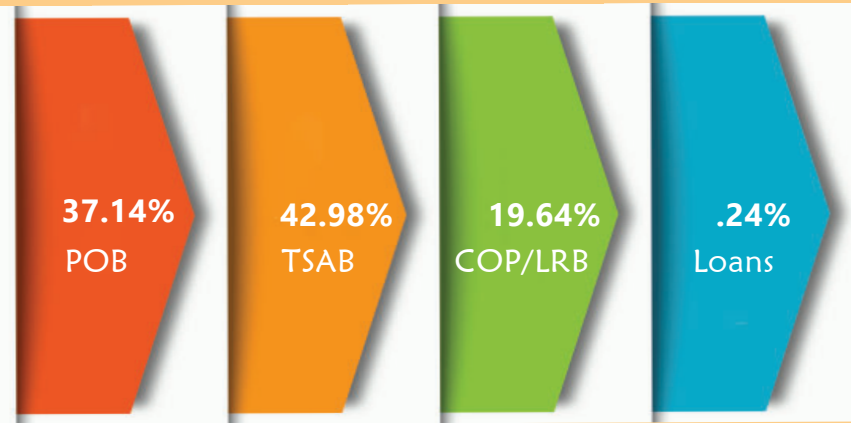
Note: This chart includes debt principal only

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



KEY FINANCIAL DATA



Credit Ratings

As of June 30, 2021	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+
Lease Revenue Refunding Bonds SDRBA (County Operations Center) Series 2016A	Aa1	AA+	AA+
Pension Obligation Bonds	Aa2	AAA	AA+
Tobacco Settlement Asset-Backed Bonds - Series 2006B CAB (First Subordinate)	not rated	CCC-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C CAB (Second Subordinate)	not rated	CCC-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D CAB (Third Subordinate)	not rated	CCC-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2019A (Class 1) Serial Bonds	not rated	A,A-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2019A (Class 1) Term Bonds	not rated	BBB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2019B-1 (Class 2) Turbo CIB	not rated	BBB+,BBB-	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2019B-2 (Class 2) Turbo CAB	not rated	not rated	not rated
San Diego County Redevelopment Agency Bonds	not rated	not rated	not rated

Source: 2021 ACFR 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's.com/sites/products/AboutMoody'sRatingsAttachments/MoodysRatingSymbolsandDefinitions.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 29,100 assessor's maps, showing 1,004,808 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 2020-2021. 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 2020-2021		
Real Property	Total Taxable Parcels	Assessed Valuations
Residential	936,884	\$ 444,802,779,161
Industrial	11,233	31,657,879,391
Commercial	27,087	87,886,786,264
Irrigated Farm	3,118	1,260,417,599
Rural Land (Non-irrigated)	8,461	1,583,678,882
Institutional	2,211	10,394,077,599
Recreational	15,319	3,233,973,565
Miscellaneous	495	37,532,180
Total Taxable Parcels	1,004,808	\$ 580,857,124,641

Note: Data represents total assessed values of real property only, without exemptions.
Sources: County of San Diego Property Valuations, Tax Rates, Useful Information for Taxpayers Fiscal Year Ending June 30, 2021, Table 23.

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.

Property Tax Collection Allocation

The County collected \$5.90 billion of the 1% property tax (including Unitary tax) as of June 30, 2021. This chart shows the Fiscal Year 2021 Property Tax Collection Allocation.



- SPECIAL DISTRICTS (3) **3%**
- COUNTY IN LIEU OF VLF (1) **8%**
- CITIES **13%**
- COUNTY LIBRARY **1%**
- COUNTY GENERAL **13%**
- SCHOOLS (1)(2) **45%**
- CITIES IN LIEU OF VLF (1) **5%**
- REDEVELOPMENT SUCCESSOR AGENCIES' RPTTF (4) **12%**

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) and these funds were allocated to Redevelopment Successor Agencies, County, Schools, Cities, Special Districts and the State Controller offices as provided by Health and Safety Code, Division 24, Part 1.85.

Sources: 2021 ACFR 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

Treasurer-Tax Collector: Maintained a collection rate of 99.0% for secured taxes and 96.1% 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.

District Attorney: Continued the San Diego Opioid Project, a public outreach and education campaign that produced 46 million impressions and 3.8 million online engagements. The data-driven campaign focused on re-framing the dangers of opioid use with the goal of reducing overdose deaths and saving lives.

Health and Human Services Agency: Immunized 100% (16,345) of children under eighteen who were served at Public Health Centers and Clinics to protect them from diseases, such as measles and whooping cough.

University of California Cooperative Extension: Conducted virtual nutrition education for 1,133 children and youth from low-income and limited-resource families in English and Spanish via 19 virtual workshops (consisting of at least 6 hours for each workshop series) to promote nutrition and physical activity for a healthy lifestyle that can reduce the risk of childhood obesity and chronic diseases such as diabetes and heart disease.

Serving the Public

Sheriff: Integrated technology in the deployment of public safety response, using the Alert Response Tool (ART) mobile app which takes the public safety grid book and puts it in the hands of first responders out in the field to accurately select and alert areas for evacuation orders. ART reduces delays and creates efficiencies for managing large evacuation events such as wildfires.

Purchasing and Contracting: Coordinated and publicized contracting opportunities with local business chambers, business associations, and other community agencies. Collaborated with several public agencies for small business outreach events, including CalTrans, San Diego County Regional Airport Authority, the US Navy, and the San Diego Small Business Development Center.

Public Works: Commenced a Green Streets Clean Water Plan to support water quality improvement and sustainability. The plan will establish criteria to identify and rank potential project opportunities based on their anticipated water quality benefit and other co-benefits such as increased sidewalk connectivity, creation of green space, and flood attenuation.

Health and Human Services Agency: Created a Dementia Friendly Activities Toolkit, which gives dementia friendly practices to help caregivers with communication strategies and offers activity adaptations for different levels of dementia progression. Activities include art, music, physical activity, cooking, gardening, and more and is available in English, Spanish, Arabic, Tagalog, and Vietnamese.

Operational Excellence

General Services: Received the U.S. Green Building Council's distinction of LEED Gold for the Sheriff Technology Information Center.

Parks and Recreation: Received a California State Association of Counties 2020 Challenge Award. The County's Virtual Recreation Center (Center) through the department of Parks and Recreation provides activities for people of all ages, interests and abilities. Programs are interactive, accessible and engaging. The Center includes virtual hikes and tours, video tutorials, printing coloring sheets and activity books, scavenger hunts and challenges, invitation to ranger-led education sessions and more.

Medical Examiner's Office: Received a California State Association of Counties 2020 Challenge Award. The County's Medical Examiner's Office is one of eight California Counties accredited by the National Association of Medical Examiners (NAME), which sets national standards in forensic medicine. It is one of three accredited in California by the American College of Graduate Medical Education (ACGME) to educate future forensic pathologists. Additionally, the Medical Examiner's Forensic Toxicology Laboratory is also accredited by the American Board of Forensic Toxicology (ABFT).

Health and Human Services Agency: Edgemoor Distinct Part Skilled Nursing Facility was once again named #1 nursing home in Newsweek's ranking of America's Best Nursing Homes 2021. This list highlights top nursing homes, compared to others in the state, based on performance data, peer recommendations, and the facility's handling of the COVID-19 threat.

Note: Other Awards and Recognitions are listed in the 2021 ACFR Letter of Transmittal and Adopted Operational Plan Fiscal Years 2021-22 & 2022-23.

COUNTY of SAN DIEGO D&I PARTNERSHIP MODEL

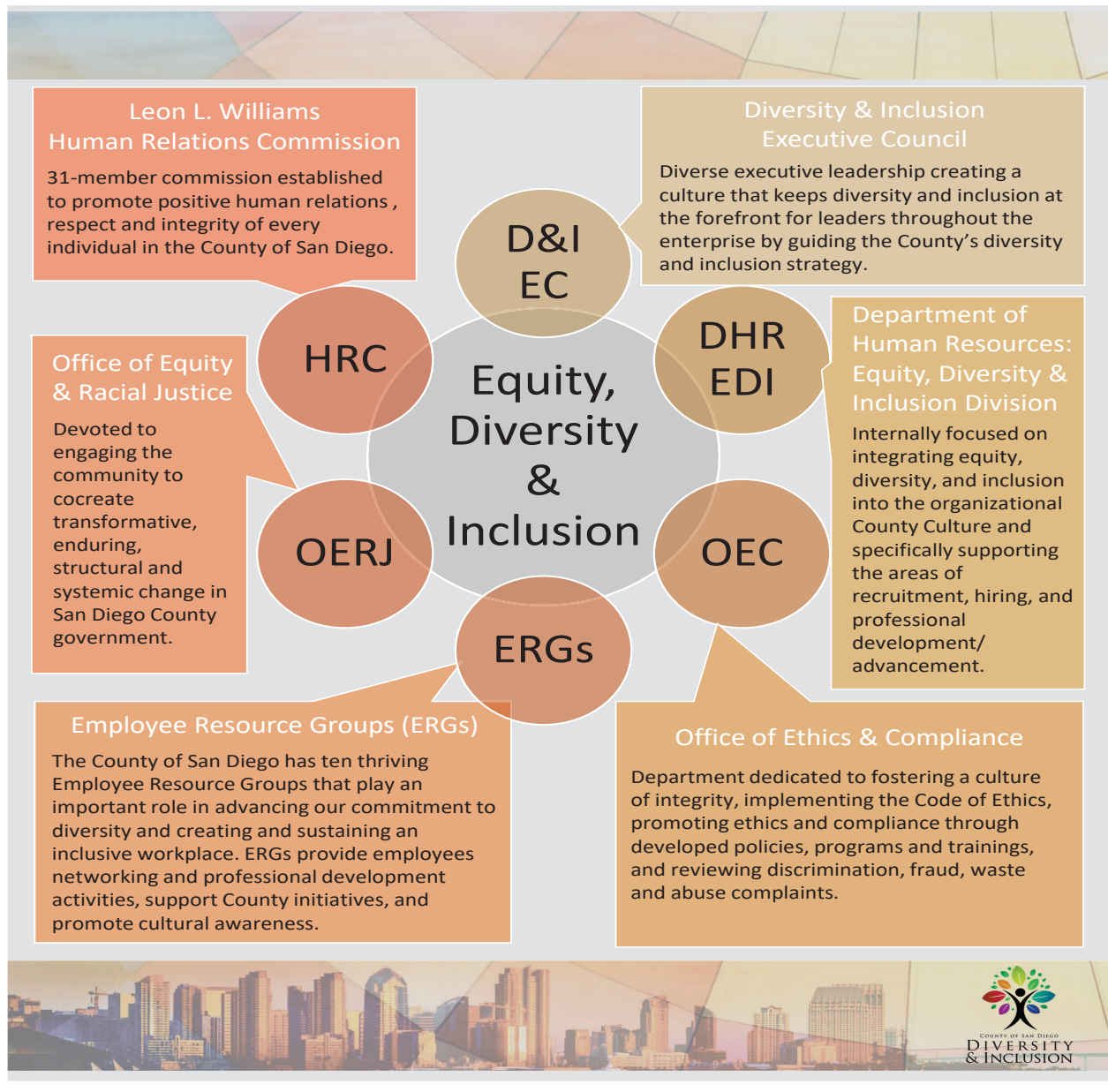


Photo Credits

Source: Shutterstock.com Cover page: Sunny day at Mission Trails Regional Park Beach in San Diego/ Gloria V Moeller; Ocean waves crashing on the rocks near the La Jolla Cove with seals and seabirds/Michael J Magee; Page 2: La Jolla Cove sunrise. San Diego, California USA./Dancestrokes; San Diego, California - August 02, 2021: Bayfront view of the San Diego Convention Center/Noah Suave; Page 3: Aerial view of Miramar reservoir in the Scripps Miramar Ranch community, San Diego, California. Miramar lake, popular activities recreation site including boating, fishing, picnic & 5-mile-long trail./Bonandbon; Aerial View of San Diego

Waterfront Park/Cassiohabib; Page 4: Downtown San Diego, California, Usa. October 2016. Gaslamp/Johan Erkki; Downtown San Diego at night/S. Borisov; Page 5: San Diego's Balboa Park Bell Tower in San Diego California/Dancestrokes; Sunset in Anza Borrego State Park as viewed from Font's Point/Jim Brown Photography; Page 9: San Diego, California / USA - January 24, 2016: Mission Trails Regional Park. Recent rainfall in the region gives a healthy flow of water over the spillway of the historical Old Mission Dam./Craig Chaddock; Page 4: Downtown San Diego at night/S. Borisov; Page 16: Amazing panoramic view of the San

Diego downtown by the harbour with many skyscrapers and huge aircraft carrier docked by the pier./Ingus Krukltis; Back Cover: Borrego Springs, CA USA - April 2, 2021: The Anza-Borrego Desert State Park Visitor Center Wooden sign./ Rosamar.



County of San Diego

5530 Overland Avenue, Suite 410, San Diego CA 92123

www.sdcounty.ca.gov

