County of San Diego, California

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2021

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Introductory Section

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Introductory Section

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November 16, 2021

To the honorable members of the Board of Supervisors and the Citizens of San Diego County:

The Annual Comprehensive Financial Report of the County of San Diego (County) for the fiscal year ended June 30, 2021, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Macias Gini & O'Connell LLP, has issued an unmodified ("clean") opinion on the County of San Diego's basic financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

County Profile

San Diego County covers 4,261 square miles, approximately the size of the state of Connecticut, extending 70 miles along the Pacific Coast from Mexico to Orange County and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern border. It is the most southwestern county in the contiguous 48 states.

San Diego County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert. The Cleveland National Forest occupies much of the interior portion of the County. The climate is mild in the coastal and valley regions, where most resources and population are located. The average annual rainfall is less than 12 inches for the coastal regions.

According to the State of California Department of Finance (DOF) as of May 2020, the County's population estimate for January 1, 2020 was 3.34 million, which decreased 0.3 percent or roughly 8,000 from the January 1, 2019 estimate. San Diego is the second largest county by population in California according to the DOF, and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau based on 2019 population estimates. There are 18 incorporated cities in the County; the City of San Diego being the largest, with a population of approximately 1.43 million; and the City of Del Mar the smallest, at approximately 4,268 people, according to DOF population estimates as of January 1, 2020.

The racial and ethnic composition of the County is as diverse as its geography. The San Diego Association of Governments (SANDAG) projects that in 2035, the San Diego region's population will continue to grow in its diversity with: 36.3 percent White; 41.4 percent Hispanic; 13.9 percent Asian and Pacific Islander; 4.0 percent African American; and 4.4 percent all other groups including American Indian. Significant growth in the region's Hispanic population is seen in this projection.

County Government, Economy and Outlook

County Government

San Diego became one of California's original 27 counties on February 18, 1850, shortly after California became the 31st State in the Union. The County functions under a charter adopted in 1933, as subsequently amended. A five-member Board of Supervisors elected to four-year terms in district, nonpartisan elections governs the County. Each board member is limited to no more than two terms and must reside in the district from which he or she is elected.

The Board of Supervisors sets priorities and approves the County's two-year budget. The County may exercise its powers only through the Board of Supervisors or through agents and officers acting under the authority of the Board or authority conferred by law. 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 nonelected officers are appointed by the CAO. The CAO assists the Board of Supervisors in coordinating the functions and operations of the County; is responsible for carrying out all of the Board's policy decisions that pertain to the functions assigned to that officer; and supervises the expenditures of all departments. Elected officials head the offices of the Assessor/Recorder/County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. The County provides a full range of public services to residents, including law enforcement, detention and correction, emergency response services, health and human services, parks and recreation, libraries and roads. The County also serves as a delivery channel for many State services, including foster care, public health care and elections.

These services are provided by four business Groups (Public Safety, the Health and Human Services Agency, Land Use and Environment, and Finance and General Government), each headed by a General Manager who reports to the CAO.

Economy and Outlook

U.S. Economy

Gross domestic product (GDP) is one of the main indicators of the health of the nation's economy, representing the net total dollar value of all goods and services produced in the U.S. over a given time period. GDP growth is driven by a variety of economic sectors, including personal consumption expenditures, gross private domestic investment, net exports of goods and services, and government consumption expenditures and gross investment.

According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), calendar year 2020 saw a decrease in real GDP, closing the year with a 3.5 percent annual contraction over the previous year, compared to an increase of 2.2 percent seen in 2019 (Bureau of Economic Analysis [BEA]. Gross Domestic Product, Fourth Quarter and Year 2020 (Second Estimate). February 2021.). According to the BEA, "The decrease in real GDP in 2020 reflected decreases in PCE [personal consumption expenditures], exports, private inventory investment, nonresidential fixed investment, and state and local government that were partly offset by increases in federal government spending and residential fixed investment. Imports decreased" (ibid) Clearly, the national economy was significantly impacted by the response to the global COVID-19 pandemic; GDP in the first quarter fell 5.0 percent and in the second quarter it dropped by 31.4 percent (ibid). But GDP bounced back in the third quarter by 33.4 percent, and in the fourth quarter, despite a strong uptick in COVID-19 cases in many parts of the country, GDP growth was still a strong 4.1 percent (ibid). According to the BEA, "The increase in fourth-quarter GDP reflected both the continued economic recovery from the sharp declines earlier in the year and the ongoing impact of the COVID-19 pandemic, including new restrictions and closures that took effect in some areas of the United States" (ibid). Commenting on the economic impact of the COVID-19 pandemic, the UCLA Anderson March Economic Outlook predicts near record economic growth that has not been seen in the US since the 1980s and notes, "we are forecasting 6.3% growth in 2021, 4.6% growth in 2022, and 2.7% growth in 2023". (UCLA Anderson Forecast. March 2021 Economic Forecast: Nation - Robust Economic Growth and Recovery After a Dreadful Year. March 2021). UCLA also predicts national GDP to return to pre-pandemic peak growth rates by the middle of 2021, and real GDP will return to its pre-pandemic levels by the beginning of 2022; the primary drivers of this growth is the spending of savings, consumers engaging in the purchase of services again, and a continuation of a thriving housing market (ibid).

At the beginning of 2020 before the COVID-19 pandemic, the national unemployment rate was historically low and had dropped to 4.0 percent. However, the impact of the COVID-19 pandemic in 2020 produced dramatic increases in unemployment across the country. According to the Bureau of Labor Statistics (BLS), the unemployment rate rose sharply in 2020 to a rate in April 2020 of 14.4 percent, followed by a slow, downward descent from May when it was 13.0 percent to the end of 2020 at 6.5 percent. Average annual unemployment in 2020 was 8.1 percent (Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey. February 2021). To kickoff 2021, unemployment was 6.8 percent, a year over year increase of 2.8 percent (ibid). Increased unemployment and stalled economic activity have led to continued low interest rates. The Federal Reserve Board noted "significant stress in high-contact, customer-facing businesses and industries" while at the same time "remained generally positive about the outlook, particularly for the second half of 2021 when vaccine distribution is expected to be more widespread" (Federal Reserve System. Minutes of the Board's Discount Rate Meetings on January 19 and January 27, 2021, accessed on March 15, 2021.) However, in light of the potential for an unstable economy in the future, the Board chose to leave the primary federal funds rate at the existing level (0.25%) (ibid).

Despite the decision by the Federal Reserve Board in January, mortgage rates ticked up by 8 basis points in February from January to 2.73%; still lower than one year ago when it was 3.31% (US Department of Housing and Urban Development. Housing Market Indicators Monthly Update. February 2021). Low mortgage interest rates have contributed to high sales volumes, high prices, and low inventory of homes for sale (ibid). UCLA Anderson forecasts the rate of sales and prices seen in 2020 will not continue in 2021 but is rather a one-time event due to a perfect storm including low rates, aging homeowners staying put, and millennials' desire to own homes amid a shortage (UCLA Anderson Forecast. March 2021 Economic Forecast: Nation - Robust Economic Growth and Recovery After a Dreadful Year. March 2021). Something to be cautious of during this buying and selling frenzy is the number of homes in forbearance (pause or reduction in payments). Before the pandemic, only 0.25% of borrowers were in forbearance programs, but as of February 2021 13.8% or approximately 2.6 million homeowners were in forbearance programs (US Department of Housing and Urban Development. Housing Market Indicators Monthly Update. February 2021).

Looking forward, the Federal Reserve Board has forecasted the following: the projected Unemployment rate at 5.0% in 2021, 4.2% in 2022, and 3.7% in 2023, and the personal consumption expenditures (PCE) inflation rate at 1.8% in 2021, 1.9% in 2022 and 2.0% in 2023 (Federal Reserve System. Summary of Economic Projections, accessed on March 15, 2021). The economic impacts of the COVID-19 pandemic prompted federal fiscal stimulus efforts, which provided substantial support to economic activity in 2020 and will continue to support economic activity in 2021. Federal fiscal policy measures (including the CARES Act and the Consolidated Appropriations Act, 2021) enacted in response to the pandemic have provided income support for households and businesses; increased grants-in-aid to state and local governments including the County of San Diego; and facilitated loans to businesses, households, states, and localities (Federal Reserve System, Monetary Policy Report, February 2021).

The economic impacts of the COVID-19 pandemic are regularly being assessed, but what remains uncertain is the duration of the public health emergency, and while some economists and experts seem to predict a positive economic recovery in 2021, it still seems mostly tied to successful vaccination efforts or other forms of COVID-19 immunity.

California Economy

California's economy is large and diverse, with global leadership in innovation-based industries including information technology, aerospace, entertainment and biosciences. A global destination for millions of visitors, California supports a robust tourism industry (pre-COVID-19), and its farmers and ranchers provide for the world. California accounts for more than 14 percent of the nation's GDP which is, by far, the largest of any State according to the BEA (Gross Domestic Product by State: Fourth Quarter and Annual 2019, April 7, 2020, https://www.bea.gov/system/ files/2020-04/qgdpstate0420.pdf, accessed on June 17, 2020). In 2020, California also led the nation with 3 million total COVID cases; this environment led to a sharply different 2020 economy than was previously forecasted (Los Angeles Economic Development Corporation. LAEDC 2021 Economic Forecast. February 2021).

In February 2020 prior to the pandemic, California's economy was forecast to grow at 2.0 percent (Los Angeles Economic Development Corporation [LAEDC]. LAEDC 2020 Economic Forecast. February 2020), however the State's economy contracted by 0.6% (Los Angeles Economic Development Corporation. LAEDC 2021 Economic Forecast. February 2021). The LAEDC again projects 2.0% growth in 2021 based on higher year-over-year growth in personal income (excluding stimulus payments), a partial recovery in industry earnings, and a gradual decline in unemployment (ibid). Because of the spike in COVID-19 cases, the recovery of some of California's hardest hit sectors, including leisure & hospitality (tourism), were negatively impacted (UCLA Anderson Forecast. March 2021 Economic Forecast: California - The Economic/ Pandemic Question: To Close or Not to Close? March 2021). On the other hand, tax collections in the State are 42% ahead of budget projections, potentially allowing more discretionary State spending (Legislative Analyst's Office. January 2021 State Tax Collections. February 2021). According to UCLA's analysis, one of the primary reasons for the State being ahead of collections is that the tech industry prospered during the pandemic (UCLA Anderson Forecast. March 2021 Economic Forecast: California - The Economic/ Pandemic Question: To Close or Not to Close? March 2021). Another bright spot is that the overall housing market boomed. In fact, home sales in California were higher in 2020 than they were since just prior to the Great Recession (ibid). Home sales and prices rose throughout the pandemic and continue to rise. There are likely two reasons driving this housing boom: first, mortgage rates are at historic lows and second, home buyers or higher income earners have been largely unaffected by the pandemic (Beacon Economics. Beaconomics: An Economic Forecast for the U.S. and California. December 2020).

Prior to the COVID-19 pandemic, UCLA Anderson projected California's unemployment rates to "...be at 0.9% and 1.3%..." for 2020 and 2021. (UCLA Anderson Forecast. Financial Outlook for 2020. December 2019). However, the mandated shelter-in-place response to the COVID-19 pandemic delivered a swift and harsh blow to California businesses and labor force. As of January 2021, the state annual unemployment rate for 2020 was at 10.1 percent, which was 6.1 percent higher than the annual average for 2019 (4.0 percent) (California Employment Development Department. Local Area Unemployment Statistics & Monthly Labor Force Data for Counties - Annual Average for 2020, accessed March 2021). According to the Anderson Forecast, "there were several sectors shouldering the brunt of the job loss: leisure and hospitality, education, other services and retail...job losses in these sectors from December 2019 to December 2020 represent 76% of all the job losses in the state" (UCLA Anderson Forecast. March 2021 Economic Forecast: California - The Economic/Pandemic Question: To Close or Not to Close? March 2021). Including healthcare and social service job losses brings the represented job losses, or the "hardest hit" sectors in the state, to accounting for

81% of job losses (ibid).

UCLA forecasts that overall the California employment sector will rebound faster than the national average as stringent pandemic restrictions are loosened and more jobs that involve person-to-person contact come back online (ibid). That said, unemployment is not expected to fully recover nationally until 2023; as the economy expands and more jobs become available, the labor force will also grow which will push unemployment back up (or slow the rate at which unemployment goes down) (ibid). As more people get back to work, consumer spending will get back to a more normal growth pattern, increasing taxable sales revenue.

As the State recovers economically from the COVID-19 pandemic and reduces its restrictions on businesses, experts predict consumers to return to pre-pandemic behaviors, including spending on housing, food, clothing, cars, furnishings and healthcare (California Forecast. Progress of the Recovery - The Outlook for 2021 is Still Hazy. February 2021). What is unknown is whether spending for live events and large public gatherings will return to pre-pandemic activities or if they will remain socially distanced with reduced capacities and audiences (ibid).

One trend that intensified at the start of the pandemic was the online purchase of goods. This resulted in a year-over-year increase in State imports of 4.0 percent, and a noticeable increase in traffic at the major ports of entry, particularly for shipping containers (Beacon Economics. California Trade Report. March 2021). While it's unclear whether major California trade partners (China, Mexico, and Canada) will recover with the same strength as is projected in the US economy, experts expect exports to US companies that manufacture goods in China, Mexico and Canada to "surge" (ibid). The positive outlook for trade contrasts with the State's housing affordability.

It was previously mentioned the housing market surge drove up housing sales and prices. This was good for many, including those in the real estate and construction industries and current homeowners. However, the median home price in California ($740,050) was more than double the national median home price, and 76 percent of households were either rent burdened (51 percent) or extremely rent burdened (25 percent) (Los Angeles Economic Development Corporation. LAEDC 2021 Economic Forecast. February 2021). This means that over 50 percent of households spent at least a third of their income on rent and 25 percent of households spent more than half of their income on rent (ibid). Consequently, the high price of housing is an incentive to keep home builders planning and building, but this takes a significant amount of time. UCLA estimates an additional 127,000 new units in 2021 and growth to 134,000 units by 2023, but the UCLA forecast adds, "this level of home building means that the prospect for the private sector building out of the housing affordability problem over the next three years is nil" (UCLA Anderson Forecast. March 2021 Economic Forecast: California - The Economic/Pandemic Question: To Close or Not to Close? March 2021). Despite the affordability constraints, UCLA concludes their data supports the idea that people are leaving California not due to affordability constraints but rather because remote work is giving employees the opportunity to experience life in a non-urban setting (ibid). The California Public Policy Institute comments, "Relocation due to the pandemic-both in and out of the state-will have long-term consequences if it persists. However, decades of underinvestment in housing mean that supply shortages will continue to put upward pressure on prices in most areas of the state" (Public Policy Institute of California. California's Future. January 2021).

San Diego Economy

As of 2019, the San Diego region is home to more than 3.3 million residents, the second largest county in California and fifth largest in the nation in terms of population according to the U.S. Census Bureau (U.S. Census Bureau. County Population Totals: 2010-2019, accessed on March 29, 2021). In 2019, San Diego County accounted for more than $222.3 billion, or 7.9 percent of California's GDP, based on data from the BEA (Bureau of Economic Analysis. Real Gross Domestic Product by County, 2016- 2019, accessed on March 29, 2021) and 8.4 percent of the State's population, based on U.S. Census Bureau data.

The San Diego region includes the largest concentration of U.S. military in the world, making the military presence an important driver of the region's economy. In addition, San Diego is a thriving hub for the life sciences/biomedical and technology-oriented industries, and in non-pandemic years San Diego is a popular travel destination. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which have contributed to local consumer spending.

In January 2021, the San Diego Business Journal hosted its annual economic forecast and several of the panelists had positive and negative reviews for the local outlook. Most predicted flat or slow GDP growth at the beginning of the year with it ramping up in the second half of 2021 and into 2022 as COVID-19 cases and restrictions moderated with distribution of the vaccine, noting that San Diego is expected to outperform the State of California in the recovery and be in the middle of the pack compared to the US overall (San Diego Business Journal. Sizing Up the Economic Potential of 2021: Experts Offer a Variety of Perspectives. February 2021). While economic growth is expected to help the San Diego region recover in terms of unemployment, investment into the region, and other areas, experts noted one troubling indicator (ibid). All income levels in San Diego suffered job losses at the outset of the pandemic, however after nearly a year of recovery, high wage earners (earnings greater than $60,000 per year) showed a 2.4% increase in jobs yet low wage earners (earnings below $27,000 per year) about a quarter of those who had initially lost their jobs at the start of the pandemic were still unemployed (ibid). Mark Cafferty, President & CEO of the San Diego Regional Economic Development Corporation said, "Not surprisingly, many of the jobs in that particular area...are in places like tourism, are in restaurants and really are anywhere where foot traffic in general and people gathering in places is critical to the business model" (ibid).

The COVID-19 pandemic also led to changes in consumer behavior. SANDAG estimates the San Diego Gross Regional Product (GRP) will be down 3.1% - 4.5%, or in other words, a $7 - $10 billion loss in 2020 (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021). Nine out of every ten jobs lost in San Diego came from either the tourism, education, or retail sectors; these were the hardest hit during the pandemic (ibid). "According to the San Diego Tourism Authority (SDTA), the visitor industry lost 20 years of economic gain in 2020 and expects a five-year recovery horizon. Specifically, visitor spending fell from $11.6 billion in 2019 to $5.2 billion in 2020 (below the 2001 visitor spending level of $5.9 billion), and the meeting and special event industry, which included 2.7 million visitors and $3.5 billion in spending, essentially came to a stop and has yet to pick up" (ibid). Further highlighting a long road to recovery, domestic air travel to San Diego decreased by 74%, and 76% of the scheduled cruise ship calls for 2020 were cancelled, creating about $158.6 million in lost economic activity (ibid).

The National Bureau of Economic Analysis officially declared that February 2020 was the peak of economic expansion that began in June 2009; this marked the beginning of a recession (National Bureau of Economic Analysis. NBER Determination of the February 2020 Peak in Economic Activity. June 8, 2020). A recession, as the world quickly found out in 2020, leads to a slowdown in sales tax collection, as consumers and businesses are more reluctant to spend. However, the COVID-19 Recession was not typical. Recessions are marked with bearish stock markets, halted consumer spending, and perhaps other negative outcomes. In 2020, "the stock market reached new highs and asset prices went up, all while the economy was contracting" (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 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. When compared to the Fiscal Year 2018-19 (when there was no recession), declines are anticipated in the General Consumer Goods, and Tourism, while this is expected to be offset by increases in Online Sales (particularly for General Consumer Goods), Autos & Transportation, Building & Construction, and Food & Drugs (HDL Companies. San Diego Second Quarter Sales Tax Forecast and Economic Drivers).

Despite the recession and changes in business regulations as of the Second Quarter report to the Board of Supervisors in mid-March, the County was projected to overrealize budgeted Sales Tax-based revenues by $59.0 million in Fiscal Year 2020-21 or

5.6%. These projections assume a Countywide recovery will not begin until at least the second quarter of 2021 and that the shift towards online shopping is permanent (ibid).

Since the Great Recession, the County's reliance on sales tax revenue has increased. Due to changes in funding and service delivery models by the State, sales tax revenue has become critical to supporting essential program areas in Public Safety, and Health and Human Services through dedicated revenue sources including Prop 172 and Health and Public Safety Realignment. Consumer activity also supports the County's program revenue for Behavioral Health through the Mental Health Services Act and road repair activities through the State Gas Tax.

Pre-COVID-19, the visitor industry was the region's second largest export industry and, employed "199,800 residents in fields directly related to the hospitality industry, including lodging, food service, attractions, and transportation," (San Diego Tourism Authority. San Diego County 2020 Visitor Industry General Facts, accessed on March 29, 2021). However, this same industry is still missing 50,000 jobs that were lost due to the pandemic; it is one of the hardest hit sectors during 2020 (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021). Declining tourism resulting from COVID-19 impacts the County's revenue from Transient Occupancy Tax (TOT), the County's hotel room tax collected in the unincorporated area. In Fiscal Year 2019-20, this revenue source was projected to realize a shortfall of $1.8 million, in Fiscal Year 2020-21 TOT revenue was budgeted at a lower amount due to decreased air travel and overall tourism to the region, and as of Second Quarter in Fiscal Year 2020-21 TOT revenue was expected to be $2.2 million higher than budget but still lower than the Fiscal Year 2018-19 baseline by about $1.0 million. In terms of jobs and employment, the region's numbers are getting better.

A study using 2019 data and reported by the Union-Tribune found that San Diego County had 23 percent of its workforce in either the retail or leisure & hospitality sectors; this setup left the region headed for a hard fall during the pandemic ("San Diego's reliance on tourism jobs could mean a bigger economic COVID-19 hit," The San Diego Union Tribune, April 21, 2020). According to monthly data from the California Employment Development Department, San Diego County went from adding jobs in the month of February to losing jobs by tens, then by hundreds of thousands. 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). Growing unemployment constrains consumer spending and associated County revenues, while increasing the County's costs due to demand for the County's essential safety net services that residents rely upon in times of uncertainty and need.

When it came to wages, low earning and middle wage San Diego County workers made more than the State average, however high earners on average made less than the State average (California Employment Development Department. Occupational Employment Statistics, accessed on March 30, 2021). The median household income for San Diego County in 2019 was nearly $79,000, but diminishing factors including inflation and the real estate market can reduce that overall buying power.

Inflation can have a dampening effect on the region's wage gains; inflation occurs when prices rapidly increase and reduce buying power; economists consider high inflation bad for the economy although some inflation is healthy ("Deflation: Who Let the Air Out", Federal Reserve Bank of St. Louis, pg. 2). Deflation exists when overall prices decrease, and this is also a concern for economists because it encourages consumers to save and wait for lower future prices, which can create a cyclical problem (ibid). Both inflation and deflation are measured by the Consumer Price Index (CPI). As of January 2021, the CPI for San Diego County was up 0.4 percent, indicating slight inflation for November and December 2020 (Bureau of

Labor Statistics. Consumer Price Index, San Diego Area. January 2021). While food prices increased 0.6 percent during this period, it was not as sharp of an increase as earlier in the pandemic when there were other COVID-related food-supply issues; energy prices also rose by 3.7 percent due primarily to higher gas prices (gasoline and natural gas) (ibid). The behavior of consumers will continue to shape the post-COVID recovery for the San Diego region. If consumers save, deflation will snowball and the pace of any economic recovery will slow; if consumers spend, prices will stabilize, and economic recovery will surge.

Increasing unemployment exacerbates the pressure of high housing costs. San Diego housing is among the least affordable. The median price of a home in the region reached $744,000 in the first quarter of 2021, up 11 percent from the prior year and keeping San Diego's housing market as the second most expensive in the nation according to the San Diego Regional EDC (San Diego Regional EDC. Economic Snapshot, accessed on March 30, 2021). The EDC concludes San Diego has an affordability crisis and housing is at the epicenter. "The cost of housing is the primary driver of the region's high cost of living… if left unaddressed, the region's cost of living pressures will erode its economic competitiveness" (San Diego Regional EDC. Addressing San Diego's Affordability Crisis, accessed on March 30, 2021).

After initial analysis of COVID-19 impacts, economists predicted the local housing market would eventually slow in activity and stop appreciating (San Diego Business Journal. San Diego Business Journal Economic Trends 2020. February 2020). While new listings for sale slowed significantly (19.6% annual decrease), sales (5.9%) and sales price (20.0%) have increased compared to one year ago while average days a home is on the market decreased by about one month (San Diego Association of Realtors. Monthly Indicators. February 2021). By one measure (new listings), the housing market slowed, but by nearly every other metric it heated up. The federal economic stimulus measures, a booming stock market, and historically low interest rates "fueled the San Diego region's housing market where prices have increased" (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021).

Looking to construction as an indicator of future activity in the residential real estate market, the San Diego Regional EDC reports that in the fourth quarter of 2020, "Housing permits increased by 1,378 in 2020 compared to 2019, driven by multifamily units" (San Diego Regional EDC. Economic Snapshot, accessed on March 30, 2021). San Diego and Riverside Counties were the only Southern California regions to increase home building during the pandemic; the Building Industry Association attributes this to designating the construction industry as an essential service (The San Diego Union Tribune. San Diego County on Track to Build More Housing in 2020. December 2020).

Outside of the single family home sector and pre-COVID-19, according to market rental rate data from Zillow rents in San Diego were higher than the national average but increased at the same rate (Zillow Research. Zillow Observed Rent Index, accessed on March 30, 2021). However, with the 2020 upward trend in the housing market, the rental rate in San Diego outpaced the national average by 3.5% in 2020 (ibid). This upended real estate tracker CoStar's prediction of a 10% drop in rents across the County by the end of the year as a result of the pandemic (The San Diego Union Tribune. Forecast: San Diego Rent.)

While increasing rents did not generally put pressure on property owners to eventually default on their property, job loss and economic hardship during a recession can ultimately force a property owner to default. Another measure of the housing market is the rate of foreclosures, as well as the companion indices of notices of loan default and deeds recorded (changes in ownership). According to the Assessor/Recorder/County Clerk, foreclosures compared to total deeds recorded averaged 0.3 percent over the three-year period of 2003 through 2005, then rose significantly reaching 16.9 percent in 2008 and has declined to 0.2 percent in 2020. Total deeds recorded in 2020 were 138,302, an increase of 16.9 percent from the previous year. Notices from lenders to property owners that they were in default on their mortgage loans peaked at 38,308 in 2009, and foreclosures reached a high of 19,577 in 2008. In comparison, San Diego County saw 1,333 Notices of Default in 2020, down 55.2 percent from the 2019 level. The percentage of properties with delinquent mortgage loans that went into foreclosure averaged at approximately 11.6 percent from 2003 through 2005. During the Great Recession, this indicator peaked at 57.5 percent in 2008 but since has declined to 19.7 percent in 2020, a slight 0.4 percent increase but an overall decrease in terms of the number of foreclosures from 2019. This can be partially explained due to the estimated forbearance outstanding in San Diego (4.7%) (Federal Reserve Bank of Atlanta. Mortgage Analytics and Performance Dashboard, accessed on March 30, 2021).

Coronavirus Disease 2019 (COVID-19) and Economic Conditions

As discussed, the County was heavily impacted by the Coronavirus Disease 2019 (COVID-19) global pandemic and its resulting business closures and "stay-at-home" orders beginning in March 2020. Under the responsibilities of the region's Public Health Officer, the County was directly responsible for safeguarding health in response to the COVID-19 pandemic through various Public Health Orders and actions under the Local Health Emergency issued in February 2020. Additionally, the County itself underwent significant changes in how core government services were delivered, along with employers across the nation, as businesses shuttered and the majority of employees and the public remained at home for months. Resulting job losses pushed the County's caseloads higher in many essential public assistance programs residents rely upon in times of uncertainty and need.

Further, many County services were interrupted, prohibited or otherwise impacted by the response to the COVID-19 pandemic's effect on businesses, residents and government. Like most government agencies, the County had unknown revenue impacts during the Fiscal Year 2020-21, but it continued to monitor the recovery and adapt as the public health situation progressed and the economy reopened incrementally. The County will continue to respond to COVID-19 with programs like Test, Trace, Treat strategy (T3), vaccination efforts, and meals to at-risk seniors under the Great Plates Delivered program. It will also receive and prioritize new federal stimulus dollars from the American Rescue Plan Act of 2021 (ARPA) to offset costs of the County's direct COVID-19 response.

When the Fiscal Year 2020-21 Adopted Operational Plan was approved, much was still unknown about COVID-19 and the recovery. To mitigate any revenue shortfalls and unexpected impacts, the Fiscal Year 2020-21 Operational Plan assumed there would be no new programs or expansion of existing programs, and no additional staffing for non-essential County services. Since that time, three new County Supervisors were sworn in, a framework for the future was set, and many have been vaccinated against the deadly virus. It is clear the Board wants to continue a safe reopening with maximum COVID-19 response efforts but also begin to thoughtfully expand services to those most in need of County services and hardest hit by the effects of the pandemic. This will require all levels of the County to be more focused when reaching out to stakeholder groups as well as more data-driven in its decision making and resource allocation.

With a signed stimulus and vaccination levels that will reach herd immunity levels by the end of the summer, the County expects residents to begin to feel a return to normal by the beginning or middle of Fiscal Year 2021-22. SANDAG predicts those sectors that did well during the pandemic to continue to do well and grow at a steady pace, including innovation, manufacturing, construction, finance, insurance, and the military (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021). Some of the hardest hit sectors like retail and education may quickly recover once the economy is fully reopened with tourism perhaps taking up to five years to recover, according to the San Diego Tourism Authority (ibid). With the fiscal year 2021-22 Operational Plan, the County will execute the short and long-term direction the Board sets to begin to fully recover from the pandemic and bring lasting, positive change to the region.

County's Economic Base

The County's economic stability is based on significant manufacturing presence and innovation clusters (e.g. energy storage, cyber-security, and clean tech), a large tourist industry attracted by the favorable climate of the region, a considerable defense-related presence from federal spending, and a thriving hub of biotech and telecommunications industries. Highlights of seasonally unadjusted County employment as of August 2021 data from the California Employment Development Department Labor Market Information

Division are listed below:

- Non-farm industry employment totals 2.82 million jobs. This represents a gain of nearly 121,000 jobs from August 2020. Agriculture includes 9,400 jobs, or 0.7 percent of all industries in the region.
- Goods-producing industries make up 7.2 percent of non-farm employment or 204,200 jobs. The most significant sectors include manufacturing, which accounted for 4.0 percent of non-farm employment or 113,600 jobs; and construction, which accounted for 3.2 percent of total non-farm employment or 90,300 jobs.
- Private (non-government) services industries constitute the largest share of employment in the region and accounted for 34.7 percent of total non-farm employment, with 978,200 employed.
- Of these, professional and business services make up the largest non-government sector, comprising 8.9 percent of total non-farm employment, totaling 249,700 jobs. Other large non-government sectors in the private services industry category include: trade, transportation and utilities (208,500 jobs); educational and health services (211,800 jobs); and leisure and hospitality (164,600 jobs).
- Government accounted for 8 percent of total non-farm employment, or 224,900 jobs. San Diego's local governments, including education, contribute significantly to this sector.

County revenues that are affected by the state of the local economy include property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by interest rates and employment levels. Short- and long-term interest rates remain low by historical standards.

General Management System

The General Management System (GMS) is the County of San Diego's ("County") foundation that guides operations and service delivery to residents, businesses and visitors. The GMS outlines the County's strategic intent, prioritizes its goals and use of resources, describes how it monitors progress on performance, ensures collaboration and recognizes accomplishments in a structured, coordinated way. 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 that provides focused, meaningful public services.

At the heart of the GMS are five overlapping components which ensure that the County asks and answers crucial questions, as well as completes required deliverables:

- Strategic Planning
- Operational Planning
- Monitoring and Control
- Functional Threading
- Motivation, Rewards and Recognition

These five GMS components form an annual cycle that is renewed each fiscal year with review of the Strategic Plan and development of a new Operational Plan. More information about the GMS and the Strategic Plan is available online at: www.sdcounty.ca.gov/cao/.

Context for Strategic and Operational Planning

To be effective, the goals that the County sets and the resources that are allocated must be consistent with the purpose of the organization. The context for all strategic and operational planning is provided by the County's vision; a vision that can only be realized through strong regional partnerships with the community, stakeholders and employees.

Vision:

A region that is Building Better Health, Living Safely and Thriving - Live Well San Diego

Mission:

To efficiently provide public services that build strong and sustainable communities

Values:

The County recognizes that “The noblest motive is the public good.” As such, there is an ethical obligation for employees to uphold basic standards as we conduct operations. The County is dedicated to:

- 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

Strategic and Operational Planning (Budgetary) Process

The County ensures operations are strategically aligned across the organization by developing a five year Strategic Plan that sets forth priorities the County will accomplish with public resources. The Strategic Plan is developed by the Chief Administrative Officer (CAO) and the County Executive Team, based on the policies and initiatives set by the Board of Supervisors, an enterprise review of the issues, risks and opportunities facing the region and reflects the changing environment, economy and community needs. All County programs support at least one of these four Strategic Initiatives through Audacious Visions, Enterprise-Wide Goals and departmental objectives that make achievement of the initiatives possible. The Strategic Initiatives include:

- Building Better Health
- Living Safely
- Sustainable Environments/Thriving
- Operational Excellence

The Operational Plan provides the County's detailed financial plan for the next two fiscal years. However, pursuant to Government Code Section 29000 et seq., State law allows the Board of Supervisors to formally adopt only the first year of the Operational Plan as the County's budget. The Board approves the second year of the plan in principle for planning purposes. To demonstrate that resources are allocated to support the County's Strategic Plan, all program objectives in the Operational Plan and department performance measures are aligned with the County's Strategic Initiatives, Audacious Visions and/or Enterprise-Wide Goals.

State law permits modifications to the adopted budget during the year with approval by the Board of Supervisors, or in certain instances, by the Auditor and Controller.

The Chief Administrative Officer reviews the status of the County's performance against the budget, and requests adjustments as needed, in a quarterly status report to the Board of Supervisors.

Financial (Budgetary) Policies

California Government Code (GC) Sections 29000 through 29144 provide the statutory requirements pertaining to the form and content of the County's budget. Government Code Section 29009 requires a balanced budget in the recommended, adopted and final budgets, defined as "funding sources shall equal the financing uses."

County Charter Section 703 establishes the Chief Administrative Officer as responsible for all Groups/ Agencies and their departments (except departments with elected officials as department heads), for supervising the expenditures of all departments and for reporting to the Board of Supervisors whether specific expenditures are necessary.

County Code of Administrative Ordinances Article VII establishes the components and timeline for the budget process and establishes the Chief Administrative Officer as responsible for budget estimates and submitting recommendations to the Board of Supervisors. This article also establishes guidelines for the use of fund balance and the maintenance of reserves in order to protect the fiscal health and stability of the County. Expenditures for services are subject to fluctuations in demand and revenues are influenced by changes in the economy and State and federal regulations. This section ensures the County is prepared for unforeseen events by establishing, maintaining and replenishing prudent levels of fund balance and reserves, and by ensuring that all one-time resources generated by the County are appropriated for one-time expenditures only.

On February 14, 2020, the County of San Diego declared a local public health emergency due to COVID-19. In response to the declared emergency and the economic impacts of COVID-19 on County finances, on May 19, 2020 the Board of Supervisors ratified the Chief Administrative Officer's suspension of sections 113.2, 113.5(a), and 113.5(b) of the San Diego County Administrative Code and any other provision of local law pertaining to General Fund balance, reserves, commitments, assignment and management practices until further notice.

Furthermore, on January 12, 2021 (Minute Order No. 11), the Board of Supervisors took action to realign policies that govern County resources. It is anticipated that as a result of this planned framework adjustment that the Administrative Code provisions regarding fund balance will be revised in the near future.

The County has the following policies that serve as guidelines for financial and budgetary processes:

Board of Supervisors Policies

A-81 Procurement of Contract Services: The County may employ an independent contractor if it is determined that the services can be provided more economically and efficiently by persons employed in the Classified Service.

A-87 Competitive Procurement: The County shall procure items or services on a competitive basis unless it is in the County's best interests not to use the competitive procurement process.

A-136 Use of County of San Diego General Management System for Administration of County Operations: Establishes the General Management System (GMS) as the formal guide for the administration of County departments, programs and services, and ensures that all County departments and offices operate in compliance with the GMS.

B-29 Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery: Provides a methodology and procedure to encourage County departments to recover full cost for services whenever possible.

B-37 Use of the Capital Program Funds: Establishes funding methods, administration and control, and allowable uses of the Capital Program Funds.

B-58 Funding of the Community Enhancement Program: Establishes guidelines and criteria for allocating the appropriations for the Community Enhancement Program.

B-63 Competitive Determination of Optimum Service Delivery Method: Provides that selected departments analyze services, either County-operated or contracted, to determine if the quality, economy and productivity are equal to that of an alternative delivery method, including other government agencies, and to determine how the revenues can be maximized so the highest level or volume of services can be provided.

B-65 Long-Term Obligations and Financial Management Policy: Governs the management and planning for the long-term financial outlook and obligations that bear the County of San Diego's name or name of any related Agency for the County.

B-72 Neighborhood Reinvestment Program: Establishes guidelines and criteria for allocating the appropriations for the Neighborhood Reinvestment Program.

E-14 Expenditure of Tobacco Settlement Revenue in San Diego County: Establishes that revenue received from the Tobacco Master Settlement Agreement (1998) shall be allocated to support a comprehensive tobacco control strategy, to increase funding for health care-based programs, and to supplement, but not replace, existing health care revenue.

G-16 Capital Facilities and Space Planning: The Department of General Services shall be the responsible agency to manage the capital facilities planning and space needs of the County. On May 19, 2020 (Minute Order No. 19), portions of the Board Policy G-16 were revised to reflect the changes to the Capital Improvement Needs Assessment (CINA) Program and update the County's current standards and practices for the Capital Program. M-13 Legislative Policy: State-Mandated Local Program Costs: Calls on the State and Federal Legislatures to encourage equitable reimbursement of mandated program costs.

Administrative Manual

0030-01 Procedure for Fees, Grants and Revenue Contracts for Services Provided to Agencies or Individuals Outside the County of San Diego Organization: Establishes a procedure within the framework of Board of Supervisors Policy B-29, to serve as guidance in the process of recovering full costs for services provided to agencies or individuals outside the County of San Diego organization under grants or contracts or for which fees may be charged.

0030-06 State Mandated Cost Recovery: Establishes guidelines to attempt full recovery of all State-mandated costs resulting from chaptered legislation and executive orders.

0030-10 Transfers of Appropriations Between Objects within a Budget Unit: Establishes a procedure authorizing the Auditor and Controller, under the direction of the CAO, to transfer appropriations between objects within a budget unit (department).

0030-14 Use of One-Time Revenues: Establishes that one-time revenue will be appropriated only for one-time expenditures such as capital projects or equipment, not for ongoing programs.

0030-18 Establishing Funds and Transfer of Excess Cash Balances to the General Fund: Establishes the procedure for approval and establishment of funds and a policy to transfer cash balances into the General Fund, as authorized by California Government Code Section 25252.

0030-22 Revenue Management - Auditor and Controller Responsibilities: Establishes the Auditor and Controller as responsible for reviewing and evaluating revenues from all sources in order to maximize these revenues within legal provisions and to institute internal controls and systems to be used by departments to estimate, claim, and collect revenues.

0030-23 Use of the Capital Program Funds (CPFs), Capital Project Development and Budget Procedures: Establishes procedures for developing the scope of capital projects, monitoring the expenditure of funds for capital projects, timely capitalization of assets and closure of capital projects within the CPFs.

Strategic Initiatives and Achievements

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 the County achieves the vision of a region that is Building Better Health, Living Safely and Thriving.

The five-year Strategic Plan is developed by the Chief Administrative Officer, the Assistant CAO, the four General Managers and the Strategic Planning Support Team based on the policies and initiatives set by the Board of Supervisors and a countywide review of the risks and opportunities facing the region.

The four strategic initiatives are:

- **Building Better Health** - ensure every resident has the opportunity to make positive healthy choices, that San Diego County has fully optimized its health and social services delivery system with an intentional focus on equity to make health, safety and thriving a focus of all policies and programs.
- **Living Safely** - make San Diego the safest and most resilient community in the nation, where youth are protected and the criminal justice system is balanced between accountability and rehabilitation.
- **Sustainable Environments/Thriving** - strengthen the local economy through planning, development and infrastructure, protect San Diego's natural and agricultural resources and promote opportunities for residents to engage in community life and civic activities.
- **Operational Excellence** - promote continuous improvement in the organization through problem solving, teamwork and leadership, focus on customers' needs and keep employees positive and empowered.

Strategic planning starts with audacious visions, which are bold statements detailing the impact the County wants to make in the community. Enterprise-wide goals (EWGs) support the audacious visions by focusing on collaborative efforts that inspire greater results than any one department could accomplish alone. Audacious visions and EWGs are developed to support each of the strategic initiatives.

Within the structure of the two-year operational planning process, the County plans for and attains interim progress toward achievement of the Strategic Initiatives. Some of the highlights over the last year include:

Building Better Health

- The County increased opportunities for public recreation by constructing new parks in underserved communities. This included the first phase of the Tijuana River Valley Regional Park (TRVRP) Campground and Nature Education Center, and eleven new parks and major park improvement projects including: Lincoln Acres Park Expansion, Otay Valley Regional Park (OVRP) Bike Park, Don Dussault Phase 2 and 3, Ildica Park, Lamar Park Trail Connection and Pathway Lighting, Estrella Park, Woodhaven Park Well and Fitness Stations, San Diego Botanic Garden Improvements, Lakeside Baseball Park Turf Replacement and Energy Upgrades, Jess Martin Park Well and Vallecito Stage Station Wall Repair.

Living Safely

- The Sheriff's Department integrated new technology in the deployment of public safety response. Among these tools is 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. First responders can use the ART mobile app 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.
- Live Well Mobile Office (LWMO) Pandemic Response - The County of San Diego Health and Human Services Agency (HHSA) Self-Sufficiency Services, in response to COVID-19, placed the Live Well Mobile Office (LWMO) into service in support of public health activities. The Live Well Mobile Office allows for services to be delivered directly to San Diego County communities in a comprehensive and multidisciplinary way. The vehicle is available agency-wide and accessible to all HHSA departments and is equipped with the latest technology and tools required to provide a variety of services on the field, such as: disaster response, public assistance benefits, immunizations, veteran services, Public Health services, homeless services, and much more. Since the beginning of the pandemic, over 20,000 COVID-19 tests were administered in various locations, as well as over 6,000 COVID-19 vaccinations. The LWMO was an idea born from public feedback that now has proven results delivering essential services to all residents. The Live Well Mobile Office further 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 Office of the District Attorney implemented the pre-file Juvenile Diversion Initiative. Instead of filing criminal charges against a juvenile, the program embraces juvenile justice interventions, including restorative community conferencing, through the values of reconciliation, restoration and reintegration by addressing the underlying cause of unsafe behaviors.

Sustainable Environments/Thriving

- The County continues to take multiple actions to reduce greenhouse gas emissions and protect the environment. That runs from planting thousands of trees to installing electric vehicle (EV) charging stations and encouraging EV ownership, buying open space land, building green with solar power and developing conservation and sustainable farming practices. Those and other actions helped the County exceed its 2020 emission goals by 22% and reduce carbon dioxide emissions by 160,743 metric tons. Looking to help County residents who may be thinking about buying an electric vehicle, the County published the Electric Vehicle Consumer Guide - a website with information about the benefits, costs, incentives, and even a link to start shopping for vehicles. The website was the latest addition to the EV Roadmap the County created in 2019, designed to build charging stations, encourage people to buy electric vehicles, and reduce greenhouse gas emissions.
- The Department of General Services expanded electric vehicle (EV) infrastructure and use, completing the design of 119 charging stations at the County Operations Center and installing 16 public charging stations at County sites. Another 39 public charging stations were funded as part of existing capital projects. 70 plug-in/battery EVs

were placed in service by 2020, 20 ahead of goal. Delivered 21 plug-in hybrid electric vehicles (PHEV) to client departments.

Operational Excellence

- The Department of Purchasing & Contracting provided COVID-19 pandemic response through procurement of Personal Protective Equipment (PPE), testing and vaccination supplies and contracts, community public health outreach services, hotel rooms and other support services. Distributed over 20 million individual items.
- HHSA Aging Roadmap: Creating Thriving Communities for People of all Ages - The Aging Roadmap is the County of San Diego's (County) regional program to support the needs and celebrate the contributions of the region's growing population of older adults. The Aging Roadmap identifies specific goals and action steps in ten priority areas. Highlighted projects include an Accessory Dwelling Unit Symposium that engaged five County departments; implementing policy language to address older adults' housing needs in collaboration with Housing and Community Development Services; partnering with the Office of Emergency Services to create an emergency preparedness guide for people with access and functional needs; working with the Department of Public Works to develop an "Age-Friendly Complete Streets" guide; collaborating with Public Health Services to apply for and receive a Healthy Brain Initiative grant ($750,000); and supporting geriatric department accreditation in partnership with West Health institute and local hospitals.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Other Awards and Recognitions

The County of San Diego workforce continually plans to cut costs, streamline processes, incorporate the newest technology and expand services to improve the lives of residents and save taxpayer dollars. While the goal is to improve communities, it is gratifying to be recognized for those efforts. The following is a sample of the recognition the County received during the past fiscal year for its leadership and excellence in operations:

The County earned 51 Achievement Awards from the National Association of Counties (NACo) for its innovative programs. Some of the award-winning programs include:

- Building Inspector Mobile App: Planning & Development Services developed a custom mobile application for use on electronic tablets in the field to transform the building inspection process onto a digital platform that improves the inspection process and the delivery of results to customers. The app allows County of San Diego staff electronic access to permit information from our database to support field review and collect data and result inspections digitally. The mobile app allows for more efficient and accurate data collection and results are available immediately to the public, eliminating delay.
- Emergency Access Program Gives Vulnerable Residents Peace of Mind: Imagine you're having chest pains, or you've taken a serious fall inside your home. What if no one could get to the front door to let in firefighters? The Residential KnoxBox program is designed to help in just these scenarios. The objective is to provide back-up emergency access to overcome a barrier during crises: a locked front door. Launched in 2020, 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. Prior to launch, staff took multiple steps to ensure the program's success. Those steps included securing local and federal funding, developing a detailed program guide, building an online system to track customers, and forming new partnerships to promote the program. County Fire exceeded its goal of enrolling nearly 200 customers in the initial four months. The program is providing peace of mind and improving trust with our diverse communities.

- 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.
- Handle with Care Program: The San Diego County District Attorney's Office (SDCDA), in collaboration with the San Diego County Office of Education, local law enforcement and fire departments, has implemented the Handle with Care Program. The Handle with Care Program provides schools with a heads-up when a child has been at the scene of a traumatic event. First responders identify children who are present at the scene and determine where they attend school. Using the custom program application on their smart phone, a notice is sent to the child's teacher that simply says, "Handle this Child with Care". The purpose of the program is to provide a notification to the school and the teacher that the student has experienced a traumatic event so they may understand why the child may be sleepy, aggressive, non-responsive or have incomplete homework. The objective is to enable the school to provide the child with extra support to assist them through the traumatic life experience and support their academic success.
- Digital Library: In response to the lack of access to physical collections during COVID-19 closures, San Diego County Library's (SDCL's) Digital Library became the primary point of library access for the community. SDCL's total circulation in 2020 was 3.242 million books and items, an increase by 60.9% over the previous year's mark of 2.07 million. Circulation of kids' and teen materials increased 155%, from 347,049 to 885,572 books and items, showing an even greater impact among the library's youngest readers.
- Department of Human Resources - The 5 Day Challenge is an online training series designed by the County's Department of Human Resources to provide a space to learn about and reflect on racial equity and social justice - growing awareness in a self-paced learning environment.

- San Diego County COVID-19 Response - Academic Detailing by Zip Code. HHSA was recognized by National Association of County and City Health Officials (NACCHO) with a 2021 Innovative Practice Gold Award for designing and implementing the Academic Detailing by Zip Code program. The Healthcare Sector of the County of San Diego's (County) COVID-19 Emergency Operations Center implemented Academic Detailing by Zip Code (ADZC) to provide current, evidence-based information to healthcare practices to reduce health disparities. Personalized, virtual outreach was conducted to practices providing medical, dental, behavioral health, optometry, home health, hospital, and alternative care services in zip codes with the highest rates of COVID-19 cases, hospitalizations, and deaths. As of June 20, 2021, ADZC successfully engaged 91% (408/450) of practices in San Diego County's hardest hit communities. Of those polled, 100% responded that their knowledge increased as a result of academic detailing, 97% reported changing behavior to improve protection for staff, and 90% reported changing behavior to improve care given to patients.
- Operationalizing the *Live Well San Diego* Framework: A Population Health Approach to the COVID-19 Pandemic. HHSA was recognized by National Association of County and City Health Officials (NACCHO) with a 2021 Innovative Practice Silver Award for leveraging the *Live Well San Diego* Framework to communicate sector-specific information, virtually to thousands of stakeholders across the region. During the COVID-19 pandemic, the Education and Outreach Branch of the County of San Diego (County) Emergency Operations Center was charged with ensuring that timely and accurate information was distributed to the diverse

population of 3.3 million San Diego County residents. The Education and Outreach Branch leveraged the *Live Well San Diego* collective impact framework and vision so that existing partnerships and sectors could be quickly activated and expanded. The County developed Sector Teams that consisted of subject-matter experts who communicated sector- specific information, virtually, to thousands of stakeholders across the region through telebriefings, emails and presentations. Over 16 months Sector Teams: hosted 634 telebriefings with over 72,500 views; completed 280 COVID-19 presentations with over 10,500 attendees; sent 1,377 eblasts to over 15,000 stakeholder contacts. Sector Teams built new partnerships and strengthened existing connections among partners that led to the creation of tools that supported vulnerable communities, businesses, houses of worship, schools, and healthcare providers. From the outset, the sectors engaged vulnerable populations to ensure that the pandemic response was equitable

Acknowledgments

We would like to express our appreciation to the accounting staff of County departments and the staff of the Auditor and Controller's department whose coordination, dedication and professionalism are responsible for the preparation of this report. We would also like to thank Macias Gini & O'Connell LLP for their professional support in the preparation of the Annual Comprehensive Financial Report. Lastly, we thank the members of the Board of Supervisors, the Chief Administrative Officer, Group/Agency General Managers and their staff for using sound business practices while conducting the financial operations of the County.

Respectfully,

EBONY N. SHELTON
Deputy CAO/
Chief Financial Officer

TRACY DRAGER
Auditor and Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**County of San Diego
California**

For its Comprehensive Annual Financial Report
For the Fiscal Year Ended

June 30, 2020

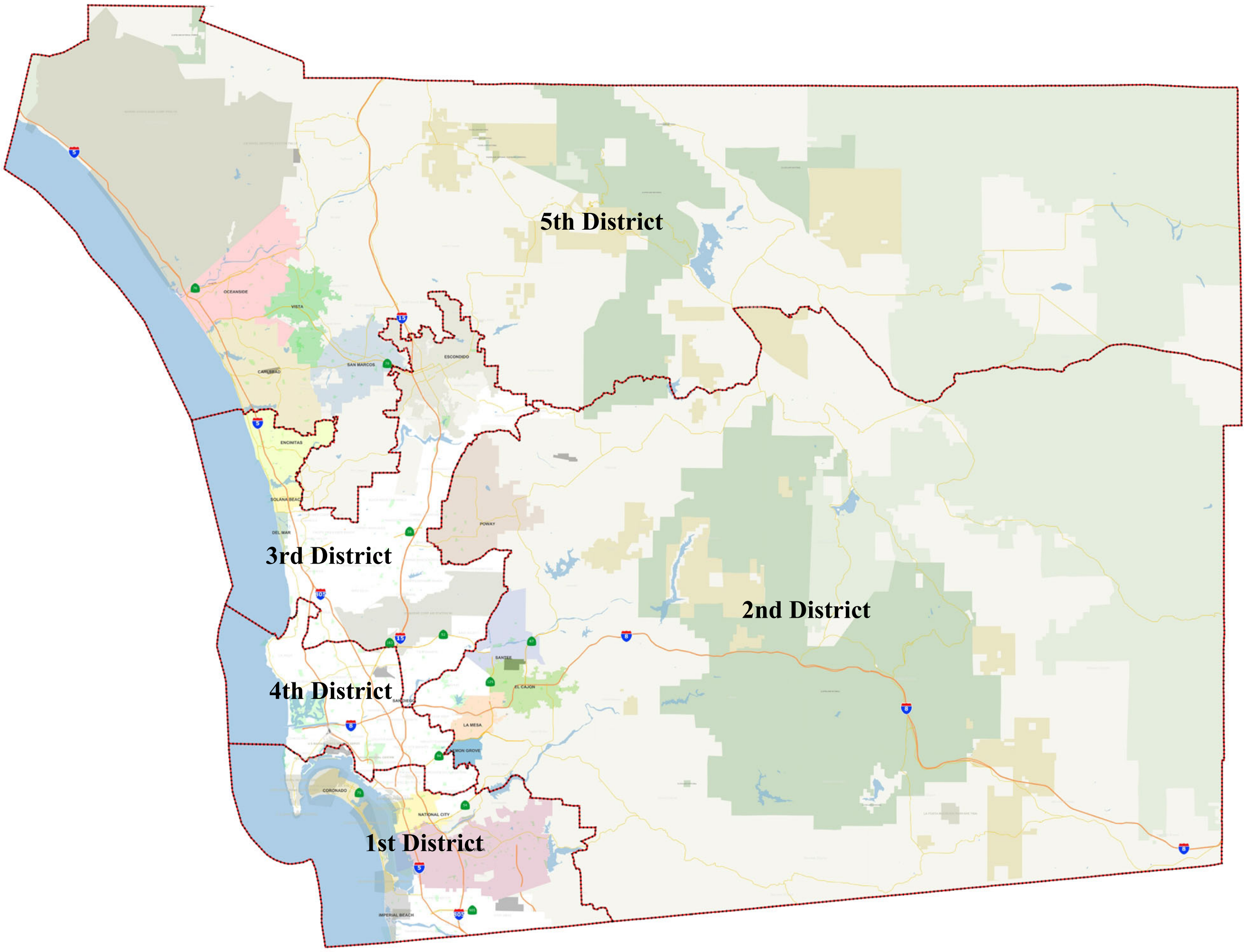
Christopher P. Morrill

Executive Director/CEO





Nora Vargas District 1 Vice Chair	Joel Anderson District 2	Terra Lawson-Remer District 3	Nathan Fletcher District 4 Chair	Jim Desmond District 5



County of San Diego
Organizational Chart

- Citizens of San Diego County
  - Board of Supervisors*
    - Chief Administrative Officer

Public Safety Group
- Animal Services
- Child Support Services
- District Attorney*
- Emergency Services
- Medical Examiner
- Probation**
- Public Defender
- San Diego County Fire
- Sheriff*

Land Use & Environment Group
- Agriculture, Weights & Measures
- Environmental Health & Quality
- Office of Environmental & Climate Justice
- Library
- Parks & Recreation
- Planning & Development Services
- Public Works
- University of California Cooperative Extension

Finance & General Government Group
- Assessor / Recorder / County Clerk*
- Auditor & Controller
- Chief Administrative Office
  - Office of Equity & Racial Justice
  - Office of Ethics, Compliance & Labor Standards
  - Office of Evaluation Performance & Analytics
  - Office of Strategy & Intergovernmental Affairs
- Citizens' Law Enforcement Review Board
- Civil Service Commission
- Clerk of the Board of Supervisors**
- Communications Office
- County Counsel**
- General Services
- Grand Jury
- Human Resources
- Purchasing & Contracting
- Registrar of Voters
- Technology Office
- Treasurer-Tax Collector*

Health & Human Service Agency
- Aging & Independence Services
- Behavioral Health
- Child Welfare Services
- Eligibility Operations
- Homeless Solutions & Equitable Communities
  - Office of Equitable Communities
  - Office of Homeless Solutions
  - Office of Immigrant & Refugee Affairs
  - Office of Strategy & Innovation
- Medical Care Services
- Public Health Services

*Elected Officials
**Reports to the Board of Supervisors

Rev. 09/21

Chief Administrative Office

Chief Administrative Officer	Helen N. Robbins-Meyer
Assistant Chief Administrative Officer/Chief Operating Officer	Michael Vu

Elected Officials

Assessor/Recorder/County Clerk	Ernest Dronenburg
District Attorney	Summer Stephan
Treasurer/Tax Collector	Dan McAllister
Sheriff	Bill Gore

General Managers/Deputy Chief Administrative Officers

Finance & General Government Group	Ebony Shelton
Health & Human Services Agency	Nick Macchione
Land Use & Environment Group	Sarah Aghassi
Public Safety Group	Holly Porter

Department Heads

Agriculture, Weights & Measures	Ha Dang
Animal Services	Kelly Campbell
Auditor & Controller	Tracy Drager
Chief of Staff/CAO	Natalia Bravo
Child Support Services	Jeff Grissom
Civil Service Commission	Todd Adams
Clerk of the Board of Supervisors	Andrew Potter
County Communications Office	Michael Workman
County Counsel	Lonnie Eldridge
County Technology Office	Susan Green
Emergency Services	Jeff Toney
Environmental Health	Amy Harbert
Equity & Racial Justice	Andrew Strong
Ethics & Compliance	Claudia Silva
General Services	Marko Medved
Health & Human Services Agency (HHSA) Operations	Patty Kay Danon
HHSA - Aging & Independent Services	Kimberly Gallo
HHSA - Behavioral Health Services	Luke Bergmann
HHSA - Child Welfare Services	Kimberly Giardina
HHSA - Homeless Solutions & Equitable Communities	Barbara Jimenez
HHSA - Housing & Community Development Services	David Estrella
HHSA - IHSS/Public Authority	Thomas Johnson
HHSA - Medical Care Services	Eric McDonald, M.D.
HHSA - Military & Veterans	Willfred Quintong
HHSA - Public Administrator/Public Guardian	LaShaunda Gaines
HHSA - Public Health Services	Wilma Wooten, M.D.
HHSA - Self Sufficiency Services	Rick Wanne
Human Resources	Susan Brazeau
Library	Migell Acosta
Medical Examiner	Steven Campman
Parks & Recreation	Brian Albright
Planning & Development Services	Kathy Flannery, Acting
Probation	Cesar Escuro
Public Defender	Randy Mize
Public Works	Jeff Moneda
Purchasing & Contracting	Jack Pellegrino
Registrar of Voters	Cynthia Paes, Acting
Strategy & Intergovernmental Affairs	Caroline Smith

Financial Section

Independent Auditor's Report

To the Board of Supervisors
County of San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Diego, California (County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the First 5 Commission of San Diego (Commission), a discretely presented component unit, which represents 100% of the assets, net position and revenues of the discretely presented component unit, or the San Diego County Employees Retirement Association (SDCERA), a fiduciary component unit, which represents 63% of assets, 64% of fund balance/net position, and 10% of revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission and SDCERA, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Macias Gini & O'Connell LLP
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San Diego, CA 92130

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the County's proportionate share of the net pension liability, the schedule of the County's contributions – net pension liability, the schedule of the County's proportionate share of the net OPEB liability, the schedule of the County's contributions – net OPEB liability, and the schedules of revenues, expenditures, and changes in fund balance – budget and actual for the General Fund, Public Safety Fund, and Tobacco Endowment Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund information and other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund information and other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund information and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

San Diego, California
November 16, 2021

This section of the County of San Diego's (County) Annual Comprehensive Financial Report provides a narrative overview and analysis of the basic financial activities of the County as of and for the year ended June 30, 2021.

The intent of the information presented here, in conjunction with the Letter of Transmittal is to provide the reader with a clearer picture of the County's overall financial status. Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources at the close of fiscal year 2021 by $3.38 billion (net position). Of this amount, $3.83 billion represents net investment in capital assets; $1.41 billion is restricted for specific purposes (restricted net position); and the remaining portion represents negative unrestricted net position of $(1.86) billion.
- Total net position increased by $44.4 million as follows:
  - Governmental activities net position increased by $39 million. The current and other assets, capital assets and deferred outflows of resources increases of $459 million, $202.7 million, and $359.9 million respectively; coupled with decreases in the net OPEB liability, other long-term liabilities, and deferred inflows of resources of $14 million, $20.3 million, and $64.5 million respectively; all had the effect of increasing net position; while the decreases to net position included increases in the net pension liability and other liabilities of $685.2 million and $396.2 million, respectively.
  - Business-type activities net position increased by approximately $5.4 million. The current and other assets, capital assets, and deferred outflows of resources increases of $2.5 million, $5.2 million and $1.6 million, respectively; coupled with decreases in the Net OPEB liability and deferred inflows of resources of $100 thousand and $300 thousand respectively; all had the effect of increasing net position; while the increases in the net pension liability, other long-term liabilities and other liabilities of $2.9 million, $100 thousand and $1.3 million, respectively; had the effect of decreasing net position.
- Program revenues for governmental activities were approximately $4.35 billion. Of this amount, $3.77 billion or 87% was attributable to operating grants and contributions coupled with capital grants and contributions, while charges for services accounted for $580 million or 13%.
- General revenues for governmental activities were $1.52 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for approximately $1.35 billion or 89%; while transient occupancy tax, real property transfer tax, miscellaneous taxes, sales and use taxes, investment earnings and other general revenues accounted for $171 million or 11%.
- Total expenses for governmental activities were $5.83 billion. Public protection accounted for $1.82 billion or 31%, while public assistance accounted for $1.83 billion or 31% of this amount. Additionally, health and sanitation accounted for $1.36 billion or 23%.

The illustration below depicts the required components of the basic financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) *Government-wide* financial statements, 2) *Fund* financial statements, and 3) *Notes* to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

The *Government-wide financial statements* are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all County assets and deferred outflows of resources, offset by liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the aforementioned government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges for services (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural. The business-type activities of the County include airport operations, jail stores commissary operations, and sanitation services.

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Safety Special Revenue Fund, and the Tobacco Endowment Special Revenue Fund; all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining and individual fund information and other supplementary information section in this report.

Proprietary funds are generally used to account for services for which the County charges customers - either outside customers, or internal departments of the County. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County maintains the following types of proprietary funds:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for airport operations, jail stores commissary operations, and sanitation services. These nonmajor enterprise funds are combined and aggregated. Individual fund data for each nonmajor enterprise fund is provided in the combining and individual fund information and other supplementary information section in this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for: the financing of public works and communications equipment; the financing of materials and supplies (purchasing); start up services for new and existing county service districts; the County's public liability and employee benefits activities; the financing of fleet services; facilities management activities; and, the financing of information technology services. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The County's *internal service funds* are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining and individual fund information and other supplementary information section in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information (RSI) is also presented. It provides budgetary comparisons for the General Fund, Public Safety Special Revenue Fund, and the Tobacco Endowment Special Revenue Fund (all major funds) in separate Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual. It also provides information about the County’s proportionate share of the San Diego County Employees Retirement Association (SDCERA) pension plan (SDCERA-PP) collective net pension liability, and the SDCERA retiree health plan (SDCERA-RHP) collective net other postemployment benefits liability; and information regarding the County's contributions to the SDCERA-PP and SDCERA-RHP.

Combining financial statements/schedules and supplementary information section of this report presents combining and individual fund statements and schedules referred to earlier that provide information for nonmajor governmental funds, enterprise funds, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information section of this report.

Government-wide Financial Analysis

Table 1

Net Position
June 30, 2021 and 2020
(In Thousands)

		Governmental Activities		Business-type Activities		Total	
		2021	2020	2021	2020	2021	2020
ASSETS							
Current and other assets	$	5,336,258	4,877,281	83,851	81,355	5,420,109	4,958,636
Capital assets		3,957,501	3,754,820	188,831	183,553	4,146,332	3,938,373
Total assets		9,293,759	8,632,101	272,682	264,908	9,566,441	8,897,009
DEFERRED OUTFLOWS OF RESOURCES							
Total deferred outflow of resources		1,521,109	1,161,248	6,656	5,070	1,527,765	1,166,318
LIABILITIES							
Long-term liabilities		6,258,905	5,607,943	20,463	17,498	6,279,368	5,625,441
Other liabilities		1,339,592	943,397	3,010	1,702	1,342,602	945,099
Total liabilities		7,598,497	6,551,340	23,473	19,200	7,621,970	6,570,540
DEFERRED INFLOWS OF RESOURCES							
Total deferred inflows of resources		92,802	157,459	405	674	93,207	158,133
NET POSITION							
Net investment in capital assets		3,643,504	3,477,320	188,831	183,553	3,832,335	3,660,873
Restricted		1,404,546	1,158,944			1,404,546	1,158,944
Unrestricted		(1,924,481)	(1,551,714)	66,629	66,551	(1,857,852)	(1,485,163)
Total net position	$	3,123,569	3,084,550	255,460	250,104	3,379,029	3,334,654

Analysis 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 aforementioned increase of $44.4 million in net position was composed of the following changes in total assets, deferred outflows of resources, liabilities, and deferred inflows of resources:

- Total assets increased by $669.4 million. This included increases in current and other assets and capital assets of $461.5 million and $207.9 million, respectively. The net increase of $461.5 million in current and other assets was primarily attributable to an increase in cash and investments (including restricted and unrestricted cash and investments with fiscal agents) of $87.3 million, a $381 million increase in receivables, net, all offset by a $6.5 million decrease in property taxes receivables, net, a $300 thousand decrease in inventories; while the net increase in capital assets consisted primarily of a $131.9 million increase in land, easements and construction in progress, coupled with a $76 million increase in other capital assets, net of accumulated depreciation and amortization.

- Deferred outflows of resources increased by $361.5 million, principally attributable to a net increase in pension related deferrals including increases in net difference between projected and actual earnings on pension plan investments, contributions to the pension plan subsequent to the measurement date, and difference between expected and actual experience in the total pension liability of $506.8 million, $44.6 million, and $30.1 million respectively, coupled with a $676 thousand increase in the net difference between projected and actual earnings on OPEB plan investments; offset by a $319 thousand decrease in unamortized loss on refunding of long-term debt coupled with decreases in pension related deferrals including decreases in changes of assumptions or other inputs, and changes in proportionate share and differences between employer's contributions and proportionate share of contributions of $212.7 million and $6.8 million, respectively; and, a $900 thousand decrease in contributions to the OPEB plan subsequent to the measurement date.
- Total liabilities increased by approximately $1.0514 billion, mainly due to increases in the net pension liability, unearned revenue, accounts payable, and accrued payroll of $688.1 million, $234 million, $155.2 million, and $10.3 million respectively; offset by a net decrease in non-net pension, non-net OPEB long-term liabilities of $20.2 million, coupled with a $14 million decrease in the net OPEB liability and a $2 million decrease in accrued interest.
- Deferred inflows of resources decreased by $64.9 million chiefly attributable to an $65.3 million decrease in the difference between expected and actual experience in the total pension liability coupled with a $500 thousand decrease in changes in proportionate share and differences between employer's contributions and proportionate share of contributions; offset by a $900 thousand increase in property taxes received in advance.

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. The majority of this balance represents the negative unrestricted net position attributable to the County's outstanding Net Pension Liability and Net OPEB Liability.

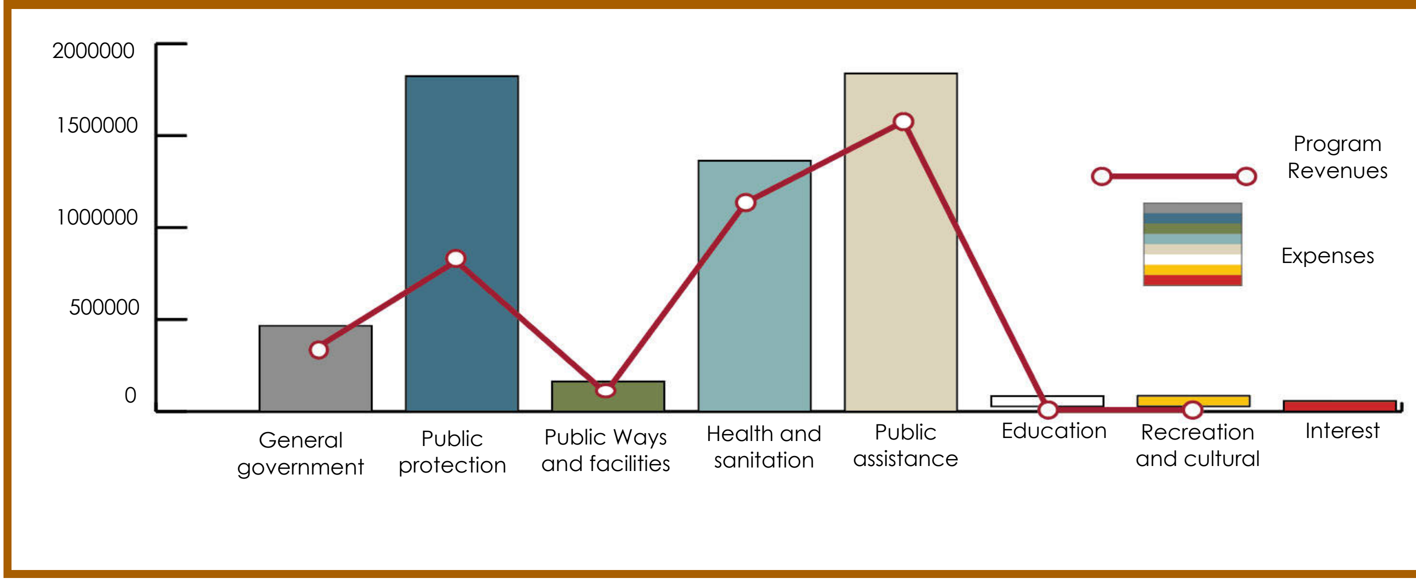
Table 2

Changes in Net Position For the years ended June 30, 2021 and 2020 (In Thousands)		Governmental Activities		Business-type Activities		Total	
		2021	2020	2021	2020	2021	2020
Revenues:							
Program Revenues							
Charges for services	$	574,448	590,062	56,369	56,782	630,817	646,844
Operating grants and contributions		3,751,844	3,062,586	6,679	4,018	3,758,523	3,066,604
Capital grants and contributions		21,142	28,608	3,100	1,220	24,242	29,828
General Revenues							
Property taxes		881,605	851,473			881,605	851,473
Transient occupancy tax		5,386	4,173			5,386	4,173
Real property transfer tax		35,608	25,138			35,608	25,138
Miscellaneous taxes		8	3			8	3
Property taxes in lieu of vehicle license fees		465,076	441,609			465,076	441,609
Sales and use taxes		37,810	30,967			37,810	30,967
Investment earnings		(2,922)	102,116	(76)	2,565	(2,998)	104,681
Other		95,224	102,310	2,646	2,428	97,870	104,738
Total revenues		5,865,229	5,239,045	68,718	67,013	5,933,947	5,306,058
Expenses:							
Governmental Activities:							
General government		465,464	426,846			465,464	426,846
Public protection		1,823,535	1,848,040			1,823,535	1,848,040
Public ways and facilities		163,809	188,295			163,809	188,295
Health and sanitation		1,363,772	1,022,279			1,363,772	1,022,279
Public assistance		1,838,270	1,475,071			1,838,270	1,475,071
Education		56,272	52,225			56,272	52,225
Recreation and cultural		57,617	57,995			57,617	57,995
Interest		57,386	47,689			57,386	47,689
Business-type Activities:							
Airport				15,586	14,889	15,586	14,889
Jail Stores Commissary				5,222	5,776	5,222	5,776
San Diego County Sanitation District				31,716	28,385	31,716	28,385
Sanitation District - Other				10,923	9,504	10,923	9,504
Total expenses		5,826,125	5,118,440	63,447	58,554	5,889,572	5,176,994
Changes in net position before transfers		39,104	120,605	5,271	8,459	44,375	129,064
Transfers		(85)	(5,172)	85	5,172		
Change in net position		39,019	115,433	5,356	13,631	44,375	129,064
Net position at beginning of year		3,084,550	2,969,117	250,104	236,473	3,334,654	3,205,590
Net position at end of year	$	3,123,569	3,084,550	255,460	250,104	3,379,029	3,334,654

Analysis of Changes in Net Position

At June 30, 2021, changes in net position equaled $44.4 million. Principal revenue sources contributing to the change in net position were operating grants and contributions of $3.76 billion and property taxes and property taxes in lieu of vehicle license fees totaling of $1.35 billion. These revenue categories accounted for approximately 86% of total revenues. Principal expenses were in the following areas: public assistance, $1.84 billion, public protection, $1.82 billion; and health and sanitation, $1.36 billion. These expense categories accounted for 85% of total expenses.

Chart 1
Expenses and Program Revenues – Governmental Activities
(In Thousands)



Governmental activities

At the end of fiscal year 2021, total revenues for the governmental activities were $5.87 billion, while total expenses were $5.83 billion. Governmental activities increased the County's net position by $39 million, while the business-type activities' change in net position equaled $5.4 million.

Expenses:

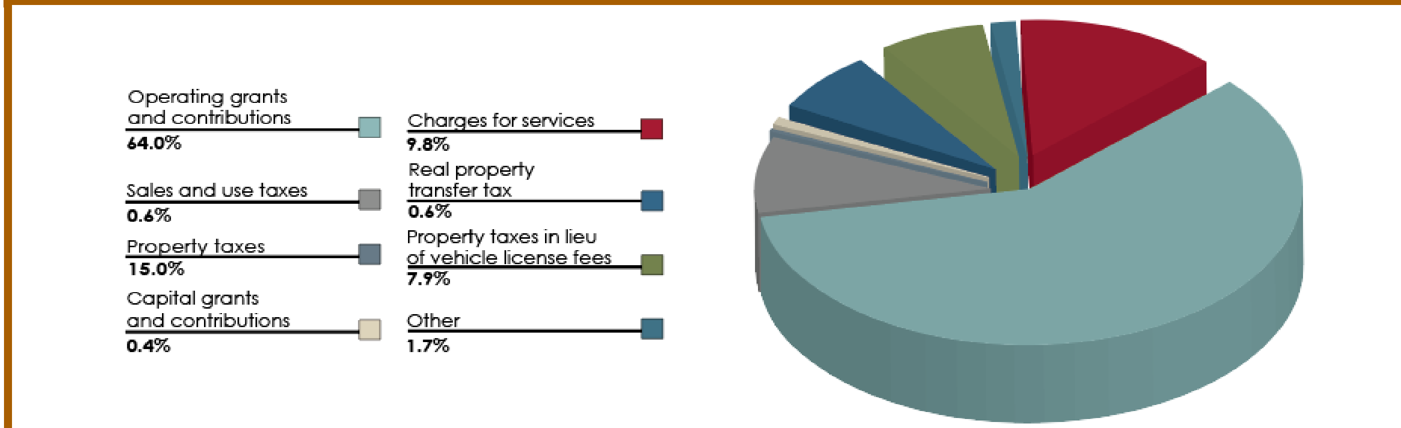
Total expenses for governmental activities were $5.83 billion, an increase of $708 million or 13.8% ($698 million increase in functional expenses and $10 million decrease in interest expense). Public protection (31%) and public assistance (31%) were the largest functional expenses, followed by health and sanitation (23%).

The $698 million net increase in functional expenses mainly consisted of the following:

- $263 million increase tied to the County's T3 Strategy of Test, Trace and Treat to support COVID-19 emergency response efforts;
- $149.9 million increase in overall salaries and benefit costs;
- $95.6 million increase tied to the Great Plates Delivered Program consisting of $93.5 million and various Aging & Independence Services programs 2.1 million to support COVID-19 emergency response efforts;
- $46.3 million increase in Small Business Stimulus Program expenses;
- $42.2 million increase primarily tied to contracted services associated with various mental health programs totaling $40.9 million coupled with a $4.9 million increase in alcohol and drug treatment; partially offset by decreases in San Diego Psychiatric Hospital and Edgemoor Hospital of $3.5 and $100 thousand, respectively;

- $41.7 million increase mainly tied to social services programs and agencywide operating costs;
- $29.7 million increase in net pension related expenses;
- $18.6 million increase mainly tied to contracted services for Community Development programs;
- $17 million decrease in contracted vendor services associated with the Harmony Grove Community Facilities District;
- $13.3 million increase in depreciation and amortization expense;
- $9.5 million increase in tenant assistance;
- $2 million in increased costs related to Emergency Rental Assistance Program (ERAP); and,
- $2 million decrease in fleet automotive fuel costs.

Chart 2
Revenues By Source - Governmental Activities
(As a Percent)



Revenues:

Total revenues for governmental activities were $5.87 billion, an increase of 11.9% or $626 million from the previous year. This increase consisted of an increase in program revenue of $666 million; offset by a decrease in general revenues of $40 million as follows:

The $666 million net increase in program revenue was primarily due to of the following:

- $394.3 million increase in COVID-19 revenue tied to the County's T3 Strategy of Test, Trace and Treat to support COVID-19 emergency response efforts and broken down as follows: $190.1 million COVID-19; $49.7 million in COVID-19 American Rescue Plan Act (ARPA); and, $154.5 attributable to the CARES Act;
- $54.9 million increase in federal aid tied to various alcohol and drug treatment and mental health programs;
- $46.6 million increase in federal aid tied to Social Services Administrative revenue;
- $44.1 million increase tied to various Public Health Services grants primarily in Epidemiology and Laboratory Capacity (ELC) for Prevention and Control of Emerging Infectious Diseases grant;
- $41.4 million increase in aid from Redevelopment Successor Agencies;
- $37.5 million decrease in contributions from property owners associated with the Harmony Grove Community Facilities District;
- $32 million decrease in State aid attributable to behavioral health, mental health, and substance abuse programs - these revenues are reimbursement based, therefore the decrease in revenue is mainly tied to the lower spending level in the Behavior Health Services/Mental Health programs;
- $29.6 million increase in Proposition 172 revenues;
- $25.8 million increase in State aid associated with No Place Like Home (NPLH) program - the increased revenue is based on additional projects awarded;

- $22.4 million increase primarily tied to Intergovernmental Transfer (IGT) revenue funding for behavioral health and health programs – The IGT revenue is flexible and can be used for programs and projects within mental health, behavioral health and public health departments;
- $11.5 million increase in Housing Choice Voucher Program (Section 8) revenue;
- $6.9 million increase in federal aid reimbursement for the November 3, 2020 Presidential General Election held under COVID-19 pandemic conditions; and,
- $3.7 million increase in TransNet one-half cent sales tax revenues.

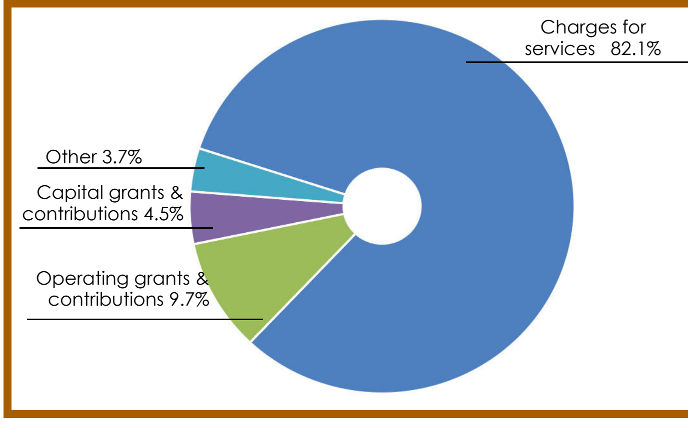
General revenues decreased overall by approximately $40 million, principally due to increases of $30 million in property taxes and $23 million in property taxes in lieu of vehicle license fees, both attributable to the county-wide growth in assessed valuation; coupled increases in real property transfer taxes and sales and use taxes of $10 million and $7 million, respectively, offset by a net $105 million decrease in investment earnings, attributable to an overall net decrease in the mark to market of investment earnings coupled with a decrease in the County pool average annual apportionment rate from 2.017% in fiscal year 2020 down to .958% in fiscal year 2021; coupled with a $7 million decrease in other earnings.

The County's governmental activities rely on several sources of revenue to finance ongoing operations. As shown in Chart 2, operating grants and contributions of $3.75 billion accounted for 64%, the largest share of this revenue. These monies are received from parties outside the County and are generally restricted to one or more specific programs. Examples of operating grants and contributions include State and federal revenue for public assistance programs and health and sanitation programs.

Property taxes and property taxes in lieu of vehicle license fees are not shown by program, but are effectively used to support program activities county-wide. Combined, these general revenues equaled $1.35 billion and accounted for 22.9% of governmental activities. Additionally, charges for services were $574 million and accounted for 9.8% of revenues applicable to governmental activities.

Other factors concerning the finances of the County's major governmental funds are discussed in the governmental funds section of the "Financial Analysis of Major Funds."

Chart 3
Revenues By Source - Business-type Activities
(As a Percent)



Business-type Activities

Business-type activities, which are exclusively comprised of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. As shown in Chart 3, charges for services represent $56.4 million or 82.1% of total revenues.

Net position of business-type activities increased by approximately $5.4 million, or 2.2%. This net increase primarily included the following:

- $400 thousand increase in other revenues in the Jail Stores Commissary Fund;
- $50 thousand decrease in the Jail Stores Commissary Fund's investment earnings attributable to an overall net decrease in the mark to market of investment earnings coupled with a decrease in the County pool average annual apportionment rate from 2.017% in fiscal year 2020 down to .958% in fiscal year 2021;
- $6 million of Airport grants revenue in the Airport Enterprise Fund;

- $3.1 million of capital contributions in the Airport Enterprise Fund attributable to a donated structure at the Gillespie Field 425 Kenney Street hanger;
- $663 thousand decrease in the Airport Enterprise Fund's investment earnings attributable to an overall net decrease in the mark to market of investment earnings coupled with a decrease in the County pool average annual apportionment rate from 2.017% in fiscal year 2020 down to .958% in fiscal year 2021;
- $3 million increase in repairs and maintenance in the San Diego County Sanitation District Fund; and,
- $400 thousand increase in repairs and maintenance in the Airport Enterprise Fund.

Financial Analysis of Major Funds

The County uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

General Fund:

The General Fund is the chief operating fund of the County. At the end of fiscal year 2021, its unassigned fund balance was $661.3 million, while total fund balance was $2.28 billion, a decrease of approximately $186.1 million from fiscal year 2020.

This $186.1 million net decrease in fund balance was significantly attributable to the following:

- $154 million net increase in salaries and benefits costs is primarily due to negotiated labor agreements, required retirement contributions and increase in temporary help due to COVID-19 emergency response efforts;
- $42.2 million increase in expenditures primarily tied to contracted services associated with various mental health programs totaling $40.9 million coupled with a $4.9 million increase in alcohol and drug treatment; partially offset by decreases in San Diego Psychiatric Hospital and Edgemoor Hospital of $3.5 and $100 thousand, respectively;
- $35.2 million increase in capital outlay expenditures comprised of increases in equipment purchases, internally generated software and leasehold improvements;
- $25.8 million increase in State aid associated with No Place Like Home (NPLH) program - the increased revenue is based on additional projects awarded;
- $10 million increase in real property transfer taxes;
- $6.9 million increase in federal aid reimbursement for the November 3, 2020 Presidential General Election held under COVID-19 pandemic conditions;
- $4.2 million increase in federal aid due to County Fire's provision of COVID-19 vaccination contracted services in unincorporated areas of the San Diego County;
- $2.9 million decrease in expenditures associated with foster care services due to a decrease in the number of youth under supervision; and,
- $2.8 million decrease in Probation Department contracted services costs due to the COVID-19 Public Health Order causing both a decline in adult and youth referrals and interruptions in the ability to provide certain services.

Public Safety Special Revenue Fund:

This fund was established to account for Proposition 172 half-cent sales taxes collected and apportioned to the County by the California Department of Tax and Fee Administration to fund public safety activities. Per Government Code Section 30052, a "maintenance of effort" (pre-Proposition (Prop) 172 public safety funding level) must be maintained by the County to comply with the statute's spending requirements. In accordance with the Code, funds are allocated to the Sheriff, District Attorney, and Probation departments. Transfers-out of this fund subsidize the following types of public safety activities: juvenile detention services; facilities maintenance and support; capital projects, equipment and other one-time expenditures; ongoing technology initiatives; and various region-wide services.

As of June 30, 2021, the total (restricted) fund balance in the Public Safety Special Revenue Fund was $107.1 million, a $47.6 million increase from the previous fiscal year; mainly due to a $29.6 million increase in Prop 172 revenue due to eased coronavirus pandemic restrictions that resulted in increased consumer spending and higher sales tax revenue.

Tobacco Endowment Special Revenue Fund:

This special revenue fund is used to account for the $411 million the County received from the Tobacco Asset Securitization Corporation (Corporation) related to the sale of 25 years of tobacco settlement revenue in fiscal year 2002; and an additional $123 million the County received from the Corporation resulting from the issuance of the San Diego County Tobacco Asset Securitization Corporation refunding bonds in fiscal year 2006. At the end of fiscal year 2021, fund balance was $294.6 million, a decrease of approximately $10.8 million from fiscal year 2020, principally due to investment income of $4.5 million offset by $15.1 million in transfers out to the General Fund for the support of health related program expenditures, coupled with $185 thousand of administrative costs.

General Fund Budgetary Highlights

The County's final budget differs from the original budget (see Notes to required supplementary information) in that it contains supplemental appropriations approved during the fiscal year for various programs and projects, as well as transfers of appropriations, budget corrections, rebudgets, and account reclassifications. For the fiscal year ended June 30, 2021, net expenditure appropriations increased by $959.9 million and appropriations for transfers out increased by $35.7 million for an increase of $995.6 million.

Significant appropriation increases of note to the original budget were the following:

- $653.5 million for response to COVID-19 and recovery funded by the American Rescue Plan Act (ARPA)
- $107.0 million for the Emergency Rental Assistance Program
- $47.6 million to support businesses impacted by COVID-19
- $95.3 million for the Great Plates program and food support services for vulnerable populations tied to COVID-19 response
- $25.0 million for a childcare provider grant program for those impacted by COVID-19
- $21.7 million for various housing support programs including the Innovative Housing Trust Fund, the Permanent Local Housing Allocation, and the Local Housing Trust Fund
- $10.7 million for various capital projects
- $9.2 million for the Operation Stone Garden Grant program
- $4.1 million for the Homeland Security Grant and the Urban Area Security Initiative program
- $3.6 million for the 79th Assembly Special Election
- $3.5 million for the North County Multiple Species Conservation Plan

Actual revenues underperformed final budgeted amounts by $613.9 million, while actual expenditures were less than the final budgeted amount by $1.113 billion. The combination of revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of $499.1 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of $405.2 million. These combined amounts resulted in a variance in the net change in fund balance of $904.3 million.

Highlights of actual expenditures compared to final budgeted amounts are as follows:

Salaries and Benefits:

The final budget over expenditure variance across all functions in this category was $85.2 million. Savings were realized in the Public Safety Group, Health and Human Services Agency, Land Use and Environment Group, and Finance and General Government Group primarily from lower than budgeted salaries and employee benefits costs due to staff turnover and departments' management of vacancies.

Services and Supplies:

The final budget over expenditure variance across all County groups in this category was $508.3 million. Overall, this expenditure variance primarily resulted from savings in various services, various contract and project delays and lower costs than anticipated for various projects. This variance also includes appropriations for stabilization of anticipated pension costs in future years. Due to the voter-approved passage of Measure C in 2018, an amendment to the County Charter entitled *Protecting Good Government Through Sound Fiscal Practices*, unused amounts that were appropriated for pension stabilization are legally restricted for pension-related costs, and are included in the Restricted fund balance in the General Fund.

Delayed Expenditures:

Many County projects, such as maintenance and information technology, take place over more than one fiscal year. At inception they are budgeted at full expected cost, resulting in budgeted over expenditure variances that are rebudgeted in the subsequent fiscal year. For example, a positive expenditure variance of $2.0 million for the Sheriff's Department Record Management System, $0.9 million for various information technology projects in Planning & Development Services and $0.6 million for replacement of the Jail Information Management System.

Capital Assets and Commitments

Capital Assets

At June 30, 2021, the County's capital assets for both governmental and business-type activities were $3.96 billion and $189 million, respectively, net of accumulated depreciation/amortization. Investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure (including roads, bridges, flood channels, and traffic signals), equipment, software and easements. Significant increases to capital assets in fiscal year 2021 included:

Governmental Activities:

- $83.1 million towards construction of Youth Transition Campus. Total project costs are estimated at $130.2 million.
- $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. Total project costs are estimated at $37.3 million.
- $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. Total project costs are estimated at $14.3 million.
- $11.7 million towards County Administration Center (CAC) renovations. Total project costs are estimated at $70.4 million.
- $9.5 million towards construction of Regional Communication System. Total project costs are estimated at $35.9 million.
- $8.4 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).
- $7.5 million towards Ohio Street Probation renovations. Total project costs are estimated at $19.4 million.
- $7.3 million towards land acquisition for Emergency Vehicle Operations Course. Total project costs are estimated at $32.4 million.
- $4.8 million towards improvements at North Coastal Live Well Health Center. Total estimated project costs are estimated at $8.0 million.
- $4.2 million in infrastructure donated by developers.
- $4.2 million towards construction of Southeast San Diego Live Well Center. Total project costs are estimated at $76.0 million.
- $4.0 million towards construction of Sheriff Technology and Information Center. Total project costs are estimated at $48.7 million.
- $3.5 million in structure donations.
- $3.3 million towards construction of San Marcos Road Maintenance Station and Fleet Garage. Total project costs are estimated at $7.5 million.
- $3.0 million towards land acquisition of El Monte River Valley. Total project costs are estimated at $9.6 million.
- $2.8 million from land donations.
- $2.6 million towards construction of Lakeside Branch Library. Total project costs are estimated at $17.9 million.
- $2.3 million towards construction of Mt. Laguna Fire Station #49. Total project costs are estimated at $6.3 million.
- $2.1 million towards land acquisition for Ramona Intergenerational Community Campus (RICC) -

Russell Property. Total project costs are estimated at $2.1 million.

- $2.0 million towards construction of Lakeside Equestrian Facility. Total project costs are estimated at $18.6 million.
- $1.7 million towards replacement of Lakeside Baseball Park Synthetic Turf and Energy Upgrades. Total project costs are estimated at $4.5 million.
- $1.6 million towards construction of Palomar Mountain Fire Station. Total project costs are estimated at $4.0 million.
- $1.5 million towards construction of East Mesa Juvenile Detention Facility Ballfield. Total project costs are estimated at $1.6 million.
- $1.3 million towards expansion of Lincoln Acres Park. Total project costs are estimated at $5.5 million.
- $1.2 million towards development of Estrella Park. Total project costs are estimated at $1.4 million.
- $1.1 million towards improvements at Lindo Lake. Total project costs are estimated at $10.9 million.
- $1.1 million towards improvements at San Diego County Fire Training Center. Total project costs are estimated at $2.0 million.
- $1.1 million towards major maintenance improvements at Hall of Justice. Total project costs are estimated at $2.3 million.
- $1.1 million towards construction of Tri City Healthcare District Psychiatric Health Facility. Total project costs are estimated at $17.4 million.
- $1.0 million towards development of Otay Valley Regional Park - Heritage Staging Area Zone A. Total project costs are estimated at $1.3 million.

Business-type Activities:

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

For the government-wide governmental activities financial statement presentation, depreciable capital assets are depreciated from the acquisition date to the end of the current fiscal year. Governmental funds financial statements record capital asset purchases as expenditures.

Capital Commitments

As of June 30, 2021, capital commitments included the following:

Governmental Activities:

$205.6 million for the construction of Southeast San Diego Live Well Center, Youth Transition Campus, Lakeside Equestrian Facility, Lakeside Branch Library, Inmate Transfer Tunnel, Regional Communication System, Emergency Vehicle Operations Course, Mt. Laguna Fire Station #49, San Marcos Road Maintenance Station and Fleet Garage, Sheriff Technology and Information Center, Palomar Fire Station, and Alpine Local Park; development of Integrated Property Tax System; renovation of the County Administration Center, Rock Mountain Detention Facility, Sheriff Ridgehaven Headquarters and Ohio Street Probation; expansion of Lincoln Acres Park; improvements at Lindo Lake, North Coastal Live Well Health Center and County Roads and Bridges; and vehicle acquisitions.

Business-type Activities:

$1.2 million for the construction of Spring Valley Sewer System.

(Please refer to Note 7 in the notes to the basic financial statements for more details concerning capital assets and capital commitments.)

Long-Term Liabilities

Governmental Activities:

At June 30, 2021, the County's governmental activities had outstanding long-term liabilities (without regard to the net pension liability or net OPEB liability) of $1.708 billion.

Of this amount, approximately $1.165 billion pertained to long-term debt outstanding. Principal debt issuances included: $463 million in Tobacco Settlement Asset-Backed Bonds; $400 million in taxable pension obligation bonds; $212 million in certificates of participation (COPs) and lease revenue bonds (LRBs); $87 million in unamortized issuance premiums and discounts; and $3 million in loans.

Other long-term liabilities included: $290 million in claims and judgments; $139 million in compensated absences; $91 million in capital leases; $20 million for landfill postclosure costs; and $3 million for pollution remediation.

During fiscal year 2021, the County's total COPs, LRBs, unamortized issuance premiums and discounts, and other bonds and loans for governmental activities decreased by $88.812 million.

The $88.812 million net decrease was due to the following increases and decreases:

Increases to debt were $56.236 million and included:

- $45.725 million of fixed interest rate Refunding Certificates of Participation titled "County of San Diego Refunding Certificates of Participation, Series 2020" [$21.910 million Series 2020A (Tax Exempt) (County Administration Center Waterfront Park)] and [$23.815 million Series 2020B (Federally Taxable) (Cedar and Kettner Development)] were issued by the San Diego County Capital Asset Leasing Corporation to refund the entire $27.545 million of Outstanding Series 2011 Certificates on a current refunding basis, and to refund the entire $24.860 million of Outstanding Series 2012 Certificates on an advanced refunding basis;
- $6.950 million of principal accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal; and,
- $3.561 million due to the effects of unamortized issuance premiums and unamortized issuance discounts.

Decreases to debt were $145.049 million and included:

- $86.075 million in principal debt service payments;
- $27.545 million to refund the outstanding Series 2011 Certificates referred to above;
- $24.860 million to refund the outstanding Series 2012 Certificates referred to above; and,
- $6.569 million due to the effects of unamortized issuance premiums.

Business-type Activities:

Long-term liabilities (without regard to the net pension liability or net OPEB liability) for business-type activities consisted of $604 thousand for compensated absences.

During fiscal year 2021, long-term liabilities for business-type activities increased by $122 thousand due to a net increase in compensated absences.

(Please refer to Notes 12 through 17 in the notes to the financial statements for more details concerning long-term debt; changes in long-term liabilities; and funds used to liquidate liabilities.)

Credit Ratings

The County's issuer and credit ratings on its bonded program are as follows:

Table 3

Credit Ratings	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

The County's issuer and credit ratings are assigned by three of the major rating agencies: Moody's Investors Service (Moody's), S&P Global Ratings (Standard & Poor's), and Fitch Ratings (Fitch). The County's existing triple A Issuer Ratings were affirmed in October 2020 by Moody's, Standard & Poor's and Fitch.

In October 2020 all three rating agencies reaffirmed the existing Aa2, AAA, and AA+ ratings on the County's outstanding Pension Obligation Bonds. The existing Aa1 and AA+ ratings on the County's outstanding lease-backed obligations were also reaffirmed. The one notch difference between the County's issuer and lease-backed rating reflects the standard legal structure for these abatement lease financings and leased assets.

In November 2019 Standard & Poor's confirmed its issue credit ratings for the Tobacco Settlement Asset-Backed Bonds Series 2006B, 2006C, and 2006D (Capital Appreciation Bonds) and assigned new credit ratings for the Series 2019 Tobacco Settlement Asset-Backed Bonds, Classes A and B-1 (Serial and Term Bonds, and Current Interest Bonds, respectively).

All three rating agencies noted the County's strong financial management, which effects a very strong fiscal position, and a large and diverse tax base, which bolsters the County's strong economy.

Economic Factors and Next Year's Budget and Rates

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.

When the Fiscal Year 2021 Operational Plan was approved, much was still unknown about COVID-19 and the recovery. To mitigate any revenue shortfalls and unexpected impacts, the Fiscal Year 2021 Operational Plan assumed there would be no new programs or expansion of existing programs, and no additional staffing for non-essential County services. Since that time, three new County Supervisors were sworn in, a framework for the future was set, and many have been vaccinated against the deadly virus. It is clear the Board wants to continue a safe reopening with maximum COVID-19 response efforts but also begin to thoughtfully expand services to those most in need of County services and hardest hit by the effects of the pandemic.

With a signed stimulus and vaccination levels that will reach herd immunity levels by the end of the summer, the County expects residents to begin to feel a return to normal by the beginning or middle of Fiscal Year 2022. The County will execute the short and long-term direction the Board sets to begin to fully recover from the pandemic and bring lasting, positive change to the region.

The following economic factors were considered in developing the fiscal year 2022 Operational Plan:

- The fiscal year 2022 General Fund adopted budget contains total appropriations of $5.54 billion. This is an increase of $527.1 million, or 10.5%, from the fiscal year 2021 General Fund adopted budget. Program Revenue comprises 67.3% of General Fund financing sources in fiscal year 2022, and is derived primarily from State and federal subventions and grants, and from charges and fees earned by specific programs. This revenue source is dedicated to, and can be used only for, the specific programs with which it is associated.
- General purpose revenue (GPR) funds local discretionary services, as well as the County's share of costs for services that are provided in partnership with the State and federal governments. GPR comprises approximately 28.0% of the General Fund. In the fiscal year 2022 adopted budget, the County's GPR increased 9.2%; with budgeted GPR of $1,550.7 million in fiscal year 2022 compared to $1,419.5 million budgeted in fiscal year 2021.
- The largest source of GPR is property tax revenue, which represents 52.1% of total GPR in fiscal year 2022, and includes current secured, current supplemental, current unsecured and current unsecured supplemental property taxes. The term "current" refers to those taxes that are due and expected to be paid in the referenced budget year. For fiscal year 2022, property tax revenue is budgeted at $807.4 million, which is $62.0 million or 8.3% higher than the budget for fiscal year 2021. The budgeted property tax revenue takes into account current commercial and residential real estate conditions as evidenced by changes in the level of building permits; growing median price of homes; the relatively low level of foreclosures; and changes in the number of total deeds recorded. For fiscal years 2016, 2017, 2018, 2019 and 2020 the final growth rates were 5.6%, 6.35%, 6.13%, 5.72% and 5.33% respectively. For fiscal year 2022, an assumed rate of 3.00% is projected in overall assessed value of real property.
- Current secured property tax revenue ($777.0 million in fiscal year 2022) is expected to increase by $59.8 million in fiscal year 2022 from the adopted budget level for fiscal year 2021. This revenue is generated from the secured tax roll, that part of the roll containing real property, including residential and commercial property as well as State-assessed public utilities. The fiscal year 2022 revenue amount assumes an increase of 3.00% in the local secured assessed value. The budget also makes certain assumptions regarding the County's share of countywide property tax revenues, the delinquency rate, exemptions and the amount of tax roll corrections and refunds on prior year assessments.
- Current supplemental property tax revenue ($8.8 million in fiscal year 2022) is expected to increase by $1.0 million in fiscal year 2022 from the adopted level for fiscal year 2021. This revenue is derived from net increases to the secured tax roll from either new construction or changes in ownership that occur subsequent to the January 1 lien date and are therefore more difficult to predict. These actions are captured on the supplemental tax roll. In many change of ownership transactions, a refund was due to the owner since the value of the property is lower than it was on the lien date instead of a bill for an additional amount of property tax because the property value is higher than the value as of the lien date.
- Current unsecured property tax revenue ($21.5 million in fiscal year 2022) is not based on a lien on real property and is expected to increase by $1.3 million in fiscal year 2022 from the adopted level for fiscal year 2021. The unsecured tax roll is that part of the assessment roll consisting largely of business personal property owned by tenants.
- Current unsecured supplemental property tax revenue ($0.1 million in fiscal year 2022) remains largely unchanged. It is derived from supplemental bills that are transferred to the unsecured roll when a change of ownership occurs and a tax payment is due from the prior owner. Or, there may be a subsequent change in ownership following the initial change in ownership which occurs prior to the mailing of the initial supplemental tax bill.
- Property taxes in lieu of vehicle license fees (VLF) comprises 30.5%, or $473.9 million, of budgeted

GPR in fiscal year 2022. This revenue source was established by the State in fiscal year 2005 to replace the previous distribution of VLF to local governments. The annual change in this revenue source is statutorily based on the growth/decline in the net taxable unsecured and local secured assessed value. With projected 3.00% increase in the combined taxable unsecured and local secured assessed value in fiscal year 2022, budgeted revenues are $20.1 million higher than fiscal year 2021. The increase is partially associated with the change in actual assessed value in fiscal year 2021 which increased by 5.33% compared to a budgeted increase of 3.75%.

- Teeter revenue represents approximately 1.0%, or $15.8 million, of budgeted GPR in fiscal year 2022. In fiscal year 1994, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the California Revenue and Taxation Code (also known as the "Teeter Plan.") Under this plan, the County advances funds to participating taxing entities to cover unpaid (delinquent) taxes (the "Teetered Taxes.") The County's General Fund benefits from this plan by being entitled to future collections of penalties and interest that are due once the delinquent taxes are paid. A legal requirement of the Teeter Plan requires the County to maintain a tax loss reserve fund to cover losses that may occur if delinquent taxes are not paid and the property goes into default and is sold for less than the outstanding taxes and assessments. Throughout the year, all interest and penalties collected on Teetered secured and supplemental property taxes are first deposited into the Teeter Tax Loss Reserve Fund. Any excess amounts above 25% of the total delinquent secured taxes and assessments may be transferred to the General Fund pursuant to Revenue and Taxation Code Section 4703.2(c). For fiscal year 2022, Teeter revenue is budgeted to decrease by $0.6 million from fiscal year 2021 primarily due to lower than expected delinquency rate during prior fiscal year where COVID-19 did not affect property tax collections.
- Sales and use tax revenue is budgeted at $34.8 million in fiscal year 2022, representing approximately 2.2% of GPR. This revenue is derived from taxable sales by retailers who sell or rent tangible personal property in unincorporated areas of the county, or from use taxes from consumers who purchase tangible personal property from out of State. Use taxes are also imposed on the storage, use, lease or other consumption of tangible personal property at any time a sales tax has not been paid by the retailer. Sales and use tax revenue in fiscal year 2022 is estimated to be $6.2 million, or 21.8%, higher than the fiscal year 2021 adopted budget largely due to the Wayfair decision in the County Pools and recoveries in various categories like Food/Drugs, Building/ Construction and General Consumer Goods. Changes in this funding source are generally impacted by population changes, retail business activity and consumer spending trends.
- Intergovernmental revenue is budgeted at $144.6 million in fiscal year 2022, an increase of $33.8 million or 30.5%, and is approximately 9.3% of total GPR. This increase is due to continuing growth in pass-through distributions and recognition of higher residual revenue from the distribution of former redevelopment funds. The intergovernmental revenue source represents funding the County receives from various intergovernmental sources, including redevelopment successor agencies, the City of San Diego (pursuant to a memorandum of understanding related to the County's Central Jail), the federal government (payments in lieu of taxes for tax-exempt federal lands administered by the Bureau of Land Management, the National Park Service, and the U.S. Fish and Wildlife Service), and the State of California (reimbursement to the County for the Homeowner's Property Tax Relief program). The largest portion of this funding is from redevelopment property tax revenues. In 2011 pursuant to ABX1 26, redevelopment agencies were dissolved by the California legislature. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011. The Court extended the date of dissolution from October 1, 2011 to February 1, 2012. Based on Health and Safety Code Section

34183 (a)(1), the County auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each affected local taxing agency property tax revenues in an amount equal to that which would have been received under Health and Safety Code Sections 33401, 33492.140, 33607, 33607.5, 33607.7 or 33676. The residual balance (Health and Safety Code Section 34183(a)(4)), not allocated for specific purposes, will be distributed to local taxing agencies in accordance with Section 34188.

- Other revenues are budgeted at $74.2 million in fiscal year 2022 and are approximately 4.8% of the total GPR. Various revenue sources make up this category including: Real Property Transfer Tax (RPTT), interest on deposits and investments, fees, fines, forfeitures, prior year property taxes, penalties and cost on delinquency taxes, franchise fees, media licenses and other miscellaneous revenues. The fiscal year 2022 amount is an 15.0% or $9.7 million increase from fiscal year 2021.

County management continuously evaluates and responds to the changing economic environment and its impact on the cost and the demand for County services. Specific actions are detailed in the fiscal year 2022 Adopted Operational Plan which can be accessed at https://www.sandiegocounty.gov/content/dam/sdc/auditor/pdf/adoptedplan_21-23.pdf.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's *accountability* for the money it receives. If you have questions about this report or need additional financial information, please contact the Auditor and Controller's Office, County of San Diego, located at 5530 Overland Avenue, Suite 410, San Diego, California 92123.

Basic Financial Statements

STATEMENT OF NET POSITION
June 30, 2021
(In Thousands)

		Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
ASSETS				
Pooled cash and investments	$ 3,740,605	78,347	3,818,952	49,325
Cash with fiscal agents	7		7	
Investments with fiscal agents	292,350		292,350	
Receivables, net	1,101,011	6,327	1,107,338	2,190
Property taxes receivables, net	128,427		128,427	
Internal balances	1,050	(1,050)		
Due from component unit	89		89	
Inventories	20,213	226	20,439	
Deposits with others	8		8	
Prepaid items	438	1	439	2
Restricted assets:				
Cash with fiscal agents	601		601	
Investments with fiscal agents	51,459		51,459	
Capital assets:				
Land, easements and construction in progress	830,774	23,655	854,429	
Other capital assets, net of accumulated depreciation/ amortization	3,126,727	165,176	3,291,903	
Total assets	9,293,759	272,682	9,566,441	51,517
DEFERRED OUTFLOWS OF RESOURCES				
Non-Pension:				
Unamortized loss on refunding of long-term debt	29,979		29,979	
Pension:				
Contributions to the pension plan subsequent to the measurement date	576,007	2,512	578,519	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	13,499	59	13,558	
Changes of assumptions or other inputs	213,522	1,100	214,622	
Net difference between projected and actual earnings on pension plan investments	559,490	2,455	561,945	
Difference between expected and actual experience in the total pension liability	110,232	439	110,671	
OPEB:				
Contributions to the OPEB plan subsequent to the measurement date	17,520	91	17,611	
Net difference between projected and actual earnings on OPEB plan investments	860		860	
Total deferred outflows of resources	1,521,109	6,656	1,527,765	

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STATEMENT OF NET POSITION
June 30, 2021
(In Thousands)

(Continued)	Primary Government Governmental Activities	Business-type Activities	Total	Component Unit First 5 Commission of San Diego
LIABILITIES				
Accounts payable	459,635	2,504	462,139	9,205
Accrued payroll	62,011	272	62,283	
Accrued interest	12,440		12,440	
Due to primary government				89
Unearned revenue	805,506	234	805,740	
Noncurrent liabilities:				
Due within one year	207,437	224	207,661	73
Due in more than one year - other	1,500,789	380	1,501,169	30
Due in more than one year - net pension liability	4,459,134	19,398	4,478,532	
Due in more that one year - net OPEB liability	91,545	461	92,006	
Total Liabilities	7,598,497	23,473	7,621,970	9,397
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance	10,205		10,205	
Gain on refunding of long-term debt	179		179	
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	4,997	18	5,015	
Differences between expected and actual experience in the total pension liability	77,399	387	77,786	
Changes of assumptions or other inputs	22		22	
Total deferred inflows of resources	92,802	405	93,207	

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STATEMENT OF NET POSITION

June 30, 2021

(In Thousands)

(Continued)		Primary Government Governmental Activities	Primary Government Business-type Activities	Primary Government Total	Component Unit First 5 Commission of San Diego
NET POSITION					
Net investment in capital assets		3,643,504	188,831	3,832,335	
Restricted for:					
Creditors - Capital projects		7,068		7,068	
Grantors - Housing assistance		99,760		99,760	
Donations		3,070		3,070	
Pension Stabilization		256,998		256,998	
Laws or regulations of other governments:					
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders		56,436		56,436	
Future road improvements		203,671		203,671	
Health and Human Services Agency programs		206,493		206,493	
Construction, maintenance and other costs for justice, health, and social facilities and programs		38,963		38,963	
Road, park lighting maintenance, fire protection and ambulance service		36,252		36,252	
Development of multifamily housing for persons with serious mental illness who are homeless, chronically homeless, or at-risk of becoming chronically homeless		40,605		40,605	
Down payment and closing costs assistance for first-time home buyers		4,684		4,684	
Defray administrative costs, other general restrictions		28,701		28,701	
Custody and care for youthful offenders		13,368		13,368	
Juvenile probation activities		16,852		16,852	
Teeter tax loss		17,838		17,838	
Vector control		9,373		9,373	
Improvement and maintenance of recorded document systems		21,823		21,823	
Flood Control future drainage improvements		30,979		30,979	
Public safety activities		108,851		108,851	
Expansion of behavioral health community provider capacity and to strengthen the regional continuum of care		24,718		24,718	
Other purposes		178,043		178,043	
First 5 Commission of San Diego					42,120
Unrestricted		(1,924,481)	66,629	(1,857,852)	
Total net position	$	3,123,569	255,460	3,379,029	42,120

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

(In Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
Governmental Activities:								
General government	$ 465,464	119,713	211,458	12,194	(122,099)		(122,099)	
Public protection	1,823,535	252,958	632,869	4,732	(932,976)		(932,976)	
Public ways and facilities	163,809	21,828	123,448	4,216	(14,317)		(14,317)	
Health and sanitation	1,363,772	147,719	1,149,660		(66,393)		(66,393)	
Public assistance	1,838,270	20,679	1,623,308		(194,283)		(194,283)	
Education	56,272	163	9,497		(46,612)		(46,612)	
Recreation and cultural	57,617	11,388	1,604		(44,625)		(44,625)	
Interest	57,386				(57,386)		(57,386)	
Total governmental activities	5,826,125	574,448	3,751,844	21,142	(1,478,691)		(1,478,691)	
Business-type activities:								
Airport	15,586	14,243	6,661	3,100		8,418	8,418	
Jail Stores Commissary	5,222	5,412				190	190	
San Diego County Sanitation District	31,716	26,625				(5,091)	(5,091)	
Sanitation District - Other	10,923	10,089	18			(816)	(816)	
Total business-type activities	63,447	56,369	6,679	3,100		2,701	2,701	
Total primary government	5,889,572	630,817	3,758,523	24,242	(1,478,691)	2,701	(1,475,990)	
Component Unit:								
First 5 Commission of San Diego	$ 31,256	3,337	29,250					1,331

Continued on next page ▶▶▶

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

(In Thousands)

(Continued)		Net (Expense) Revenue & Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total	Component Unit: First 5 Commission of San Diego
Changes in net position:					
Net (expense) revenue	$	(1,478,691)	2,701	(1,475,990)	1,331
Revenues:					
General Revenues					
Taxes:					
Property taxes		881,605		881,605	
Transient occupancy tax		5,386		5,386	
Real property transfer tax		35,608		35,608	
Miscellaneous taxes		8		8	
Property taxes in lieu of vehicle license fees		465,076		465,076	
Sales and use taxes		37,810		37,810	
Total general tax revenues		1,425,493		1,425,493	
Investment earnings		(2,922)	(76)	(2,998)	414
Other		95,224	2,646	97,870	
Total general revenues		1,517,795	2,570	1,520,365	414
Transfers		(85)	85		
Total general revenues and transfers		1,517,710	2,655	1,520,365	414
Change in net position		39,019	5,356	44,375	1,745
Net position at beginning of year (restated, see Note 34 to the financial statements)		3,084,550	250,104	3,334,654	40,375
Net position at end of year	$	3,123,569	255,460	3,379,029	42,120

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	$ 2,757,307	36,746	23,685	488,012	3,305,750
Cash with fiscal agents	7				7
Investments with fiscal agents	2		292,348		292,350
Receivables, net	888,329	63,027	3,196	119,327	1,073,879
Property taxes receivables, net	127,674			753	128,427
Due from other funds	61,515	14,338		43,264	119,117
Inventories	17,738			1,228	18,966
Deposits with others				8	8
Prepaid items	12			426	438
Restricted assets:					
Cash with fiscal agents	198			403	601
Investments with fiscal agents				51,459	51,459
Total assets	3,852,782	114,111	319,229	704,880	4,991,002
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	331,356		9,500	50,919	391,775
Accrued payroll	58,314			2,187	60,501
Due to other funds	84,006	6,982	15,152	36,325	142,465
Unearned revenue	796,366			8,486	804,852
Total liabilities	1,270,042	6,982	24,652	97,917	1,399,593
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance	9,707			498	10,205
Unavailable Revenue	290,598			90,997	381,595
Total deferred inflows of resources	300,305			91,495	391,800

Continued on next page

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021
(In Thousands)

(Continued)	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	5,162			4,277	9,439
Inventories and deposits with others	17,738			1,236	18,974
Restricted for:					
Creditors - Debt service				44,570	44,570
Creditors - Capital projects				7,068	7,068
Grantors - Housing assistance	88,145			11,615	99,760
Donations	3,070				3,070
Pension Stabilization	256,998				256,998
Laws or regulations of other governments:					
Public safety activities	1,722	107,129			108,851
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	56,436				56,436
Improvement and maintenance of recorded document systems	21,823				21,823
Development of multifamily housing for persons with serious mental illness who are homeless, chronically homeless, or at-risk of becoming chronically homeless	40,605				40,605
Down payment and closing costs assistance for first-time homebuyers	4,684				4,684
Defray administrative costs, other general restrictions	28,701				28,701
Future road improvements				197,685	197,685
Construction, maintenance and other costs for justice, health, and social facilities and programs	38,963				38,963
Custody and care of youthful offenders	13,368				13,368
Juvenile probation activities	16,852				16,852
Expansion of behavioral health community provider capacity and to strengthen the regional continuum of care	24,718				24,718
Fund purpose				145,318	145,318
Other purposes	96,185			30,982	127,167

Continued on next page

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021
(In Thousands)

(Continued)		General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Committed to:						
Realignment health, mental health and social services		39				39
Roadway major maintenance and safety projects					14,534	14,534
Chula Vista Bayfront Project public infrastructure improvements		25,000				25,000
Landfill, postclosure and landfill maintenance					57,665	57,665
Capital projects' funding		423,194			518	423,712
Health				294,577		294,577
Evaluation, acquisition, construction, or rehabilitation of affordable housing for low-income residents		26,908				26,908
Other purposes		25,115				25,115
Assigned to:						
Subsequent one-time expenditures		195,237				195,237
Legislative and administrative services		72,266				72,266
Other purposes		138,236				138,236
Unassigned		661,270				661,270
Total fund balances		2,282,435	107,129	294,577	515,468	3,199,609
Total liabilities, deferred inflows of resources and fund balances	$	3,852,782	114,111	319,229	704,880	4,991,002

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2021

(In Thousands)

Total fund balances - governmental funds	$	3,199,609
Capital assets used in governmental activities (excluding internal service funds) are not current financial resources and, therefore, are not reported in the balance sheet. This amount represents capital assets net of accumulated depreciation/amortization.		3,886,112
Unamortized gain on refundings (to be amortized as interest expense).		(179)
Unamortized loss on refundings (to be amortized as interest expense).		29,979
Accrued interest on long-term debt.		(12,440)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities.		381,595
Long-term interest receivable on housing loans.		23,713
Deferred outflows of resources - Contributions to the pension plan subsequent to the measurement date.		563,226
Deferred outflows of resources - Contributions to the OPEB plan subsequent to the measurement date.		17,038
Deferred outflows of resources - Changes in proportionate share and differences between employer's contributions and proportionate share of contributions - Pension.		13,195
Deferred outflows of resources - Changes of assumptions or other inputs - Pension.		208,207
Deferred outflows of resources - Net difference between projected and actual earnings on pension plan investments.		546,412
Deferred outflows of resources - Net difference between projected and actual earnings on OPEB plan investments.		860
Deferred outflows of resources - Differences between expected and actual experience in the total pension liability.		107,884
Deferred inflows of resources - Changes in proportionate share and differences between employer's contributions and proportionate share of contributions - Pension.		(4,900)
Deferred inflows of resources - Changes of assumptions or other inputs - Pension		(22)
Deferred inflows of resources - Differences between expected and actual experience in the total pension liability.		(75,758)
Long-term liabilities, such as bonds, notes, loans payable, capital leases, claims and judgments, compensated absences, landfill closure, pollution remediation, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the balance sheet. (See Note 2 to the financial statements; **Table 3**.)		(5,863,206)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, road and communications services, materials and supplies (purchasing), and facilities services to individual funds; and, to make loans for start-up services for new and existing county service districts. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. (See Note 2 to the financial statements; **Table 3**.)		102,244
Net position of governmental activities	$	3,123,569

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 1,367,772			59,395	1,427,167
Licenses, permits and franchise fees	43,271			15,521	58,792
Fines, forfeitures and penalties	39,114			1,134	40,248
Revenue from use of money and property	(2,521)		4,539	4,079	6,097
Aid from other governmental agencies:					
State	1,383,222	315,687		121,598	1,820,507
Federal	1,355,842			171,784	1,527,626
Other	168,725			19,387	188,112
Charges for current services	426,714			36,877	463,591
Other	35,743			43,446	79,189
Total revenues	4,817,882	315,687	4,539	473,221	5,611,329
Expenditures:					
Current:					
General government	382,074		185	5,880	388,139
Public protection	1,625,334			8,397	1,633,731
Public ways and facilities	6,167			77,269	83,436
Health and sanitation	1,237,047			67,208	1,304,255
Public assistance	1,581,021			201,195	1,782,216
Education	1,163			49,388	50,551
Recreation and cultural	41,595			3,156	44,751
Capital outlay	103,151			284,012	387,163
Debt service:					
Principal	19,346			72,653	91,999
Interest	12,422			44,306	56,728
Bond issuance costs				807	807
Payment to refunded bond escrow agent	2,155			3,881	6,036
Total expenditures	5,011,475		185	818,152	5,829,812
Excess (deficiency) of revenues over (under) expenditures	(193,593)	315,687	4,354	(344,931)	(218,483)
Other financing sources (uses):					
Sale of capital assets	211			24	235
Issuance of capital lease:					
Face value of capital lease	57,554				57,554
Issuance of bonds and loans:					
Premium on issuance of refunding bonds				3,432	3,432
Refunding bonds issued				45,725	45,725
Payment to refunded bond escrow agent				(48,344)	(48,344)
Transfers in	299,569			343,910	643,479
Transfers out	(349,379)	(268,119)	(15,113)	(21,511)	(654,122)
Total other financing sources (uses)	7,955	(268,119)	(15,113)	323,236	47,959
Net change in fund balances	(185,638)	47,568	(10,759)	(21,695)	(170,524)
Fund balance at beginning of year	2,468,496	59,561	305,336	537,075	3,370,468
Increase (decrease) in nonspendable inventories	(423)			88	(335)
Fund balances at end of year	$ 2,282,435	107,129	294,577	515,468	3,199,609

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(In Thousands)

Net change in fund balances - total governmental funds	$	(170,524)
Governmental funds accrue property tax revenue which is deemed collectible within 60 days. However, for the statement of activities the total amount estimated to ultimately be collected is accrued.		(1,673)
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred inflows) but are recognized as revenue in the statement of activities.		213,342
Revenues earned on long-term housing loans.		2,072
Adjustment to nonspendable inventories.		(335)
Change in accounting estimate for postclosure costs - (public protection function) - San Marcos landfill.		(243)
Change in accounting estimate for pollution remediation - (general government function).		122
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. (See Note 2 to the financial statements; **Table 4**.)		217,158
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (See Note 2 to the financial statements; **Table 4**.)		(11,555)
Contributions to the pension plan subsequent to the measurement date.		563,662
Contributions to the OPEB plan subsequent to the measurement date.		17,101
The issuance of long-term debt (e.g. bonds, notes, loans and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (See Note 2 to the financial statements; **Table 4**.)		39,668
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (See Note 2 to the financial statements; **Table 4**.)		(833,490)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (expense) of internal service funds is reported within governmental activities. (See Note 2 to the financial statements; **Table 4**.)		3,714
Change in net position - governmental activities.	$	39,019

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021
(In Thousands)

		Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
ASSETS			
Current assets:			
Pooled cash and investments	$	78,347	434,855
Receivables, net		3,163	1,993
Due from other funds		506	32,764
Inventories		226	1,247
Prepaid items		1	
Total current assets		82,243	470,859
Noncurrent assets:			
Due from other funds		3,164	63
Capital assets:			
Land		13,625	
Construction in progress		10,030	
Buildings and improvements		147,176	2,963
Equipment		7,251	177,796
Software		297	9,410
Road infrastructure		25,227	
Sewer infrastructure		110,297	
Accumulated depreciation/amortization		(125,072)	(118,780)
Total noncurrent assets		191,995	71,452
Total assets		274,238	542,311
DEFERRED OUTFLOWS OF RESOURCES			
Pension:			
Contributions to the pension plan subsequent to the measurement date		2,512	12,781
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		59	304
Changes of assumptions or other inputs		1,100	5,315
Net difference between projected and actual earnings on pension plan investments		2,455	13,078
Difference between expected and actual experience in the total pension liability		439	2,348
OPEB:			
Contributions to the OPEB plan subsequent to the measurement date		91	482
Total deferred outflows of resources		6,656	34,308

Continued on next page

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021
(In Thousands)

(Continued)	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	2,504	67,860
Accrued payroll	272	1,510
Due to other funds	2,068	6,402
Unearned revenue	234	654
Loans payable		209
Compensated absences	224	1,218
Claims and judgments		56,441
Total current liabilities	5,302	134,294
Noncurrent liabilities:		
Loans payable		576
Compensated absences	380	2,064
Claims and judgments		233,676
Net pension liability	19,398	99,216
Net OPEB liability	461	2,299
Total noncurrent liabilities	20,239	337,831
Total liabilities	25,541	472,125
DEFERRED INFLOWS OF RESOURCES		
Pension:		
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	18	97
Differences between expected and actual experience in the total pension liability	387	1,641
Total deferred inflow of resources	405	1,738
NET POSITION		
Net investment in capital assets	188,831	71,389
Unrestricted net position	66,117	31,367
Total net position	$ 254,948	102,756

Reconciliation between net position - enterprise funds and net position of business-type activities as reported in the government-wide statement of net position	
Total net position	$ 254,948
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	512
Net position of business-type activities	$ 255,460

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

(In Thousands)

	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for current services	$ 56,369	489,782
Other	2,872	3,450
Total operating revenues	59,241	493,232
Operating expenses:		
Salaries and employee benefits	11,253	62,352
Repairs and maintenance	11,920	56,677
Equipment rental	1,073	113
Sewage processing	18,607	
Contracted services	7,543	271,439
Depreciation/amortization	6,245	19,497
Utilities	457	28,966
Cost of material	2,008	4,757
Claims and judgments		53,156
Fuel	22	8,771
Other	4,016	8,969
Total operating expenses	63,144	514,697
Operating income (loss)	(3,903)	(21,465)
Nonoperating revenues (expenses):		
Grants	6,679	7,138
Investment earnings	(76)	(664)
Interest expense		(2)
Gain (loss) on disposal of assets	(226)	1,962
Total nonoperating revenues (expenses)	6,377	8,434
Income (loss) before capital contributions and transfers	2,474	(13,031)
Capital contributions	3,100	5,884
Transfers in	5,360	12,329
Transfers out	(5,275)	(1,771)
Change in net position	5,659	3,411
Net position (deficits) at beginning of year	249,289	99,345
Net position (deficits) at end of year	$ 254,948	102,756

Reconciliation between change in net position - enterprise funds and change in net position of business-type activities as reported in the government-wide statement of activities	
Change in net position	$ 5,659
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(303)
Change in net position of business-type activities	$ 5,356

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021
(In Thousands)

		Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Cash flows from operating activities:			
Cash received from customers	$	49,802	10,991
Cash received from other funds		9,365	486,612
Cash payments to suppliers		(40,271)	(339,746)
Cash payments to employees		(10,087)	(56,464)
Cash payment to other funds		(4,143)	(41,077)
Cash paid for claims and judgments			(48,275)
Other payments		(1)	(31)
Net cash provided (used) by operating activities		4,665	12,010
Cash flows from noncapital financing activities:			
Operating grants		6,694	7,668
Transfers from other funds		5,360	12,329
Transfers to other funds		(5,275)	(1,771)
Principal paid on long-term debt			(332)
Interest paid on long-term debt			(2)
Other noncapital increases		134	
Net cash provided (used) by noncapital financing activities		6,913	17,892
Cash flows from capital and related financing activities:			
Capital contributions			5,829
Acquisition of capital assets		(8,219)	(16,501)
Proceeds from sale of assets			2,619
Net cash provided (used) by capital and related financing activities		(8,219)	(8,053)
Cash flows from investing activities:			
Investment earnings		102	131
Net increase (decrease) in cash and cash equivalents		3,461	21,980
Cash and cash equivalents - beginning of year		74,886	412,875
Cash and cash equivalents - end of year		78,347	434,855
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)		(3,903)	(21,465)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Decrease (increase) in accounts receivables		3	577
Decrease (increase) in due from other funds		(332)	3,581
Decrease (increase) in inventory		(42)	(254)
Increase (decrease) in accounts payable		732	(555)
Increase (decrease) in accrued payroll		57	252
Increase (decrease) in due to other funds		708	(342)
Increase (decrease) in unearned revenue		87	150
Increase (decrease) in compensated absences		122	431
Increase (decrease) in claims and judgments			4,881
Pension expense		1,044	5,568
OPEB expense		(56)	(311)
Depreciation / amortization		6,245	19,497
Total adjustments		8,568	33,475
Net cash provided (used) by operating activities		4,665	12,010
Non-cash investing and capital financing activities:			
Capital acquisitions included in accounts payable		432	673
Governmental contributions of capital assets	$	3,100	55

Notes to the basic financial statements are an integral part of this statement

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2021

(In Thousands)

	San Diego County Employees Retirement Association Pension (and Other Postemployment Benefits) Trust Fund	Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Custodial Funds
ASSETS				
Pooled cash and investments	$ 7,642	8,037,222	2,095	349,782
Cash with fiscal agents	4,361,681			7,728
Securities lending cash collateral	238,881			
Investments with fiscal agents			1,120	5,572
Receivables:				
Contributions	6,799			
Accrued interest and dividends	27,378			
Settlement of investments sold	925,162			
Accounts receivable				4,787
Investment earnings receivable		13,506	2	26,877
Taxes receivable, net		51,222		79,669
Other receivables		15,194		325
Investments at fair value:				
Domestic equity securities	2,325,747			
International equity securities	1,616,875			
Fixed income securities	5,870,360			
Cash and securities for swaps	97,436			
Private equity	660,753			
Private real assets	463,130			
Real estate	1,003,974			
Capital assets, net	4,397			
Total assets	17,610,215	8,117,144	3,217	474,740

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STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021
(In Thousands)

(Continued)		San Diego County Employees Retirement Association Pension (and Other Postemployment Benefits) Trust Fund	Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Custodial Funds
LIABILITIES					
Collateral payable for securities lending		238,904			
Settlement of investments purchased		1,155,985			
Professional services		27,839			
Death benefits		1,575			
Retirement benefits		908			
Refunds to members		1,615			
County advance contribution		10,309			
Other liabilities		11,548			
Accounts payable			159,239		87,882
Warrants outstanding					4,907
Accrued interest				37	
Unearned Revenue					58,557
Noncurrent liabilities:					
Due within one year				608	
Due in more than one year				7,223	
Due to other funds				4,679	
Due to other governments					79,669
Total liabilities		1,448,683	159,239	12,547	231,015
NET POSITION					
Restricted for:					
Benefits		16,161,532			
Pool participants			7,957,905		
Private purpose				(9,330)	
Individuals, organizations and other governments					243,725
Total net position (deficit)	$	16,161,532	7,957,905	(9,330)	243,725

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2021
(In Thousands)

	San Diego County Employees Retirement Association Pension (and Other Postemployment Benefits) Trust Fund	Pooled Investments-Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Custodial Funds
ADDITIONS				
Contributions:				
Employer contributions	$ 634,558			
Plan member contributions	162,740			
Contributions to investments		12,883,726		2,603,018
Property taxes collected for other governments				20,610,510
Total contributions	797,298	12,883,726		23,213,528
Investment income:				
Net appreciation/(depreciation) in fair value of investments:				
Equity securities	1,461,228			
Fixed income	124,572			
Foreign currency	(4,420)			
Real estate & private equity	249,653			
Private real assets	46,642			
Opportunistic	15,593			
Futures	238,439			
Swaps	1,048,071			
Total net appreciation/(depreciation) in fair value of investments	3,179,778			
Interest income:				
Fixed income	108,994			
Cash	640			
Investment earnings		3,757	24	1,012
Total Interest income	109,634	3,757	24	1,012
Other Additions:				
Dividends	20,314			
Real estate income	67,232			
Private equity income	3,750			
Private real assets income	26,753			
Total other	118,049			
Less: investment expenses	(103,014)	(950)		
Net investment income, before securities lending	3,304,447	2,807	24	1,012
Securities lending appreciation/(depreciation)	21			
Securities lending income	293			
Securities lending rebates and bank charges	137			
Net securities lending	451			
Total investment income	3,304,898	2,807	24	1,012
Property taxes- Successor Agency Redevelopment Property Tax Trust Fund Distribution			2,304	
Total additions	4,102,196	12,886,533	2,328	23,214,540

Continued on next page

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)		San Diego County Employees Retirement Association Pension (and Other Postemployment Benefits) Trust Fund	Pooled Investments-Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Custodial Funds
DEDUCTIONS					
Benefits:					
Retirement benefits		836,064			
Death benefits		2,422			
Health benefits		14,265			
Total benefits		852,751			
Member refunds		6,357			
Administrative expenses		14,913	6,323	11	
Distributions from investments			11,138,556		2,545,087
Property taxes distributed to other governments					20,589,329
Contributions to other agencies				550	
Interest				552	
Total deductions		874,021	11,144,879	1,113	23,134,416
Change in net position		3,228,175	1,741,654	1,215	80,124
Net position (deficit) at beginning of year (restated, see Note 34 to the financial statements)		12,933,357	6,216,251	(10,545)	163,601
Net position (deficit) at end of year	$	16,161,532	7,957,905	(9,330)	243,725

NOTE 1

Summary of Significant Accounting Policies

The Reporting Entity

The County of San Diego (the “County” or “CoSD”), is a political subdivision of the State of California (the “State”) and as such can exercise the powers specified by the Constitution and laws of the State of California. The County operates under a charter and is governed by an elected five-member Board of Supervisors (the “Board”).

The County provides a full range of general government services including police protection, detention and correction, public assistance, health and sanitation, recreation, library, flood control, public ways and facilities, inactive waste management, airport management and general financial and administrative support.

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered to be financially accountable. The component units discussed below are included in the County’s reporting entity because of the significance of their operational and financial relationships with the County. As required by accounting principles generally accepted in the United States of America (GAAP), the financial statements present the financial position of the County and its component units.

These are entities for which the County is considered to be financially responsible and has a potential financial benefit/burden relationship.

Blended component units, although legally separate entities are, in substance, part of the County's operations and data from these component units are combined with the data from the primary government.

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Blended Component Units

The blended component units listed below are agencies and special districts whose governing board is the County Board of Supervisors. The County Board of Supervisors therefore has the ability to impose its will. These component units have a direct financial benefit/burden relationship with the County, are fiscally dependent on the County, and as such financial actions including the setting of rates, issuance of debt and the adoption of the annual budget remain with the County.

Air Pollution Control District (APCD) - The *APCD* was established to protect people and the environment from the harmful effects of air pollution. *APCD* is reported as a *special revenue fund*. Pursuant to the effects of the implementation of California Assembly Bill 423, effective March 1, 2021 the *APCD* no longer qualified as a blended component unit of the County.

County of San Diego In Home Supportive Services Public Authority (IHSSPA) - The *IHSSPA* was established to assist eligible low-income elderly and persons with disabilities in San Diego County to live high quality lives in their own homes. The *IHSSPA* program is mandated by the State. As the employer of record, *IHSSPA* recruits, screens, and trains home care workers who are available to assist eligible consumers in their own homes. *IHSSPA* is reported as a *special revenue fund.*

County Service Districts (CSD) - The *CSDs* were established to provide authorized services such as road, park, fire protection and ambulance to specific areas in the County. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. The *CSDs* are reported as *special revenue funds*.

Flood Control District (FCD) - The *FCD* was established to provide flood control in the County’s unincorporated area. It is financed primarily by ad valorem property taxes and charges to property owners. The *FCD* is reported as a *special revenue fund*.

Lighting Maintenance District (LMD) - The *LMD* was established to provide street and road lighting services to specified areas of the County. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners. The *LMD* is reported as a *special revenue fund*.

San Diego County Housing Authority (SDCHA) - The *SDCHA* was established to provide decent housing in a suitable environment for individuals who cannot afford standard private housing. Contracts with the U.S. Department of Housing and Urban Development provide the major funding sources. *SDCHA* is reported in two *special revenue funds* - Housing Authority - Low and Moderate Income Housing Asset Fund, and the Housing Authority - Other Fund.

San Diego County Sanitation District (SD) - The SD was established to construct, operate and maintain reliable and sustainable sanitary sewer systems. Revenue sources include charges to property owners, other agencies, and grants. The SD is reported as an enterprise fund.

Sanitation District - Other (SD Other) - The SD Other was established to construct, operate and maintain reliable and sustainable sanitary sewer and potable water systems. Revenue sources include charges to property owners, other agencies, and grants. The SD Other is reported as an enterprise fund.

Blended component units governed by boards other than the CoSD Board of Supervisors are listed below. These component units are, in substance, part of the County's operations due to their relationship with the County and the nature of their operations. Specifically, the CoSD Board appoints either all or a majority of their board members and the services they provide solely benefit the County.

San Diego County Capital Asset Leasing Corporation (SANCAL) - *SANCAL* was established to finance the acquisition of County buildings and equipment. It is a nonprofit corporation governed by a five-member Board of Directors, which is appointed by the CoSD Board. *SANCAL* financial activities are reported in a *debt service fund*.

San Diego County Tobacco Asset Securitization Corporation (SDCTASC) - The *SDCTASC* was created under the California Nonprofit Public Benefit Corporation Law and was established to purchase tobacco settlement payments allocated to the County from the State of California, pursuant to a Tobacco Master Settlement Agreement. *SDCTASC* is governed by a Board of Directors consisting of three members, two of which are employees of the County and one independent director who is not an employee of the County. The *SDCTASC* is reported as part of the *Tobacco Securitization Joint Special Revenue Fund*.

San Diego Regional Building Authority (*SDRBA*) - The *SDRBA* was established under the Mark-Roos Local Bond Pooling Act of 1985 and authorized to issue bonds for the purpose of acquiring and constructing public capital improvements and to lease them to its members, the County and the San Diego Metropolitan Transit Development Board (MTDB). The services provided by the SDRBA to the MTDB are insignificant.

The *SDRBA* is governed by a Commission consisting of three members, two of which are County Supervisors appointed by the County Board of Supervisors and concurrently serve on the Board of Directors of the San Diego Trolley, Inc and the Board of Directors of MTDB. The third Commissioner is a member of MTDB and is appointed by the MTDB Board. The SDRBA's financial activities are reported in a *debt service fund*.

Tobacco Securitization Joint Powers Authority of Southern California (TSJPA) - The *TSJPA* was created by a joint exercise of powers agreement between the County and the County of Sacramento pursuant to Government Code Sections 6500 et seq. The *TSJPA*'s purpose is to finance a loan to the San Diego County Tobacco Asset Securitization Corporation (the Corporation) via the sale of tobacco asset-backed bonds. The *Corporation* in turn uses the loan proceeds to purchase the County's future tobacco settlement revenues under a purchase and sale agreement. The *TSJPA* is administered by a Board of Directors consisting of three members, two members who are appointed by the CoSD Board and the third member is appointed by the Sacramento County Board of Supervisors. The *TSJPA* is reported as part of the *Tobacco Securitization Joint Special Revenue Fund*.

Separately issued financial reports for IHSSPA, SDCTASC, SDRBA, and TSJPA can be obtained from the County Auditor and Controller's Office located at 5530 Overland Avenue, Suite 410, San Diego, California 92123.

Discrete Component Unit

The *First 5 Commission of San Diego (Commission)* was established by the Board as a separate legal entity under the authority of the California Children and Families First Act and Sections 130100 et seq. of the Health and Safety Code. The Commission administers the County's share of tobacco taxes levied by the State for the purpose of implementing early childhood development programs. The County appoints all of the Commission's board and can remove appointed members at will.

The Commission is discretely presented because its Board is not substantively the same as the County's, and it does not provide services entirely or almost entirely to the County. A separately issued financial report can be obtained by writing to First 5 Commission, 9655 Granite Ridge Drive, Suite 120, San Diego, CA 92123.

Fiduciary Component Unit

The *San Diego County Employee Retirement Association* - SDCERA is a cost-sharing, multiple-employer public retirement system organized under the 1937 Retirement Act. SDCERA is an independent governmental entity separate and distinct from the County of San Diego and provides retirement, disability, death, and health insurance allowance benefits for SDCERA members and beneficiaries. The County is a major participant in the SDCERA plans. The County appoints a majority of the SDCERA Retirement Board and is considered to have a financial burden as it is legally obligated to make contributions to the plans. The activity of SDCERA is reported within the following fiduciary funds - SDCERA Pension Trust Fund and SDCERA Other Postemployment Benefits Trust Fund.

Financial Reporting Structure

Basic Financial Statements

The basic financial statements include both government-wide financial statements and fund financial statements which focus on the County as a whole in the government-wide financial statements and major individual funds in the fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the County as a whole and the change in aggregate financial position resulting from the activities of the fiscal period, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the County (including its blended component units) as well as its discretely presented component unit. In the statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported using the economic resources measurement focus and the accrual basis of accounting, which incorporates capital assets as well as long-term debt and obligations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the primary government total column. The statement of activities presents functional revenue and expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. In the statement of activities, internal service funds' revenue and expenses related to interfund services have been eliminated. Revenue and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural activities. The business-type activities of the County include Airport, Jail Stores Commissary, and Sanitation District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are presented after the government-wide financial statements. They display information about major funds individually and in the aggregate for governmental and proprietary funds. In governmental and fiduciary funds, assets and liabilities are presented in order of relative liquidity. In proprietary funds, assets and liabilities are presented in a classified format that distinguishes between all current and noncurrent assets and liabilities. Current assets in the classified format are those considered available to generate or use cash within twelve months of the end of the fiscal period. Examples include cash, various receivables and short-term investments. All other assets are considered noncurrent. Current liabilities are obligations to be paid within the next fiscal year. Examples include payables and the current portion of long-term liabilities. For all fund types, deferred outflows of resources are presented after assets; and deferred inflows of resources are presented following liabilities. For further information see Deferred Outflows and Inflows of Resources.

Major individual governmental funds are reported as separate columns in the fund financial statements and are presented on a current financial resources measurement focus and modified accrual basis of accounting. Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for and reports all financial resources of the County not accounted for and reported in another fund. Revenues are primarily derived from taxes; licenses, permits and franchise fees; fines, forfeitures and penalties; use of money and property; aid from other governmental agencies; charges for current services; and other revenues. Expenditures are expended for functions of general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural activities. Expenditures also include capital outlay and debt service.

The *Public Safety Special Revenue Fund* accounts for Proposition 172 half-cent sales taxes collected and apportioned to the County by the California Department of Tax and Fee Administration and are restricted for funding public safety activities. Per Government Code Section 30052, a “maintenance of effort” (pre-Proposition 172 public safety funding level) must be maintained by the County to comply with the statute’s spending requirements. In accordance with the Code, these funds are allocated to the Sheriff, District Attorney and Probation departments. Transfers out of this fund subsidize the following types of public safety activities: juvenile detention services; facilities maintenance and support; capital projects, equipment and other one-time expenditures; on-going technology initiatives; and various region-wide services.

The *Tobacco Endowment Special Revenue Fund* accounts for tobacco settlement payments allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories. According to Board of Supervisors Policy E-14, tobacco settlement monies are to be used for healthcare-based programs.

The County reports the following additional funds and fund types:

Enterprise Funds account for airport, jail stores commissary and sanitation district activities; including operations and maintenance, financing of clothing and personal sundry items for persons institutionalized at various county facilities, sewage collection and treatment services.

Internal Service Funds account for the financing of public works and communications equipment; the financing of materials and supplies (purchasing); start up services for new and existing County service districts; the County's public liability and employee benefits activities; the financing of fleet services; facilities management activities; and the financing of information technology services. Goods or services provided by servicing County departments are paid for on a cost reimbursement basis by receiving departments.

The following *fiduciary funds* include the activities of the San Diego County Employees Retirement Association, a fiduciary component unit of the County; and funds which account for resources that are held by the County as a trustee or custodian for outside parties and cannot be used to support the County's programs.

San Diego County Employees Retirement Association Pension (and Other Postemployment Benefits) Trust Fund - This fund is used to account for financial activities of the Pension Plan and Other Postemployment Benefits Plan administered by San Diego County Employees Retirement Association.

Pooled Investments - Investment Trust Funds account for investment activities on behalf of external entities and include the portion of the County Treasurer's investment pool applicable to external entities. In general, external entities include school districts, independent special districts and various other governments.

County of San Diego Successor Agency Private Purpose Trust Fund is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the County of San Diego Successor Agency; formed pursuant to California Assembly Bill ABx1 26.

Custodial funds account for assets held by the County in a custodial capacity. The funds reported as custodial funds are not required to be reported in pension (and other employee benefit) trust funds, pooled investments - investment trust funds, or private purpose trust funds. Custodial funds account for the receipt, temporary investment, and remittance to individuals, private organizations, or other governments and also include property taxes collected on behalf of cities and other taxing agencies. The County's custodial funds use the economic resources measurement focus and accrual basis of accounting.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are susceptible to accrual when measurable and available. Sales taxes, investment earnings, state and federal grants, and charges for services are accrued when their receipt occurs within 180 days following the end of the fiscal year. Property taxes are accrued if they are collectible within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. General capital assets acquisitions and principal payments on general long-term debt are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both *restricted and unrestricted resources* are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Investments

The County's cash and cash equivalents for cash flow reporting purposes are considered to be cash on hand, demand deposits, restricted cash, and investments held in the County's Investment Pool (the "Pool").

The Pool is available for use by all funds. Each fund type's portion of the Pool is displayed on the statements of net position/balance sheets as "pooled cash and investments." The share of each fund's pooled cash and investments account is separately accounted for and interest earned, net of related expenses, is apportioned quarterly based on the fund's average daily cash balance in proportion to the total pooled cash and investments based on amortized cost. $2.291 million of interest earned by certain funds has been assigned to and reported as revenue of another fund. For fiscal year 2021, the General Fund was assigned $2.279 million and the Other Governmental Funds were assigned $12 thousand.

Governmental Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques.

According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market mutual funds which are valued at net asset value - $1 per share (amortized cost).

The following investments that have a remaining maturity at the time of purchase of one year or less and are held by fiscal agents outside of the County's Pool are to be measured at amortized cost: Money market investments, including commercial paper; and participating interest-earning investment contracts, such as negotiable certificates of deposit.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement.

Fair value measurements for pooled investments and investments with fiscal agents are categorized within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure the fair value of assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. None of the County's investments are valued using Level 1 and Level 3 inputs.

Receivables and Payables

The major receivables for governmental and business-type activities are taxes, due from other governmental agencies and loans. All property taxes and accounts receivable are shown net of an allowance for uncollectibles, as applicable. Property taxes allowance for uncollectibles for governmental funds, pooled investment - investment trust funds, and Custodial Funds - Property Tax Collection Funds were $12.390 million, $7.115 million, and $4.601 million, respectively; while the accounts receivable allowance for uncollectibles for governmental funds were $5.471 million. Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are disclosed in Note 8. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Noncurrent interfund receivables between funds are reported as a nonspendable fund balance account in the General Fund; and as a restricted, committed or assigned fund balance account in other governmental funds, as applicable.

Secured property taxes are levied based upon the assessed valuation as of the previous January 1st, (lien date) and the tax levy is recorded as of July 1st (levy date). They are payable in two equal installments due on November 1st and February 1st and are considered delinquent with ten percent penalties after December 10th and April 10th, respectively. An additional penalty of one and one-half percent per month begins to accrue on July 1st on defaulted secured property taxes. Unsecured property taxes are due as of the January 1st lien date and become delinquent, with 10 percent penalties, after August 31st. An additional penalty of one and one-half percent per month begins to accrue after October 31st on delinquent unsecured property taxes.

Governmental funds’ property tax revenues are recognized in the fiscal year for which they are levied, provided they are due within the fiscal year and collected within 60 days after the fiscal year end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year end, and are collected within 60 days after the fiscal year end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule.

County Leased Property

The County and its blended component units lease real property to the private sector and other governmental agencies. Revenue from noncancelable operating leases is reported in the applicable government-wide statement of activities - governmental activities, governmental funds statements of revenues, expenditures, and changes in fund balances and proprietary funds, statements of revenues, expenses, and changes in net position, as applicable.

Inventories and Prepaid Items

Inventories include consumable inventories valued at average cost. They are accounted for as expenditures at the time of purchase and reported in governmental funds as an asset with an offsetting nonspendable fund balance amount. Proprietary fund types are carried at average cost and are expended when consumed. Prepaid items reflect payments for costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements, with expenditures/expenses recorded when consumed. Inventories and prepaid items recorded in the governmental funds are not in spendable form and thus, an equivalent portion of fund balance is reported as nonspendable.

Capital Assets

Capital assets are of a long-term character and include: land, easements, construction in progress, buildings and improvements, equipment, software and infrastructure.

Infrastructure assets include roads, bridges and sewers.

Capital assets are recorded at *historical cost* if purchased or constructed. Donated capital assets are recorded at *estimated acquisition value* at the date of donation. Capital assets with original unit costs equal to or greater than the *capitalization thresholds* shown in **Table 1** are reported in the applicable *governmental activities* or *business-type activities* columns in the government-wide financial statements.

(Amounts expressed in thousands unless otherwise noted)

Table 1 Capitalization Thresholds		
Land	$	0
Easements		50
Buildings and improvements		50
Equipment		5
Software		5-100
Infrastructure		25-50

Depreciation and amortization are charged over the capital assets' estimated useful lives using the straight-line method for proprietary and governmental fund types. Governmental fund type depreciation and amortization are only shown in the statement of activities. Proprietary fund type depreciation and amortization are shown both in the fund statements and the government-wide statement of activities. Estimated useful lives are shown in **Table 2**.

Table 2 Estimated Useful Lives	
Buildings and improvements	10-50 years
Equipment	4-30 years
Software	2-10 years
Infrastructure	10-50 years

Unearned Revenue

Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue may be found in government-wide financial reporting as well as in the governmental, proprietary, and fiduciary funds' financial statements.

Deferred Outflows and Inflows of Resources

The County reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the government that is applicable to a future period.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual; it must be both measurable and available to finance expenditures of the current fiscal period. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. This type of deferred inflow is unique to governmental funds, since it is tied to the modified accrual basis of accounting, which is used only in connection with governmental funds.

Examples of deferred outflows and inflows of resources include property taxes received in advance, unavailable revenue, unamortized losses and gains on refunding of long-term debt (discussed below), and pension/OPEB related deferrals. Pension/OPEB related deferred outflows and inflows of resources include changes in proportionate share and differences between employer's contributions and proportionate share of contributions, changes in assumptions or other inputs, contributions to the pension/OPEB plan subsequent to the measurement date, differences between expected and actual experience in the total pension/OPEB liability and net difference between projected and actual earnings on pension/OPEB plan investments.

Occasionally, the County refunds some of its existing debt. When this occurs, the difference between the funds required to retire (reacquisition price of) the refunded debt and the net carrying amount of refunded debt results in a deferred amount on refunding. If there is an excess of the reacquisition price of refunded debt over its net carrying amount, it is treated as a deferred outflow of resources (a deferred loss on refunding). If there is an excess net carrying value amount of refunded debt over its reacquisition price, it is treated as a deferred inflow of resources (a deferred gain on refunding).

Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the government-wide and proprietary funds financial statements, capital lease obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net position.

Long-Term Obligations

Long-term liabilities reported in the statement of net position include the amount due in one year (current) and the amount due in more than one year (noncurrent).

General long-term liabilities consist of the noncurrent portion of claims and judgments, compensated absences, landfill postclosure and other noncurrent liabilities. General long-term liabilities are not reported as liabilities in governmental funds but are reported in the governmental activities column in the government-wide statement of net position. General long-term debt is not limited to liabilities arising from debt issuances but may also include noncurrent liabilities on other commitments that are not current liabilities properly recorded in governmental funds.

Debt may be issued at par (face) value, with a premium (applicable to debt issued in excess of face value) or at a discount (applicable to debt issued at amounts less than the face value).

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the debt issued and premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds (CABs) issued by the County represent bonds that are issued at a deep discount, pay no current interest but accrete or compound in value from the date of issuance to the date of maturity. CABs are presented at their maturity value less the unaccreted appreciation. Unaccreted appreciation represents the difference between the maturity value of the debt and their par (face) value. The unaccreted appreciation is accreted as interest over the life of the CABs.

Pension

The County recognizes its proportionate share of the San Diego County Employees Retirement Association Pension Plan's (SDCERA-PP) collective net pension liability. Essentially, the net pension liability represents the excess of the total pension liability over the fiduciary net position of the SDCERA-PP reflected in the actuarial report provided by the SDCERA-PP actuary. The net pension liability is measured as of the County's prior fiscal year-end. Changes in the net pension liability are recorded in the period incurred, as pension expense or as deferred outflows of resources or deferred inflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources are those that arise from changes in actuarial assumptions or other inputs, changes in proportionate share and differences between employer's contributions and proportionate share of contributions, differences between expected and actual experience in the total pension liability, contributions to the pension plan subsequent to the measurement date, and the net difference between projected and actual earnings on SDCERA-PP investments.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources information about the fiduciary net position of the SDCERA-PP and additions to/deductions from the SDCERA-PP fiduciary net position have been determined on the same basis as they are reported by SDCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

OPEB

The County recognizes its proportionate share of the San Diego County Employees Retirement Association retiree health plan's (SDCERA-RHP) collective net Other Postemployment Benefits liability (net OPEB liability). Essentially, the net OPEB liability represents the excess of the total OPEB liability over the fiduciary net position of the SDCERA-RHP reflected in the actuarial report provided by the SDCERA-RHP actuary. The net OPEB liability is measured as of the County's prior fiscal year-end. Changes in the net OPEB liability are recorded in the period incurred, as OPEB expense or as deferred outflows of resources or deferred inflows of resources depending on the nature of the change. The changes in net OPEB liability that are recorded as deferred outflows of resources or deferred inflows of resources are those that arise from changes in actuarial assumptions or other inputs, changes in proportionate share and differences between employer's contributions and proportionate share of contributions, differences between expected and actual experience in the total OPEB liability, contributions to the OPEB plan subsequent to the measurement date, and the net difference between projected and actual earnings on SDCERA-RHP investments.

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources, information about the fiduciary net position of the SDCERA-RHP and additions to/deductions from the SDCERA-RHP fiduciary net position have been determined on the same basis as they are reported by SDCERA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Employees’ Compensated Absences

The County's policy is to permit employees to accumulate *earned* but *unused* vacation, compensatory time, holiday and sick leave benefits. Each of these benefits is subject to certain limits based on employee class, except for sick leave and compensatory time that is subject to Fair Labor Standards Act (FLSA) rules or the California Labor Code. All vacation pay and a certain portion of compensatory and sick pay for specified employee classes is accrued in the government-wide and proprietary funds financial statements. Except for specified employee classes, there is no liability for *unpaid accumulated* sick leave since the County does not cash out unused sick leave when employees separate from service with the County. However, employees eligible for retirement benefits that meet minimum balance requirements may apply unused sick leave toward determining their length of service for the purpose of calculating retirement benefits.

Accumulated leave benefits including vacation, sick leave, and compensatory time worked are recorded in the government-wide statement of net position. Amounts recorded as accumulated leave benefits include the employer’s share of Social Security and Medicare taxes. These amounts would not be expected to be liquidated from expendable available financial resources, but would be expected to be liquidated in future years as employees elect to use these benefits as prescribed by Civil Service rules and regulations.

County employees in the unclassified service and certain employees hired prior to 1979 may receive up to 50% and 25%, respectively, of the cash value of all or a portion of their sick leave balances upon termination or retirement. The cash value of these benefits is included in the accumulated leave benefits noted above. This liability has been recorded in the current and long-term portion of compensated absences in the appropriate proprietary funds and government-wide statement of net position.

California Labor Code Section 4850 entitles safety officers who meet certain criteria to receive full salary in lieu of temporary disability payments for the period of disability, not exceeding 365 days, or until such earlier date as he or she is retired on permanent disability pension. This liability is accrued in the current and long-term portion of compensated absences.

All County employees who have completed at least five years of continuous service in the County retirement system, and have a sick leave balance of at least one hundred hours, may convert, at retirement, all or a portion of their sick leave balance to retirement service credits on a hour-for-hour basis. The conversion of these balances to retirement service credits is included in the County's actuarial accrued liability, as part of the annual actuarial valuation which includes assumptions regarding employee terminations, retirement, death, etc.

General Budget Policies

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). Please refer to the note to the required supplementary information for more details regarding the County's general budget policies.

Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These classifications include: nonspendable; restricted; and the unrestricted classifications of committed, assigned and unassigned. When both restricted and unrestricted resources are available for use, fund balance is generally depleted by restricted resources first, followed by unrestricted resources in the following order: committed, assigned and unassigned. The fund balance classifications are defined as follows:

Nonspendable **fund balance** - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted **fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed **fund balance** - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. The Board of Supervisors may establish fund balance commitments by adoption of an ordinance, resolution, or formal board action memorialized by minute orders as may be required by law. All are equally binding. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned **fund balance** - amounts that are constrained by the County's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the highest level of decision making authority (the Board of Supervisors), or by a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. This intent is expressed by the Board of Supervisors approval of the use of fund balance to fund non-capital related expenditures and via action taken by the Board of Supervisors on November 5, 2013, which provides that fund balance may be committed by the Board and/or assigned by the Chief Administrative Officer for specific purposes.

Unassigned **fund balance** - the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Net Position

Net investment in capital assets - consists of capital assets net of accumulated depreciation reduced by the outstanding principal of capital related debt (adjusted by any unamortized premiums, discounts, losses and gains on refunding of debt, and unspent proceeds related to debt), incurred by the County to buy or construct capital assets shown in the statement of net position. Capital assets cannot readily be sold and converted to cash.

Restricted net position - consists of restricted assets reduced by liabilities related to those assets. Constraints placed on net position are externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Unrestricted net position - consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Indirect Costs

County indirect costs are allocated to benefiting departments and are included in the program expense reported for individual functions and activities. Cost allocations are based on the annual *County-wide Cost Allocation Plan* which is prepared in accordance with Federal Office of Management and Budget (OMB) 2 CFR 200 Uniform Guidance.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

(Amounts expressed in thousands unless otherwise noted)

NOTE 2
Reconciliation of Government-Wide and Fund Financial Statements
Balance Sheet/Statement of Net Position

Explanations of certain differences between the governmental funds balance sheet and the government-wide statement of net position are detailed below:

Table 3
Governmental Funds Balance Sheet / Government-Wide Statement of Net Position Reconciliation
At June 30, 2021

Long-term liabilities, such as bonds, notes, loans payable, capital leases, claims and judgments, compensated absences, landfill postclosure, pollution remediation, net pension liability, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this $5,863,206 difference are as follows:		
Bonds, notes and loans payable		
Certificates of participation and lease revenue bonds	$	211,585
Taxable pension obligation bonds		400,125
Tobacco settlement asset-backed bonds		463,185
Loans - non-internal service funds		1,766
Unamortized issuance premiums (to be amortized as interest expense)		87,185
Capital leases - non-internal service funds		90,595
Compensated absences non-internal service funds		136,496
Landfill postclosure - San Marcos landfill		20,388
Pollution remediation		2,717
Subtotal	$	1,414,042
Net pension liability - non-internal service funds		4,359,918
Net OPEB pension liability - non-internal service funds		89,246
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	$	5,863,206
Internal Service Funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. The details of this $102,244 difference are as follows:		
Net position of the internal service funds	$	102,756
Less: Internal payable representing charges in excess of cost to business-type activities - prior years		(815)
Add: Internal payable representing costs in excess of charges to business-type activities - current year		303
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$	102,244

(Amounts expressed in thousands unless otherwise noted)

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

Explanations of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities are detailed below:

Table 4
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities Reconciliation
For the Year Ended June 30, 2021

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. The details of this $217,158 difference are as follows:		
Capital outlay	$	387,163
Depreciation/amortization expense		(170,005)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	217,158
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. The details of this $(11,555) difference are as follows:		
The proceeds from the sale of capital assets provide current financial resources but have no effect on net position	$	(235)
The gain on the disposal of capital assets does not affect current financial resources but increases net position		3
The loss on the disposal of capital assets does not affect current financial resources but decreases net position		(22,206)
Donations of assets to the County do not provide current financial resources but increase net position		10,883
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	(11,555)
The issuance of long-term debt (e.g., bonds, notes, loans, and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this $39,668 difference are as follows:		
Debt issued or incurred		
Refunding bonds issued	$	(45,725)
Plus: Premiums		(3,432)
Payment to refunded bond escrow agent		54,380
Face value of capital lease		(57,554)
Principal repayments		85,743
Capital lease payment		6,256
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	39,668
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of this $(833,490) difference are as follows:		
Change in net pension liability, deferred inflows of resources and deferred outflows of resources	$	(817,388)
Change in net OPEB liability, deferred inflows of resources and deferred outflows of resources		(3,626)
Compensated absences		(11,819)
Accrued interest		2,056
Accretion of capital appreciation bonds		(6,950)
Amortization of premiums		6,152
Amortization of discounts		(2)
Amortization of gain on refundings		90
Amortization of loss on refundings		(2,003)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	(833,490)
Internal Service Funds. The net revenue (or expense) of certain activities of internal service funds is reported with governmental activities. The details of this $3,714 difference are as follows:		
Change in net position of the internal service funds	$	3,411
Plus: Gain from charges to business activities		303
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position - governmental activities	$	3,714

NOTE 3
Deposits and Investments

The Treasurer is responsible for authorizing all County bank accounts and pursuant to Government Code Sections 27000.1 - 27000.5, 27130 - 27137, and 53600 - 53686 is responsible for conducting County investment activities of the County's investment pool (the "Pool") as well as various individual investment accounts outside of the Pool. Additionally, the Treasurer has oversight responsibilities for investments with fiscal agents.

The Pool is a County sponsored "external investment pool" wherein moneys of the County and other legally separate external entities, which are not part of the County Reporting Entity, are commingled (pooled) and invested on the participants' behalf.

Pursuant to Sections 27130-27137 of the California Government Code, the Board of Supervisors has established the Treasury Oversight Committee (TOC) which monitors and reviews the Investment Policy. The TOC consists of three Ex-officio positions of the County, a Board of Supervisor's representative, and five members of the public, representing a City Official, a Special District Official, a School Official, and two members of the public having expertise in public finance per Government Code. The investment policy requires a financial audit to be conducted annually on a fiscal year basis, which includes limited tests of compliance with laws and regulations, with the duty of the TOC to review the audit. The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The Pool does not have any legally binding guarantees of share values.

A separately issued annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 152, San Diego, California, 92101 and can also be accessed at http://www.sdttc.com.

Total pooled cash and investments totaled $12.26 billion consisting of: $11.91 billion investments in the County pool; $349.353 million in deposits; $3.589 million of collections in transit; and, $506 thousand in imprest cash.

Deposits

Government Code Section 53652 et. seq. and the Treasurer's Pool Investment Policy (Pool Policy) prescribe the amount of collateral that is required to secure the deposit of public funds.

Federal Depository Insurance Corporation (FDIC) insurance is available for funds deposited at any one insured depository institution in the State for up to a maximum of $250 thousand for demand deposits and up to a maximum of $250 thousand for time and savings deposits. The aforementioned Government Code and Pool Policy require that depositories collateralize public funds with securities having a market value of at least 10% in excess of the total amount of the deposits. These securities shall be placed in the institution's pooled collateral account and monitored by the State Treasurer of California or a mutually agreed upon third party custodian bank.

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized; or collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name.

The Pool does not have a formal policy regarding sweep (deposit) accounts, but utilizes national or state chartered banks where amounts exceeding the FDIC insurance level are invested in repurchase agreements that are collateralized by U.S. Treasury and Federal Agency securities equal to or greater than the deposit amount in accordance with California Government Code.

California Government Code Section 53652 et. seq. requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. At June 30, 2021, the County's deposits were not exposed to custodial credit risk, as these deposits were either covered by FDIC insurance or collateralized with securities held by a named agent depository except as noted below:

a. Cash in banks is defined as short-term, highly liquid deposits with an original maturity of three months or less. Deposits consist of cash in banks. At year-end, the Pool maintained accounts in JP Morgan Bank. The carrying amount of the Pool's deposits was $349.353 million, and the bank balance at June 30, 2021 was $335.586 million. The difference between the carrying amount and the bank balance includes temporary reconciling items such as outstanding checks and deposits in transit. Of the bank balance, $250 thousand was covered by federal deposit insurance and $335.336 million was collateralized with securities held by a depository agent on behalf of the Pool as required by California Government Code Section 53656. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Also, a financial institution may, in accordance with the California Government Code, secure local agency deposits using first trust deed mortgages; however, the fair value of the first trust deed mortgages collateral must be at least 150% of the total amount deposited.

b. The carrying amount of demand deposits with Fiscal Agents (outside of the Pool) was $8.337 million and the bank balance per various financial institutions was $9.371 million. Of the total bank balance, $518 thousand was covered by federal deposit insurance and $8.853 million was collateralized by a named agent depository.

Investments

Government Code Section 53601 governs the types of investments that may be purchased and makes certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality and timing to minimize the risk of loss.

Permissible types of investments and financial instruments include: U.S. treasuries, U.S. Federal agencies, local agency obligations, banker's acceptances, repurchase and reverse repurchase agreements, collateralized certificates of deposit, commercial paper, corporate medium-term notes, negotiable certificates of deposit, pass-through mortgage securities, supranationals, and money market mutual funds.

Investments in the Pool are stated at fair value in accordance with GASB Statement No. 72. Securities, which are traded on a national exchange, are valued at the last reported sales price at current exchange rates. Institutional money market mutual funds are carried at portfolio book value (net asset value). All purchases of investments are accounted for on a trade-date basis.

Unrealized gains or losses of securities are determined by taking the difference between amortized cost and the fair value of investments. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that were held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

In addition to the above, the Board annually adopts a Pooled Money Fund Investment Policy. This policy is based on the criteria in Government Code Section 53601 but adds further specificity and restrictions to permitted investments.

No policies have been established for investments with fiscal agents, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements.

In conjunction with the discussion below concerning investment risks, please refer to **Tables 7** and **8,** respectively, which provide details on pooled investments and those held with fiscal agents at fiscal year-end. Additionally, **Table 10** provides a comparison of Pool policy restrictions with Government Code Section 53601 requirements.

(Amounts expressed in thousands unless otherwise noted)

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates.

To mitigate the effect of interest rate risk, the Pool maintains a laddered portfolio in compliance with the Investment Policy, which requires at least 15% of securities to mature within 90 days and at least 35% of securities to mature within one year. In addition, the Pool limits the maximum effective duration of the portfolio to two years. As of June 30, 2021, the Pool was in full compliance with all provisions of the Investment Policy and the California Government Code. Actual weighted average days to maturity by investment type is presented in **Table 7**.

California Government Code Section 53601 indicates that when there is no specific limitation on the term or remaining maturity at the time of the investment, then no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

Generally, investments with fiscal agents are structured in such a way that securities mature at the times and in the amounts that are necessary to meet scheduled expenditures and withdrawals.

Credit Risk - Investments

Credit risk is the risk that an issuer or other counterparty to an investment may not fulfill its obligations.

The Pool's Investment Policy, which is more restrictive than the Government Code, places a minimum standard on the ratings of investments held in the Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises must have a credit rating of no less than "A" for long-term or "F1" for short-term. Nonrated securities include sweep accounts and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured and collateralized with securities held by a named agent of the depository. Repurchase agreements are collateralized by securities, authorized by California Government Code Section 53601, having a market value of at least 102% of the amount of the repurchase agreement. The Pool did not have any repurchase agreements in its portfolio as of June 30, 2021.

Credit quality based on Fitch's Fund Credit Quality Rating is noted below and on **Table 7**.

Table 5
Fitch Investment Rating

	Investment Pool Rating at June 30, 2021	Minimum Pool Investment Policy Ratings at Time of Purchase
Overall credit rating	AAAf/S1	
Short-term		F1
Long-term		A

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. This occurs when there is a lack of diversification or having too much invested in a few individual issuers.

As disclosed in **Table 10**, the Treasury maintains investment policies that establish thresholds for holdings of individual securities. The Pool did not have any holdings meeting or exceeding the allowable threshold levels as of June 30, 2021.

The Pool's holdings of Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) securities are issued by agencies that remain under conservatorship by the Director of the Federal Housing Agency. The U.S. government does not guarantee, directly or indirectly, the securities of the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), FNMA or FHLMC.

The following issuers exceeded the 5 percent threshold of the total fair value of the County Pool's investments as of June 30, 2021: FFCB 5.97%; FNMA (8.24%); BNP Paribas (6.34%); FHLB (6.08%); FHLMC (5.32%); and, Bank of Montreal Chicago (5.16%).

No general policies have been established to limit the amount of exposure to any one single issuer, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements. Instruments in any one issuer that represent 5% or more of the County investments with fiscal agents by individual major fund or nonmajor funds in the aggregate at June 30, 2021 are shown in **Table 6**. Any investments explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from **Table 6**. Percentages by issuer for pooled investments are noted in **Table 7**.

Table 6
Concentration of Credit Risk - Investments With Fiscal Agents

Issuer	Tobacco Endowment Fund	Percent
State of Florida	$ 15,935	5%
State of Georgia	31,649	11%
State of Maryland	33,678	12%
State of Minnesota	30,254	10%

Custodial Credit Risk - Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the government's name.

The Investment Policy requires that securities purchased from any bank or dealer including appropriate collateral (as defined by California State Law), not insured by FDIC, shall be placed with an independent third party for custodial safekeeping. Securities purchased by the Pool are held by a third-party custodian, The Northern Trust Company, in their trust department to mitigate custodial credit risk.

(Amounts expressed in thousands unless otherwise noted)

Table 7
Pooled Investments
At June 30, 2021

	Fair Value	Book Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	NRSRO Rating	% of Portfolio
Federal Agencies:							
Federal Farm Credit Bank (FFCB)	$ 710,760	697,396	0.48% - 2.52%	6/22 - 5/26	962	AAA	5.97%
Federal Home Loan Bank (FHLB)	724,640	720,185	0.51% - 2.875%	7/21 - 6/26	1283	AA+	6.08%
Federal Home Loan Mortgage Corporation (FHLMC)	634,231	635,772	0.30% - 1.125%	8/21 - 10/25	1018	NR -AA+	5.32%
Federal National Mortgage Association (FNMA)	981,457	981,671	0.32% - 2.875%	10/21 - 12/25	1238	NR -AA+	8.24%
U.S. Treasury Notes	1,088,906	1,081,684	1.13% - 2.75%	7/21 - 5/26	1265	AAA	9.14%
Pass-through Securities	487,985	485,748	0.20% - 3.18%	7/22 - 9/25	948	NR -AAA	4.10%
Supranationals	1,116,426	1,100,790	0.29% - 2.50%	7/21 - 6/26	1035	NR -AAA	9.37%
Commercial Paper	2,318,756	2,318,756	0.02% - 0.19%	7/21 - 2/22	81	A-1 -A-1+	19.47%
Local Government Investment Pools	200,708	200,708	0.04% - 0.05%	N/A	0	AAA	1.68%
Money Market Mutual Funds	3,800	3,800	0.01% - 0.04%	N/A	0	NR -AAA	0.03%
Municipal Bonds	241,362	239,987	0.41% - 5.45%	2/23 - 6/26	1183	NR -AAA	2.03%
Negotiable Certificates of Deposit	2,705,093	2,704,967	0.09% - 0.26%	7/21 - 7/22	124	A-1 -A-1+	22.71%
Corporate Medium-Term Notes	697,476	689,253	1.65% - 4.50%	7/21 - 5/23	328	A-1 -A-1+	5.86%
Total investments	$ 11,911,600	11,860,717			614		100%

(Amounts expressed in thousands unless otherwise noted)

Table 8
Investments with Fiscal Agents
At June 30, 2021

	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
County investments with fiscal agents						
Unrestricted:						
Fixed income tax exempt bonds	$ 9,737	5.00%	1/22 - 9/27	1217	A+	2.83%
Fixed income tax exempt bonds	17,231	1.85% - 5%	12/24 - 11/30	2619	AA	5.01%
Fixed income tax exempt bonds	4,673	5.00%	8/23 - 12/26	1406	AA-	1.36%
Fixed income tax exempt bonds	29,781	5.00%	7/21 - 6/28	1401	AA+	8.66%
Fixed income tax exempt bonds	214,084	2% - 5%	8/21 - 8/35	3165	AAA	62.28%
Fixed income tax exempt bonds	5,344	5.00%	10/26 - 7/30	2608	NR	1.55%
Money market mutual funds	11,500	0.01%	7/21	6	AAAm	3.34%
Subtotal	292,350					
Restricted:						
Money market mutual funds	51,459	0.01% - 0.03%	7/21 - 8/21	28 - 40	AAAm	14.97%
Subtotal	51,459					
Total County investments with fiscal agents	343,809					100.00%
Private Purpose investments:						
Money market mutual funds	1,120	0.01%	7/21	28	AAAm	100.00%
Total Private Purpose investments	1,120					100.00%
Custodial funds investments:						
Money market mutual funds	5,572	0.01%	7/21	28	AAAm	100.00%
Total Custodial funds investments	5,572					100.00%
Total investments with fiscal agents	$ 350,501					

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GASB 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets for identical assets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

None of the County's investments are valued using Level 1 and Level 3 inputs.

The Pool uses the market approach as a valuation technique in the application of GASB 72. This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets.

Total pooled investments as of June 30, 2021, were valued at $11.912 billion. The fair value of pooled investments categorized according to GASB 72 fair value hierarchy totaled $11.707 billion, and are all classified as Level 2. Money market mutual funds totaling $3.8 million, are valued at net asset value - $1 per share (amortized cost) and local government investment pool funds totaling $200.7 million, are not subject to the fair value hierarchy.

Total investments with fiscal agents as of June 30, 2021, were valued at $350.5 million. The fair value of investments with fiscal agents according to the GASB 72 fair value hierarchy totaled $280.8 million, and are all classified as Level 2. Fixed income tax exempt bonds were valued using matrix pricing, which is consistent with the market approach. The matrix pricing technique is used to value some types of financial instruments, such as debt securities, without relying exclusively on quoted prices for the specific securities. Instead, matrix pricing relies on the securities' relationship to other benchmark quoted securities. The following investments have a remaining maturity at the time of purchase of one year or less, are held by fiscal agents outside of the County's Pool, and are measured at amortized cost: Money market mutual funds, $69.7 million.

(Amounts expressed in thousands unless otherwise noted)

Table 9 summarizes pooled investments' and investments with fiscal agents' recurring fair value measurements and the fair value hierarchy as of June 30, 2021.

Table 9
Pooled Investments and Investments With Fiscal Agents By Fair Value Level

		Fair Value Measurements Using		
	June 30, 2021	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled investments by fair value level				
Pass-through securities	$ 487,985		487,985	
Commercial paper	2,318,756		2,318,756	
Negotiable certificates of deposit	2,705,093		2,705,093	
Municipal Bonds	241,362		241,362	
Corporate medium-term notes	697,476		697,476	
Supranational	1,116,426		1,116,426	
U.S. government agencies	3,051,088		3,051,088	
U.S. treasury notes	1,088,906		1,088,906	
Total pooled investments and cash equivalents by fair value level	11,707,092		11,707,092	
Pooled investments not subject to the fair value hierarchy				
Money market mutual funds	3,800			
Local Government Investment Pool	200,708			
Total pooled investments	11,911,600			
Investments with fiscal agents by fair value level				
Fixed income tax exempt bonds	280,850		280,850	
Total investments with fiscal agents by fair value level			280,850	
Investments with fiscal agents not subject to the fair value hierarchy				
Money market mutual funds	69,651			
Total investments with fiscal agents not subject to the fair value hierarchy	69,651			
Total investments with fiscal agents	$ 350,501			

(Amounts expressed in thousands unless otherwise noted)

Table 10
Investment Pool Policy Restrictions versus California Government (Gov) Code Section 53601 Requirements

	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
Investment Type	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U.S. Treasury Obligations	5 years	5 years	None	None	None	None	None	None
U.S. Agency Obligations	5 years	5 years	None	None	None	35%	None	None
Local Agency Obligations	5 years	5 years	None	30%	None	10%	None	A
Bankers' Acceptances	180 days	180 days	40%	40%	30%	5%	None	A-1
Commercial paper (1)	270 days	270 days	40%	40%	10%	10%	A-1	A-1
Negotiable Certificates of Deposit	5 years	5 years	30%	30%	30%	10%	None	A
Repurchase Agreements (2)	1 year	1 year	None	40%	None	Note (2)	None	None
Reverse Repurchase Agreements	92 days	92 days	20%	20%	20%	10%	None	None
Corporate Medium-Term Notes	5 years	5 years	30%	30%	30%	5%	A	A
Collateralized Certificates of Deposit	N/A	13 months	None	5%	None	5%	None	None
Money Market Mutual Funds	N/A	N/A	20%	20%	10%	10%	AAAm	AAAm
Local Government Investment Pools	N/A	N/A	None	5%	None	5%	None	AAAm
Pass-Through Mortgage Securities	5 years	5 years	20%	20%	20%	10%	AA	AA
Supranationals (3)	5 years	5 years	30%	30%	30%	10%	AA	AA

(1)Government Code Section 53635 (a)(1-2) specifies percentage limitations for this security type for county investment pools.

(2) Maximum exposure per issue - The maximum exposure to a single Repurchase Agreement (RP) issue shall be 10% of the portfolio value for RPs with maturities greater than 5 days, and 15% of the portfolio for RPs maturing 5 days or less. The maximum exposure to a single broker/dealer of Repurchase Agreements shall be 10% of the portfolio value for maturities greater than 5 days, and 15% of the portfolio value for maturities of 5 days or less.

(3) The following institutions are considered "Supranationals": International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Inter-American Development Bank (IADB).

(Amounts expressed in thousands unless otherwise noted)

NOTE 4
Restricted Assets

Restricted assets include monies or other resources required to be set aside to repay principal and interest under debt covenants; and to comply with other legal or contractual requirements. For fiscal year 2021 restricted assets were as follows:

Table 11
Restricted Assets

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	$ 198	
Nonmajor Governmental Funds		
Harmony Grove Community Facilities District - Special Revenue Fund		9,346
Harmony Grove Community Facilities District - Capital Projects Fund		7,586
Housing Authority - Other Special Revenue Fund	403	
Tobacco Securitization Joint Special Revenue Fund		34,500
Pension Obligation Bonds Debt Service Fund		11
SANCAL Debt Service Fund		16

NOTE 5
Receivables

Details of receivables reported in the Government-wide Statement of Net Position are presented in **Table 12**. Amounts that are not expected to be collected within the next fiscal year are identified below.

Due from Other Governmental Agencies - Governmental activities - $17.694 million:

This amount includes: $6.667 million in Senate Bill (SB) 90 cost reimbursements due the County for the provision of State mandated programs mostly for Absentee Ballots and Voter Identification Procedures. The State Constitution requires reimbursement for these costs and interest will accrue on the reimbursement claims until they are paid according to Government Code Section 17617; and, $11.027 million in amounts owed to the County from those external entities that financed their portion of the Regional Communications System (RCS) NextGen Project upgrade.

Loans - Governmental activities - $168.389 million:

This amount includes: $96.866 million in housing rehabilitation loan programs for low-income or special needs residents, and loans for low income housing down payments; $24.911 million in community development block grant loans; $13.786 million owed to the Housing Authority - Low and Moderate Income Housing Asset Fund for Affordable Housing Development and Single-Family Rehabilitation Loans; $23.713 million in interest receivable on housing long-term loans; $3.417 million in low income housing developer loans; $4.069 million in COVID-19 Small Business Loan Receivable; $1.081 million owed to the General Fund from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of a loan to provide funding for project improvements for the Upper San Diego River Project; and $434 thousand owed to the County Low and Moderate Income Housing Asset Fund (CLMIHAF) from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of the Airport Enterprise Fund transferring its twenty percent outstanding loan principal balance to the CLMIHAF mandated by California Health and Safety Code 34191.4. At the fund level, in the General Fund and the CLMIHAF, these loans are presented as "Due From Other Funds". See Note 8 to the financial statements, "Interfund Balances". The remaining balance represents various other loans totaling $112 thousand.

Loans- Business-type activities- $3.396 million:

This amount includes $232 thousand in Airport Enterprise Fund (AEF) loans to Airport lessees for the purchase of AEF reversionary interests in leasehold improvements existing at the expiration of previous leases; and $3.164 million owed to the AEF from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of a loan to fund airport projects. In the Airport Enterprise Fund, this loan is presented as “Due From Other Funds”. See Note 8 to the financial statements, “Interfund Balances”.

(Amounts expressed in thousands unless otherwise noted)

Table 12
Receivables
Primary Government and Discretely Presented Component Unit
At June 30, 2021

		Accounts	Investment Earnings	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
Governmental activities:									
General Fund	$	5,140	4,307	746,332	120,789	11,761	888,329		888,329
Public Safety Fund				63,027			63,027		63,027
Tobacco Endowment Fund			3,196				3,196		3,196
Other Governmental Funds		23,351	7,425	71,107	22,372	543	124,798	(5,471)	119,327
Internal Service Funds		21	644	1,316		12	1,993		1,993
Total governmental activities - fund level	$	28,512	15,572	881,782	143,161	12,316	1,081,343	(5,471)	1,075,872
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund					1,515		1,515		1,515
Add: interest receivable on housing long-term loans					23,713		23,713		23,713
Less: Due from Component Unit						(89)	(89)		(89)
Total governmental activities - Statement of Net Position	$	28,512	15,572	881,782	168,389	12,227	1,106,482	(5,471)	1,101,011
Business-type activities:									
Enterprise Funds	$	1,113	132	1,686	232		3,163		3,163
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund					3,164		3,164		3,164
Total business-type activities - Statement of Net Position	$	1,113	132	1,686	3,396		6,327		6,327
Component Unit:									
First 5 Commission of San Diego	$	238	81	1,726		145	2,190		2,190

(Amounts expressed in thousands unless otherwise noted)

NOTE 6
County Property on Lease to Others

The County has noncancelable operating leases for certain properties which are not material to the County's governmental operations. Additionally, the Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires. The Airport Enterprise Fund's property under operating leases includes an estimated $3.01 million in land at June 30, 2021.

Lease revenue from noncancelable operating leases for the year ended June 30, 2021 was approximately $12.11 million. Future minimum lease payments to be received under noncancelable operating leases are noted in **Table 13**.

Table 13
Lease Revenue
County Property Leased To Others

Fiscal Year	Operating Leases
2022	$ 11,873
2023	11,423
2024	11,222
2025	10,789
2026	10,609
2027-2031	50,498
2032-2036	43,328
2037-2041	34,626
2042-2046	28,821
2047-2051	23,223
2052-2056	17,949
2057-2061	12,844
2062-2066	11,341
2067-2071	2,871
2072-2076	341
Total	$ 281,758

NOTE 7
Capital Assets
Changes in Capital Assets

Increases and decreases in the County's capital assets for governmental and business-type activities during the fiscal year were as follows:

Table 14
Capital Assets - Governmental Activities

	Beginning Balance at July 1, 2020	Increases	Decreases	Ending Balance at June 30, 2021
Capital assets, not being depreciated/amortized:				
Land	$ 512,961	19,196	(2,100)	530,057
Easements	9,833			9,833
Construction in progress	183,743	233,432	(126,291)	290,884
Total capital assets, not being depreciated/amortized	706,537	252,628	(128,391)	830,774
Capital assets, being depreciated/amortized:				
Buildings and improvements	2,311,641	114,974	(12,806)	2,413,809
Equipment	383,867	59,511	(32,310)	411,068
Software	140,601	37,097	(395)	177,303
Road infrastructure	2,843,834	65,310		2,909,144
Bridge infrastructure	85,267	3,268		88,535
Total capital assets, being depreciated/amortized	5,765,210	280,160	(45,511)	5,999,859
Less accumulated depreciation/amortization for:				
Buildings and improvements	(677,402)	(60,882)	5,205	(733,079)
Equipment	(230,790)	(31,676)	27,881	(234,585)
Software	(82,703)	(21,552)	211	(104,044)
Road infrastructure	(1,696,805)	(73,710)		(1,770,515)
Bridge infrastructure	(29,227)	(1,682)		(30,909)
Total accumulated depreciation/amortization	(2,716,927)	(189,502)	33,297	(2,873,132)
Total capital assets, being depreciated/amortized, net	3,048,283	90,658	(12,214)	3,126,727
Governmental activities capital assets, net	$3,754,820	343,286	(140,605)	3,957,501

(Amounts expressed in thousands unless otherwise noted)

Table 15
Capital Assets - Business-type Activities

	Beginning Balance at July 1, 2020	Increases	Decreases	Ending Balance at June 30, 2021
Capital assets, not being depreciated/amortized:				
Land	$ 13,853		(228)	13,625
Construction in progress	2,147	8,343	(460)	10,030
Total capital assets, not being depreciated/amortized	16,000	8,343	(688)	23,655
Capital assets, being depreciated/amortized:				
Buildings and improvements	144,076	3,100		147,176
Equipment	6,943	308		7,251
Software	297			297
Road infrastructure	24,769	458		25,227
Sewer infrastructure	110,295	2		110,297
Total capital assets, being depreciated/amortized:	286,380	3,868		290,248
Less accumulated depreciation/amortization for:				
Buildings and improvements	(60,880)	(2,843)		(63,723)
Equipment	(1,736)	(531)		(2,267)
Software	(122)	(56)		(178)
Road infrastructure	(3,364)	(659)		(4,023)
Sewer infrastructure	(52,725)	(2,156)		(54,881)
Total accumulated depreciation/amortization	(118,827)	(6,245)		(125,072)
Total capital assets, being depreciated/amortized, net	167,553	(2,377)		165,176
Business-type activities capital assets, net	$ 183,553	5,966	(688)	188,831

Depreciation/Amortization

Depreciation/amortization expense was charged to governmental activities and business-type activities as shown below:

Table 16
Depreciation/Amortization Expense - Governmental Activities

General government	$ 16,497
Public protection	44,810
Public ways and facilities	75,026
Health and sanitation	13,653
Public assistance	6,644
Education	2,963
Recreation and cultural	10,412
Internal Service Funds	19,497
Total	$ 189,502

Table 17
Depreciation Expense - Business-type Activities

Airport Fund	$ 3,361
Jail Store Commissary Fund	4
San Diego County Sanitation District Fund	2,819
Sanitation District - Other Fund	61
Total	$ 6,245

Capital and Other Commitments

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used in the governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year or years. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned are included within committed or assigned fund balance, as appropriate. At June 30, 2021, the County General Fund's outstanding encumbrances totaled $661.390 million; the Public Safety Fund's outstanding encumbrances totaled $2.069 million; and, Nonmajor governmental funds' outstanding encumbrances totaled $139.952 million.

At June 30, 2021, major contracts entered into for structures and improvements and other commitments within governmental activities are noted in **Table 18**.

(Amounts expressed in thousands unless otherwise noted)

Table 18
Capital Commitments
At June 30, 2021

	Remaining Commitments
Governmental Activities	
General Fund:	
Construction of Southeast San Diego Live Well Center	$ 56,806
Construction of Youth Transition Campus	26,940
Renovation of Rock Mountain Detention Facility	16,174
Construction of Lakeside Equestrian Facility	14,596
Development of Integrated Property Tax System	14,179
Construction of Lakeside Branch Library	12,818
Improvements at Lindo Lake	8,056
Renovation of Ohio Street Probation	7,956
Renovation of County Administration Center	6,959
Construction of Inmate Transfer Tunnel	5,585
Construction of Regional Communication System	3,735
Construction of Emergency Vehicle Operations Course	2,963
Construction of Mt. Laguna Fire Station #49	2,757
Construction of San Marcos Road Maintenance Station and Fleet Garage	2,071
Construction of Sheriff Technology and Information Center	1,503
Construction of Palomar Fire Station	1,254
Improvements at North Coastal Live Well Health Center	1,147
Construction of Alpine Local Park	1,086
Renovation of Sheriff Ridgehaven Headquarters	1,044
Expansion of Lincoln Acres Park	1,037
Subtotal	188,666
Nonmajor Governmental Funds:	
Improvements of County Roads	3,875
Subtotal	3,875
Internal Service Funds:	
Vehicle Acquisitions	13,089
Subtotal	13,089
Governmental Activities Subtotal	205,630
Business-type Activities	
Enterprise Funds:	
Construction of Spring Valley Sewer System	1,187
Business-Type Activities Subtotal	1,187
Total	$ 206,817

(Amounts expressed in thousands unless otherwise noted)

NOTE 8
Interfund Balances

Interfund balances at fiscal year-end consisted of the following amounts:

Table 19
Interfund Balances
At June 30, 2021

DUE FROM	DUE TO: General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Private Purpose Trust Fund	Total
General Fund		6,982	15,152	33,511	716	4,073	1,081	61,515
Public Safety	$ 14,338							14,338
Nonmajor Governmental	41,279			429	785	337	434	43,264
Nonmajor Enterprise	297			3	206		3,164	3,670
Internal Service	28,092			2,382	361	1,992		32,827
Total	$ 84,006	6,982	15,152	36,325	2,068	6,402	4,679	155,614

Descriptions of amounts not due to be repaid in the subsequent year are discussed below:

a) $1.081 million is due to the General Fund from the County of San Diego Successor Agency Private Purpose Trust Fund (Upper San Diego River Project) as a result of a loan to provide funding for Project improvements.

b) $3.164 million is due from the County of San Diego Successor Agency Private Purpose Trust Fund to the Airport Enterprise Fund as a result of a loan to fund airport projects.

c) $434 thousand is due from the County of San Diego Successor Agency Private Purpose Trust Fund to the County Low and Moderate Income Housing Asset Fund as a result of the Airport Enterprise Fund transferring its twenty percent outstanding loan principal balance to the County Low and Moderate Income Housing Asset Fund as mandated by California Health and Safety Code 34191.4.

For further discussion of the loans to the County of San Diego Successor Agency Private Purpose Trust Fund, refer to Note 32 to the financial statements, "County of San Diego Successor Agency Private Purpose Trust Fund for Assets of Former San Diego County Redevelopment Agency". Note that on the Statement of Net Position, the "Due from other funds" for the General Fund's $1.081 million Upper San Diego River Project loan and the "Due from other funds" for the County Low and Moderate Income Housing Asset fund's $434 thousand are included in the governmental activities' "Receivables, net". The "Due from other funds" for the $3.164 million Airport Enterprise Fund's airport projects loan, is included in the business-type activities' "Receivables, net". See Note 5 to the financial statements, "Receivables."

All remaining balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and, 3) payments between funds are made.

(Amounts expressed in thousands unless otherwise noted)

NOTE 9
Interfund Transfers

Interfund transfers at fiscal year-end consisted of the following amounts:

Table 20
Transfers In/Transfers Out
At June 30, 2021

	TRANSFERS OUT						
TRANSFERS IN	General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund		268,119	15,113	15,487	850		299,569
Nonmajor Governmental	$ 333,992			5,722	2,425	1,771	343,910
Nonmajor Enterprise	3,308			52	2,000		5,360
Internal Service	12,079			250			12,329
Total	$ 349,379	268,119	15,113	21,511	5,275	1,771	661,168

In general, transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and, (3) use unrestricted revenues collected in the General Fund to finance programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10
Payables

The County's payables at fiscal year-end are shown below for the General Fund, other governmental funds, internal service funds, enterprise funds, and the discrete component unit:

Table 21
Payables
At June 30, 2021

	Vendors	Aid to Other Individuals	Due to Other Government Agencies	Other	Total Payables
Governmental Activities:					
General Fund	$ 301,582	669	13,797	15,308	331,356
Tobacco Endowment Fund			9,500		9,500
Other Governmental Funds	46,766	40	1,739	2,374	50,919
Internal Service Funds	64,859	18	143	2,840	67,860
Total governmental activities	413,207	727	25,179	20,522	459,635
Business-type activities:					
Enterprise Funds	1,844	66	9	585	2,504
Component Unit:					
First 5 Commission of San Diego	9,205				9,205

(Amounts expressed in thousands unless otherwise noted)

NOTE 11
Deferred Inflows of Resources: Unavailable Revenue

Table 22
Deferred Inflows of Resources - Non-pension
At June 30, 2021

Unavailable Revenue	General Fund	Other Governmental Funds	Total
Property and miscellaneous local taxes	$ 50,541	693	51,234
Aid from other governmental agencies	226,210	52,771	278,981
Charges for services	164		164
Other	13,683	37,533	51,216
Total	$ 290,598	90,997	381,595

A large portion of the Unavailable Revenue – aid from other governmental agencies consists primarily of $207.2 million in Federal Emergency Management Act funds; $52.4 million of TransNet one-half cent sales tax to be used for projects in the Road Fund, and $6.7 million of California Senate Bill 90 (SB 90) funds. In 1972, SB90 established a requirement that the State reimburse local government agencies for the costs of the new programs or increased levels of service on programs mandated by the State. Additionally, there are $4.5 million in Drug Medi-Cal administrative activities receivables, and $3.0 million in Mental Health Block Grant receivables. The remaining $5.2 million represents various other unavailable aid from other governmental agencies.

Of the $51.2 million of Unavailable Revenue – other, approximately $17.0 million are tobacco settlement receivables, $19.1 million are low and moderate income housing assistance receivables, $13.2 million is for the Sheriff Regional Communication System upgrade project, approximately $1.3 million is for interest receivable and $600 thousand represents various other unavailable revenues.

NOTE 12
Lease Obligations
Operating Leases
Real Property

The County has obligations under long-term operating lease agreements through fiscal year 2031 (**Table 23**). The County is the lessee under the terms of several noncancelable operating leases for real property used to house certain County operations. The total rental expense for all real property leases for the year ended June 30, 2021 was approximately $44 million, including $34 million for noncancelable leases.

The future minimum lease payments for these noncancelable leases are as follows:

Table 23
Lease Commitments - Real Property

Fiscal Year	Minimum Lease Payments
2022	$ 35,783
2023	32,294
2024	29,620
2025	21,141
2026	15,202
2027-2031	11,300
Total	$ 145,340

Personal Property

The County has also entered into operating leases for personal property, a large portion of which represents duplicating and heavy duty construction equipment. Many of these leases are subject to annual adjustment based upon negotiations. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. Total rental expense for these operating leases for the year ended June 30, 2021 was approximately $5.5 million.

Capital Leases

Minimum Lease Payments

On September 24, 2013, the County entered into a lease agreement with BACM 2006-5 Kearny Office Limited Partnership, a Delaware limited partnership, with a lease rent commencement date of January 31, 2014. The initial five-year lease term was scheduled to expire on November 30, 2019. On November 14, 2017, the County and Lessor, LLJ Office Ventures 5, LLC, a Delaware limited liability company (as successor-in-interest to BACM 2006-5 Kearny Office Limited Partnership), entered into a First Amendment to Lease Agreement which extends the lease term to November 30, 2024. Consequently, this building has been capitalized in the Government-wide Statement of Net Position at $2.788 million (fair value of $9.294 million less accumulated depreciation of $6.506 million), and the lease obligation is reflected as a liability in that statement. The term of the lease is 10 years 5 months, with an implicit interest rate of 7.56%.

On June 30, 2016, the County entered into an equipment lease-purchase agreement with Motorola Solutions Inc., with a first payment due date of July 15, 2017. This equipment is classified as construction in progress in the Government-wide Statement of Net Position and the lease obligation is reflected as a liability in that statement. The term of the lease is 10 years, with an interest rate of 2.79%, maturing in July 2026. Upon the occurrence of an event of default (as described in the equipment lease-purchase agreement) the lessor may exercise any one or more of the following remedies: (i) all amounts then due under the lease shall become immediately due and payable; (ii) the equipment shall be returned to the lessor; (iii) the equipment may be sold, leased or subleased, holding the lessee liable for all lease payments and other amounts due prior to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts; and (iv) exercise any other right, remedy or privilege which may be available under the applicable laws of the state of the equipment location. Furthermore, the lease may be terminated in the event the funds appropriated by the lessee's governing body (or otherwise available) are insufficient. In the event of such termination, the lessee agrees to peaceably surrender possession of the equipment to the lessor.

On September 14, 2016, the County entered into a capital lease agreement for a building with Sunroad Office Partners Limited Partnership, a California limited partnership, with a lease rent commencement date of July 11, 2017. In May 2020 the lessor merged with another entity and is now known as Sunche Partners LLC. This building has been capitalized in the Government-wide Statement of Net Position at $9.125 million (fair value of $15 million less accumulated depreciation of $5.875 million), and the lease obligation is reflected as a liability in that statement. The term of the lease is 10 years, with an implicit interest rate of 6.80%, maturing in July 2027.

On October 21, 2016, the County entered into a capital lease agreement for a building with Robert Bienenfeld, Trustee of the Trust for the benefit of Robert Bienenfeld under the will of Jonas Bienenfeld and Robert Premiere, a California limited partnership. This building has been capitalized in the Government-wide Statement of Net Position at $3.673 million (fair value of $6.122 million less accumulated depreciation of $2.449 million), and the lease obligation is reflected as a liability in that statement. The term of the lease is 10 years, with an implicit interest rate of 6.13%, maturing in June 2027.

On February 24, 2004 the County entered into a lease agreement with Imperial Valley Emergency Communications Authority (IVECA) to rent sufficient space in the rental space, that certain real property located at the Brawley (Wise) Radio Communication Facility, and on the Lessor's tower to accommodate the Sheriff Department's 800 MHz Regional Communications System (RCS) radio equipment and associated microwave radio equipment. The initial three-year lease term included four (4) three-year extension options. On October 30, 2019 the County and IVECA entered into a First Amendment to Lease Agreement which extends the lease term to June 30, 2039. Consequently, this leased structure has been capitalized in the Government-wide Statement of Net Position at $196 thousand (fair value of $217 thousand less accumulated depreciation of $21 thousand), and the lease obligation is reflected as a liability in that statement. The term of the lease is 20 years, with an implicit interest rate of 9.4537%, maturing June 2039.

(Amounts expressed in thousands unless otherwise noted)

On January 1, 2021 the County entered into a lease agreement with the U. S. Department of Agriculture, Forest Service to rent sufficient space in the San Bernardino Meridian, located in the Cleveland National Forest, for the construction, operation, maintenance, and termination of a Private Mobile Radio Service communications facility. This building has been capitalized in the Government-wide Statement of Net Position at $285 thousand (fair value of $289 thousand less accumulated depreciation of $4 thousand), and the lease obligation is reflected as a liability in that statement. The term of the lease is 29 years, with an implicit interest rate of 9.43%, maturing in December 2049.

On July 1, 2020 the County entered into a sub-lease agreement with Gillespie Air Center to sub-lease premises consisting of a 75' x 75' 5600 square foot hangar delineated as 1715, located in the County of San Diego's Gillespie Field's Industrial Park and Aviation Areas, El Cajon, CA to be used for aviation aircraft and related equipment storage. This building has been capitalized in the Government-wide Statement of Net Position at $101 thousand (fair value of $123 thousand less accumulated depreciation of $22 thousand), and the lease obligation is reflected as a liability in that statement. The term of the lease is 5 years, with an implicit interest rate of 8.87%, maturing in June 2025.

On September 13, 2018 the County entered into a lease agreement with Ocean Ranch Corporate Center II/Lot 15, LLC, a California limited liability company, with a lease rent commencement date of November 23, 2020, to rent the premises, building and property (consisting of approximately 100,000 square feet of rentable space) located at Lot 15 at the intersection of Maritime Way and Ocean Ranch Blvd in Oceanside, California. This building has been capitalized in the Government-wide Statement of Net Position at $55.237 million (fair value of $57.142 million less accumulated depreciation of $1.905 million), and the lease obligation is reflected as a liability in that statement. The term of the lease is 15 years, with an implicit interest rate of 3.275%, maturing in November 2035.

Future minimum lease payments under the aforementioned capital leases are shown in **Table 24**.

Table 24
Capital Lease - Future Minimum Lease Payments

Fiscal Year	Building		Equipment
2022	$	8,498	2,671
2023		8,753	2,671
2024		9,016	2,671
2025		8,364	2,670
2026		7,925	2,670
2027-2031		28,910	2,670
2032-2036		25,703	
2037-2041		271	
2042-2046		197	
2047-2050		156	
Total minimum lease payments		97,793	16,023
Less: Amount representing interest		(21,766)	(1,455)
Net lease payments	$	76,027	14,568

Book Value

The book values of the building and equipment capital leases are as follows:

Table 25
Capital Lease - Book Value
At June 30, 2021

Capital Lease Property	Original Cost		Accumulated Amortization	Net Book Value
Building	$	88,187	16,782	71,405
Construction in Progress		28,781		28,781

NOTE 13
Long-Term Debt
Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs)

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COPs and LRBs is secured by a lease structure where the borrowing entity, such as the County, leases certain properties to another entity, a lessor, which in turn leases the properties back to the County. These lessors are the San Diego County Capital Asset Leasing Corporation (SANCAL), and the

San Diego Regional Building Authority (SDRBA), both blended component units of the County. (See discussion of Blended Component Units under Note 1 "Summary of Significant Accounting Policies".)

COPs and LRBs are secured by: a) (lease) base rental payments, for the use of certain facilities or equipment and b) encumbrances on the facilities. The leased premises are typically facilities or equipment purchased with proceeds of the COPs or LRBs. The base rental payments are made primarily from the County General Fund to the SANCAL or SDRBA. Under lease terms, the County is required to make the necessary annual appropriations for lease payments, except to the extent those payments are eligible to be abated in accordance with the terms of the leases.

COPs and LRBs evidence a pro rata share in a specific pledged revenue stream of lease payments, and investors in the certificates or bonds are entitled to receive a share in these lease payments from a particular project. Lease payments are passed through the lessor to the investors. The lessor assigns the lease and lease payments to a trustee, which distributes the lease payments to the investors.

In November 2020, $45.725 million of Refunding Certificates of Participation titled "County of San Diego Refunding Certificates of Participation, Series 2020" [$21.910 million Series 2020A (Tax Exempt) (County Administration Center Waterfront Park)] and [$23.815 million Series 2020B (Federally Taxable) (Cedar and Kettner Development)] were executed and delivered pursuant to separate Trust Agreements by and among a Trustee bank, the County, and SANCAL. The Series 2020A and 2020B Refunding Certificates, together the "Series 2020 Certificates" were issued at fixed interest rates ranging from 0.450% to 5.000%, with maturity dates ranging from October 1, 2021 to October 1, 2041.

The Series 2020 Certificates were issued with a premium of $3.432 million. Proceeds of $49.157 million along with $6.506 million of funds held by the SANCAL County of San Diego Certificates of Participation (2011 CAC Waterfront Park) and (2012 Cedar and Kettner) Trustee (Trustee) were distributed as follows: 1) approximately $54.379 million (consisting of new Series 2020 Certificates Proceeds and funds on hand with the Trustee) was transferred to an escrow agent to refund the entire $27.545 million of Outstanding Series 2011 Certificates on a current refunding basis, and to refund the entire $24.860 million of Outstanding Series 2012 Certificates on an advanced refunding basis; 2) $295 thousand to fund the Series 2020A Base Rental Fund and $175 thousand to fund the Series 2020B Base Rental Fund; and, 3) approximately $412 thousand was set aside to pay certain costs of issuance in the Series 2020A along with $401 thousand to pay certain costs of issuance in the Series 2020B.

The $54.379 million transfer referred to above was placed into an irrevocable trust with an escrow agent to provide for the payment of the remaining principal and interest due on the Series 2011 and Series 2012 Certificates. As a result, the Series 2011 and the Series 2012 Certificates are considered legally defeased and the liability for those certificates has been removed from the Government-wide statement of net position governmental activities' liabilities due within one year and due in more than one year. This refunding will result in reducing the County's principal and interest payments by $14.651 million over the next 21 years to obtain an economic gain of $10.773 million (i.e. the difference between the present value of the debt service payments on the refunded debt and the refunding debt).

Upon the occurrence of an event of default (as described in the COP and LRB financing documents), the Facility Lease provides that SANCAL, SDRBA, or its assignees must thereafter maintain the Facility Lease in full force and effect and may only recover rent and other monetary charges as they become due, all without terminating the County's right to possession of the Leased Property regardless of whether or not the County has abandoned the Leased Property. There is no available remedy of acceleration of the Lease Payments due over the term of the Lease Agreement. The lessors may not declare any Lease Payments not then in default to be immediately due and payable.

(Amounts expressed in thousands unless otherwise noted)

Details of the COPs and LRBs outstanding at June 30, 2021 are as follows:

Table 26
Certificates of Participation (COP) and Lease Revenue Bonds (LRB)

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2021
2014 Edgemoor and RCS Refunding COP Series 2014A (Edgemoor)	$ 91,675	2.00 - 5.00%	2030	62,075
2016 County Operations Center Refunding LRB	105,330	3.00 - 5.00%	2036	88,140
2019 Justice Facilities Refunding of 1997 Central Jail COP	15,635	5.00%	2026	13,140
2019 Justice Facilities Refunding of 1998 Courthouse COP	3,815	5.00%	2023	2,505
2020A Waterfront Park Refunding COP(Tax-Exempt)	21,910	2.00 - 5.00%	2042	21,910
2020B Cedar and Kettner Refunding COP (Taxable)	23,815	0.45% - 3.125%	2042	23,815
Total	$ 262,180			211,585

Annual debt service requirements to maturity for COPs and LRBs are as follows:

Table 27
Certificates of Participation and Lease Revenue Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2022	$ 15,305	9,016	24,321
2023	15,660	8,315	23,975
2024	15,220	7,592	22,812
2025	15,955	6,846	22,801
2026	15,450	6,108	21,558
2027-2031	69,600	20,043	89,643
2032-2036	48,400	7,242	55,642
2037-2041	13,150	1,108	14,258
2042	2,845	6	2,851
Subtotal	211,585	66,276	277,861
Add:			
Unamortized issuance premium	29,445		
Total	$ 241,030		

Taxable Pension Obligation Bonds (POBs)

Taxable Pension Obligation Bonds (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. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis.

The obligation of the County to make payments with respect to the POBs is an absolute and unconditional obligation of the County imposed by law, enforceable pursuant to the County Employees Retirement Law of 1937, as amended. Upon the occurrence of an event of default (as described in the financing documents) the principal and accreted value of the bonds then outstanding and the interest accrued thereon will become due and payable immediately.

(Amounts expressed in thousands unless otherwise noted)

Details of POBs outstanding at June 30, 2021 are as follows:

Table 28
Taxable Pension Obligation Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2021
2004 Series A	$ 241,360	3.28 - 5.86%	2023	49,700
2004 Series B1-2	147,825	5.91%	2025	147,825
2008 Series A	343,515	3.33 - 6.03%	2027	202,600
Total	$ 732,700			400,125

Annual debt service requirements to maturity for POBs are shown below in **Table 29**.

Table 29
Taxable Pension Obligation Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2022	$ 59,300	20,798	80,098
2023	62,835	17,098	79,933
2024	66,765	13,163	79,928
2025	70,855	8,988	79,843
2026	75,220	4,494	79,714
2027	65,150	491	65,641
Total	$ 400,125	65,032	465,157

Tobacco Settlement Asset-Backed Bonds (TSAB)

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

A 1998 Master Settlement Agreement (MSA) was originally entered into by four cigarette manufacturers, 46 states and six other U.S. jurisdictions (Settling States) to provide state governments, including California, with compensation for smoking related medical costs and to help reduce smoking in the United States. There is no end date to the yearly settlement payments; they are perpetual. Also, a Memorandum of Understanding (MOU) and a supplemental agreement (ARIMOU) was agreed to by the State of California and all California counties and four California cities, granting those California municipalities the right to receive tobacco settlement allocation payments, (also known as Tobacco Settlement Revenues (TSRs)).

In fiscal year 2002, the Authority issued $446.86 million 2001 Tobacco Settlement Asset-Backed Bonds (2001 Bonds), to fund the Authority's loan to the San Diego County Tobacco Asset Securitization Corporation (Corporation), pursuant to a loan agreement between the Authority and the Corporation. (Both entities are blended component units of the County.) According to the loan agreement, the Corporation has pledged, assigned, and granted to the Authority, a first priority perfected security interest in all rights, title and interest of the Corporation, to the TSRs the Corporation purchased from the County. The Corporation used the net proceeds of the loan, $411.913 million, to pay the County, in exchange for the County's transfer to the Corporation of all the County's rights, title and interest in the TSRs. Net proceeds were placed in an endowment fund to fund healthcare-based programs pursuant to Board Policy E-14 and IRS regulations, and do not secure the repayment of the TSAB.

In May 2006 the Authority issued Series 2006 TSAB (2006 Bonds) in the amount of $583.631 million to refund the outstanding principal of the original 2001 Bonds noted above and to loan an additional $123.515 million to the Corporation. The proceeds were placed into the endowment fund for the aforementioned purposes.

In November 2019 the Authority issued Tobacco Settlement Asset-Backed Refunding Bonds, Series 2019 Senior Bonds, in the amount of $405.964 million to refund all of the Series 2006 Bonds that were Senior Bonds, and partially cancel a portion of the Series 2006 Bonds that were Third Subordinate Bonds.

Upon the occurrence of an event of default (as described in the Tobacco Securitization Authority Indenture), bond payments shall be applied in full to each order of bonds until bonds are no longer outstanding in the following manner: (1) Class 1 Senior Bonds: First, the accrued unpaid interest on the Class 1 Senior Bonds (Senior Bonds), and Second, the Bond Obligation (principal and accreted value) on all outstanding Class 1 Senior Bonds; (2) Class 2 Senior Bonds: First, the accrued and unpaid interest on the Class 2 Senior Bonds and, then Second, the Bond Obligation on all Class 2 Senior Bonds; (3) Series 2006B CABs (Series 2006 First Subordinate Bonds) principal and interest or accreted value; (4) Series 2006C CABs (Series 2006 Second Subordinate Bonds) principal and interest or accreted value; (5) Series 2006D CABs (Series 2006 Third Subordinate Bonds) principal and interest or accreted value; and (6) Additional Subordinate Bonds, (if authorized and issued), principal and interest or accreted value. The value of any Capital Appreciation Bonds (CABs) that are Series 2019B-2 Senior Bonds, Series 2006 First Subordinate Bonds, Series 2006 Second Subordinate Bonds or Series 2006 Third Subordinate Bonds shall continue to accrete at the default rate (including accretion on any unpaid accreted value), to the extent legally permissible.

(Amounts expressed in thousands unless otherwise noted)

Under the terms of the bond indenture (Indenture), TSRs are pledged to the repayment of the TSAB. Accordingly, the bonds are payable solely from certain funds held under the Indenture, including TSRs and earnings on such funds (collections).

The minimum payments for the Bonds are based on the 2006 Indenture and the Series 2006 Supplement, both dated as of May 1, 2006 and amended and restated as of November 1, 2019, and the 2019 Indenture and Series 2019 Supplement, dated November 1, 2019. However, actual payments on the Bonds depend on the amount of TSRs received by the County. The amount of these TSRs is affected by cigarette consumption, inflation, and the financial capability of the participating manufacturers. There are a number of risks associated with the amount of actual TSRs the County receives each year, including litigation affecting the participating manufacturers and possible bankruptcy as a result thereof, increased growth of non-participating manufacturer's market share, disputed payments set-aside by the participating manufacturers into an escrow account, a decline in cigarette consumption materially beyond forecasted levels, reduction in investment earnings due to unforeseen market conditions, and other future adjustments to the calculation of the TSRs.

No assurance can be given that actual cigarette consumption in the United States during the term of the Bonds will be as assumed in the Base Case, or that the other assumptions underlying these Base Case assumptions, including that certain adjustments and offsets will not apply to payments due under the MSA, will be consistent with future events. If actual events deviate from one or more of the assumptions underlying the Base Case, the amount of TSRs available to make payments, including Turbo Redemption Payments will be affected. No assurance can be given that these structuring assumptions, upon which the projections of the Bond payments and Turbo Redemptions are based, will be realized.

Details of the Bonds outstanding at June 30, 2021 are as follows:

Table 30
Tobacco Settlement Asset-Backed Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2021
Series 2006B CABs	$ 19,770	6.25%	2046	231,820
2006B unaccreted appreciation CABs				(181,790)
Series 2006C CABs	8,686	6.40%	2046	107,950
2006C unaccreted appreciation CABs				(85,482)
Series 2006D CABs	3,126	7.10%	2046	50,940
2006D unaccreted appreciation CABs				(41,983)
2019A (Class 1) Senior Current Interest Bonds	252,345	5.00%	2048	238,295
2019B-1 (Class 2) Turbo Current Interest Bonds	120,000	2.25% - 5.00%	2048	106,585
2019B-2 (Class 2) Turbo Capital Appreciation Bonds	33,619	5.625%	2054	228,795
2019B-2 (Class 2) Turbo unaccreted appreciation CABs				(191,945)
Total	$ 437,546			463,185

Annual debt service requirements to maturity for the Series 2019 Bonds are as follows:

As shown in **Table 31**, the unpaid accreted appreciation of the Bonds as of June 30, 2021 was $53,104 which will continue to accrue and will be paid upon redemption.

(Amounts expressed in thousands unless otherwise noted)

Table 31
Tobacco Settlement Asset-Backed Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Unaccreted Appreciation	Interest	Total
2022	$ 7,290	7,385	17,214	31,889
2023	7,480	7,850	16,848	32,178
2024	7,395	8,342	16,475	32,212
2025	7,630	8,865	16,104	32,599
2026	8,015	9,420	15,721	33,156
2027-2031	42,845	56,764	72,345	171,954
2032-2036	44,435	76,998	61,559	182,992
2037-2041	50,205	104,491	49,514	204,210
2042-2046	76,582	139,774	37,709	254,065
2047-2051	124,585	47,143	11,489	183,217
2052-2054	33,619	34,168		67,787
Subtotal	$ 410,081	501,200	314,978	1,226,259
Add:				
Accreted appreciation through June 30, 2021	53,104			
Subtotal	463,185			
Add:				
Unamortized Issuance Premium	57,740			
Total	$ 520,925			

Pledged revenue related to the Bonds for the year ended June 30, 2021 was as follows:

Table 32
Tobacco Settlement Asset-Backed Bonds - Pledged Revenues

			Fiscal Year 2021	
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Debt Principal & Interest Paid	Pledged Revenue Received
Series 2006 & 2019 Tobacco Settlement Asset-Backed Bonds	2054	$ 1,279,363	$ 34,315	$ 34,138

Loans - Governmental Activities

Loans for various governmental activities included a United States Department of Agriculture Farmers Home Administration loan for the construction of low income housing (Firebird Manor); a real property contract with the Whiting Family Trust titled Sheriff RCS - Ocotillo Wells for the purchase of one acre of property located in the Borrego Springs area to support the County's Regional Communications System (RCS); an Energy Conservation Assistance Act loan agreement with the California Energy Commission to fund energy savings measures consisting of 2,200 LED streetlight fixtures; an Energy Conservation Assistance Act loan agreement with the California Energy Commission to fund energy savings measures at the Edgemoor Skilled Nursing Facility consisting of Demand Control Ventilation for Commercial Kitchen Exhaust and replacing interior and exterior lighting fixture lamps with LEDs; and San Diego Gas & Electric (SDG&E) On Bill Financing (OBF) program loans used to fund energy efficiency and demand response projects at County-owned facilities.

In November 2011, the County Board of Supervisors authorized the use of the previously mentioned SDG&E OBF program loans to fund energy efficiency and demand response projects. This program finances installations, modifications and upgrades, such as lighting retrofits and controls and mechanical system upgrades, with the goal of reducing utility costs. The financing is a zero percent interest loan which is repaid from energy savings generated by each SDG&E meter. The County received its first OBF loan in 2013. As of June 30, 2021, twelve OBF loans were outstanding, with remaining balances totaling $653 thousand.

Upon the occurrence of an event of default on any of the aforementioned loans (as described in the Promissory Note or Loan Agreement), the whole sum of principal and interest shall become immediately due and payable. Furthermore, for the OBF loans, failure to repay the loan balance could result in shut-off of utility energy service, adverse credit reporting, and collection procedures which may include legal action.

(Amounts expressed in thousands unless otherwise noted)

Details of loans outstanding at June 30, 2021 for governmental activities are as follows:

Table 33
Loans - Governmental Activities

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2021
Loans - non internal service funds (ISF)				
Firebird Manor	$ 4,486	1.00%	2028	1,079
California Energy Comm Loan (Street Light & Maint Dist)	1,422	1.00%	2025	654
Sheriff RCS Land Purchase	68	6.78%	2026	33
Total loans - non-ISF	5,976			1,766
Loans - ISF				
San Diego Gas and Electric On Bill Financing (Facilities ISF)	3,732	0.00%	2029	653
California Energy Comm Loan (Edgemoor Skilled Nursing)	261	1.00%	2023	132
Total loans - ISF	3,993			785
Total	$ 9,969			2,551

Annual debt service requirements to maturity for loans - governmental activities are as follows:

Table 34
Loans - Governmental Activities
Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2022	$ 529	17	546
2023	515	14	529
2024	431	11	442
2025	422	7	429
2026	233	5	238
2027-2029	421	4	425
Total	$ 2,551	58	2,609

Prior Year Defeasance of Long-Term Debt

In November, 2020 the County defeased the outstanding County of San Diego Certificates of Participation (2012 Cedar and Kettner Development Project) (the 2012 COPs) by placing proceeds of refunding certificates of participation, along with monies from the original issue, in an irrevocable trust to provide for all future debt service payments on the 2012 COPs. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the County's financial statements. At June 30, 2021 $24.970 million of the 2012 COPs were legally defeased and remain outstanding.

Arbitrage

In compliance with the Tax Reform Act of 1986 and subsequent U.S. Treasury Regulations, the County performed arbitrage rebate calculations via a third party to determine probable amounts due to the Federal government. At June 30, 2021, the probable arbitrage rebate was zero.

(Amounts expressed in thousands unless otherwise noted)

NOTE 14
Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2021 were as follows:

Table 35
Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2020	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities:						
COPs, bonds & loans						
Certificates of participation and lease revenue bonds	$ 231,350	45,725	(65,490)		211,585	15,305
Taxable pension obligation bonds	456,040		(55,915)		400,125	59,300
Tobacco settlement asset-backed bonds	472,660		(16,425)	6,950	463,185	7,290
Loans - non-internal service funds (ISF)	2,084		(318)		1,766	320
Loans - internal service funds	1,117		(332)		785	209
Unamortized issuance premiums	90,322	3,432	(6,569)		87,185	6,210
Unamortized issuance discounts	(129)		129			
Total COPs, bonds & loans	$ 1,253,444	49,157	(144,920)	6,950	1,164,631	88,634
Other long-term liabilities:						
Capital Leases - non-ISF	$ 39,300	57,554	(6,259)		90,595	7,551
Claims and judgments - ISF	285,236	53,156	(48,275)		290,117	56,441
Compensated absences - non-ISF	124,677	84,471	(72,652)		136,496	52,868
Compensated absences - ISF	2,851	2,115	(1,684)		3,282	1,218
Landfill postclosure	20,145	243			20,388	680
Pollution remediation	2,839	98	(220)		2,717	45
Total Other long-term liabilities	$ 475,048	197,637	(129,090)		543,595	118,803
Total Governmental Activities	$ 1,728,492	246,794	(274,010)	6,950	1,708,226	207,437
Business-type activities:						
Compensated absences	482	446	(324)		604	224
Total Business-type Activities	$ 482	446	(324)		604	224

(Amounts expressed in thousands unless otherwise noted)

NOTE 15
Funds Used to Liquidate Liabilities

The following funds presented in **Table 36** below have typically been used to liquidate other long-term obligations in prior years:

Table 36
Liquidated Liabilities

Liability	Fund(s) Used to Liquidate in Prior Years
Claims & Judgments	Internal Service Funds - Employee Benefits and Public Liability Insurance
Compensated Absences	General Fund; Special Revenue Funds - Road, Air Pollution, County Library, Inactive Wastesites and Other Special Revenue Funds; Internal Service Funds - Facilities Management, Fleet Services and Purchasing; and Enterprise Funds - Airport and Sanitation District
Landfill Postclosure	Special Revenue Funds - Inactive Wastesites
Pollution Remediation	General Fund and Special Revenue Funds - Inactive Wastesites
Net Pension Liability	General Fund; Special Revenue Funds - Road, Air Pollution, County Library, Inactive Wastesites and Other Special Revenue Funds; Internal Service Funds - Facilities Management, Fleet Services and Purchasing; and Enterprise Funds - Airport and Sanitation District
Net Other Postemployment Benefits Liability	General Fund; Special Revenue Funds - Road, Air Pollution, County Library, Inactive Wastesites and Other Special Revenue Funds; Internal Service Funds - Facilities Management, Fleet Services and Purchasing; and Enterprise Funds - Airport and Sanitation District

NOTE 16
Landfill Site Postclosure Care Costs

State laws and regulations require the placement of final cover on all landfill sites that stopped accepting solid waste after October 9, 1991 and the performance of certain maintenance and monitoring functions at these sites for a minimum of 30 years after closure. Closure and postclosure care costs are paid near or after the date a landfill stops accepting waste. The San Marcos Landfill is the sole waste disposal site owned by the County that is subject to these regulations. It was operational and accepted solid waste from 1979 until March 11, 1997. Formal closure of this landfill spanned from July 2004 through March 2007. Post closure maintenance began March 22, 2007.

The projected landfill postclosure care liability at June 30, 2021 for the San Marcos Landfill was $20.388 million. This estimated amount is based on what it would cost to perform all postclosure maintenance over a 30 year period in calendar year 2021 dollars and is subject to change as a result of such factors including but not limited to: inflation; deflation; advancements in technology; and amendments to laws and regulations.

In addition to the above, state regulations require that landfill closure and postclosure maintenance costs be fully funded at the time of closure, unless a landfill owner/operator can demonstrate financial responsibility towards these activities by using other approved financial assurance alternatives. A pledge of revenue is one of various alternatives allowed to fund estimated postclosure costs. Under this alternative, the Board of Supervisors, on February 3, 1998, approved Minute Order No. 5 "Postclosure Maintenance Funding for the San Marcos Landfill", wherein the County entered into a pledge of revenue agreement with the California Integrated Waste Management Board (CIWMB). Pursuant to Resolution No. 98-24, adopted under Minute Order No. 5, the Board directed that the amount of pledged revenue shall be equal to $790 thousand per year for the 30 year period of postclosure maintenance commencing upon completion of the final closure of the San Marcos Landfill. The amount of pledged revenue was reduced to $626 thousand on December 20, 2016 when the California Department of Resources Recycling and Recovery (CalRecycle) reviewed and approved a revised postclosure maintenance plan for the San Marcos Landfill submitted by the County. The pledged amount is a promise of existing funds rather than future revenues and may increase or decrease to match any adjustment to identified cost estimates that are mutually agreed to by the County and CalRecycle.

Beginning July 1, 2011, CalRecycle, in accordance with Title 27, Division 2, Subdivision 1, Chapter 6 of the California Code of Regulations, requires owners and operators of all disposal facilities operating after July 1, 1991 to provide additional financial assurance for corrective action based on the highest amount of either a water release corrective action or a non-water release corrective action, on or before the date of the first permit review.

The County determined that a non-water release corrective action would have the highest cost impact to the landfill and on January 27, 2016 the Board of Supervisors approved Minute Order No. 4 "Adopt a Resolution for Financial Assurance for Corrective Actions of the San Marcos Landfill and Authorize Submission of a Pledge of Revenue for Corrective Action Program at San Marcos Landfill." Pursuant to Resolution No. 16-011, adopted under Minute Order No. 4, the County entered into a pledge of revenue agreement to assure that adequate funds are available to carry out the Corrective Action Program 95-112 of the San Marcos Landfill. The pledge of revenue for corrective action costs is $1.249 million per year for the 30-year period and may increase or decrease to match any adjustment to the identified cost estimate mutually agreed to by the County and CalRecycle (adjusted to $1.264 million in fiscal year 2021). This pledged revenue will remain in the Inactive Wastesites Special Revenue Fund as a contingency until such time that corrective action costs are incurred.

Regulations governing solid waste management are promulgated by government agencies at the federal and state levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities; acceptable and prohibited waste types; and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities relating to any landfill site ever operated by the County, whether or not owned by the County. Thus, the County has potential liability with respect to every landfill ever owned, operated, contracted to be operated, or into which the County disposed waste. Compliance with these regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs could increase.

NOTE 17
Pollution Remediation

Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, establishes accounting and reporting guidelines for the recognition and measurement of pollution remediation obligations (liabilities).

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., California Regional Water Quality Control Board) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing, and/or cleanup activities, and recognizes pollution remediation obligations when estimates can reasonably be determined.

The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, removal of storage tanks and other hazardous materials.

As of June 30, 2021, the County's estimated pollution remediation obligations totaled $2.717 million. These obligations were all associated with the County's government-wide governmental activities. The estimated liabilities were determined by project managers and/or consultants, based on historical cost information for projects of the same type, size and complexity and measured at their current value or current quotes from outside service providers. In subsequent periods, the County will adjust estimated obligations when new information indicates that such changes are required, including technology and changes in applicable laws or regulations.

The County owns a 70-acre parcel at Gillespie Field Airport that consisted of vacant, mowed land, and a temporary asphalt parking lot, and in 2012 approved a project to redevelop the site to aviation uses in four phases. Historical agricultural and industrial uses of the site have left pollutant remnants detected at various concentrations in the soil, including organochlorine, pesticide chlordane, metals, hydrocarbons, and toluene. Current fiscal year's project was Phase III and required construction site dewatering, and measures were taken to avoid construction worker contact with contaminated groundwater because of an offsite spill on private property which has been conveyed through groundwater to County owned land. The County is not liable for the spill/contamination but has assumed responsibility for remediation during construction. The remediation costs for dewatering and removing contaminated soils for fiscal year 2020-21 were $97 thousand. Engineering design of redevelopment and infrastructure of the site for future phases is still in progress, and therefore, the range of the pollution remediation obligation is not reasonably estimable. Upon finalization of the construction plans, a soil and sediment management plan will be implemented to manage above ground debris; including the following: hydrocarbon and toluene impacted sediment; metals within stained soil; and abandonment or protection of the onsite irrigation and groundwater monitoring wells.

At this time, the County has determined there are no estimated recoveries reducing the obligations.

NOTE 18
Conduit Debt Obligations

From time to time, the County has issued tax-exempt conduit debt under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California on behalf of qualified borrowers to provide financial assistance for projects deemed to be of public interest.

Conduit debt consisted of three Certificates of Participation (COPs) for the acquisition, construction, capital improvement and equipping of various facilities. Conduit debt is secured by the property that is financed and is payable from the respective COPs' base rentals. Upon repayment of the debt, ownership of the acquired facilities transfers to the private-sector entity served by the debt issuance.

The County is not obligated in any manner for repayment of this debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

As of June 30, 2021, the aggregate conduit debt principal amount outstanding was $52.535 million.

NOTE 19
Special Tax Bonds

Harmony Grove Village Improvement Area No. 1 Special Tax Bonds, Series 2018A

In February 2018 the Community Facilities District No. 2008-01 (Harmony Grove Village) of the County of San Diego, Improvement Area No. 1 Special Tax Bonds, Series 2018A (the "Series 2018A Bonds"), were issued totaling $15.710 million. Proceeds of the Series 2018A Bonds were used to pay the costs of the acquisition of certain public facilities necessary for the development of that portion of the District designated as Improvement Area No. 1, to fund a reserve for the Series 2018A Bonds and to pay the costs of issuing the bonds. The Series 2018A Bonds are payable solely from net special tax revenues derived from the levy of the special taxes on real property located within the boundaries of Improvement Area No. 1 and are secured by a pledge of all the net special tax revenues and moneys deposited in certain custodial funds established under the Series 2018A Indenture.

The County is not obligated in any manner for repayment of this debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

Harmony Grove Village Improvement Area No. 1 Special Tax Bonds, Series 2020A

In January 2020 the Community Facilities District No. 2008-01 (Harmony Grove Village) of the County of San Diego, Improvement Area No. 1 Special Tax Bonds, Series 2020A (the "Series 2020A Area No. 1 Bonds"), were issued totaling $13.505 million. Proceeds of the Series 2020A Area No. 1 Bonds were used to pay the costs of the acquisition of certain public facilities necessary for the development of that portion of the District designated as Improvement Area No. 1, to increase the reserve for the Bonds and to pay the costs of issuing the bonds. The Series 2020A Area No. 1 Bonds are payable solely from net special tax revenues derived from the levy of the special taxes on real property located within the boundaries of Improvement Area No. 1 and are secured by a pledge of all the net special tax revenues and moneys deposited in certain custodial funds established under the Series 2020A Indenture.

The County is not liable in any manner for repayment of this debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

Harmony Grove Village Improvement Area No. 2 Special Tax Bonds, Series 2020A

In January 2020 the Community Facilities District No. 2008-01 (Harmony Grove Village) of the County of San Diego, Improvement Area No. 2 Special Tax Bonds, Series 2020A (the "Series 2020A Area No. 2 Bonds"), were issued totaling $24.290 million. Proceeds of the Series 2020A Area No. 2 Bonds were used to pay the costs of the acquisition of certain public facilities necessary for the development of that portion of the District designated as Improvement Area No. 2, to fund a reserve for the Series 2020A Area No. 2 Bonds and to pay the costs of issuing the bonds. The Series 2020A Area No. 2 Bonds are payable solely from net special tax revenues derived from the levy of the special taxes on real property located within the boundaries of Improvement Area No. 2 and are secured by a pledge of all the net special tax revenues and moneys deposited in certain custodial funds established under the Series 2020A Indenture.

The County is not liable in any manner for repayment of this debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements.

NOTE 20
Fund Balance Policy - General Fund

In Fiscal Year 2018, the Board of Supervisors adopted San Diego County Code of Administrative Ordinance No. 10509 (N.S.), "An Ordinance Amending the San Diego County Code of Administrative Ordinances Article VII, Section 113 Relating to the Maintenance and Restoration of Fund Balances and Reserves in the General Fund", thereby amending Sections 113.1, "General Fund Balances and Reserves", 113.2, "General Fund Commitments and Assignments of Fund Balance, and 113.3, "Restoration of General Fund Reserve Minimum Balance; and added Section 113.4, "Fund Balances and Use of One Time Revenues".

The purpose of this code is to establish guidelines in accordance with industry best practices regarding the maintenance and use of General Fund Unrestricted fund balance and the use of one-time revenues to help protect the fiscal health and stability of the County. Available Unrestricted General Fund balance shall be determined by excluding Unrestricted Fund balances that have been Committed or Assigned thereby focusing solely on Unassigned Fund balance. These sections include:

General Fund Balances and Reserves: A portion of Unassigned Fund balance shall be maintained as a reserve (General Fund Reserve) at a minimum of two months of audited General Fund expenditures (which is the equivalent of 16.7% of audited General Fund expenditures). The General Fund Reserve will protect the County against expenditure and revenue volatility, natural disasters and other unforeseen emergencies, economic downturns, unfunded pension liabilities, and aging infrastructure.

Appropriation of the General Fund Reserve minimum balance requires at least one of the following criteria to be met:

- An unanticipated revenue shortfall or expenditure increase where total expenditures exceeds total revenues.
- A legally declared emergency as defined in Government Code Section 29127.
- To absorb unforeseen changes in pension liability, including changes in the assumed rate of return, market losses, to maintain or reduce the unfunded pension liability, or other related changes as recommended by the Chief Administrative Officer (CAO).
- To help mitigate risk due to maintaining aging infrastructure including capital improvements, new construction, or other recommendations made by the CAO.
- To the extent reserves are available, a recommendation made by the CAO to promote the long-term fiscal health and stability of the County.

Furthermore, all appropriation of the General Fund Reserve minimum balance and/or transfers from the General Fund Reserve appropriation, shall require a 4/5th vote of the Board of Supervisors.

To the extent that available Unassigned Fund balance is available in excess of General Fund Reserve minimum balance, the CAO may recommend the appropriation or commitment of the available balance for one-time uses. These recommendations may appear in the CAO Recommended Operational Plan or as an agenda item for a regularly scheduled meeting of the Board of Supervisors.

General Fund Commitments and Assignments of Fund Balance: From time to time, fund balance may be committed by the Board of Supervisors and/or assigned by the CAO for specific purposes. A commitment requires formal board action to establish, change or cancel while an assignment may be established, changed or cancelled by the CAO. Changing or cancelling a commitment or assignment of fund balance shall not be approved if such action would result in increased and/or unfunded costs or liabilities such as those required to fulfill existing contractual obligations or to identify alternative funding sources for the original Commitment or Assignment purpose or if such action would jeopardize the long-term fiscal sustainability of the County. Commitments and/or assignments shall not be approved if they would result in the amount of the General Fund Reserve falling below the minimum required balance.

Restoration of General Fund Reserve Minimum Balance: In the event that the General Fund Reserve falls below the minimum required balance, the CAO shall present a plan to the Board of Supervisors for restoration of the targeted levels. The plan should restore balances to targeted levels within one (1) to three (3) years, depending on the use, reasons for use, and severity of the event. In the event that the General Fund Reserve is used to serve as a short-term financing bridge, the plan shall include mitigation of long-term structural budgetary imbalances by aligning ongoing expenditures to ongoing revenues.

On February 14, 2020, the County of San Diego declared a local public health emergency due to COVID-19. In response to the declared emergency and the economic impacts of COVID-19 on County finances, on May 19, 2020 the Board of Supervisors ratified the Chief Administrative Officer's suspension of sections 113.2, 113.5(a), and 113.5(b) of the San Diego County Administrative Code and any other provision of local law pertaining to General Fund balance, reserves, commitments, assignment and management practices until further notice.

(Amounts expressed in thousands unless otherwise noted)

NOTE 21
Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose

At June 30, 2021, the fund balances restricted for laws or regulations of other governments: fund purpose are presented in **Table 37** as follows:

Table 37
Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose
At June 30, 2021

Fund Type:	Purpose	Amount
Nonmajor Funds		
Special Revenue Funds		
Asset Forfeiture Program Fund	Law enforcement	$ 7,685
Community Facilities District Funds - Other	Fire protection and suppression, emergency response, operation and maintenance of facilities, and flood control services	4,705
County Library Fund	Library services	15,760
County Low and Moderate Income Housing Asset Fund	County housing activities	348
County Service District Funds	Road, park lighting maintenance, fire protection and ambulance services	36,252
Edgemoor Development Fund	Edgemoor development	15,758
Harmony Grove Community Facilities District Fund	Maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control services	10,377
Housing Authority Low and Moderate income Housing Asset Fund	Housing Authority housing activities	83
In Home Supportive Services Public Authority Fund	In home supportive services	101
Inmate Welfare Fund	Benefit, education, and welfare of jail inmates	15,877
Lighting Maintenance District Fund	Street and road lighting maintenance	5,651
Other Special Revenue Funds	Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes, capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas	6,193
Park Land Dedication Fund	Developing new or rehabilitating existing neighborhood or community park or recreational facilities	26,528
Total Nonmajor Funds (Special Revenue Funds)		$ 145,318

(Amounts expressed in thousands unless otherwise noted)

NOTE 22

Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes

At June 30, 2021, the fund balances restricted for laws or regulations of other governments: other purposes are presented in **Table 38** as follows:

Table 38
Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes
At June 30, 2021

Major Fund		
General Fund:		
Juvenile justice crime prevention	$	18,721
Teeter tax loss		17,838
Parole revocation hearings		9,966
Vector control		9,373
Fingerprinting equipment purchase and operation		6,018
Juvenile probation camp		4,935
Real estate fraud prosecution		4,741
Probation Department activities		4,061
Emergency medical services, various construction costs		3,243
Probation community transition unit activities		2,876
Public Defender defense of indigent cases		2,469
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region		2,340
Parks and Recreation land acquisition, improvements, stewardship and other activities		1,774
Vehicle abatement activities		1,685
Sheriff law enforcement		1,287
Sheriff automated warrant system		1,255
Disarming prohibitied persons program		968
Domestic violence and child abuse prevention		652
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles		521
Sheriff vehicle maintenance and replacement		431
Improvement, maintenance and operation of the Waterfront Park		389
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities		288
Offset costs incurred to locate and notify victims to whom restitution is owed		205
Sheriff's correction training		120
Social services child safety education		21
Lease or purchase of California state approved voting systems, or components of voting systems		8
Total General Fund	$	96,185
Nonmajor Funds		
Special Revenue Funds:		
Flood Control District Fund		
Flood control future drainage improvements	$	30,979
Housing Authority - Other Fund		
Housing repairs and improvements		3
Total Nonmajor Special Revenue Funds	$	30,982
Total Nonmajor Funds	$	30,982
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	$	127,167

(Amounts expressed in thousands unless otherwise noted)

NOTE 23
Fund Balances Committed to Other Purposes

At June 30, 2021, the fund balances committed to other purposes are presented in **Table 39** as follows:

Table 39
Fund Balances Committed To Other Purposes
At June 30, 2021

Major Fund		
General Fund:		
Regional communication system infrastructure enhancements	$	14,237
Department of Environmental Health and Quality services		4,141
Parks expansion and improvements		1,776
Department of Planning and Development Services activities		1,775
Parks and Recreation land acquisition		1,627
San Diego Fire Authority equipment replacement		433
Management of conduit financing programs		390
South County Shelter capital improvements		337
Future purchase of agricultural conservation easements		263
Parks and Recreation turf replacement Sweetwater Valley		113
Capital projects or major maintenance projects		23
Total General Fund	$	25,115

NOTE 24
Fund Balances Assigned to Other Purposes

At June 30, 2021 the fund balances assigned to other purposes are presented in **Table 40** as follows:

Table 40
Fund Balances Assigned to Other Purposes
At June 30, 2021

Major Fund		
General Fund:		
Planning, land use, agriculture, watershed and other public services	$	53,192
Health, mental health and social services		32,516
Law enforcement, detention, legal and other protection services		25,265
Park and Recreation services		14,206
Maintenance		5,704
Fire protection		2,845
Assessor/Recorder/County Clerk services		2,281
Hall of Justice future lease payments		1,600
Treasurer-Tax Collector services		515
Registrar of Voters services		68
Animal Services		44
Total General Fund	$	138,236

(Amounts expressed in thousands unless otherwise noted)

NOTE 25
Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes

At June 30, 2021, the net position restricted for laws or regulations of other governments: other purposes is presented in **Table 41** as follows:

Table 41
Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes
At June 30, 2021

Developing new or rehabilitating existing neighborhood or community park or recreational facilities	$	26,528
Juvenile justice crime prevention		18,721
Benefit, education, and welfare of jail inmates		15,877
Library services		15,760
Edgemoor development		15,758
Maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control services		10,377
Parole revocation hearings		9,966
Law enforcement		7,685
Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas		6,193
Fingerprinting equipment purchase and operation		6,018
Street and road lighting maintenance		5,651
Juvenile probation camp		4,935
Real estate fraud prosecution		4,741
Fire protection and suppression, emergency response, operation and maintenance of facilities, and flood control services		4,705
Probation Department activities		4,061
Emergency medical services, various construction costs		3,243
Probation community transition unit activities		2,876
Public Defender defense of indigent cases		2,469
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region		2,340
Parks and Recreation land acquisition, improvements, stewardship and other activities		1,774
Vehicle abatement activities		1,685
Sheriff law enforcement		1,287
Sheriff automated warrant system		1,255
Disarming prohibitied persons program		968
Domestic violence and child abuse prevention		652
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles		521
Sheriff vehicle maintenance and replacement		431
Improvement, maintenance and operation of the Waterfront Park		389
County housing activities		348
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities		288
Offset costs incurred to locate and notify victims to whom restitution is owed		205
Sheriff's correction training		120
In home supportive services		101
Housing Authority housing activities		83
Social services child safety education		21
Lease or purchase of California state approved voting systems, or components of voting systems		8
Housing repairs and improvements		3
Total Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes	$	178,043

(Amounts expressed in thousands unless otherwise noted)

NOTE 26
Risk Management

The County operates a Risk Management Program, whereby it is self-insured for general liability (California Government Code Section 990), malpractice (California Government Code Section 990.9), automobile liability (California Vehicle Code Section 16020(b)(4)) and primary workers' compensation (California Code of Regulations, Title 8, Section 15203.4). The County purchases insurance coverage for all risk property losses, cyber liability, excess workers' compensation, government crime insurance, including employee dishonesty and faithful performance, aviation commercial general liability, and aircraft hull and liability insurance. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years.

The County's Employee Benefits and Public Liability Insurance Internal Service Funds (ISF) are used to report all of its uninsured risk management activities. Risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Actuarial evaluations were obtained which determine estimates of known and projected public liability and workers compensation claim liabilities. These evaluations include estimates for claims incurred but not reported; allocated and unallocated loss adjustment expenses; and amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

At June 30, 2021, these liabilities discounted for anticipated investment return (public liability of 1% and workers' compensation of 2.5%), totaled $290.1 million, including $92.5 million in public liability and $197.6 million in workers' compensation. Changes in the balances of claim liabilities for fiscal years 2021 and 2020 are shown in **Table 42**.

Table 42
Risk Management - Changes in Claim Liabilities

		2021	2020
Employee Benefits Fund			
Unpaid claims, July 1	$	191,086	185,781
Incurred claims		34,776	35,561
Claim payments		(28,297)	(30,256)
Unpaid claims, June 30	$	197,565	191,086
Public Liability Insurance Fund			
Unpaid claims, July 1	$	94,150	87,094
Incurred claims		18,380	16,904
Claim payments		(19,978)	(9,848)
Unpaid claims, June 30	$	92,552	94,150

NOTE 27
Contingencies

Litigation

As of June 30, 2021 the County has no potential liability that could result if unfavorable final decisions are rendered in numerous lawsuits to which the County is a named defendant.

Unrecorded Leave Benefits

County employees have unrecorded accumulated benefits of approximately $249 million in sick leave, holiday and compensatory time. With the exception of sick leave for eligible employees, these benefits are not payable to employees upon termination and are normally liquidated at year-end or as employees elect to use their benefits per Civil Service rules and regulations. Accumulated vacation, sick leave, and compensatory time-off for which employees are eligible for payment upon separation have been recorded as liabilities in the appropriate proprietary funds and the government-wide statement of net position.

Federal and State Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 28
Joint Ventures

The San Diego Geographic Information Source (SanGIS) was created in July 1997 as a joint powers agreement between the City of San Diego and the County of San Diego. SanGIS objectives are to create and maintain a geographic information system; marketing and licensing compiled digital geographic data and software; providing technical services; and publishing geographic and land related information for the City and the County, other public agencies, and the private sector. It is governed by a Board of Directors consisting of one voting member from the City of San Diego and one from the County of San Diego. SanGIS relies mostly on an annual budget of $1.5 million contributed primarily by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported an increase in net position of $168 thousand and ending net position of $655 thousand for the fiscal year ended June 30, 2020. The financial report may be obtained by writing to SanGIS at 5510 Overland Ave., Suite 230, San Diego CA 92123 or by calling (858) 874-7000 or by E-mail at webmaster@sangis.org.

The County is a participant with 18 incorporated cities to operate the Unified San Diego County Emergency Services Organization for the purpose of providing regional planning and mutual assistance in the event of an emergency or disaster in the region. The organization is governed by the Unified Disaster Council (UDC) with the San Diego County Board of Supervisors, who serves as Chair of the Council, and a representative from each of the 18 incorporated cities. The County of San Diego Office of Emergency Services (OES) serves as staff to the UDC. OES is a liaison between the incorporated cities, the California Governor's Office of Emergency Services, the Federal Emergency Management Agency, as well as non-governmental agencies such as the American Red Cross. A contractual agreement requires that the cities and the County provide the total required funding each year; one half from the cities and the other half from the County. In its latest report, the organization reported an increase in net position of $38 thousand and ending net position of $187 thousand for the year ended June 30, 2020. Separate financial statements may be obtained from the Office of Emergency Services, 5580 Overland Ave., Suite 100, San Diego CA 92123 or by calling (858) 565-3490 or by E-mail at oes@sdcounty.ca.gov.

The San Diego Workforce Partnership (Partnership) funds job training programs to empower job seekers to meet the current and future workforce needs of employers in San Diego County. Two boards provide oversight: The Consortium Policy Board and the Workforce Development Board (WDB). As the Workforce Partnership is a joint powers authority, the Consortium Policy Board is a partnership of the City and County of San Diego. Members include two County Board of Supervisors, two San Diego City Council members, and a community representative (currently the United Way of San Diego). The Consortium Policy Board appoints members to, and receives recommendations from, the WDB. The two boards collaborate on a variety of funding decisions and priorities. For the year ended June 30, 2020, the Partnership reported an increase in net position of $156 thousand and ending net position of $682 thousand. Complete financial reports may be obtained by writing to the San Diego Workforce Partnership, 9246 Lightwave Ave., Suite 210, San Diego, CA 92123 or by calling (619) 228-2900.

In November 2011, the County of San Diego, which oversees the San Diego County Fire Authority, agreed to be a participant in the Heartland Fire Training Authority effective July 1, 2012. The Authority includes 10 other member agencies and was formed for the purposes of jointly equipping, maintaining, operating, and staffing to provide training of fire-fighting and emergency response personnel to member agencies. It is governed by a Commission comprised of elected officials from each member jurisdiction. The annual budget is derived from fees paid by participating agencies along with revenue generated from class offerings. In its latest report, Heartland Fire Training Authority reported an increase in net position of $27 thousand and ending net position of $1.4 million for the year ended June 30, 2020. The financial report may be obtained by writing to Heartland Fire Training Authority at 1301 North Marshall Ave., El Cajon CA 92020 or by calling (619) 441-1683.

NOTE 29
Pension Plans
Plan Description

The County contributes to the San Diego County Employees Retirement Association pension plan (SDCERA-PP or the Plan), a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the Board of Retirement of the San Diego County Employees Retirement Association (SDCERA), a public employee retirement system established by the County of San Diego (County) on July 1, 1939. SDCERA is an independent governmental entity separate and distinct from the County of San Diego. The SDCERA-PP provides retirement, disability, death and survivor benefits for its members under the County Employees Retirement Law of 1937 (Government Code Section 31450 et. seq.), the "Retirement Act".

The management of SDCERA is vested with the Board of Retirement. The Board consists of nine members and two alternates made up of member-elected representatives, Board of Supervisors-appointed representatives and the County Treasurer-Tax Collector who is elected by the general public and a member of the Board of Retirement by law. All members of the Board of Retirement serve terms of three years except for the County Treasurer-Tax Collector whose term runs concurrent with his term as County Treasurer.

Plan Membership

The participating employers in the SDCERA-PP consist of the County of San Diego; Superior Court of California - County of San Diego; Air Pollution Control District, San Dieguito River Valley Joint Powers Authority; Local Agency Formation Commission; and, the San Diego County Office of Education.

All employees of the County of San Diego and the other aforementioned participating employers working in a permanent position at least 20 hours each week are members of the SDCERA. Membership begins with the first biweekly payroll period in the month following employment. Members are vested after accruing five years of service credit.

There are separate retirement plans (types of membership) - General and Safety, under the SDCERA-PP. Safety membership is extended to those involved in active law enforcement or who otherwise qualify for Safety membership including court service officers and probation officers. All other employees are classified as General members.

The SDCERA-PP has five Tiers. Subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code Section 7522 et seq. and Assembly Bill (AB) 197, any new employee hired on or after January 1, 2013 through June 30, 2018 who became a General member, (January 1 2013 through June 30, 2020 for Safety members), was placed into Tier C; while any new employee hired on or after July 1, 2018 who became a General member and any new employee who will be hired on or after July 1, 2020 who becomes a Safety member, is placed into Tier D. Tier C and Tier D are the current open plans for all new General and Safety employees; Tiers I, A, and B are generally closed to new entrants but have active members. On March 8, 2002, the Board of Supervisors eliminated Tier II and established Tier A for active General Members and all non-retired Safety Members who entered on or after March 8, 2002 and before August 28, 2009. All active General Members were converted to Tier A unless they elected to opt-out during a one-time opt-out period. All active and deferred Safety Members were converted to Tier A. All deferred General Tier II Members and active Members who elected to opt out of Tier A were converted to Tier I. Both Tier I and Tier II are closed to new members.

(Amounts expressed in thousands unless otherwise noted)

Benefits Provided

The tiers and their basic provisions are listed in the following table:

Table 43
SDCERA - PP Tiers and Basic Provisions

Tier Name	Governing Code	Membership Effective Date	Basic Provisions	Final Average Salary Period
General Tier I	§31676.12	Before March 8, 2002 (1)	2.62% at 62; maximum 3% COLA	Highest 1 - year
General Tier A	§31676.17	March 8, 2002 to August 27, 2009	3.0% at 60; maximum 3% COLA	Highest 1 - year
General Tier B	§31676.12	August 28, 2009 to December 31, 2012	2.62% at 62; maximum 2% COLA	Highest 3 - year
General Tier C	§7522.20(a)	January 1, 2013 to June 30, 2018	2.5% at 67; maximum 2% COLA	Highest 3 - year (2)
General Tier D	§31676.01	July 1, 2018	1.62% at 65; maximum 2% COLA	Highest 3 - year (2)
Safety Tier A	§31664.1	Before August 28, 2009	3.0% at 50; maximum 3% COLA	Highest 1 - year
Safety Tier B	§31664.2	August 28, 2009 to December 31, 2012	3.0% at 55; maximum 2% COLA	Highest 3 - year
Safety Tier C	§7522.25(d)	January 1, 2013 to June 30, 2020	2.7% at 57; maximum 2% COLA	Highest 3 - year (2)
Safety Tier D	§7522.25(c)	July 1, 2020	2.5% at 57; maximum 2% COLA	Highest 3 - year (2)

(1) All general members with membership dates before March 8, 2002 who made a specific and irrevocable election to opt out of General Tier A. This also included those General Members in deferred status on March 8, 2002.

(2) PEPRA limits the amount of compensation that can be used to calculate retirement benefit for Tier C and Tier D to 100% of the 2013 Social Security taxable wage base limit for General members and 120% for Safety members. These amounts will be adjusted with price inflation starting in 2014.

General members enrolled in Tier 1, A or B are eligible to retire once they attain the age of 70 regardless of service or at age 50 (55 for Tier B) and have acquired 10 or more years of retirement service credit. A General member in Tier 1, A or B with 30 years of service is eligible to retire regardless of age. General members enrolled in General Tier C or D are eligible to retire once they attain the age of 70 regardless of service or at age of 52, and have acquired five or more years of retirement service credit.

Safety members enrolled in Tier A or B are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A Safety member in Tier A or B with 20 years of service is eligible to retire regardless of age. Safety members enrolled in Safety Tier C or D are eligible to retire once they have attained the age of 70 regardless of service or at age of 50, and have acquired five or more years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

For members enrolled in Tier 1, A or B, the maximum monthly retirement allowance is 100% of final compensation. PEPRA limits the amount of compensation that can be used to calculate the retirement benefit for Tier C and Tier D to 100% of the 2013 Social Security taxable wage base limit for General Members and 120% for Safety Members. These amounts will be adjusted with price inflation starting in 2014.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouse or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

(Amounts expressed in thousands unless otherwise noted)

The County Employees Retirement Law of 1937 (Government Code Section 31450 et seq.) assigns the County Board of Supervisors the authority to establish and amend benefit provisions.

In addition to the aforementioned retirement, disability, death and survivor benefits, SDCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment (COLA), based upon the Consumer Price Index for the San Diego-Carlsbad Area (with 1982-84 as the base period), is capped at 3.0% for Tier 1 and Tier A; and capped at 2.0% for Tier B, Tier C and Tier D. The County Employees Retirement Law of 1937 (Government Code Section 31450 et seq.) assigns the SDCERA Board of Retirement authority to approve retiree members and beneficiaries cost-of-living increases.

Contributions

SDCERA-PP is a contributory plan, meaning both the member and the employer pay contributions into the system; membership and contributions are mandatory. All members are required to make contributions to SDCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2021 for fiscal year 2021 was 11.66% of compensation, (not adjusted for employer pick-up of employee contributions).

The County of San Diego and the other participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SDCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2021 for fiscal year 2021 was 44.24 % (not adjusted for pick-up) of compensation.

The Retirement Act requires that County and member contributions be actuarially determined to provide a specific level of benefit. California Government Code Section 31454 (Section 31454) requires the Board of Supervisors to adjust the rates of the San Diego County employer and employee retirement contributions in accordance with the recommendations of the Board of Retirement of SDCERA (SDCERA Board). Section 31454 allows the Board of Supervisors to set (amend) the rate to a higher rate than that recommended by the SDCERA Board, but cannot fix the rate lower than the recommended rate. Contribution rates are expressed as a percentage of covered payroll and member rates vary according to age at entry, benefit tier level and certain negotiated contracts that provide for the County to pay a portion of members' contributions.

Contributions to the Plan from the County were $578,519 for the year ended June 30, 2021.

Employer and employee contribution rates and active members for the General and Safety plans are as follows:

Table 44
Employer/Employee Contribution Rates and Active Members by Tier

	Employer Contribution Rates	Employee Contribution Rates	Active Members
General Tier I	40.39%	8.89 - 16.72%	16
General Tier A	40.39%	10.63 - 18.40%	6,379
General Tier B	40.39%	7.66 - 14.62%	1,407
General Tier C	34.13%	9.14%	4,603
General Tier D	31.84%	6.50%	2,570
Safety Tier A	58.75%	14.55 - 21.19%	1,752
Safety Tier B	58.75%	11.62 - 17.10%	455
Safety Tier C	51.24%	15.23%	1,269
Safety Tier D	50.58% (1)	14.53%	-

(1) Contribution rates for Safety Tier D were provided in the Actuarial Safety Tier D Implementation Study dated November 27, 2018.

SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the SDCERA-PP. The financial report may be obtained by writing to San Diego County Employees Retirement Association, 2275 Rio Bonito Way, Suite 100, San Diego, California 92108-1685 or by calling (619) 515-6800.

(Amounts expressed in thousands unless otherwise noted)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported a liability of $4,478,532 for its proportionate share of the collective Net Pension Liability (NPL). The NPL was measured as of June 30, 2020 and was determined by rolling forward the Total Pension Liability (TPL) as of the June 30, 2019 actuarial valuation date. The NPL is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the fair value of Plan assets (excluding the Health Insurance Allowance Reserve).

Pension amounts, including the County's proportionate share of the NPL, are determined separately for the General and Safety membership classes based on their benefit provisions, actuarial experience, receipts and expenses. The total pension liability for each membership class was calculated based on the participants in and benefits provided for the respective membership class, and the SDCERA-PP fiduciary net position was determined in proportion to the valuation value of assets for each membership class. San Diego County is the sole active employer in the Safety membership class that made contributions in fiscal year 2020; therefore 100% of the NPL for the Safety membership class is allocated to San Diego County.

For the County's General membership class, actual or statutorily required contributions for the fiscal year ended June 30, 2020 were used as the basis for determining the proportion of pension amounts, including the NPL. The ratio of the County's General member contributions to the total SDCERA-PP General member contributions for all participating employers is multiplied by the SDCERA-PP total General member NPL to determine the County's proportionate share of the General membership class NPL. The County's total proportionate share is the combination of the County's Safety and General member class proportions.

At June 30, 2020, the County's proportionate share of employer contributions was approximately 93.014%, (General 90.034%, Safety 100%), which was a decrease of approximately 0.736% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of $863,099.

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Table 45
Pension Deferred Outflows/Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions to the pension plan subsequent to the measurement date	$ 578,519	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	13,558	5,015
Changes of assumptions or other inputs	214,622	22
Net difference between projected and actual earnings on pension plan investments	561,945	
Differences between expected and actual experience in the total pension liability	110,671	77,786
	$ 1,479,315	82,823

Deferred outflows of resources and deferred inflows of resources noted above represent the unamortized portion of changes to the net pension liability to be recognized in future periods in a systematic and rational manner.

Projected earnings on pension investments are recognized as a component of pension expense. The net difference between projected and actual earnings on pension plan investments is reported as a deferred outflow of resources or deferred inflow of resources and amortized as a component of pension expense on a closed basis over a five-year period, beginning with the period in which they are incurred.

Changes in proportionate share and differences between employer's contributions and proportionate share of contributions, changes of assumptions and other inputs, and differences between expected and actual experience in the total pension liability, are amortized over the average of the expected remaining service lives (service lives) of all employees that are provided with pensions through the SDCERA-PP and are recorded as a component of pension expense, beginning with the period in which they are incurred.

(Amounts expressed in thousands unless otherwise noted)

$578,519 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Table 46
Pension Expense

Year Ending June 30		Amount
2022	$	131,791
2023		258,131
2024		274,850
2025		153,201
Total	$	817,973

Actuarial Assumptions

Total Pension Liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of employee service. The significant actuarial assumptions used to measure the total pension liability as of June 30, 2020 (the measurement date) are shown in the following table:

Table 47
Actuarial Assumptions

Inflation	2.75%
Salary increases	General: 4.15% to 10.50% and Safety: 4.25% to 12.00%, vary by service, including inflation
Discount rate	7.00%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	Maximum of 3% for Tiers I and A Maximum 2% for Tiers B, C and D
Date of last experience study	July 1, 2015 through June 30, 2018

Mortality rates for General members and beneficiaries are based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) times 100% for males and 105% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018. Mortality rates for Safety members are based on the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) times 105% for males and 95% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018. Mortality rates for General members with a disability retirement are based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) times 75% for males and 75% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018. Mortality rates for Safety members with a disability retirement are based on Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) times 100% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

The allocation of investment assets within the SDCERA portfolio is approved by the Board of Retirement. Plan assets are managed on a total return basis with a long-term objective of achieving the assumed investment rate of return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the June 30, 2019 actuarial valuation and rolled forward to the June 30, 2020 measurement period:

(Amounts expressed in thousands unless otherwise noted)

Table 48
Target Allocation and Projected Arithmetic Real Rates of Return for each Asset Class

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	18.00%	5.44%
Small Cap Equity	2.00%	6.18%
Developed International Equity	15.00%	6.54%
Global Equity	5.80%	6.45%
Emerging Markets Equity	7.00%	8.73%
High Yield Bonds	6.00%	3.64%
Intermediate Bonds	19.20%	1.25%
Private Real Estate (Core)	7.20%	4.51%
Private Real Estate (Non-Core)	1.80%	5.82%
Private Equity	7.00%	9.00%
Infrastructure	4.50%	5.83%
Hedge Funds	4.00%	4.90%
Private Debt	1.00%	6.50%
Timber	0.75%	4.34%
Farmland	0.75%	5.63%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed SDCERA-PP member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current SDCERA-PP members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future SDCERA-PP members and their beneficiaries, as well as projected contributions from future SDCERA-PP members, are not included. Based on those assumptions, the SDCERA-PP's net position was projected to be available to make all projected future benefit payments for current SDCERA-PP members. Therefore, the long-term expected rate of return on SDCERA-PP investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to the Changes in the Discount Rate

The following table presents the County's proportionate share of the Net Pension Liability as of June 30, 2020, calculated using the discount rate of 7.00, as well as what the County's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Table 49
County's Share of Net Pension Liability Discount Rate Sensitivity

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension plan liability	$ 6,770,055	$ 4,478,532	$ 2,604,340

SDCERA-PP Fiduciary Net Position

Detailed information about the SDCERA-PP fiduciary net position is available in the aforementioned SDCERA publicly available financial report.

NOTE 30
Other Postemployment Benefits
Retiree Health Plan
Plan Description

The County contributes to the SDCERA retiree health plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The SDCERA-RHP is administered as an Internal Revenue Code Section 401(h) account (Health Benefits 401(h) Trust) within the defined benefit pension plan under the authority granted by the Retirement Act to the SDCERA Board of Retirement. The Health Benefits 401(h) Trust was established by the SDCERA Retirement Board and the County's Board of Supervisors. The Retirement Act assigns the authority to establish and amend Health Insurance Allowance (HIA) benefits to the SDCERA Board of Retirement.

(Amounts expressed in thousands unless otherwise noted)

SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the SDCERA-RHP. The financial report may be obtained by writing to San Diego County Employees Retirement Association, 2275 Rio Bonito Way, Suite 100, San Diego, California 92108-1685 or by calling (619) 515-6800.

Benefits Provided

The SDCERA Retirement Board approved the SDCERA-RHP HIA benefits for eligible retired Tier I and Tier II members. The SDCERA-RHP is closed to members in the other Tiers. The HIA is paid from the Health Benefits 401(h) Trust, which is pooled with total fund assets for investment purposes, and is used exclusively to fund future retired member health insurance allowances and program administration. The HIA is not a vested SDCERA benefit and is not guaranteed. It may be reduced or discontinued at any time.

The HIA may be applied to a member's insurance premiums for an SDCERA-sponsored plan or toward medical, dental, and prescription insurance premiums paid to other providers selected by the member. The allowance may not be used toward dependents' premiums, nor can it be used to cover any additional medical expenses incurred. It may not be used toward expenses for vision insurance, office visits or prescription co-payments. An allowance (or any portion of an allowance) that the retiree is unable to use, is forfeited.

Currently, an HIA benefit is paid to retired General and Safety Tier I and Tier II Members with at least 10 years of SDCERA service credit. Reciprocal service credit and purchased service credit from work in a prior public agency do not count toward the total service credit used to determine the level of allowance. The allowance increases for each year of service credit, with a maximum allowance of $400 per month available for Members with 20 or more years of SDCERA service credit. When Members become eligible for Medicare, their HIA allowance is set at $300 per month, plus reimbursement for Medicare Part B premiums.

Members who were granted a disability retirement and were determined to be totally disabled are eligible for the maximum allowance. Members with less than 10 years of service credit who were granted a disability retirement and determined to be partially disabled are eligible for the minimum allowance.

The benefit amounts for non-disabled retirees in Tiers I and II are listed in the following table:

Table 50
Benefit Amount for Non-Disabled Retires

Years of SDCERA Service Credit*	Monthly Allowance if Not Eligible for Medicare	Monthly Allowance if Eligible for Medicare
Less than 10	0	$0
10	$ 200	
11	220	300
12	240	
13	260	In addition to the allowance, $93.50 will be reimbursed to use toward the cost of the monthly Medicare Part B premium.
14	280	
15	300	
16	320	
17	340	
18	360	
19	380	
20 or more	400	

* Members who retired on or before September 30, 1991 may be eligible for the maximum allowance.

Upon the retiree's death, the HIA may be transferred to the retiree's eligible spouse or registered domestic partner. The duration of coverage is lifetime for retiree plus continuance to an eligible surviving spouse or registered domestic partner for life. The level of HIA payable to the survivor is the same as that payable to the retiree.

Contributions

The SDCERA-RHP is funded by employer contributions that are based on a biennial actuarial valuation, actuarially determined 20-year level dollar amortization schedule. The Actuarial Valuation of Other Postemployment Benefits (OPEB) as of June 30, 2019, established the fiscal year 2021 employer contribution rate of 1.40 percent of covered payroll which amounted to $17.611 million in required contributions made by the County. The Internal Revenue Code limits employer contributions to a 401(h) account to a maximum of 25 percent of the employer's normal cost contributions to the pension plan.

(Amounts expressed in thousands unless otherwise noted)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the County reported a liability of $92,006 for its proportionate share of the collective Net Other Postemployment Benefits Liability (NOL). The NOL was measured as of June 30, 2020 (measurement date), and determined based upon the results of the actuarial valuation as of June 30, 2020. The Plan's Fiduciary Net Position (plan assets) and the Total OPEB Liability (TOL) were also valued as of the measurement date. The NOL is equal to the difference between the TOL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the fair value of assets.

The County's proportion of the NOL, as well as its proportion of the other OPEB related deferred outflows of resources and deferred inflows of resources is determined using the employer contributions from each employer category from July 1, 2019 through June 30, 2020 as provided to the SDCERA Actuary from SDCERA. The ratio of the County's contributions to the total employer contributions is multiplied by the SDCERA-RHP total NOL to determine the County's proportionate share of the NOL. The same calculation is performed for the other OPEB related deferred outflows of resources and deferred inflows of resources.

At June 30, 2020 the County's proportionate share of the NOL was approximately 92.670%, which was a decrease of approximately 0.726% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized OPEB expense of $4,997.

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Table 51
OPEB Deferred Outflows/Inflows

		Deferred Outflows of Resources
Contributions to the OPEB plan subsequent to the measurement date	$	17,611
Net difference between projected and actual earnings on OPEB plan investments		860
	$	18,471

Deferred outflows of resources noted above represent the unamortized portion of changes to net OPEB liability to be recognized in future periods in a systematic and rational manner.

Projected earnings on OPEB investments are recognized as a component of OPEB expense. The net difference between projected and actual earnings on OPEB plan investments is reported as a deferred outflow of resources or deferred inflow of resources and amortized as a component of OPEB expense on a closed basis over a five-year period, beginning with the period in which they are incurred.

Changes in proportionate share and differences between employer's contributions and proportionate share of contributions, changes of assumptions and other inputs, and differences between expected and actual experience in the total OPEB liability, are amortized over the average of the expected remaining service lives (service lives) of all employees that are provided with OPEB through the SDCERA-RHP and are recorded as a component of OPEB expense, beginning with the period in which they are incurred.

$17.611 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2022.

(Amounts expressed in thousands unless otherwise noted)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Table 52
OPEB Expense

Year Ending June 30	Amount	
2022	$	267
2023		184
2024		220
2025		189
Total	$	860

Actuarial Assumptions

The TOL in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as shown in the table below:

Table 53
Actuarial Assumptions

Inflation	2.75%
Salary increases	General: 4.15% to 10.50%, including inflation
Discount rate	7.00%
Health care trend	Non-Medicare: 6.75% graded to ultimate 4.50% over 9 years; Medicare: 6.25% graded to ultimate 4.50% over 7 years.
Health insurance allowance subsidy increases	0.00%

Mortality rates include Post-retirement mortality rates and Pre-retirement mortality rates. Post-retirement mortality rates include healthy retirement and disabled retirement.

Healthy Retirement. For General members and all beneficiaries, mortality rates are based on Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) times 100% for males and 105% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018. For Safety Members, mortality rates are based on Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) times 105% for males and 95% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

Disabled Retirement. For General members, mortality rates are based on Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table (separate tables for males and females) times 75% for males and 75% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018. For Safety members, mortality rates are based on Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table (separate tables for males and females) times 100% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

The aforementioned mortality data reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-retirement. For General members, mortality rates are based on the Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) times 100% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018. For Safety members, mortality rates are based on Pub-2010 Safety Employee Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) times 100% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an experience study for the period from July 1, 2015 through June 30, 2018. They are the same as the assumptions used in the June 30, 2020 funding actuarial valuation for SDCERA-RHP.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2020 is summarized in the following table:

(Amounts expressed in thousands unless otherwise noted)

Table 54
Target Allocation and Projected Arithmetic Real Rates of Return for each Asset Class

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	18.00%	5.44%
Small Cap Equity	2.00%	6.18%
Developed International Equity	15.00%	6.54%
Global Equity	5.80%	6.45%
Emerging Market Equity	7.00%	8.73%
High Yield Bonds	6.00%	3.64%
Intermediate Bonds	19.20%	1.25%
Private Real Estate (Core)	7.20%	4.51%
Private Real Estate (Non-Core)	1.80%	5.82%
Private Equity	7.00%	9.00%
Infrastructure	4.50%	5.83%
Hedge Funds	4.00%	4.90%
Private Debt	1.00%	6.50%
Timber	0.75%	4.34%
Farmland	0.75%	5.63%
Total	100%	

Discount Rate

The discount rate used to measure the TOL was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current SDCERA-RHP members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs (if any) for future SDCERA-RHP members and their beneficiaries, as well as projected contributions (if any) from future SDCERA-RHP members, are not included. Based on those assumptions, the SDCERA-RHP's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current SDCERA-RHP members. Therefore, the long-term expected rate of return on SDCERA-RHP investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2020.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to the Changes in the Discount Rate and Changes in the Healthcare Cost Trend Rate

The following table presents the County's proportionate share of the Net OPEB Liability (NOL) as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate; and presents the County's proportionate share of the NOL as of June 30, 2020 and what it would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Table 55
County's Share of Net OPEB Liability

Discount Rate Sensitivity	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase 8.00%)
County's proportionate share of the OPEB plan liability	$ 100,220	92,006	84,800
Healthcare Cost Trend Rate Sensitivity	**1% Decrease ***	**Current Trend Rates***	**1% Increase ***
County's proportionate share of the net OPEB plan liability	$ 91,643	92,006	92,341

* Because current benefits for most members are limited by the fixed dollar health insurance allowance levels, the trend assumption has little effect on the Net OPEB Liability.

SDCERA-RHP Fiduciary Net Position

Detailed information about the SDCERA-RHP fiduciary net position is available in the aforementioned SDCERA publicly available financial report.

(Amounts expressed in thousands unless otherwise noted)

NOTE 31
Fund Deficits

Table 56 Fund Deficit At June 30, 2021		
Internal Service Fund:		
Facilities Management Fund	$	(36,566)
Public Liability Insurance Fund		(510)

The Facilities Management Fund deficit of $36.6 million resulted from adjustments attributed to reporting the County's proportionate shares of the SDCERA-PP net pension liability and the SDCERA-RHP net OPEB liability.

The Public Liability Insurance Fund deficit of $510 thousand resulted mainly from the accrual of the estimated liability based on an actuarial determination that overall losses had developed significantly higher than expected. The liability decreased to $92.6 million from the prior year's estimate of $94.1 million. The County intends to reduce the deficit through increased rate charges to County Departments in fiscal year 2021-22, primarily based on the 5 year history of actual expenditures by department.

NOTE 32
County of San Diego Successor Agency Private Purpose Trust Fund for Assets of Former San Diego County Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill x1 26 (the "Bill") that provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County that previously had reported the San Diego County Redevelopment Agency (SDCRA) as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the County or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, via Minute Order 14, the County Board of Supervisors designated the County as the successor agency to the SDCRA; in accordance with the Bill.

Subject to the control of an established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will continue to only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, as allowed in the Bill, the County elected to retain the housing assets and functions previously performed by the former SDCRA. These assets and activities are accounted for in the County Low and Moderate Income Housing Asset Fund and are reported in the County's governmental fund financial statements. The remaining assets, liabilities, and activities of the dissolved SDCRA are reported in the County of San Diego Successor Agency Private Purpose Trust Fund (fiduciary fund) financial statements of the County.

Due To Other Funds

The County of San Diego Successor Agency Private Purpose Trust Fund's "Due To Other Funds" consists of outstanding loans owed to the General Fund for the Upper San Diego River Project ($1.081 million), to the Airport Enterprise Fund (AEF) for the Airport Projects ($3.164 million) and to the County Low and Moderate Income Housing Asset Fund (CLMIHAF) ($434 thousand). The loans were originally made from the General Fund and AEF to the former San Diego County Redevelopment Agency (SDCRA) but were transferred to the County of San Diego Successor Agency Private Purpose Trust Fund upon dissolution of the SDCRA on February 1, 2012. Additionally, in fiscal year 2016, twenty percent of the then outstanding amount owed to the AEF was transferred from the AEF to the CLMIHAF, as mandated by California Health and Safety

(Amounts expressed in thousands unless otherwise noted)

Code 34191.4. As of June 30, 2021, the interest earned on the General Fund loan accrues on the average quarterly outstanding balance, at a rate equal to the average County earned investment rate as determined by the County Treasurer. Interest earned on the AEF and CLMIHAF loans accrue at the rate mandated by Health and Safety Code 34191.4. Under California Assembly Bills ABx1 26 and AB 1484, it is expected that the County Successor Agency will pay principal and interest on the loans outstanding when funds are available for this purpose. The timing and total amount of any repayment is subject to applicable law.

NOTE 33
San Diego County Redevelopment Agency (SDCRA) Revenue Refunding Bonds

In December 2005, the San Diego County Redevelopment Agency (SDCRA) issued $16 million Revenue Refunding Bonds Series 2005A that were to mature in fiscal year 2032 but will now mature in 2031 due to the effect of making turbo payments. The SDCRA has pledged property tax increment revenues generated within the Gillespie Field Project Area to pay for the bonds. Gillespie Field Airport revenues may also be used to fund debt service payments if there are insufficient property tax increment revenues to cover a particular fiscal year's debt service requirement. Bonds are also payable from funds held under the indenture, including earnings on such funds. Pursuant to California Assembly Bill ABx1 26, the responsibility for the payment of this debt was transferred to the County of San Diego Successor Agency Private Purpose Trust Fund. The Series 2005A Bonds are not a debt of the County and are not payable out of any funds or properties other than those of the SDCRA.

Upon the occurrence of an event of default (as described in the financing documents) the principal of all of the Bonds then outstanding and the interest accrued thereon shall be immediately due and payable.

SDCRA revenue refunding bonds outstanding at June 30, 2021 were the following:

Table 57
SDCRA Revenue Refunding Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2021
Revenue Refunding Bonds Series 2005A	$ 16,000	3.65 - 5.75%	2031	7,850
Total	$ 16,000			7,850

Annual debt service requirements to maturity for SDCRA bonds are as follows:

Table 58
SDCRA Revenue Refunding Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2022	$ 610	422	1,032
2023	645	388	1,033
2024	680	352	1,032
2025	715	315	1,030
2026	755	273	1,028
2027-2031	4,445	644	5,089
Total	7,850	2,394	10,244
Less:			
Unamortized issuance discount	(19)		
Total	$ 7,831		

(Amounts expressed in thousands unless otherwise noted)

SDCRA pledged revenue for the year ended June 30, 2021 was as follows:

Table 59
SDCRA Revenue Refunding Bonds - Pledged Revenues

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2021 Debt Principal & Interest Paid	Fiscal Year 2021 Pledged Revenue Received
Revenue Refunding Bonds Series 2005A	2031	$ 10,244	$ 1,525	$ 1,553

Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2021 were as follows:

Table 60
SDCRA Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2020	Additions	Reductions	EndingBalance at June 30, 2021	Amounts Due Within One Year
Revenue Refunding Bonds Series 2005A	$ 8,905		(1,055)	7,850	610
Unamortized issuance discounts	(21)		2	(19)	(2)
Total	$ 8,884		(1,053)	7,831	608

NOTE 34
Restatement

Change in Accounting Principle - In fiscal year 2021, the County implemented GASB *Statement No. 84, Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities and includes criteria for the identification of fiduciary component units and the fiduciary funds that should be reported. As a result, the County restated the beginning fiduciary net positions for the inclusion of custodial funds and its new fiduciary component unit - San Diego County Employees Retirement Association. The effects of these restatements are shown in the table below.

Correction of an error – First 5 Commission of San Diego overstated its Accounts Receivable balance for the fiscal year ended June 30, 2020, thus requiring a restatement of its ending Net Position, as shown in the table below.

(Amounts expressed in thousands unless otherwise noted)

Table 61
Restatement of Beginning Net Positions

	Fiduciary Fund Financial Statements				
Restatement - San Diego County Employees Retirement Association (SDCERA) Fiduciary Funds		San Diego County Employees Retirement Association Pension Trust Fund	San Diego County Employees Retirement Association Other Postemployment Benefits Trust Fund		Total San Diego County Employees Retirement Association Pension (and Other Postemployment Benefits) Trust Fund
Total net position at June 30, 2020					
Adjustment to SDCERA's Net Position to include SDCERA financial statements in the County's Annual Comprehensive Financial Report as a Fiduciary Component Unit	$	12,909,004	24,353		12,933,357
Total net position, restated June 30, 2020		12,909,004	24,353		12,933,357

Restatement - Custodial Funds		Property Tax Collection Funds	Other Custodial Funds	Total Custodial Funds
Total net position at June 30, 2020				
Adjustment to Custodial Funds' Net Position due to the effects of the County's implementation of GASB Statement No. 84 Fiduciary Activities		53,320	110,281	163,601
Total net position, restated June 30, 2020	$	53,320	110,281	163,601

	Component Unit Statement of Net Position	
Restatement - Component Unit First 5 Commission of San Diego		Component Unit First 5 Commission of San Diego
Total net position at June 30, 2020	$	40,450
Adjustment to Component Unit First 5 Commission of San Diego's Net Position due to overstatement of Accounts Receivable		(75)
Total net position, restated June 30, 2020	$	40,375

NOTE 35
New Governmental Accounting Standards
Implementation Status

In October 2021, The GASB issued *Statement No. Statement 98, The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

The County has implemented this Statement for the current fiscal year.

In January 2017, the GASB issued *Statement No. 84, Fiduciary Activities.* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The County has implemented this Statement for the current fiscal year.

In August 2018, the GASB issued *Statement No. 90 Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

In Fiscal Year 2021, the County determined that these requirements do not affect the financial reporting for the County.

In January 2020, the GASB issued *Statement 92, Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

In Fiscal Year 2021, the County determined that the portions of this statement pertaining to the current fiscal year do not affect the financial reporting for the County.

Under Analysis

The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In June 2017, the GASB issued *Statement No. 87, Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued *Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that it be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. It also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued *Statement No. 91 Conduit Debt Obligations*. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures.

This Statement also addresses arrangements-often characterized as leases that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued *Statement 93, Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an InterBank Offered Rate.

The requirements of this Statement for the removal of the London Interbank Offering Rate as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021, and all reporting periods thereafter.

In March 2020, the GASB issued *Statement 94, Public-Private Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued *Statement 96, Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued *Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. It also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement requires (1) that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended*, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement relative to limiting the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans was effective upon the date of issuance of this Statement and addressed in the implementation of Statement No. 84, Fiduciary Activities. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2026.

NOTE 36

San Diego County Employees Retirement Association (SDCERA)

Investments

The California Constitution and the County Employees Retirement Law of 1937 (CERL), grant the Board of Retirement (Retirement Board) exclusive control over SDCERA's Trust Fund. The CERL permits the Retirement Board to invest, or delegate the authority to invest, Trust Fund assets through the purchase, holding or sale of any form or type of investment, financial instrument, or financial transaction. All purchases and sales of investments are accounted for on a trade-date basis, and dividends declared but not received are accrued on the ex-dividend date. Realized and unrealized gains or losses of securities are determined based on fair values.

Cash And Short-Term Investments

Cash and short-term investments are cash and assets readily convertible to cash. They include funds held in bank accounts, certificates of deposit, banker's acceptances, Treasury bills, commercial paper and other money market instruments with original maturities of 90 days or less.

Valuation Of Investments

SDCERA's custodian bank provides daily valuation of portfolio assets using third-party vendors or specified alternative sources that are considered reliable. The custodian bank reviews the data received from these sources for valuation accuracy. Pricing methodologies vary by asset type and are summarized next.

Equity

Exchange-traded domestic and global equities and equity option values are based on the closing price reported by the primary exchange on which the asset trades or other agreed-upon exchange. Over-the-counter (OTC) equity investments not traded on an exchange and warrants are valued based on the last bid price.

Fixed Income

Domestic and global fixed income securities with an active market and Preferred stocks are valued based on bid prices.

Private Equity and Private Real Assets

The fair value of all private equity and private real asset investments are determined based on valuations provided in good faith by the General Partners or fund managers consistent with their valuation policies. Valuation assumptions are based upon the nature of the investments and underlying businesses, and valuation techniques vary based upon investment type and involve expert judgment. Private equity and private real assets funds are subject to annual independent audit.

Real Estate

Real estate directly owned by SDCERA is held in separate accounts. Limited Partner interests are valued based on the net asset value of the partnership, which is determined by the General Partners in accordance with the partnership's valuation policies. Properties are generally valued by an independent third-party appraisal performed on a rotational one-to-three-year basis consistent with the Uniform Standards of Professional Appraisal Practice. During the interim years, real estate values are adjusted for market conditions and cash flow activities. Real estate investments held in separate accounts and Limited Partner interests are subject to an annual independent audit.

Opportunistic

Opportunistic investments consist of equity and fixed income investments that are valued as described above and commingled fund structures that are valued on a Net Asset Value basis.

Mortgage Loans

Table 62 presents SDCERA's mortgage loans payable associated with its real estate investments as of June 30, 2021. Principal includes amortization and terminal principal payments for the loan balance as of June 30, 2021, and Interest includes interest payments on the forecasted loan balances, inclusive of additional draws after June 30, 2021.

Table 62
Mortgage Loans Payable
For the fiscal years ended June 30, 2021
(In Thousands)

Fiscal year payable	Principal (1)	Interest (2)	Total
2022	$ 64,172	11,625	75,797
2023	70,631	11,710	82,341
2024	23,107	9,629	32,736
2025	34,229	8,557	42,786
2026	83,138	5,974	89,112
2027-2031	105,350	17,554	122,904
Total	$ 380,627	65,049	445,676

(1) Principal includes amortization and terminal principal payments for the loan balances as of June 30, 2021.

(2) Interest includes interest payments on the forecasted loan balances, inclusive of additional draws after June 30, 2021.

Derivative Financial Instruments

Derivatives are used in investment portfolios to gain exposure to certain assets or markets, to protect against the risk of adverse moves in asset prices or to enhance returns. SDCERA permits its investment managers to use derivatives to implement their approved investment strategies within their portfolios as long as such usage does not introduce market leverage to the total Trust Fund.

SDCERA reports the fair value of derivative instruments in the Statement of Fiduciary Net Position. **Table 63** presents SDCERA's derivative instruments as reported in the Basic Financial Statements in the domestic equity, international equity fixed income and private equity categories as of June 30, 2021.

Table 63
Derivative Instruments Summary
As of June 30, 2021
(In Thousands)

Derivative Type	Changes in Fair Value (1)	Fair Value	Notional Value
Swaps	$ (111,385)	97,436	3,863,844
Options	(359)	(388)	-
Forwards	7,057	6,286	425,002
Futures	1,911	5,074	843,887
Total	$ (102,776)	108,408	5,132,733

(1) All changes in the fair value of these derivatives are reported as investment income in the Statement of Changes in Fiduciary Net Position.

Swaps

Swaps are contracts by which the parties agree to exchange cash flows and usually involve exchanging a fixed cash flow for a variable cash flow. For example, one party may agree to receive a fixed interest payment in exchange for the total return of an equity index. Swaps do not trade on exchanges. **Table 64** presents SDCERA's Swaps by Type as of June 30, 2021.

Table 64
Swaps by Type
As of June 30, 2021
(In Thousands)

Type	Description/ Counterparty	Notional Value	Fair Value
Cleared Credit Default Swaps	Intercontinental Exchange Holdings		10
Cleared Interest Rate Swaps	Chicago Mercantile Exchange Inc		45
Cleared Interest Rate Swaps	LCH Ltd		(261)
Total Return Swaps	BNP Paribas SA	$ 153,617	3,807
Total Return Swaps	Bank of America NA	67,317	2,023
Total Return Swaps	Barclays Bank PLC	166,112	8,353
Total Return Swaps	Citibank NA	616,444	10,985
Total Return Swaps	Credit Suisse AG	119,330	1,585
Total Return Swaps	First Union National Bank/Charlotte NC	419,792	19,270
Total Return Swaps	Goldman Sachs International	92,932	7,221
Total Return Swaps	HSBC Securities Inc	546,187	8,233
Total Return Swaps	JPMorgan Chase Bank NA	345,449	7,659
Total Return Swaps	Merrill Lynch & Co Inc	195,996	8,070
Total Return Swaps	Morgan Stanley & Co International PLC	441,920	3,488
Total Return Swaps	Morgan Stanley Capital Services LLC	432,434	4,864
Total Return Swaps	Royal Bank of Canada	266,314	12,084
Total		$ 3,863,844	97,436

Options

Options are contracts that give the buyer the right, but not the obligation, to buy or sell an asset at a pre-determined price by a specified date. While options may be privately negotiated, the majority of options are standardized contracts that trade on an exchange. **Table 65** presents SDCERA's Options by Type as of June 30, 2021.

Table 65
Options by Type
As of June 30, 2021
(In Thousands)

Type	Notional Value	Fair Value
Call		$ (269)
Put		(119)
Total		$ (388)

Forwards

Forwards are non-standardized, binding contracts between two parties to buy and sell an asset at a specified price at a certain future date; they do not trade on an exchange. Forwards settle at the end of the contract term. **Table 66** presents SDCERA's Forward Contracts by Type as of June 30, 2021.

Table 66
Forward Contracts by Type
As of June 30, 2021
(In Thousands)

Type	Notional Value	Fair Value
Foreign Currency Forwards	$ 425,002	6,286
Total	$ 425,002	6,286

Futures

Futures are standardized, binding contracts to buy and sell an asset at a specified price by a certain date. Futures are exchange-traded and settle daily. For SDCERA, net gains and losses for the daily settlements are included in the Statement of Changes in Fiduciary Net Position. **Table 67** presents a summary of SDCERA's Futures Contracts by Type as of June 30, 2021.

Table 67
Futures Contracts by Type
As of June 30, 2021
(In Thousands)

Type	Notional Value	Fair Value
Equity Futures	$ 811,331	6,350
Fixed Income Futures	32,556	(1,276)
Total	$ 843,887	5,074

Deposits And Investments

SDCERA retains investment managers who specialize in particular asset classes and are subject to the guidelines and controls established in SDCERA's Investment Policy Statement (IPS). SDCERA contracts with The Bank of New York Mellon (BNY Mellon) to custody SDCERA-PP assets.

SDCERA's Investment Philosophy is contained in the Investment Policy Statement (IPS) and is based on Modern Portfolio Theory, which posits that a diversified portfolio with capitalization-weighted allocations to multiple asset classes will maximize Trust Fund returns and diversify against the risk of loss.

Interest rate and credit risks are embedded in a capitalization-weighted portfolio, cannot be diversified away, and are observed in the expected and realized volatilities of the Trust Fund, its components, and the benchmarks. This is reviewed and reported to the Retirement Board monthly.

Any risks from deviations from the capitalization-weighted benchmarks are taken by active investment managers and these risks are captured by the expected and realized tracking error of each manager. These data are also reviewed by staff and are reported to the Retirement Board monthly at a summary level for the total Trust Fund. Chapters II.A, III.E, IV.F and G, and VI.A and B of the Investment Policy Statement are the formal policy statements that address these risks and overall risk management.

Highly Sensitive Investments

As of June 30, 2021, SDCERA's investments included collateralized mortgage obligations (CMO) and mortgage-backed securities totaling $164.9 million. These securities are highly sensitive to interest rate fluctuations and are subject to prepayment risk in a period of declining interest rates.

Annual Rate of Return

In FY 2021, the annual money-weighted rate of return for the Trust Fund, net of fees, was 25.1 percent. The money-weighted rate of return reflects investment performance, net of fees, adjusted for the timing of cash flows and the amounts invested. The money-weighted rate of return can be different than the time-weighted rate of return for the SDCERA-PP, which was 25.0 percent, net of fees.

Investment Risk

In accordance with Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, investment risk disclosure is required for interest rate risk, credit risk (including custodial credit risk and concentrations of credit risk) and foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely impact the fair value of an investment. In general, an investment's maturity and coupon rate affect how much its price will change as a result of fluctuations in market interest rates. Interest rate risk is addressed in the IPS, Section IV.F., as part of the overall Trust Fund Risk Measurement and Management. Investment managers with interest rate exposures monitor these exposures as part of their role addressed in the IPS, Section III.E.

Table 68 presents exposure to interest rate risk in terms of maturity as of June 30, 2021.

Table 68
Investment Maturities by Type
As of June 30, 2021
(In Thousands)

	Investment Maturities (in years)				
Investment Type	Less than 1	1-5	6-10	More than 10	Totals
Agency CMO or Mortgage-Backed	$ 42,097	46,407			88,504
Asset Backed	27,919	2,632	24,405	3,447	58,403
Commingled Funds	277,468	826,459	530,732	9,194	1,643,853
Convertibles	3,707	2,116	1,942	791	8,556
Corporates	251,423	41,744	245,751	85,375	624,293
Municipal	506				506
Non-Agency CMO or Mortgage-Backed	30,411	43,477	2,485		76,373
Private Placements	901,742	254,354	446,003	328,682	1,930,781
Sovereign Debt	76,072		21,096		97,168
US Government Debt	155,053	194,835	473,661	317,411	1,140,960
Totals	$ 1,766,398	1,412,024	1,746,075	744,900	5,669,397

Credit Risk

Credit risk is the risk that a bond issuer or counterparty will fail to make timely interest and principal payments and thus default on its obligations. Credit risk is influenced by the issuer's or counterparty's financial position and prior history of payments or defaults. Credit rating agencies evaluate borrowers' creditworthiness and issue ratings on debt issuances to designate the level of confidence that the borrower will honor its debt obligations as agreed. Credit rate risk is addressed in the IPS, Section IV.F., as part of the overall Trust Fund Risk Measurement and Management. Investment managers with credit rate exposures monitor these exposures as part of their role addressed in the IPS, Section III.E.

Table 69 and **Table 70** present SDCERA's fixed income securities ratings by category as of June 30, 2021. Credit ratings were issued by Standard & Poor's (S&P) Global Ratings. The weighted average credit rating of Below Investment Grade assets was B.

Table 69
Credit Risk
As of June 30, 2021
(In Thousands)

Investment Type	AAA	AA	A	BBB	Below Investment Grade	Not Rated	Totals
Agency CMO or Mortgage-Backed	$ 88,504						88,504
Asset Backed	32,683	791	1,894		1,047	21,988	58,403
Commingled Funds	44,921	1,105,527	105,699	163,953	2,457	221,296	1,643,853
Convertibles			600			7,956	8,556
Corporates	266	18,372	164,272	184,096	216,362	40,925	624,293
Municipal						506	506
Non-Agency CMO or Mortgage-Backed	28,959	731	3,892	7,452		35,339	76,373
Private Placements	559,448	11,144	116,842	85,708	517,830	639,809	1,930,781
Sovereign Debt		11,471	18,023	17,264		50,410	97,168
US Government Debt	1,133,811					7,149	1,140,960
Totals	$ 1,888,592	1,148,036	411,222	458,473	737,696	1,025,378	5,669,397

(Amounts expressed in thousands unless otherwise noted)

Table 70
Credit Risk Percentage of Holdings
As of June 30, 2021

Investment Type	AAA	AA	A	BBB	Below Investment Grade	Not Rated
Agency CMO or Mortgage-Backed	4.7%					
Asset Backed	1.7%	0.1%	0.5%		0.1%	2.1%
Commingled Funds	2.4%	96.2%	25.7%	35.8%	0.3%	21.6%
Convertibles			0.1%			0.8%
Corporates		1.6%	40.0%	40.2%	29.3%	4.0%
Municipal						
Non-Agency CMO or Mortgage- Backed	1.5%	0.1%	0.9%	1.6%		3.4%
Private Placements	29.7%	1.0%	28.4%	18.7%	70.3%	62.5%
Sovereign Debt		1.0%	4.4%	3.7%		4.9%
US Government Debt	60.0%					0.7%
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Agency Collateralized Mortgage Obligations or Mortgage-Backed Securities

Agency collateralized mortgage obligations (CMOs) or mortgage-backed securities are securities issued by an agency that use mortgages as collateral.

Asset-Backed

Asset-backed securities are securities that are collateralized by a pool of assets such as loans, leases, credit card debt, royalties or receivables.

Commingled Funds

Commingled funds are professionally managed diversified investment portfolios comprised of assets from multiple investors and managed as a single portfolio. Commingled funds are not publicly traded and participation in them is typically limited to institutional investors.

Convertibles

Convertibles are securities that can be converted into other securities under specified conditions, such as convertible bonds or preferred stock that can be converted into shares of common stock.

Corporates

Corporates refer to debt securities issued by domestic or foreign corporations.

Municipal

Municipal bonds are debt securities issued by a state, county, city, redevelopment agency, special purpose district, school district or similar entity.

Non-Agency CMOs or Mortgage-Backed Securities

Non-Agency CMOs or mortgage-backed securities are domestic and foreign securities that use mortgages as collateral but are issued by an entity other than an agency.

Private Placements

Private placements are domestic and foreign stocks or bonds sold to pre-selected investors and institutions rather than in the open market.

Sovereign Debt

Sovereign debt refers to fixed income securities issued by the central governments of countries other than the U.S.

U.S. Government Debt

U.S. Government debt refers to fixed income securities issued by the United States of America, such as Treasury notes and bonds.

Derivative Credit Risk

Derivative instruments generally have a maturity of one year or less. **Table 71** presents counterparty credit ratings related to swaps and forward contracts in SDCERA's portfolio as of June 30, 2021. Credit ratings were issued by S&P Global Ratings.

Table 71
Credit Risk of Derivatives at Fair Value
As of June 30, 2021
(In Thousands)

Credit Rating		Swaps	Forwards
A+	$	77,205	3,844
A		8,353	1,703
AA-		11,823	739
Not Rated		55	
Total subject to credit risk	$	97,436	6,286

Concentration of Credit Risk

Credit risk concentration refers to the risk of loss that could occur from a disproportionately large exposure to any single credit risk, such as investing a large proportion of a portfolio's assets in a single security or in the securities of a single issuer. As of June 30, 2021, in conformance with GASB Statements No. 40 and No. 67, no single issuer exceeded five percent of SDCERA's total investments or represented five percent or more of its total net position. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are exempt from GASB disclosure requirements.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the value of an investment. **Table 72** presents SDCERA's Net Exposure to Foreign Currency Risk. Foreign currency risk is addressed in the IPS, Section IV.F., as part of the overall Trust Fund Risk Measurement and Management. Investment managers with foreign currency exposures monitor these exposures as part of their role addressed in the IPS, Section III.E

Table 72
Net Exposure to Foreign Currency Risk
As of June 30, 2021
(In Thousands)

Currency Name	Equity	Fixed Income	Foreign Exchange Contracts	Cash & Cash Equivalents	Commingled Funds	Total
Euro Currency Unit	$ 147,740	91,682		1,216	323,845	564,483
Pound Sterling	12,288	127,285	(246)	1,062	152,707	293,096
Japanese Yen	25,546	1,804	(41)	90	241,041	268,440
Hong Kong Dollar	25,646			381	169,859	195,886
Israeli Shekel		51,690		51,467	6,716	109,873
Swiss Franc	5,766			714	90,322	96,802
South Korean Won	14,718				75,175	89,893
Australian Dollar	4,007	8,538	(60)	293	77,000	89,778
Taiwan Dollar					79,123	79,123
Canadian Dollar	11,955	24,449	(183)	2,250	24,109	62,580
Indian Rupee					56,772	56,772
Swedish Krona	2,541				45,033	47,574
Brazilian Real	5,506			1,041	29,377	35,924
Danish Krone	1,643		(2)	267	25,143	27,051
Chinese Yuan Renminbi					25,653	25,653
South African Rand	1,916			139	21,356	23,411
Russian Rubles			177		16,294	16,471
Saudi Riyal					15,322	15,322
Singapore Dollar	367		(339)	2	11,695	11,725
Norwegian Krone	1,457				9,442	10,899
Mexican Peso	1,399			33	8,719	10,151
Thailand Baht	460				9,183	9,643
Malaysian Ringgit	1,180				7,573	8,753
Indonesian Rupiah	748		(153)		6,026	6,621
Turkish Lira	2,919				1,545	4,464
Polish Zloty	415				3,925	4,340
Uae Dirham					3,856	3,856
New Zealand Dollar	105				3,577	3,682
Qatar Rials					3,623	3,623
Philippines Peso	112				3,333	3,445
Chilean Peso					2,935	2,935
Other (Less Than $2 Million Holdings)	324				2,723	3,047
Total	$ 268,758	305,448	(847)	58,955	1,553,002	2,185,316

(Amounts expressed in thousands unless otherwise noted)

SDCERA also had indirect exposure to foreign currency through its investment in DFA Emerging Markets Value Portfolio (NASDAQ: DFEVX), an institutional mutual fund that invests primarily in shares of foreign equities. As of June 30, 2021, SDCERA's investment in this mutual fund totaled $206.2 million. Detailed information about the fund is available at us.dimensional.com.

Custodial Credit Risk

Custodial credit risk is the risk of being unable to recover the value of investment or collateral securities in the possession of an outside party. Custodial credit risk is influenced by how the securities are insured and registered and where they are held. SDCERA's investments are insured, registered or held by the SDCERA-PP or its agent in the SDCERA-PP's name. SDCERA's deposits are insured, registered or collateralized with securities held by fiscal agents in the SDCERA-PP's name. Therefore, SDCERA's custodial credit risk is not material and is addressed in its overall risk policy in chapter IV of its IPS.

Securities Lending

SDCERA's IPS permits the SDCERA-PP to enter into securities lending transactions. SDCERA lends U.S. Government obligations, domestic and international bonds and equities to brokers with a simultaneous agreement to return collateral for the same securities plus a fee in the future. SDCERA's securities lending agent BNY Mellon manages the securities lending program and receives securities and/or cash as collateral. Cash and non-cash collateral are pledged at 102 percent and 105 percent of the fair value of domestic securities and international securities on loan, respectively. There are no restrictions on the amount of securities that can be loaned at one time. The term to maturity of the loaned securities is generally not matched with the term to maturity of the investment of the cash collateral. BNY Mellon is required to indemnify SDCERA if the borrowers fail to return the borrowed securities.

As of June 30, 2021, the SDCERA-PP had $320.0 million in securities on loan and held cash and non-cash collateral of $327.2 million from borrowers.

Table 73 presents SDCERA's Securities Lending Transactions as of June 30, 2021.

Table 73
Securities Lending Transactions
As of June 30, 2021
(In Dollars)

	SDCERA Securities Lent	Cash and Non-Cash Collateral
Lent for cash collateral:		
Domestic corporate	$ 13,455,675	13,793,534
Domestic equities	967,841	989,645
US government debt	217,744,578	222,182,890
International equities	1,773,278	1,890,721
Exchange Traded	46,764	47,700
Lent for securities collateral:		
Domestic corporate	1,362,849	1,392,866
Domestic equities	5,725,751	5,879,712
US government debt	66,792,129	68,507,210
International equities	3,780,426	4,062,787
Exchange Traded	8,307,645	8,490,622
Total	$ 319,956,936	327,237,687

BNY Mellon invests the cash collateral for securities lending in a separately managed, short-term investment account. As shown in **Table 74**, at June 30, 2021, the short-term investment account consisted of 46.2 percent overnight repurchase agreements, 6.3 percent money funds, 47.4 percent time deposits and 0.1 percent asset-backed securities.

Table 74
Securities Lending Investments
As of June 30, 2021
(In Dollars)

	Fair value	% of Total
Repurchase agreements	$ 110,398,211	46.2%
Money funds	15,037,000	6.3%
Time deposits	113,130,000	47.4%
Asset-backed floating	282,779	0.1%
Other (cash)	33,469	0.0%
Total	$ 238,881,459	100.0%

The time deposits and asset-backed securities were rated A by S&P Global Ratings. SDCERA does not have the ability to pledge or sell collateral securities without a borrower default. As of June 30, 2021, SDCERA had no credit risk exposure to borrowers.

(Amounts expressed in thousands unless otherwise noted)

Fair Value of Investments

SDCERA measures and records its investments using fair value measurement guidelines in accordance with generally accepted accounting principles. These guidelines recognize a three-level fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

Table 75 presents a schedule of SDCERA's Fair Value Measurements as of June 30, 2021. Values are derived from BNY Mellon and are presented based on securities classification. Amounts per asset class, when aggregated, correspond to values presented in the Statement of Fiduciary Net Position.

Table 75
Fair Value Measurements
As of June 30, 2021
(In Dollars)

	Total as of 6/30/2021	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Equity Securities:				
Domestic Equity Securities	$ 2,316,126,559	262,085,782	2,053,809,239	231,538
International Equity Securities	1,617,388,907	158,924,038	1,003,446,706	455,018,163
Total Equity Securities	3,933,515,466	421,009,820	3,057,255,945	455,249,701
Fixed Income Securities	5,868,496,258	1,593,753,603	4,202,602,595	72,140,060
Private Equity	233,450,598			233,450,598
Private Real Assets	164,519,888			164,519,888
Real Estate	496,872,654			496,872,654
Total Investments by Fair Value Level	10,696,854,864	2,014,763,423	7,259,858,540	1,422,232,901
Investments measured at Net Asset Value (NAV):				
Private Equity	427,301,697			
Private Real Assets	298,610,755			
Real Estate	507,101,448			
Total Investments measured at NAV	1,233,013,900			
Investments Derivative Instruments:				
Forwards	6,286,195		6,286,195	
Futures	5,073,550	5,073,550		
Options	(388,363)		(388,363)	
Swaps	97,436,073		97,436,073	
Total Investments Derivative Instruments	108,407,455	5,073,550	103,333,905	
Total investments Measured at Fair Value	12,038,276,219			
Investments Securities Lending Collateral:				
Collateral payable for securities lending	238,904,490		238,904,490	
Total Collateral from securities lending	$ 238,904,490		238,904,490	

Values derived from custodian bank and presented based on securities classification. Amounts per asset class, when aggregated, correspond to values as presented in the Statement of Fiduciary Net Position.

(Amounts expressed in thousands unless otherwise noted)

Fixed income and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Securities classified as Level 2 are valued using matrix pricing, market corroborated pricing and inputs such as yield curves and indices. Securities classified as Level 3 are valued using investment manager pricing for private placements, private equities and real estate.

Investments valued using the net asset value (NAV) per share or its equivalent are considered "alternative investments" and, unlike more traditional investments, generally do not have readily-obtainable market values and take the form of limited partnerships. SDCERA invests in the following alternate investments:

Opportunistic Funds. These funds include investment strategies that include global allocation and other investments. The investment strategies primarily use liquid securities to achieve their investment objectives.

Private Equity Funds. These funds generally invest in illiquid, non-publicly traded equity and debt securities and partnership interests. Investments in these Limited Partnership investments are stated at fair value in accordance with U.S. generally accepted accounting principles and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*.

Private Real Assets Funds. These funds generally invest in agriculture, energy, infrastructure, metals and mining, and timber assets. The investments are typically illiquid and non-publicly traded.

Real Estate Funds. These funds invest both in U.S. and foreign commercial real estate. The fair values of the investments have been determined using the NAV per share or its equivalent of the SDCERA-PP's ownership interest in partners' capital. Generally, these investments cannot be redeemed with the funds. Distributions from each fund will be received as income is distributed or the underlying investments of the funds are liquidated.

SDCERA values alternative investments based on the partnerships' financial statements. If June 30 statements are available, those values are used. If partnerships have fiscal years ending on dates other than June 30, the value is obtained from the most recently available valuation taking into account subsequent calls and distributions.

Table 76 presents a schedule of the unfunded commitments, redemption frequency and redemption notice period for SDCERA's Alternative Investments Measured at Net Asset Value, as of June 30, 2021.

Table 76
Investments Measured at Net Assets Value (NAV)
As of June 30, 2021
(In Dollars)

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Funds	$ 427,301,697	161,683,737	Not Eligible	N/A
Private Real Assets Funds	298,610,755	80,387,762	Variable	Variable
Real Estate Funds	507,101,448	123,955,913	Variable	Variable
Total Investments measured at NAV	$ 1,233,013,900	366,027,412		

(Amounts expressed in thousands unless otherwise noted)

Commitments And Contingencies

Derivative Instruments

Through certain investment managers, SDCERA is a party to derivative financial instruments. Derivative instruments include but are not limited to contracts for delayed delivery of securities, commodities or currencies in which the seller agrees to make delivery at a specified future date of a specified instrument at a specified price or yield. Risks arise from the possible inability of counterparties to meet the terms of their contract. The risk of loss from these financial instruments includes credit risk and market risk, which refers to the possibility that future changes in market prices may make such financial instruments less valuable.

Unfunded Commitments

The Statement of Fiduciary Net Position does not reflect unfunded commitments to invest in private equity funds in the amount of $161.7 million, real estate funds in the amount of $124.0 million and private real asset funds in the amount of $80.4 million. SDCERA funds these commitments from SDCERA-PP assets over multiple fiscal years.

Lease Commitments

SDCERA has operating leases for office facilities and equipment. Operating lease payments are recorded as expenses when paid or incurred. **Table 77** presents SDCERA's Future Minimum Lease Commitments.

Table 77
Future Minimum Lease Commitments
For the fiscal years ended June 30
(In Dollars)

		Operating Leases	
Year		Equipment	Building
2022	$	16,369	1,597,457
2023		16,369	1,645,703
2024		16,369	1,694,017
2025		16,369	1,742,401
2026		13,641	1,793,157
Totals	$	79,117	8,472,735

Required Supplementary Information

Pension Plan

The schedule (in thousands) of the County's proportionate share of the San Diego County Employees Retirement Association pension plan collective Net Pension Liability is shown in the table below:

Table 1
Schedule of the County's Proportionate Share of the Net Pension Liability

	Fiscal Year 2021*	Fiscal Year 2020*	Fiscal Year 2019*	Fiscal Year 2018*	Fiscal Year 2017*	Fiscal Year 2016*	Fiscal Year 2015*
County's proportion of the net pension liability	93.014%	93.750%	94.119%	93.136%	92.898%	92.827%	92.292%
County's proportionate share of the net pension liability	$ 4,478,532	3,790,434	3,197,900	3,433,950	3,992,748	2,593,395	1,958,456
County's covered payroll	$ 1,267,790	190,184	1,145,764	1,091,617	1,058,895	1,036,987	988,858
County's proportionate share of the net pension liability as a percentage of its covered payroll	353.255%	318.480%	279.106%	314.575%	377.067%	250.089%	198.052%
Plan fiduciary net position as a percentage of the total pension liability	72.83%	76.08%	78.32%	75.56%	70.48%	78.63%	82.65%

*Amounts presented above were based on the measurement periods ending June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014, respectively.

Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

The schedule (in thousands) of County contributions to the San Diego County Employees Retirement Association pension plan is shown in the table below

Table 2
Schedule of the County's Contributions - Net Pension Liability

	Fiscal Year 2021*	Fiscal Year 2020*	Fiscal Year 2019*	Fiscal Year 2018*	Fiscal Year 2017*	Fiscal Year 2016*	Fiscal Year 2015*
Actuarial determined contributions	$ 578,519	523,865	485,619	465,339	386,971	354,524	356,732
Contributions in relation to the actuarially determined contribution	578,519	533,885	499,451	487,841	386,971	354,524	356,732
Contribution deficiency (excess)**		(10,020)	(13,832)	(22,502)			
County's covered payroll	$ 1,307,845	1,267,790	1,190,184	1,145,764	1,091,617	1,058,595	1,036,987
Contributions as a percentage of covered payroll	44.23%	42.11%	41.96%	42.58%	35.45%	33.49%	34.40%

*Amounts presented above were based on the fiscal years ended June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, and June 30, 2015, respectively.

**Based on one-time use of over-realized general purpose revenue generated by greater-than-anticipated assessed value growth as per County Code of Administrative Ordinances Article VII, Section 113.5(b)

Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See note to the required supplementary information

Changes in Assumptions

The following assumptions used to determine the Total Pension Liability have changed:

Table 3
Actuarial Assumptions

	Reporting Period: June 30, 2015	Reporting Period: June 30, 2016
Inflation	3.25%	3.00%
Salary increases	General: 4.75% to 10% and Safety: 5.00% to 12% vary by service, including inflation.	General: 4.50% to 9.75% and Safety: 4.75% to 11.75% vary by service, including inflation.
Discount rate	7.75%, net pension plan investment expense, including inflation.	7.50%, net pension plan investment expense, including inflation.
	Reporting Period: June 30, 2016	**Reporting Period: June 30, 2017**
Salary increases	General: 4.50% to 9.75% and Safety: 4.75% to 11.75% vary by service, including inflation.	General: 4.25% to 10.25% and Safety: 4.50% to 12.00% vary by service, including inflation.
Discount rate	7.50%, net pension plan investment expense, including inflation.	7.25%, net of pension plan investment expense, including inflation.
Date of last experience study	July 1, 2009 through June 30, 2012	July 1, 2012 through June 30, 2015
Mortality rates	RP-2000	RP-2014
	Reporting Period: June 30, 2019	**Reporting Period: June 30, 2020**
Inflation	3.00%	2.75%
Salary increases	General: 4.25% to 10.25% and Safety: 4.50% to 12.00% vary by service, including inflation.	General: 4.15% to 10.50% and Safety: 4.25% to 12.00% vary by service, including inflation.
Discount rate	7.25%, net of pension plan investment expense, including inflation.	7.00%, net of pension plan investment expense, including inflation.
Date of last experience study	July 1, 2012 through June 30, 2015	July 1, 2015 through June 30, 2018
Mortality rates	RP-2014	Pub-2010

OPEB Plan

The schedule (in thousands) of the County's proportionate share of the San Diego County Employees Retirement Association Retiree Health Plan collective Net OPEB Liability is shown in the table below:

Table 4
Schedule of the County's Proportionate Share of the Net OPEB Liability

	Fiscal Year 2021*	Fiscal Year 2020*	Fiscal Year 2019*	Fiscal Year 2018*
County's proportion of the net OPEB liability	92.670%	93.396%	93.227%	92.594%
County's proportionate share of the net OPEB liability	$ 92,006	106,033	119,483	132,163
County's covered payroll	$ 1,267,790	1,190,184	1,145,764	1,091,617
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	7.257%	8.909%	10.428%	12.107%
Plan fiduciary net position as a percentage of the total OPEB liability	19.70%	14.73%	10.12%	6.92%

*Amounts presented above were based on the measurement period ending June 30, 2020, June 30, 2019, June 30, 2018 and June 30, 2017.

Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See note to the required supplementary information

The schedule (in thousands) of County contributions to the San Diego County Employees Retirement Association Retiree Health Plan is shown in the table below:

Table 5
Schedule of the County's Contributions - Net OPEB Liability

		Fiscal Year 2021*	Fiscal Year 2020*	Fiscal Year 2019*	Fiscal Year 2018*
Actuarial determined contributions	$	17,611	18,472	18,892	18,229
Contributions in relation to the actuarially determined contributions		17,611	18,472	18,892	18,229
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	1,307,845	1,267,790	1,190,184	1,145,764
Contributions as a percentage of covered payroll		1.35%	1.46%	1.59%	1.59%

*Amounts presented above were based on the fiscal years ended June 30, 2021, June 30, 2020, June 30, 2019 and June 30, 2018.

Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Changes in Assumptions

The following assumptions used to determine the Total OPEB Liability have changed:

Table 6
Actuarial Assumptions

	Reporting Period: June 30, 2018	Reporting Period: June 30, 2019
Salary increases	General: 4.50% to 9.75% including inflation.	General: 4.25% to 10.25% including inflation.
Healthcare trend	6.50% graded to ultimate 4.50% over 8 years.	Non-Medicare: 7.00% graded to ultimate 4.50% over 10 years; Medicare: 6.50 graded to ultimate 4.50% over 8 years.

	Reporting Period: June 30, 2019	Reporting Period: June 30, 2020
Inflation	3.00%	2.75%
Salary increases	General: 4.25% to 10.25% including inflation	General: 4.15% to 10.50% including inflation.
Discount rate	7.25%	7.00%
Healthcare trend	Non-Medicare: 7.00% graded to ultimate 4.50% over 10 years; Medicare: 6.50% graded to ultimate 4.50% over 8 years	Non-Medicare: 6.75% graded to ultimate 4.50% over 9 years; Medicare: 6.25% graded to ultimate 4.50% over 7 years

See note to the required supplementary information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2021
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	1,283,176	1,283,176	1,367,772
Licenses, permits and franchise fees		39,622	39,673	43,271
Fines, forfeitures and penalties		31,385	31,330	39,114
Revenue from use of money and property		13,677	13,677	(2,521)
Aid from other governmental agencies:				
State		1,422,381	1,402,038	1,383,222
Federal		1,052,915	2,026,546	1,355,842
Other		125,627	125,628	168,725
Charges for current services		439,196	438,255	426,714
Other		78,588	71,498	35,743
Total revenues		4,486,567	5,431,821	4,817,882
Expenditures:				
Current:				
General government:				
Assessor/recorder/county clerk - finance		56,460	57,631	48,925
Auditor and controller		29,353	28,909	27,217
Auditor and controller - information technology management services		12,861	13,781	9,022
Board of supervisors district #1		1,910	2,390	2,047
Board of supervisors district #2		1,867	2,132	1,781
Board of supervisors district #3		1,512	2,277	1,882
Board of supervisors district #4		2,220	2,400	2,023
Board of supervisors district #5		1,916	2,001	1,933
Board of supervisors general office		1,304	1,404	1,258
Chief administrative office - legislative and administrative		10,962	10,971	5,958
Civil service commission		566	566	553
Clerk of the board of supervisors - legislative and administrative		4,238	4,258	3,884
Community enhancement		5,958	10,958	5,762
Community projects		11,624	10,590	10,272
County communications office		3,539	3,608	3,393
County counsel		31,904	31,916	30,726
County technology office		13,760	13,765	10,167
Countywide general expense		125,275	472,469	90,842
Finance and general government - legislative and administrative		4,553	7,605	7,251
Finance and general government - other general		29,700	26,321	6,243
Finance and general government group - CAC major maintenance		9,069	9,071	7,063
Finance and general government group - finance		5,838	7,405	4,951
Health and human services - legislative and administrative		178	178	157
Human resources - other general government		6,767	6,768	5,368
Human resources - personnel		24,544	24,568	22,841
Land use and environment - legislative and administrative		9,098	9,098	5,387
Lease payments - bonds		30	30	
Public safety - legislative and administrative		20,198	19,560	8,727
Registrar of voters		38,387	42,089	35,715
Treasurer - tax collector		23,234	23,105	20,726
Total general government		488,825	847,824	382,074

Continued on next page

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Public protection:			
Agriculture, weights and measures	23,623	24,252	18,551
Agriculture, weights and measures - sealer	5,767	5,715	4,953
Assessor/recorder/county clerk - other protection	25,648	25,647	18,520
Child support	43,915	43,996	43,142
Citizens law enforcement review board	1,479	1,484	1,059
Contributions for trial courts	66,028	66,028	65,839
Department of animal services	9,002	9,200	7,894
District attorney - judicial	222,238	221,896	208,063
Fire protection, Office of emergency services	49,098	49,531	42,430
Grand jury	763	763	410
Local agency formation commission administration	484	484	484
Medical examiner	11,893	13,072	12,580
Office of emergency services	10,008	10,035	7,649
Penalty Assessment	3,129	3,129	
Planning and development services	68,581	75,847	46,426
Probation - detention and correction	169,104	171,459	147,654
Probation - juvenile detention	45,183	43,301	42,582
Public defender	97,263	97,714	95,511
Public works, flood control, soil and water, general	47,168	36,758	17,289
Sheriff - adult detention	333,301	323,695	312,363
Sheriff - detention and correction	5,638	5,672	5,346
Sheriff - other protection	3,535	3,284	2,983
Sheriff - police protection	597,567	619,427	523,606
Total public protection	1,840,415	1,852,389	1,625,334
Public ways and facilities:			
Public works, dept of gen		1,675	672
Public works, general - public ways	9,776	6,784	5,495
Total public ways and facilities	9,776	8,459	6,167
Health and sanitation:			
Environmental health and quality	56,655	57,051	44,242
Health and human services agency - drug and alcohol abuse services	173,983	163,983	151,453
Health and human services agency - health	273,687	488,255	464,542
Health and human services agency - health administration	1,707	1,707	1,627
Health and human services agency - medical care	60,595	61,096	58,447
Health and human services agency - mental health	559,548	538,066	516,702
Public works, general - sanitation	41	41	34
Total health and sanitation	1,126,216	1,310,199	1,237,047

Continued on next page ▶▶▶

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021
(In Thousands)
(Continued)

		Original Budget	Final Budget	Actual
Public assistance:				
Health and human services agency - medical services		7,837	7,837	6,488
Health and human services agency - other assistance		552,938	871,283	575,749
Health and human services agency - social administration		923,122	989,396	980,479
Health and human services agency - veterans' services		3,989	3,989	3,924
Probation - care of court wards		17,044	17,054	14,381
Total public assistance		1,504,930	1,889,559	1,581,021
Education:				
Agriculture, weights and measures		1,195	1,255	1,163
Total education		1,195	1,255	1,163
Recreation and cultural:				
Parks and recreation		61,939	63,083	41,595
Total recreation and cultural		61,939	63,083	41,595
Capital outlay		101,717	118,129	103,151
Debt service:				
Principal		16,831	19,346	19,346
Interest		10,979	12,507	12,422
Payment to refunded bond escrow agent		2,155	2,155	2,155
Total expenditures		5,164,978	6,124,905	5,011,475
Excess (deficiency) of revenues over (under) expenditures		(678,412)	(693,084)	(193,593)
Other financing sources (uses):				
Sale of capital assets				211
Issuance of capital lease:				
Face value of capital leases		57,554	57,554	57,554
Transfers in		341,988	342,151	299,569
Transfers out		(761,264)	(796,968)	(349,379)
Total other financing sources (uses)		(361,722)	(397,263)	7,955
Net change in fund balances		(1,040,134)	(1,090,347)	(185,638)
Fund balances at the beginning of year		2,468,496	2,468,496	2,468,496
Increase (decrease) in nonspendable inventories			(423)	(423)
Fund balances at end of year	$	1,428,362	1,377,726	2,282,435

See note to the required supplementary information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC SAFETY FUND
For the Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Aid from other governmental agencies:			
State	$ 261,016	261,016	315,687
Total revenues	261,016	261,016	315,687
Excess (deficiency) of revenues over (under) expenditures	261,016	261,016	315,687
Other financing sources (uses):			
Transfers out	(294,995)	(294,995)	(268,119)
Total other financing sources (uses)	(294,995)	(294,995)	(268,119)
Net change in fund balances	(33,979)	(33,979)	47,568
Fund balances at beginning of year	59,561	59,561	59,561
Fund balances at end of year	$ 25,582	25,582	107,129

See note to the required supplementary information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOBACCO ENDOWMENT FUND
For the Year Ended June 30, 2021
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	1,900	1,900	4,539
Total revenues		1,900	1,900	4,539
Expenditures:				
Current:				
General government:				
Tobacco settlement		200	200	185
Total general government		200	200	185
Total expenditures		200	200	185
Excess (deficiency) of revenues over (under) expenditures		1,700	1,700	4,354
Other financing sources (uses):				
Transfers out		(15,113)	(15,113)	(15,113)
Total other financing sources (uses)		(15,113)	(15,113)	(15,113)
Net change in fund balances		(13,413)	(13,413)	(10,759)
Fund balances at beginning of year		305,336	305,336	305,336
Fund balances at end of year	$	291,923	291,923	294,577

See note to the required supplementary information

Budgetary Information

General Budget Policies

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year with the approval of the Board of Supervisors.

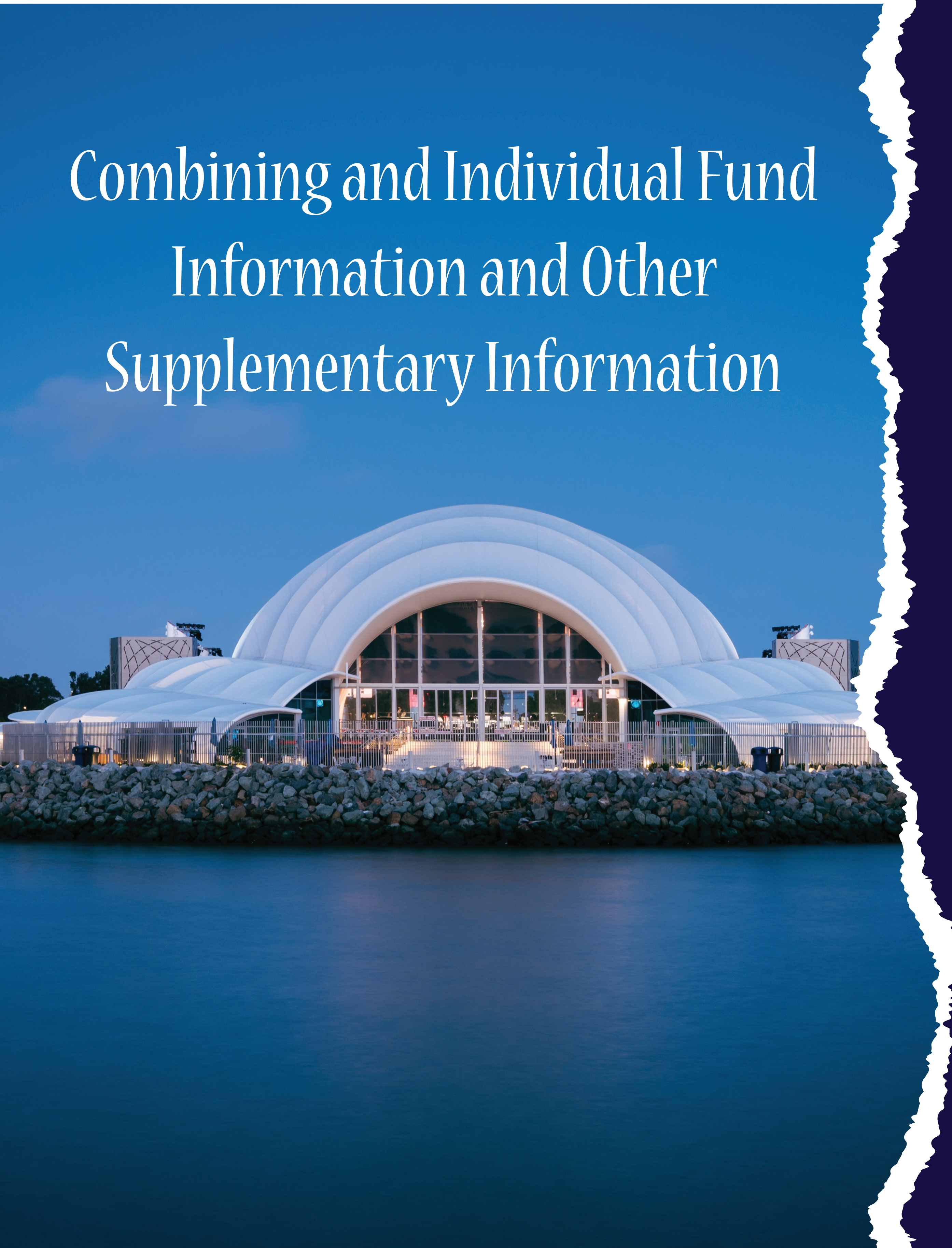
Appropriations may also be adjusted during the year with the approval of the Board of Supervisors. Additionally, the County Budget Act authorizes the Chief Administrative Officer (CAO) and/or Auditor and Controller to approve transfers within a department as long as overall appropriations of the department are not increased. Such adjustments are reflected in the final budgetary data. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

The schedule of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund, Public Safety Fund and the Tobacco Endowment Fund that is presented as Required Supplementary Information was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Original Budget consists of the adopted budget plus the budget carried forward from the prior fiscal year. Accordingly, encumbrances that are subject to automatic re-appropriation are included as part of the original budget. The County adopts its budget by June 30 of the prior fiscal year. The final budget includes the original budget plus amended budget changes occurring during the fiscal year.

The Actual column represents the actual amounts of revenue, expenditures, and other financing sources and uses reported on a GAAP basis which is the same basis that is used to present the aforementioned original and final budget.

Combining and Individual Fund Information and Other Supplementary Information



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Air Pollution Fund

This fund was established to provide for control of air pollution from motor vehicles and other sources in order to attain health based air quality standards. Revenue sources include license and permit fees, fines, state and federal funds, charges to property owners and vehicle registration fees. This fund is restricted for air pollution activities. Pursuant to the effects of the implementation of California Assembly Bill 423, effective March 1, 2021 the APCD no longer qualified as a blended component unit of the County.

Asset Forfeiture Program Fund

This fund was established to account for the proceeds of assets that were seized and forfeited by federal and state agencies participating in asset forfeiture programs. These programs are law enforcement initiatives that recover assets used in criminal activities and redirects such assets and the investment income derived therefrom to the support of crime victims and local law enforcement initiatives. This fund is restricted for law enforcement.

Community Facilities District Funds - Other

These funds were established to provide services such as fire protection and suppression, emergency response, operation and maintenance of the facilities, and flood control to citizens residing within that specific district. CFDs are funded by special taxes levied on citizens residing within the district. These funds are restricted for fire protection and suppression, emergency response, operation and maintenance of facilities, and flood control.

County Library Fund

This fund was established to provide library services for the unincorporated area as well as 11 of the incorporated cities within the county. Property taxes provide most of the fund’s revenues; aid from other governmental agencies, grants and revenues from library services provide the remaining principal revenues. This fund is restricted for library services.

County Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code 34176, the County elected to assume the housing functions of the housing assets of the former San Diego County Redevelopment Agency, along with the related rights, powers, liabilities, duties and obligations. As a result, this fund was created on February 1, 2012, and the use of this fund is restricted for housing activities.

County Service District Funds

These special district funds were established to provide authorized services such as road, park, lighting maintenance, fire protection or ambulance service to specific areas in the county. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. They also derive revenue from cities and from services provided to property owners. This fund is restricted for road, park lighting maintenance, fire protection and ambulance services.

Edgemoor Development Fund

This fund was established pursuant to Board Policy F-38, which provides guidelines for the use, development and disposition of the County's 326 acres of property located in the City of Santee, known as the Edgemoor Property. Revenues are derived from the sale or lease of land within the Edgemoor property, and these revenues are to be used for the reconstruction of the Edgemoor Skilled Nursing Facility. A portion of these reconstruction costs include an annual transfer to reimburse the General Fund for annual lease payments associated with the 2014 Edgemoor Refunding COPs which refunded the 2005 and 2006 Edgemoor COPs. Those COPs were used to fund the redevelopment of the Edgemoor Skilled Nursing Facility, which was completed in 2009. The federal reimbursements with the SB 1128 program are also deposited into this fund. This fund is restricted for Edgemoor development.

Flood Control District Fund

This fund was established to account for revenues and expenditures related to providing flood control in the county. It is financed primarily by ad valorem property taxes. This fund is restricted for flood control future drainage improvements.

Harmony Grove Community Facilities District Fund

This fund was established to account for services provided such as fire protection, emergency response, street improvements, flood control, street lighting, and the maintenance and operation of parks for the citizens of Harmony Grove Village. It is financed by special taxes levied on the citizens residing within the district. This fund is restricted for the maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control service.

Housing Authority - Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code (HSC) 34176 (b) and (b)(2), the City of Santee elected to transfer the housing functions of the Successor Agency to the Community Development Commission of the City of Santee, to the County of San Diego Housing Authority (Housing Authority). This fund was created in fiscal year 2013-14 and the use of this fund is restricted for housing activities.

Housing Authority - Other Fund

This fund was established to account for revenues and expenditures of programs administered by the Housing Authority. These programs assist individuals and families to reside in decent, safe, and sanitary housing. The U.S. Department of Housing and Urban Development (HUD) provides the majority of the funding for the Housing Authority's program expenditures.

In Home Supportive Services Public Authority Fund (IHSSPA)

This authority was established for the administration of the IHSSPA registry, investigation of the qualifications and background of potential registry personnel, referral of registry personnel to IHSSPA recipients and the provision for training of providers and recipients. The authority is funded by the State's social services realignment fund, federal and state programs. The monies are initially deposited into the County's General Fund, and transferred to the IHSSPA fund. This fund is restricted for in home supportive services.

Inactive Wastesites Fund

This fund was established to receive one-time homeowner association deposits and residual funds from the sale of the County’s Solid Waste System. Expenditures include repairs, maintenance and care for the County’s inactive landfill sites in accordance with all applicable governmental regulations, laws and guidelines. This fund is committed to landfill postclosure and inactive landfill maintenance.

Inmate Welfare Program Fund

This fund was established to receive telephone and other vending commissions and profits from stores operated in connection with the County jails. Fund expenditures, by law, must be solely for the benefit, education and welfare of confined inmates. This fund is restricted for the benefit, education, and welfare of jail inmates.

Lighting Maintenance District Fund

This fund was established to provide street and road lighting services to specified areas of the county. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners. This fund is restricted for street and road lighting maintenance.

Other Special Revenue Funds

These funds were established to receive user fees, land lease revenues and fines. The activities (expenditures) of this fund are restricted for retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas.

Park Land Dedication Fund

This fund was established to receive and expend special park land dedication fees from developers of land as a condition for approval of any development. The fees may be used for the purchase of land and the development of land for active park or recreational facilities. These facilities serve the future residents of such developments and the greater county at large. In lieu of the payment of these fees, the developer may dedicate land for active park or recreational facilities. This fund is restricted, as per the Park Land Dedication Ordinance, to developing new or rehabilitating existing neighborhood or community park or recreational facilities.

Road Fund

This fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds, vehicle code fines, and fees and reimbursements for engineering services provided. This fund is restricted for future road improvements.

Tobacco Securitization Joint Special Revenue Fund

The Tobacco Securitization Joint Special Revenue Fund accounts for the transactions of the San Diego County Tobacco Asset Securitization Corporation and Tobacco Securitization Authority of Southern California, two component units, that are blended into the County's financial statements. This fund is funded by restricted tobacco settlement revenues.

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

Pension Obligation Bonds Fund

This fund receives payments from the County and other agencies for payment of principal and interest due on taxable pension obligation bonds. The debt issue was used to satisfy the County's requirement to amortize the unfunded actuarial accrued liability with respect to retirement benefits accruing to members of the San Diego County Employees Retirement Association. This fund is restricted for debt service.

San Diego Regional Building Authority Fund

This fund receives interest on monies invested in permissible investments as directed by each San Diego Regional Building Authority (SDRBA) financing's Trust indenture. Debt service payments made in this fund also include payments not accounted for in the County's General Fund related to SDRBA debt issuances; and are secured by interest earnings on the aforementioned permissible investments. This fund is restricted for debt service.

SANCAL Fund

This fund receives interest on monies invested in permissible investments as directed by each San Diego County Capital Asset Leasing Corporation (SANCAL) financing's Trust indenture. Debt service payments made in this fund are secured by the aforementioned interest earnings and represent payments not accounted for in the County's General Fund related to SANCAL debt issuances. This fund is restricted for debt service.

CAPITAL PROJECTS FUND

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Capital Outlay Fund

This fund is used exclusively to finance the acquisition, construction and completion of permanent public improvements, including public buildings; and for the costs of acquiring land and permanent improvements. Revenues are obtained from grants; and contributions from other funds when approved by the Board of Supervisors. This fund is committed to capital projects.

Harmony Grove Community Facilities District Fund

This fund is used to account for expenditures of the Harmony Grove Village Special Tax A revenues and the proceeds from the sale of special tax bonds of the Harmony Grove Community Facilities District No. 2008-01. The monies are used to reimburse the developer for the construction of facilities in the Harmony Grove Community Facilities District Improvement Areas 1 and 2. The fund is restricted for capital projects per the debt covenant.

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

(In Thousands)

		Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and investments	$	452,450	10,590	24,972	488,012
Receivables, net		113,540	19	5,768	119,327
Property taxes receivables, net		753			753
Due from other funds		13,863	11	29,390	43,264
Inventories		1,228			1,228
Deposits with others		8			8
Prepaid items		426			426
Restricted assets:					
Cash with fiscal agents		403			403
Investments with fiscal agents		43,846	27	7,586	51,459
Total assets		626,517	10,647	67,716	704,880
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable		17,228		33,691	50,919
Accrued payroll		2,187			2,187
Due to other funds		9,426	780	26,119	36,325
Unearned revenue		8,166		320	8,486
Total liabilities		37,007	780	60,130	97,917
DEFERRED INFLOW OF RESOURCES					
Non-pension:					
Property taxes received in advance		498			498
Unavailable revenue		90,997			90,997
Total deferred inflows of resources		91,495			91,495
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids		4,277			4,277
Inventories and deposits with others		1,236			1,236
Restricted for:					
Creditors - Debt service		34,703	9,867		44,570
Creditors - Capital projects				7,068	7,068
Grantors - Housing assistance		11,615			11,615
Laws or regulations of other governments:					
Future road improvements		197,685			197,685
Fund purpose		145,318			145,318
Other purposes		30,982			30,982
Committed to:					
Roadway major maintenance and safety projects		14,534			14,534
Landfill closure, postclosure and landfill maintenance		57,665			57,665
Capital projects' funding				518	518
Total fund balances		498,015	9,867	7,586	515,468
Total liabilities, deferred inflows of resources and fund balances	$	626,517	10,647	67,716	704,880

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2021
(In Thousands)

	Asset Forfeiture Program Fund	Community Facilities District Funds - Other	County Library Fund	County Low and Moderate Income Housing Asset Fund
ASSETS				
Pooled cash and investments	$ 7,749	5,317	18,751	349
Receivables, net	12	9	95	4,721
Property taxes receivables, net		27	557	
Due from other funds			1,176	434
Inventories	61		3	
Deposits with others				
Prepaid items				3
Restricted assets:				
Cash with fiscal agents				
Investments with fiscal agents				
Total assets	7,822	5,353	20,582	5,507
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	71	48	2,040	
Accrued payroll			752	
Due to other funds	5	3	1,128	1
Unearned revenue		572		
Total liabilities	76	623	3,920	1
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance			374	
Unavailable revenue		25	525	1,304
Total deferred inflows of resources		25	899	1,304
FUND BALANCES				
Nonspendable:				
Not in spendable form:				
Loans, due from other funds and prepaids				3,854
Inventories and deposits with others	61		3	
Restricted for:				
Creditors - Debt service				
Grantors - Housing assistance				
Laws or regulations of other governments:				
Future road improvements				
Fund purpose	7,685	4,705	15,760	348
Other purposes				
Committed to:				
Roadway major maintenance and safety projects				
Landfill postclosure and landfill maintenance				
Total fund balances	7,746	4,705	15,763	4,202
Total liabilities, deferred inflows of resources and fund balances	$ 7,822	5,353	20,582	5,507

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2021
(In Thousands)

(Continued)		County Service District Funds	Edgemoor Development Fund	Flood Control District Fund	Harmony Grove Community Facilities District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund
ASSETS						
Pooled cash and investments	$	39,785	14,345	31,580	1,149	641
Receivables, net		572	1,414	237	3	19,109
Property taxes receivables, net		85		68		
Due from other funds		15				
Inventories		85		30		
Deposits with others						
Prepaid items						
Restricted assets:						
Cash with fiscal agents						
Investments with fiscal agents					9,346	
Total assets		40,542	15,759	31,915	10,498	19,750
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable		2,977		382		
Accrued payroll						
Due to other funds		692	1	196	121	
Unearned revenue				218		560
Total liabilities		3,669	1	796	121	560
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance		59		52		
Unavailable revenue		477		58		19,107
Total deferred inflows of resources		536		110		19,107
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids						
Inventories and deposits with others		85		30		
Restricted for:						
Creditors - Debt service						
Grantors - Housing assistance						
Laws or regulations of other governments:						
Future road improvements						
Fund purpose		36,252	15,758		10,377	83
Other purposes				30,979		
Committed to:						
Roadway major maintenance and safety projects						
Landfill postclosure and landfill maintenance						
Total fund balances		36,337	15,758	31,009	10,377	83
Total liabilities, deferred inflows of resources and fund balances	$	40,542	15,759	31,915	10,498	19,750

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2021
(In Thousands)

(Continued)	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund
ASSETS					
Pooled cash and investments	$ 7,449	4,353	57,929	16,331	5,760
Receivables, net	6,136	7	161	28	11
Property taxes receivables, net					16
Due from other funds	161	248	22	539	
Inventories				265	78
Deposits with others	8				
Prepaid items	1				
Restricted assets:					
Cash with fiscal agents	403				
Investments with fiscal agents					
Total assets	14,158	4,608	58,112	17,163	5,865
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	475	63	350	305	96
Accrued payroll		181	43		
Due to other funds	1,178	4,263	54	716	14
Unearned revenue	661				
Total liabilities	2,314	4,507	447	1,021	110
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance					13
Unavailable revenue					13
Total deferred inflows of resources					26
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	1				
Inventories and deposits with others	8			265	78
Restricted for:					
Creditors - Debt service	217				
Grantors - Housing assistance	11,615				
Laws or regulations of other governments:					
Future road improvements					
Fund purpose		101		15,877	5,651
Other purposes	3				
Committed to:					
Roadway major maintenance and safety projects					
Landfill postclosure and landfill maintenance			57,665		
Total fund balances	11,844	101	57,665	16,142	5,729
Total liabilities, deferred inflows of resources and fund balances	$ 14,158	4,608	58,112	17,163	5,865

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2021
(In Thousands)

(Continued)		Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
ASSETS						
Pooled cash and investments	$	5,849	26,698	208,415		452,450
Receivables, net		784	44	63,187	17,010	113,540
Property taxes receivables, net						753
Due from other funds		19		11,249		13,863
Inventories				706		1,228
Deposits with others						8
Prepaid items				422		426
Restricted assets:						
Cash with fiscal agents						403
Investments with fiscal agents					34,500	43,846
Total assets		6,652	26,742	283,979	51,510	626,517
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable		309	105	9,993	14	17,228
Accrued payroll		21		1,190		2,187
Due to other funds		86	109	859		9,426
Unearned revenue		43		6,112		8,166
Total liabilities		459	214	18,154	14	37,007
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance						498
Unavailable revenue				52,478	17,010	90,997
Total deferred inflows of resources				52,478	17,010	91,495
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids				422		4,277
Inventories and deposits with others				706		1,236
Restricted for:						
Creditors - Debt service					34,486	34,703
Grantors - Housing assistance						11,615
Laws or regulations of other governments:						
Future road improvements				197,685		197,685
Fund purpose		6,193	26,528			145,318
Other purposes						30,982
Committed to:						
Roadway major maintenance and safety projects				14,534		14,534
Landfill postclosure and landfill maintenance						57,665
Total fund balances		6,193	26,528	213,347	34,486	498,015
Total liabilities, deferred inflows of resources and fund balances	$	6,652	26,742	283,979	51,510	626,517

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS
June 30, 2021
(In Thousands)

	Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
ASSETS				
Pooled cash and investments	$ 1,490	4,485	4,615	10,590
Receivables, net	3	8	8	19
Due from other funds		11		11
Restricted assets:				
Investments with fiscal agents	11		16	27
Total assets	1,504	4,504	4,639	10,647
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to other funds	780			780
Total liabilities	780			780
FUND BALANCES				
Restricted for:				
Creditors - Debt service	724	4,504	4,639	9,867
Total fund balances	724	4,504	4,639	9,867
Total liabilities, deferred inflows of resources and fund balances	$ 1,504	4,504	4,639	10,647

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

June 30, 2021

(In Thousands)

	Capital Outlay Fund	Harmony Grove Community Facilities District Fund	Total Capital Projects Funds
ASSETS			
Pooled cash and investments	$ 24,972		24,972
Receivables, net	5,768		5,768
Due from other funds	29,390		29,390
Restricted Assets			
Investment with fiscal agents		7,586	7,586
Total assets	60,130	7,586	67,716
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	33,691		33,691
Due to other funds	26,119		26,119
Unearned revenue	320		320
Total liabilities	60,130		60,130
FUND BALANCES			
Restricted for:			
Creditors - Capital projects		7,068	7,068
Committed to:			
Capital projects' funding		518	518
Total fund balances		7,586	7,586
Total liabilities, deferred inflows of resources and fund balances	$ 60,130	7,586	67,716

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 59,395			59,395
Licenses, permits and franchise fees	15,521			15,521
Fines, forfeitures and penalties	1,134			1,134
Revenue from use of money and property	2,817	1,261	1	4,079
Aid from other governmental agencies:				
State	117,938		3,660	121,598
Federal	171,245		539	171,784
Other	19,211		176	19,387
Charges for current services	36,472		405	36,877
Other	38,026	4,878	542	43,446
Total revenues	461,759	6,139	5,323	473,221
Expenditures:				
Current:				
General government	503	1,035	4,342	5,880
Public protection	8,397			8,397
Public ways and facilities	77,269			77,269
Health and sanitation	67,208			67,208
Public assistance	201,195			201,195
Education	49,388			49,388
Recreation and cultural	3,156			3,156
Capital outlay	66,679		217,333	284,012
Debt service:				
Principal	16,738	55,915		72,653
Interest	17,910	26,396		44,306
Bond issuance costs	10	797		807
Payment to refunded bond escrow agent		3,881		3,881
Total expenditures	508,453	88,024	221,675	818,152
Excess (deficiency) of revenues over (under) expenditures	(46,694)	(81,885)	(216,352)	(344,931)
Other financing sources (uses):				
Sale of capital assets	24			24
Issuance of bonds and loans:				
Premium on issuance of refunding bonds		3,432		3,432
Refunding bonds issued		45,725		45,725
Payment to refunded bond escrow agent		(48,344)		(48,344)
Transfers in	54,012	75,821	214,077	343,910
Transfers out	(21,511)			(21,511)
Total other financing sources (uses)	32,525	76,634	214,077	323,236
Net change in fund balances	(14,169)	(5,251)	(2,275)	(21,695)
Fund balances at beginning of year	512,096	15,118	9,861	537,075
Increase (decrease) in nonspendable inventories	88			88
Fund balances at end of year	$ 498,015	9,867	7,586	515,468

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2021

(In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	Community Facilities District Funds Other	County Library Fund	County Low and Moderate Income Housing Asset Fund
Revenues:					
Taxes			2,270	41,505	
Licenses, permits and franchise fees	$ 5,093				
Fines, forfeitures and penalties	749	293			
Revenue from use of money and property	(625)	(42)	14	(66)	11
Aid from other governmental agencies:					
State	3,952			364	
Federal	1,120	439		2,129	
Other	5,733			7,004	
Charges for current services	611			162	
Other			420	158	7
Total revenues	16,633	690	2,704	51,256	18
Expenditures:					
Current:					
General government					
Public protection		452	212		
Public ways and facilities					
Health and sanitation	45,859				
Public assistance					19
Education				49,388	
Recreation and cultural			79		
Capital outlay	226	685		1,364	
Debt service:					
Principal					
Interest					
Bond issuance costs					
Total expenditures	46,085	1,137	291	50,752	19
Excess (deficiency) of revenues over (under) expenditures	(29,452)	(447)	2,413	504	(1)
Other financing sources (uses):					
Sale of capital assets	1				
Transfers in					
Transfers out	(1,148)	(2,322)	(102)	(1,719)	
Total other financing sources (uses)	(1,147)	(2,322)	(102)	(1,719)	
Net change in fund balances	(30,599)	(2,769)	2,311	(1,215)	(1)
Fund balances at beginning of year	30,599	10,524	2,394	16,978	4,203
Increase (decrease) in nonspendable inventories		(9)			
Fund balances at end of year		$ 7,746	4,705	15,763	4,202

Continued on next page

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)	County Service District Funds	Edgemoor Development Fund	Flood Control District Fund	Harmony Grove Community Facilities District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund
Revenues:					
Taxes	$ 7,745		5,681	800	
Licenses, permits and franchise fees					
Fines, forfeitures and penalties					
Revenue from use of money and property	90	166	(107)	5	(1)
Aid from other governmental agencies:					
State	31		33		
Federal		1,921	1		
Other	5,212		142		
Charges for current services	9,762		878	77	
Other	483		1		54
Total revenues	23,323	2,087	6,629	882	53
Expenditures:					
Current:					
General government	252	35			
Public protection	1,811		4,443		
Public ways and facilities	2,895			573	
Health and sanitation	13,625				
Public assistance					1
Education					
Recreation and cultural	2,163				
Capital outlay			1,476		
Debt service:					
Principal					
Interest					
Bond issuance costs					
Total expenditures	20,746	35	5,919	573	1
Excess (deficiency) of revenues over (under) expenditures	2,577	2,052	710	309	52
Other financing sources (uses):					
Sale of capital assets	2				
Transfers in	10		3,146		
Transfers out	(2,061)	(8,099)		(518)	
Total other financing sources (uses)	(2,049)	(8,099)	3,146	(518)	
Net change in fund balances	528	(6,047)	3,856	(209)	52
Fund balances at beginning of year	35,810	21,805	27,151	10,586	31
Increase (decrease) in nonspendable inventories	(1)		2		
Fund balances at end of year	$ 36,337	15,758	31,009	10,377	83

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund
Revenues:					
Taxes					1,394
Licenses, permits and franchise fees					
Fines, forfeitures and penalties					
Revenue from use of money and property	$ 1,094	42	120	2,750	(1)
Aid from other governmental agencies:					
State					8
Federal	161,866		15		
Other	1,119				1
Charges for current services	2,980	2,119	203		1,220
Other	329	1,829	5	19	
Total revenues	167,388	3,990	343	2,769	2,622
Expenditures:					
Current:					
General government					
Public protection				1,458	
Public ways and facilities					1,572
Health and sanitation			5,072		
Public assistance	168,398	32,777			
Education					
Recreation and cultural					
Capital outlay				43	
Debt service:					
Principal	153				160
Interest	12				8
Bond issuance costs					
Total expenditures	168,563	32,777	5,072	1,501	1,740
Excess (deficiency) of revenues over (under) expenditures	(1,175)	(28,787)	(4,729)	1,268	882
Other financing sources (uses):					
Sale of capital assets				21	
Transfers in		28,786		2,106	
Transfers out	(739)		(54)	(2,308)	
Total other financing sources (uses)	(739)	28,786	(54)	(181)	
Net change in fund balances	(1,914)	(1)	(4,783)	1,087	882
Fund balances at beginning of year	13,758	102	62,448	15,045	4,845
Increase (decrease) in nonspendable inventories				10	2
Fund balances at end of year	$ 11,844	101	57,665	16,142	5,729

Continued on next page

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)		Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
Revenues:						
Taxes						59,395
Licenses, permits and franchise fees			3,718	6,710		15,521
Fines, forfeitures and penalties	$	92				1,134
Revenue from use of money and property		(50)	(31)	(562)	10	2,817
Aid from other governmental agencies:						
State		431		113,119		117,938
Federal		13		3,741		171,245
Other						19,211
Charges for current services		3,454		15,006		36,472
Other				357	34,364	38,026
Total revenues		3,940	3,687	138,371	34,374	461,759
Expenditures:						
Current:						
General government					216	503
Public protection		21				8,397
Public ways and facilities				72,229		77,269
Health and sanitation		2,652				67,208
Public assistance						201,195
Education						49,388
Recreation and cultural			914			3,156
Capital outlay				62,885		66,679
Debt service:						
Principal					16,425	16,738
Interest					17,890	17,910
Bond issuance costs					10	10
Total expenditures		2,673	914	135,114	34,541	508,453
Excess (deficiency) of revenues over (under) expenditures		1,267	2,773	3,257	(167)	(46,694)
Other financing sources (uses):						
Sale of capital assets						24
Transfers in				19,964		54,012
Transfers out		(78)	(638)	(1,725)		(21,511)
Total other financing sources (uses)		(78)	(638)	18,239		32,525
Net change in fund balances		1,189	2,135	21,496	(167)	(14,169)
Fund balances at beginning of year		5,004	24,393	191,767	34,653	512,096
Increase (decrease) in nonspendable inventories				84		88
Fund balances at end of year	$	6,193	26,528	213,347	34,486	498,015

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

For the Year Ended June 30, 2021

(In Thousands)

		Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
Revenues:					
Revenue from use of money and property	$	174	1,073	14	1,261
Other		4,878			4,878
Total revenues		5,052	1,073	14	6,139
Expenditures:					
Current:					
General government			1,035		1,035
Debt service:					
Principal		55,915			55,915
Interest		25,569	202	625	26,396
Bond issuance costs				797	797
Payment to refunded bond escrow agent				3,881	3,881
Total expenditures		81,484	1,237	5,303	88,024
Excess (deficiency) of revenues over (under) expenditures		(76,432)	(164)	(5,289)	(81,885)
Other financing sources (uses):					
Issuance of bonds and loans:					
Premium on issuance of refunding bonds				3,432	3,432
Refunding bonds issued				45,725	45,725
Payment to refunded bond escrow agent				(48,344)	(48,344)
Transfers in		75,811		10	75,821
Total other financing sources (uses)		75,811		823	76,634
Net change in fund balances		(621)	(164)	(4,466)	(5,251)
Fund balances at beginning of year		1,345	4,668	9,105	15,118
Fund balances at end of year	$	724	4,504	4,639	9,867

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2021
(In Thousands)

	Capital Outlay Fund	Harmony Grove Community Facilities District Fund	Total Capital Projects Funds
Revenues:			
Revenue from use of money and property		1	1
Aid from other governmental agencies:			
State	$ 3,660		3,660
Federal	539		539
Other	176		176
Charges for current services	405		405
Other	542		542
Total revenues	5,322	1	5,323
Expenditures:			
Current:			
General government	4,342		4,342
Capital outlay	214,539	2,794	217,333
Total expenditures	218,881	2,794	221,675
Excess (deficiency) of revenues over (under) expenditures	(213,559)	(2,793)	(216,352)
Other financing sources (uses):			
Transfers in	213,559	518	214,077
Total other financing sources (uses)	213,559	518	214,077
Net change in fund balances		(2,275)	(2,275)
Fund balances at beginning of year		9,861	9,861
Fund balances at end of year		$ 7,586	7,586

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
AIR POLLUTION FUND
For the Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	$ 8,626	5,169	5,093
Fines, forfeitures and penalties	1,030	726	749
Revenue from use of money and property	220	145	(625)
Aid from other governmental agencies:			
State	47,183	4,203	3,952
Federal	2,484	1,068	1,120
Other	11,305	5,733	5,733
Charges for current services	989	611	611
Other	30		
Total revenues	71,867	17,655	16,633
Expenditures:			
Current:			
Health and sanitation:			
Air pollution control, air quality Farmer program	1,231	52	51
Air pollution control, air quality Proposition 1B GMER program	10,913		
Air pollution control, air quality State AQIP program	5,986	983	983
Air pollution control, improvement trust	11,509	43	42
Air pollution control, Moyer program	8,438	1,913	1,913
Air pollution control, operations	47,460	14,386	42,870
Total health and sanitation	85,537	17,377	45,859
Capital outlay	2,146	226	226
Total expenditures	87,683	17,603	46,085
Excess (deficiency) of revenues over (under) expenditures	(15,816)	52	(29,452)
Other financing sources (uses):			
Sale of capital assets			1
Transfers in	6,331		
Transfers out	(8,479)	(1,149)	(1,148)
Total other financing sources (uses)	(2,148)	(1,149)	(1,147)
Net change in fund balances	(17,964)	(1,097)	(30,599)
Fund balances at beginning of year	30,599	30,599	30,599
Fund balances at end of year	$ 12,635	29,502	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ASSET FORFEITURE PROGRAM FUND

For the Year Ended June 30, 2021

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties			293
Revenue from use of money and property			(42)
Aid from other governmental agencies:			
Federal			439
Total revenues			690
Expenditures:			
Current:			
Public protection:			
District attorney asset forfeiture program - federal	$ 750	750	184
District attorney asset forfeiture program - state	100	100	45
District attorney asset forfeiture program - US Treasury	50	50	
Probation asset forfeiture program	100	100	
Sheriff's asset forfeiture program	2,758	2,517	203
Sheriff's asset forfeiture State	900	900	20
Total public protection	4,658	4,417	452
Capital outlay	828	1,068	685
Total expenditures	5,486	5,485	1,137
Excess (deficiency) of revenues over (under) expenditures	(5,486)	(5,485)	(447)
Other financing sources (uses):			
Transfers out	(2,500)	(2,500)	(2,322)
Total other financing sources (uses)	(2,500)	(2,500)	(2,322)
Net change in fund balances	(7,986)	(7,985)	(2,769)
Fund balances at beginning of year	10,524	10,524	10,524
Increase (decrease) in nonspendable inventories		(9)	(9)
Fund balances at end of year	$ 2,538	2,530	7,746

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY FACILITIES DISTRICT FUNDS - OTHER

For the Year Ended June 30, 2021

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 822	1,475	2,270
Revenue from use of money and property	11	11	14
Aid from other governmental agencies:			
Charges for current services	653		
Other	358	358	420
Total revenues	1,844	1,844	2,704
Expenditures:			
Current:			
Public protection:			
CSA 135 CFD 04-1 Special Tax A	5		
CSA 135 E Otay Mesa CFD 09-1 Special Tax A	130	34	34
CSA 135 E Otay Mesa CFD 09-1 Special Tax B	519	7	7
Horse Creek Ridge CFD 13-01 Special Tax C	274	274	117
SDCFPD CFD 04-01 Special Tax A		5	1
SDCFPD EOM CFD 09-01 Special Tax A		96	49
SDCFPD EOM CFD 09-01 Special Tax B		511	4
Total public protection	928	927	212
Recreation and cultural:			
Horse Creek Ridge CFD 13-01 Interim	174	174	79
Horse Creek Ridge CFD 13-01 Special Tax A	384	384	
Sweetwater pl maint CFD 19-02 Special Tax	19	19	
Total recreation and cultural	577	577	79
Total expenditures	1,505	1,504	291
Excess (deficiency) of revenues over (under) expenditures	339	340	2,413
Other financing sources (uses):			
Transfers out	(347)	(347)	(102)
Total other financing sources (uses)	(347)	(347)	(102)
Net change in fund balances	(8)	(7)	2,311
Fund balances at the beginning of the year	2,394	2,394	2,394
Fund balances at end of the year	$ 2,386	2,387	4,705

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COUNTY LIBRARY FUND

For the Year Ended June 30, 2021

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	39,236	39,236	41,505
Revenue from use of money and property		105	105	(66)
Aid from other governmental agencies:				
State		267	267	364
Federal			561	2,129
Other		3,207	3,342	7,004
Charges for current services		538	538	162
Other		554	554	158
Total revenues		43,907	44,603	51,256
Expenditures:				
Current:				
Education:				
County library		52,922	53,959	49,388
Total education		52,922	53,959	49,388
Capital outlay		2,050	2,050	1,364
Total expenditures		54,972	56,009	50,752
Excess (deficiency) of revenues over (under) expenditures		(11,065)	(11,406)	504
Other financing sources (uses):				
Transfers out		(3,274)	(2,933)	(1,719)
Total other financing sources (uses)		(3,274)	(2,933)	(1,719)
Net change in fund balances		(14,339)	(14,339)	(1,215)
Fund balances at beginning of year		16,978	16,978	16,978
Fund balances at end of year	$	2,639	2,639	15,763

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

COUNTY LOW AND MODERATE INCOME HOUSING ASSET FUND

For the Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 5	5	11
Aid from other governmental agencies:			
Other	22	22	7
Total revenues	27	27	18
Expenditures:			
Current:			
Public assistance:			
CSHAF Gillespie housing	25	25	19
CSHAF USDRIP housing	4	4	
Total public assistance	29	29	19
Total expenditures	29	29	19
Excess (deficiency) of revenues over (under) expenditures	(2)	(2)	(1)
Net change in fund balances	(2)	(2)	(1)
Fund balances at beginning of year	4,203	4,203	4,203
Fund balances at end of year	$ 4,201	4,201	4,202

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

COUNTY SERVICE DISTRICT FUNDS

For the Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 6,494	6,850	7,745
Revenue from use of money and property	504	567	90
Aid from other governmental agencies:			
State	19	19	31
Federal	691	691	
Other	3,336	3,336	5,212
Charges for current services	10,660	10,240	9,762
Other	303	303	483
Total revenues	22,007	22,006	23,323
Expenditures:			
Current:			
General government:			
CSA 135 Zone B Del Mar Regional Communication System	47	47	36
CSA 135 Zone F Poway Regional Communication System	166	166	155
CSA 135 Zone H Solana Beach Regional Communication System	60	60	53
CSA 135 Zone K Borrego Springs Regional Communication System	9	9	8
Total general government	282	282	252
Public protection:			
CSA 115 Pepper Drive fire protection		3	3
CSA 135 EMS fire protection	1,828	597	598
CSA 135 Mt Laguna fire med service zone	18	8	9
CSA 135 Palomar Mt fire med service zone	64	8	7
CSA 135 San Pasqual fire med service zone	43	43	3
CSA 135 Descanso fire med service zone	59	6	6
CSA 135 Dulzura fire med service zone	12		
CSA 135 Tecate fire med service zone	13		
CSA 135 Potrero fire med service zone	16		
CSA 135 Jacumba fire med service zone	17	5	5
CSA 135 Rural West fire med service zone	481	32	33
CSA 135 Julian fire med service zone	102	11	11
CSA 135 Yuima fire med service zone	50	2	2
San Diego County Fire Protection District		1,230	859
SDCFPD Mt Laguna		10	9
SDCFPD Palomar		55	27
SDCFPD Descanso		52	27
SDCFPD Dulzura		12	
SDCFPD Tecate		13	
SDCFPD Potrero		16	
SDCFPD Jacumba		12	10
SDCFPD Rural West		447	129
SDCFPD Yuima		48	
SDCFPD Julian		91	73
Total public protection	$ 2,703	2,701	1,811

Continued on next page

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COUNTY SERVICE DISTRICT FUNDS

For the Year Ended June 30, 2021

(In Thousands)

(Continued)		Original Budget	Final Budget	Actual
Public ways and facilities:				
PRD 6 Pauma Valley	$	268	268	11
PRD 8 Magee RD-PALA		267	267	4
PRD 9 B Santa Fe		147	147	6
PRD 10 Davis Dr		27	27	23
PRD 11 A Bernardo RD		37	37	4
PRD 11 C Bernardo RD		5	5	3
PRD 11 D Bernardo RD		22	22	4
PRD 12 Lomair		197	222	168
PRD 13 A Pala Mesa		192	206	124
PRD 13 B Stewart Canyon		46	46	33
PRD 16 Wynola		159	159	8
PRD 18 Harrison Park		224	224	38
PRD 20 Daily Road		336	456	287
PRD 21 Pauma Heights		664	664	82
PRD 22 W Dougherty St		4	4	2
PRD 23 Rock Terrace RD		36	36	4
PRD 24 MT Whitney RD		78	78	12
PRD 30 Royal Oaks-Carroll		43	43	6
PRD 38 Gay Rio Terrace		56	56	5
PRD 45 Rincon Springs		33	33	3
PRD 46 Rocoso Road		22	22	6
PRD 49 Sunset Knolls Road		62	62	10
PRD 50 Knoll Park Lane		61	61	47
PRD 53 Knoll Park Lane EX		195	196	89
PRD 54 Mt Helix		153	153	95
PRD 55 Rainbow Crest		480	481	328
PRD 60 River Drive		104	104	82
PRD 61 Green Meadow Way		191	191	2
PRD 63 Hillview Road		513	513	4
PRD 70 El Camino Corto		33	33	4
PRD 75 A Gay Rio Drive		213	225	218
PRD 75 B Gay Rio Drive		314	314	311
PRD 76 Kingford Ct		76	76	69
PRD 77 Montiel Truck Trail		140	140	13
PRD 78 Gardena Way		85	85	4
PRD 80 Harris Truck Trail		219	219	(12)
PRD 88 East Fifth St		28	28	5
PRD 90 South Cordoba	$	22	22	2

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY SERVICE DISTRICT FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)	Original Budget	Final Budget	Actual
PRD 94 Roble Grande Road	$ 431	431	19
PRD 95 Valle Del Sol	279	279	9
PRD 99 Via Allondra Del Corvo	33	33	4
PRD 101 A Hi Ridge Rd	11	11	6
PRD 101 Johnson Lake	65	65	6
PRD 102 Mtn Meadow	143	143	36
PRD 103 Alto Drive	226	226	108
PRD 104 Artesian Rd	127	127	91
PRD 105 A Alta Loma Dr	88	88	42
PRD 105 Alta Loma Dr	66	66	28
PRD 106 Garrison Way ET AL	45	45	6
PRD 117 Legend Rock	307	307	122
PRD 123 Mizpah Lane	62	62	36
PRD 125 Wrightwood Road	16	16	5
PRD 126 Sandhurst Way	7	7	3
PRD 127 Singing Trails Dr	125	125	114
PRD 130 Wilkes Road	239	239	9
PRD 133 Ranch Creek Road	52	52	4
PRD 134 Kenora Lane	89	89	6
PRD 1003 Alamo Way	15	15	4
PRD 1005 Eden Valley Lane	96	96	3
PRD 1008 Canter	50	50	27
PRD 1010 Alpine Highlands	407	408	33
PRD 1011 La Cuesta	88	89	18
PRD 1012 Millar	72	72	4
PRD 1013 Singing Trails	41	41	7
PRD 1014 Lavender Pt Lane	44	44	32
PRD 1015 Landavo Drive ET AL	58	58	5
PRD 1016 El Sereno Way	80	80	4
Total public ways and facilities	9,114	9,289	2,895
Health and sanitation:			
CSA 17 San Dieguito Ambulance	5,898	5,898	5,296
CSA 69 Heartland Paramedics	8,696	8,696	8,315
PRD 122 Otay Mesa East	7	7	
PRD 136 Sundance Detention Basin	26	26	14
Total health and sanitation	$ 14,627	14,627	13,625

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COUNTY SERVICE DISTRICT FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)	Original Budget	Final Budget	Actual
Recreation and cultural:			
CSA 26 LMD Zone 2 Julian	$ 50	50	43
CSA 26 Rancho San Diego	164	164	81
CSA 26 San Diego landscape maintenance	136	136	131
CSA 81 Fallbrook Park	239	239	217
CSA 83 San Dieguito Local Park	1,301	1,262	577
CSA 83A 4S Ranch Park	909	907	452
CSA 128 San Miguel Park	493	493	384
PRD 26 A Cottonwood Village	168	168	150
PRD 26 B Monte Vista	309	309	128
Total recreation and cultural	3,769	3,728	2,163
Total expenditures	30,495	30,627	20,746
Excess (deficiency) of revenues over (under) expenditures	(8,488)	(8,621)	2,577
Other financing sources (uses):			
Sale of capital assets			2
Transfer In	(6,476)	(6,476)	10
Transfers out	3,897	1,859	(2,061)
Total other financing sources (uses)	(2,579)	(4,617)	(2,049)
Net change in fund balances	(11,067)	(13,238)	528
Fund balances at beginning of year	35,810	35,810	35,810
Increase (decrease) in nonspendable inventories		(1)	(1)
Fund balances at end of year	$ 24,743	22,571	36,337

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
EDGEMOOR DEVELOPMENT FUND
For the Year Ended June 30, 2021
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	330	330	166
Aid from other governmental agencies:				
Federal		1,853	1,853	1,921
Total revenues		2,183	2,183	2,087
Expenditures:				
Current:				
General government:				
Edgemoor development fund		360	360	35
Total general government		360	360	35
Total expenditures		360	360	35
Excess (deficiency) of revenues over (under) expenditures		1,823	1,823	2,052
Other financing sources (uses):				
Transfers out		(8,099)	(8,099)	(8,099)
Total other financing sources (uses)		(8,099)	(8,099)	(8,099)
Net change in fund balances		(6,276)	(6,276)	(6,047)
Fund balances at beginning of year		21,805	21,805	21,805
Fund balances at end of year	$	5,529	15,529	15,758

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FLOOD CONTROL DISTRICT FUND

For the Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 4,814	4,814	5,681
Revenue from use of money and property	83	83	(107)
Aid from other governmental agencies:			
State			33
Federal			1
Other	160	160	142
Charges for current services	130	132	878
Other			1
Total revenues	5,187	5,189	6,629
Expenditures:			
Current:			
Public protection:			
Flood control district	16,637	16,640	4,355
Stormwater maintenance, Blackwolf	13	13	1
Stormwater maintenance, Lake Rancho Viejo	105	104	85
Stormwater maintenance, Ponderosa Estates	13	13	2
Total public protection	16,768	16,770	4,443
Capital outlay	1,476	1,476	1,476
Total expenditures	18,244	18,246	5,919
Excess (deficiency) of revenues over (under) expenditures	(13,057)	(13,057)	710
Other financing sources (uses):			
Transfer In	3,146	3,146	3,146
Total other financing sources (uses)	3,146	3,146	3,146
Net change in fund balances	(9,911)	(9,911)	3,856
Fund balances at beginning of year	27,151	27,151	27,151
Increase (decrease) in nonspendable inventories		2	2
Fund balances at end of year	$ 17,240	17,242	31,009

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HARMONY GROVE COMMUNITY FACILITIES DISTRICT FUND

For the Year Ended June 30, 2021

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	732	768	800
Revenue from use of money and property		1	1	5
Aid from other governmental agencies:				
Charges for current services		38	37	77
Total revenues		771	806	882
Expenditures:				
Current:				
Public protection:				
Harmony Grove CFD 08-01 flood control spec tax B		195	195	
Total public protection		195	195	
Public ways and facilities:				
Harmony Grove CFD 08-01 oth svcs spec tax B		796	796	144
Harmony Grove CFD 08-01 fire protection		381	442	429
Harmony Grove CFD 08-01 improvement		9,786	9,267	
Total public ways and facilities		10,963	10,505	573
Total expenditures		11,158	10,700	573
Excess (deficiency) of revenues over (under) expenditures		(10,387)	(9,894)	309
Other financing sources (uses):				
Transfer In			(518)	
Transfers out				(518)
Total other financing sources (uses)			(518)	(518)
Net change in fund balances		(10,387)	(10,412)	(209)
Fund balances at beginning of year		10,586	10,586	10,586
Fund balances at end of year	$	99	174	10,377

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
HOUSING AUTHORITY - LOW AND MODERATE INCOME HOUSING ASSET FUND
For the Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 15	15	(1)
Aid from other governmental agencies:			
Other	11	11	
Other			54
Total revenues	26	26	53
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	26	26	1
Total public assistance	26	26	1
Total expenditures	26	26	1
Excess (deficiency) of revenues over (under) expenditures			52
Net change in fund balances			52
Fund balances at beginning of year	31	31	31
Fund balances at end of year	$ 31	31	83

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AUTHORITY - OTHER FUND

For the Year Ended June 30, 2021

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 1,207	1,207	1,094
Aid from other governmental agencies:			
Federal	164,236	164,236	161,866
Other	5,189	5,189	1,119
Charges for current services	2,866	2,866	2,980
Other	2,553	2,553	329
Total revenues	176,051	176,051	167,388
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	177,384	177,384	168,398
Total public assistance	177,384	177,384	168,398
Debt service:			
Principal	165	165	153
Interest	16	16	12
Total expenditures	177,565	177,565	168,563
Excess (deficiency) of revenues over (under) expenditures	(1,514)	(1,514)	(1,175)
Other financing sources (uses):			
Transfer In	(137)	(137)	
Transfers out	(363)	(363)	(739)
Total other financing sources (uses)	(500)	(500)	(739)
Net change in fund balances	(2,014)	(2,014)	(1,914)
Fund balances at beginning of year	13,758	13,758	13,758
Fund balances at end of year	$ 11,744	11,744	11,844

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY FUND
For the Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property			42
Aid from other governmental agencies:			
Charges for current services	$ 1,578	1,578	2,119
Other			1,829
Total revenues	1,578	1,578	3,990
Expenditures:			
Current:			
Public assistance:			
IHSS public authority	34,632	34,632	32,777
Total public assistance	34,632	34,632	32,777
Total expenditures	34,632	34,632	32,777
Excess (deficiency) of revenues over (under) expenditures	(33,054)	(33,054)	(28,787)
Other financing sources (uses):			
Transfer In	33,054	33,054	28,786
Total other financing sources (uses)	33,054	33,054	28,786
Net change in fund balances			(1)
Fund balances at beginning of year	102	102	102
Fund balances at end of year	$ 102	102	101

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INACTIVE WASTESITES FUND

For the Year Ended June 30, 2021

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 266	266	120
Aid from other governmental agencies:			
State	700	700	
Federal		43	15
Charges for current services	6,163	6,164	203
Other			5
Total revenues	7,129	7,173	343
Expenditures:			
Current:			
Health and sanitation:			
Duck pond landfill cleanup	15	15	
Inactive waste site management	7,838	7,882	5,072
Total health and sanitation	7,853	7,897	5,072
Total expenditures	7,853	7,897	5,072
Excess (deficiency) of revenues over (under) expenditures	(724)	(724)	(4,729)
Other financing sources (uses):			
Transfers out	(51)	(51)	(54)
Total other financing sources (uses)	(51)	(51)	(54)
Net change in fund balances	(775)	(775)	(4,783)
Fund balances at beginning of year	62,448	62,448	62,448
Fund balances at end of year	$ 61,673	61,673	57,665

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INMATE WELFARE PROGRAM FUND

For the Year Ended June 30, 2021

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	2,793	2,793	2,750
Other		115	115	19
Total revenues		2,908	2,908	2,769
Expenditures:				
Current:				
Public protection:				
Probation inmate welfare		95	95	60
Sheriff's inmate welfare - adult detention		5,325	5,325	1,398
Sheriff's inmate welfare - police protection		15	15	
Total public protection		5,435	5,435	1,458
Capital outlay		93	93	43
Total expenditures		5,528	5,528	1,501
Excess (deficiency) of revenues over (under) expenditures		(2,620)	(2,620)	1,268
Other financing sources (uses):				
Sale of capital assets				21
Transfer In		3,044	3,044	2,106
Transfers out		(4,377)	(4,377)	(2,308)
Total other financing sources (uses)		(1,333)	(1,333)	(181)
Net change in fund balances		(3,953)	(3,953)	1,087
Fund balances at beginning of year		15,045	15,045	15,045
Increase (decrease) in nonspendable inventories			10	10
Fund balances at end of year	$	11,092	11,102	16,142

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LIGHTING MAINTENANCE DISTRICT FUND
For the Year Ended June 30, 2021
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	1,271	1,271	1,394
Revenue from use of money and property		38	38	(1)
Aid from other governmental agencies:				
State		8	8	8
Other		2	2	1
Charges for current services		1,204	1,204	1,220
Total revenues		2,523	2,523	2,622
Expenditures:				
Current:				
Public ways and facilities:				
San Diego lighting maintenance		2,594	2,594	1,572
Total public ways and facilities		2,594	2,594	1,572
Debt service:				
Principal		160	160	160
Interest		8	8	8
Total expenditures		2,762	2,762	1,740
Excess (deficiency) of revenues over (under) expenditures		(239)	(239)	882
Net change in fund balances		(239)	(239)	882
Fund balances at beginning of year		4,845	4,845	4,845
Increase (decrease) in nonspendable inventories			2	2
Fund balances at end of year	$	4,606	4,608	5,729

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OTHER SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2021

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	$ 96	96	92
Revenue from use of money and property			(50)
Aid from other governmental agencies:			
State	312	312	431
Federal			13
Charges for current services	3,089	3,089	3,454
Total revenues	3,497	3,497	3,940
Expenditures:			
Current:			
Public protection:			
Agriculture, weights and measures - fish and game	18	58	21
Grazing advisory board	9	9	
Public works, survey	350	350	
Total public protection	377	417	21
Health and sanitation:			
Sanitation - waste planning and recycling	5,063	5,063	2,652
Total health and sanitation	5,063	5,063	2,652
Total expenditures	5,440	5,480	2,673
Excess (deficiency) of revenues over (under) expenditures	(1,943)	(1,983)	1,267
Other financing sources (uses):			
Transfers out	(72)	(72)	(78)
Total other financing sources (uses)	(72)	(72)	(78)
Net change in fund balances	(2,015)	(2,055)	1,189
Fund balances at beginning of year	5,004	5,004	5,004
Fund balances at end of year	$ 2,989	2,949	6,193

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARK LAND DEDICATION FUND
For the Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	$ 11	11	3,718
Revenue from use of money and property	31	31	(31)
Total revenues	42	42	3,687
Expenditures:			
Current:			
Recreation and cultural:			
PLD administrative fee	12	42	42
Local Park Planning Area 4 Lincoln Acres	1	1	
Local Park Planning Area 15 Sweetwater	1	1	
Local Park Planning Area 19 Jamul	51	51	
Local Park Planning Area 20 Spring Valley	2	2	1
Local Park Planning Area 25 Lakeside	5	5	
Local Park Planning Area 26 Crest	1	1	
Local Park Planning Area 27 Alpine	4	4	
Local Park Planning Area 28 Ramona	561	561	552
Local Park Planning Area 29 Escondido	1	1	
Local Park Planning Area 30 San Marcos	1	1	
Local Park Planning Area 31 San Dieguito	5	5	5
Local Park Planning Area 35 Fallbrook	2	2	
Local Park Planning Area 36 Bonsall	254	254	3
Local Park Planning Area 37 Vista	1	1	
Local Park Planning Area 38 Valley Center	23	343	305
Local Park Planning Area 39 Pauma	1	1	
Local Park Planning Area 40 Palomar-Julian	332	332	2
Local Park Planning Area 41 Mount Empire	112	112	
Local Park Planning Area 42 Anza-Borrego	3	3	1
Local Park Planning Area 43 Central Mountain	2	2	
Local Park Planning Area 45 Valle de Oro	4	4	3
Total recreation and cultural	1,379	1,729	914
Total expenditures	1,379	1,729	914
Excess (deficiency) of revenues over (under) expenditures	(1,337)	(1,687)	2,773
Other financing sources (uses):			
Transfers out	(7,146)	(7,188)	(638)
Total other financing sources (uses)	(7,146)	(7,188)	(638)
Net change in fund balances	(8,483)	(8,875)	2,135
Fund balances at beginning of year	24,393	24,393	24,393
Fund balances at end of year	$ 15,910	15,518	26,528

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ROAD FUND

For the Year Ended June 30, 2021

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Licenses, permits and franchise fees	$	6,061	6,061	6,710
Revenue from use of money and property		1,525	1,524	(562)
Aid from other governmental agencies:				
State		111,606	121,707	113,119
Federal		14,143	24,199	3,741
Charges for current services		12,641	17,978	15,006
Other		1,225	1,225	357
Total revenues		147,201	172,694	138,371
Expenditures:				
Current:				
Public ways and facilities:				
Public works, road		202,081	237,934	72,229
Total public ways and facilities		202,081	237,934	72,229
Capital outlay		62,932	62,932	62,885
Total expenditures		265,013	300,866	135,114
Excess (deficiency) of revenues over (under) expenditures		(117,812)	(128,172)	3,257
Other financing sources (uses):				
Transfer In		9,354	19,964	19,964
Transfers out		(1,585)	(1,835)	(1,725)
Total other financing sources (uses)		7,769	18,129	18,239
Net change in fund balances		(110,043)	(110,043)	21,496
Fund balances at the beginning of year		191,767	191,767	191,767
Increase (decrease) in nonspendable inventories			84	84
Fund balances at end of year	$	81,724	81,808	213,347

ENTERPRISE FUNDS

Airport Fund

This fund is used to account for 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 Fund

This fund was established to provide for 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.

San Diego County Sanitation District Fund

This fund was established to provide sewer service to customers in the unincorporated county. The County Board of Supervisors serves as the District's Board of Directors for governance matters.

Sanitation District - Other Fund

This fund was established to provide water and sewer service, maintenance, and repairs of water and wastewater infrastructure to customers in the unincorporated county. The County Board of Supervisors serves as the District's Board of Directors for governance matters.

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2021
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	San Diego County Sanitation District Fund	Sanitation District - Other Fund	Total Enterprise Funds
ASSETS					
Current assets:					
Pooled cash and investments	$ 22,259	1,277	45,995	8,816	78,347
Receivables, net	2,655	298	151	59	3,163
Due from other funds	62		130	314	506
Inventories	1	224		1	226
Prepaid Items	1				1
Total current assets	24,978	1,799	46,276	9,190	82,243
Noncurrent assets:					
Due from other funds	3,164				3,164
Capital assets:					
Land	12,536		1,069	20	13,625
Construction in progress	6,063		3,667	300	10,030
Buildings and improvements	127,928		18,527	721	147,176
Equipment	2,467	367	3,746	671	7,251
Software	297				297
Road infrastructure	25,227				25,227
Sewer infrastructure			110,297		110,297
Accumulated depreciation/amortization	(65,344)	(159)	(58,803)	(766)	(125,072)
Total noncurrent assets	112,338	208	78,503	946	191,995
Total assets	137,316	2,007	124,779	10,136	274,238
DEFERRED OUTFLOWS OF RESOURCES					
Pension:					
Contributions to the pension plan subsequent to the measurement date	1,125			1,387	2,512
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	32			27	59
Changes of assumptions or other inputs	580			520	1,100
Net difference between projected and actual earnings on pension plan investments	1,049			1,406	2,455
Difference between expected and actual experience in the total pension liability	180			259	439
OPEB:					
Contributions to OPEB subsequent to the measurement date	38			53	91
Total deferred outflows of resources	$ 3,004			3,652	6,656

Continued on next page

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2021
(In Thousands)

(Continued)	Airport Fund	Jail Stores Commissary Fund	San Diego County Sanitation District Fund	Sanitation District - Other Fund	Total Enterprise Funds
LIABILITIES					
Current liabilities:					
Accounts payable	$ 1,286	705	493	20	2,504
Accrued payroll	116			156	272
Due to other funds	256	960	503	349	2,068
Unearned revenue	234				234
Compensated absences	94			130	224
Total current liabilities	1,986	1,665	996	655	5,302
Noncurrent liabilities:					
Compensated absences	160			220	380
Net pension liability	8,992			10,406	19,398
Net OPEB liability	211			250	461
Total noncurrent liabilities	9,363			10,876	20,239
Total liabilities	11,349	1,665	996	11,531	25,541
DEFERRED INFLOWS OF RESOURCES					
Pension:					
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	9			9	18
Differences between expected and actual experience in the total pension liability	227			160	387
Total deferred inflows of resources	236			169	405
NET POSITION					
Net investment in capital assets	109,174	208	78,503	946	188,831
Unrestricted net position	19,561	134	45,280	1,142	66,117
Total net position	$ 128,735	342	123,783	2,088	254,948

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

		Airport Fund	Jail Stores Commissary Fund	San Diego County Sanitation District Fund	Sanitation District - Other Fund	Total Enterprise Funds
Operating revenues:						
Charges for current services	$	14,243	5,412	26,625	10,089	56,369
Other		45	2,814		13	2,872
Total operating revenues		14,288	8,226	26,625	10,102	59,241
Operating expenses:						
Salaries and employee benefits		4,565			6,688	11,253
Repairs and maintenance		2,482	10	8,042	1,386	11,920
Equipment rental		296	25		752	1,073
Sewage processing				18,607		18,607
Contracted services		3,401	3,063		1,079	7,543
Depreciation/amortization		3,361	4	2,819	61	6,245
Utilities		381			76	457
Cost of material			2,008			2,008
Fuel		20	2			22
Other		973	116	2,281	646	4,016
Total operating expenses		15,479	5,228	31,749	10,688	63,144
Operating income (loss)		(1,191)	2,998	(5,124)	(586)	(3,903)
Nonoperating revenues (expenses):						
Grants		6,661			18	6,679
Investment earnings		63	(5)	(136)	2	(76)
Gain (loss) on disposal of assets		(226)				(226)
Total nonoperating revenues (expenses)		6,498	(5)	(136)	20	6,377
Income (loss) before capital contributions and transfers		5,307	2,993	(5,260)	(566)	2,474
Capital contributions		3,100				3,100
Transfers in		52		2,077	3,231	5,360
Transfers out		(131)	(2,793)	(163)	(2,188)	(5,275)
Change in net position		8,328	200	(3,346)	477	5,659
Net position (deficits) at beginning of year		120,407	142	127,129	1,611	249,289
Net position (deficits) at end of year	$	128,735	342	123,783	2,088	254,948

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	San Diego County Sanitation District Fund	Sanitation District - Other Fund	Total Enterprise Funds
Cash flows from operating activities:					
Cash received from customers	$ 14,352	8,322	26,554	574	49,802
Cash received from other funds		1		9,364	9,365
Cash payments to suppliers	(4,750)	(4,924)	(28,353)	(2,244)	(40,271)
Cash payments to employees	(4,043)			(6,044)	(10,087)
Cash payments to other funds	(2,516)	111	(403)	(1,335)	(4,143)
Other payments		(1)			(1)
Net cash provided (used) by operating activities	3,043	3,509	(2,202)	315	4,665
Cash flows from noncapital financing activities:					
Operating grants	6,674			20	6,694
Transfers from other funds	52		2,077	3,231	5,360
Transfers to other funds	(131)	(2,793)	(163)	(2,188)	(5,275)
Other noncapital increases	134				134
Net cash provided (used) by noncapital financing activities	6,729	(2,793)	1,914	1,063	6,913
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(5,409)	(212)	(2,298)	(300)	(8,219)
Net cash provided (used) by capital and related financing activities	(5,409)	(212)	(2,298)	(300)	(8,219)
Cash flows from investing activities:					
Investment earnings	100	(3)	(12)	17	102
Net increase (decrease) in cash and cash equivalents	4,463	501	(2,598)	1,095	3,461
Cash and cash equivalents - beginning of year	17,796	776	48,593	7,721	74,886
Cash and cash equivalents - end of year	22,259	1,277	45,995	8,816	78,347
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(1,191)	2,998	(5,124)	(586)	(3,903)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivable	(9)	96	(71)	(13)	3
Decrease (increase) in due from other funds	(52)	1	(130)	(151)	(332)
Decrease (increase) in inventory		(42)			(42)
Increase (decrease) in accounts payable	316	324	81	11	732
Increase (decrease) in accrued payroll	34			23	57
Increase (decrease) in due to other funds	8	128	223	349	708
Increase (decrease) in unearned revenue	87				87
Increase (decrease) in compensated absences	78			44	122
Pension expense	434			610	1,044
OPEB expense	(23)			(33)	(56)
Depreciation / amortization	3,361	4	2,819	61	6,245
Total adjustments	4,234	511	2,922	901	8,568
Net cash provided (used) by operating activities	3,043	3,509	(2,202)	315	4,665
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable	228		204		432
Governmental contributions of capital assets	$ 3,100				3,100

INTERNAL SERVICE FUNDS

Internal service funds are established to account for services furnished to other County departments and are financed primarily by these service charges. Because they are exempt from budgetary control, they are free to employ commercial accounting techniques, and are often used in situations where a more accurate determination of operating results is desired.

Employee Benefits Fund

This fund was established to account for workers' compensation and unemployment insurance. Specifically, for workers' compensation the fund includes: claims payment, the actuarial liability, insurance costs and contributions by various departments.

Facilities Management Fund

This fund was established to account for the financing of facilities maintenance, public service utilities, property management, project management, architectural and engineering services, real estate acquisition and leasing, and mail services provided to County departments on a cost reimbursement basis.

Fleet Services Fund

This fund was established to account for the maintenance, repair, fuel, and financing of Fleet vehicles provided to County departments on a cost reimbursement basis.

Information Technology Fund

This fund was established to account for telecommunications services provided to County departments on a cost reimbursement basis.

Public Liability Insurance Fund

This fund was established to account for all of the County’s public liability claims and related expenses in compliance with the applicable provisions of the law.

Purchasing Fund

This fund was established to account for the procurement of services, materials, and supplies provided to County departments and provides record storage services; all on a cost reimbursement basis.

Road and Communication Equipment Fund

This fund was established to account for the financing of Public Works’ road and communication equipment provided to the following funds: Road, Airport, and Inactive Wastesites; on a cost reimbursement basis.

Special District Loans Fund

This fund was established to provide financing for start up services for new and existing County Service Districts on a cost reimbursement basis.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021
(In Thousands)

		Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
ASSETS					
Current assets:					
Pooled cash and investments	$	207,386	18,996	46,602	38,089
Receivables, net		731	869	165	19
Due from other funds		1,774	9,283	4,126	15,642
Inventories			37	1,205	
Total current assets		209,891	29,185	52,098	53,750
Noncurrent assets:					
Due from other funds					
Capital assets:					
Buildings and improvements				2,963	
Equipment			6,672	126,427	
Software			448	213	4,562
Accumulated depreciation/amortization			(3,706)	(83,918)	(4,434)
Total noncurrent assets			3,414	45,685	128
Total assets		209,891	32,599	97,783	53,878
DEFERRED OUTFLOW OF RESOURCES					
Pension:					
Contributions to the pension plan subsequent to the measurement date			8,995	1,512	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions			221	45	
Changes of assumptions or other inputs			3,664	888	
Net difference between projected and actual earnings on pension plan investments			9,104	1,624	
Difference between expected and actual experience in the total pension liability			1,651	285	
OPEB:					
Contributions to OPEB subsequent to the measurement date			339	57	
Total deferred outflow of resources			23,974	4,411	

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021
(In Thousands)

(Continued)	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
LIABILITIES				
Current liabilities:				
Accounts payable	$ 7,171	13,768	2,816	43,381
Accrued payroll		1,096	162	
Due to other funds	1,063	1,719	333	72
Unearned revenue		653	1	
Loans payable		209		
Compensated absences		822	95	
Claims and judgments	28,904			
Total current liabilities	37,138	18,267	3,407	43,453
Noncurrent liabilities:				
Loans payable		576		
Compensated absences		1,393	162	
Claims and judgments	168,661			
Net pension liability		70,027	13,029	
Net OPEB liability		1,620	312	
Total noncurrent liabilities	168,661	73,616	13,503	
Total liabilities	205,799	91,883	16,910	43,453
DEFERRED INFLOWS OF RESOURCES				
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		67	14	
Differences between expected and actual experience in the total pension liability		1,189	275	
Total deferred inflows of resources		1,256	289	
NET POSITION				
Net investment in capital assets		3,414	45,685	128
Unrestricted net position	4,092	(39,980)	39,310	10,297
Total net position (deficits)	$ 4,092	(36,566)	84,995	10,425

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021
(In Thousands)

(Continued)		Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
ASSETS						
Current assets:						
Pooled cash and investments	$	94,686	8,421	20,257	418	434,855
Receivables, net		161	13	35		1,993
Due from other funds		40	1,629	250	20	32,764
Inventories			5			1,247
Total current assets		94,887	10,068	20,542	438	470,859
Noncurrent assets:						
Due from other funds					63	63
Capital assets:						
Buildings and improvements						2,963
Equipment			220	44,477		177,796
Software			4,173	14		9,410
Accumulated depreciation/amortization			(1,149)	(25,573)		(118,780)
Total noncurrent assets			3,244	18,918	63	71,452
Total assets		94,887	13,312	39,460	501	542,311
DEFERRED OUTFLOW OF RESOURCES						
Pension:						
Contributions to the pension plan subsequent to the measurement date			2,274			12,781
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions			38			304
Changes of assumptions or other inputs			763			5,315
Net difference between projected and actual earnings on pension plan investments			2,350			13,078
Difference between expected and actual experience in the total pension liability			412			2,348
OPEB:						
Contributions to OPEB subsequent to the measurement date			86			482
Total deferred outflow of resources			5,923			34,308

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021
(In Thousands)

(Continued)		Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	$	680	43	1		67,860
Accrued payroll			252			1,510
Due to other funds		2,165	387	663		6,402
Unearned revenue						654
Loans payable						209
Compensated absences			301			1,218
Claims and judgments		27,537				56,441
Total current liabilities		30,382	983	664		134,294
Noncurrent liabilities:						
Loans payable						576
Compensated absences			509			2,064
Claims and judgments		65,015				233,676
Net pension liability			16,160			99,216
Net OPEB liability			367			2,299
Total noncurrent liabilities		65,015	17,036			337,831
Total liabilities		95,397	18,019	664		472,125
DEFERRED INFLOWS OF RESOURCES						
Pension:						
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions			16			97
Differences between expected and actual experience in the total pension liability			177			1,641
Total deferred inflows of resources			193			1,738
NET POSITION						
Net investment in capital assets			3,244	18,918		71,389
Unrestricted net position		(510)	(2,221)	19,878	501	31,367
Total net position (deficits)	$	(510)	1,023	38,796	501	102,756

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

		Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
Operating revenues:					
Charges for current services	$	49,432	146,005	38,205	197,498
Other		524	1,251	520	
Total operating revenues		49,956	147,256	38,725	197,498
Operating expenses:					
Salaries and employee benefits			44,625	7,125	
Repairs and maintenance			45,306	8,430	
Equipment rental			95	2	
Contracted services		14,807	35,878	1,678	203,296
Depreciation/amortization			267	12,768	2,077
Utilities			28,484	420	
Cost of material			4,579	170	
Claims and judgments		34,776			
Fuel			314	7,364	
Other			5,021	1,919	
Total operating expenses		49,583	164,569	39,876	205,373
Operating income (loss)		373	(17,313)	(1,151)	(7,875)
Nonoperating revenues (expenses):					
Grants		2,639	4,472	12	
Investment earnings		(264)	(210)	(34)	
Interest expense			(2)		
Gain (loss) on disposal of assets			(4)	1,607	
Total nonoperating revenues (expenses)		2,375	4,256	1,585	
Income (loss) before capital contributions and transfers		2,748	(13,057)	434	(7,875)
Capital contributions			55	5,829	
Transfers in		56	4,642	712	6,030
Transfers out			(1,247)	(198)	
Change in net position		2,804	(9,607)	6,777	(1,845)
Net position (deficits) at beginning of year		1,288	(26,959)	78,218	12,270
Net position (deficits) at end of year	$	4,092	(36,566)	84,995	10,425

Continued on next page

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Operating revenues:					
Charges for current services	$ 35,536	16,659	6,447		489,782
Other		1,155			3,450
Total operating revenues	35,536	17,814	6,447		493,232
Operating expenses:					
Salaries and employee benefits		10,602			62,352
Repairs and maintenance		27	2,914		56,677
Equipment rental		16			113
Contracted services	12,864	2,390	526		271,439
Depreciation/amortization		533	3,852		19,497
Utilities		62			28,966
Cost of material		8			4,757
Claims and judgments	18,380				53,156
Fuel			1,093		8,771
Other	5	2,024			8,969
Total operating expenses	31,249	15,662	8,385		514,697
Operating income (loss)	4,287	2,152	(1,938)		(21,465)
Nonoperating revenues (expenses):					
Grants		15			7,138
Investment earnings	(129)	6	(27)	(6)	(664)
Interest expense					(2)
Gain (loss) on disposal of assets			359		1,962
Total nonoperating revenues (expenses)	(129)	21	332	(6)	8,434
Income (loss) before capital contributions and transfers	4,158	2,173	(1,606)	(6)	(13,031)
Capital contributions					5,884
Transfers in		594	295		12,329
Transfers out		(326)			(1,771)
Change in net position	4,158	2,441	(1,311)	(6)	3,411
Net position (deficits) at beginning of year	(4,668)	(1,418)	40,107	507	99,345
Net position (deficits) at end of year	$ (510)	1,023	38,796	501	102,756

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
Cash flows from operating activities:				
Cash received from customers	$ 149	8,230	1,345	38
Cash received from other funds	49,852	140,604	36,348	201,456
Cash payments to suppliers	(3,703)	(108,971)	(15,776)	(207,338)
Cash payments to employees		(40,473)	(6,515)	
Cash payments to other funds	(12,358)	(5,797)	(5,429)	(456)
Cash paid for claims and judgments	(28,297)			
Other payments			(31)	
Net cash provided (used) by operating activities	5,643	(6,407)	9,942	(6,300)
Cash flows from noncapital financing activities:				
Operating grants	3,438	4,203	12	
Transfers from other funds	56	4,642	712	6,030
Transfer to other funds		(1,247)	(198)	
Principal paid on long-term debt		(332)		
Interest paid on long-term debt		(2)		
Net cash provided (used) by noncapital financing activities	3,494	7,264	526	6,030
Cash flows from capital and related financing activities:				
Capital contributions			5,829	
Acquisition of capital assets		(7)	(12,312)	(872)
Proceeds from sale of assets			2,107	
Net cash provided (used) by capital and related financing activities		(7)	(4,376)	(872)
Cash flows from investing activities:				
Investment earnings	191	(210)	40	
Net increase (decrease) in cash and cash equivalents	9,328	640	6,132	(1,142)
Cash and cash equivalents - beginning of year	198,058	18,356	40,470	39,231
Cash and cash equivalents - end of year	$ 207,386	18,996	46,602	38,089

Continued on next page

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 373	(17,313)	(1,151)	(7,875)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivable	(375)	973	(25)	3
Decrease (increase) in due from other funds	420	455	(1,007)	3,993
Decrease (increase) in inventory		(3)	(252)	
Increase (decrease) in accounts payable	(1,225)	4,116	53	(4,123)
Increase (decrease) in accrued payroll		200	18	
Increase (decrease) in due to other funds	(29)	755	(1,057)	(375)
Increase (decrease) in unearned revenue		150		
Increase (decrease) in compensated absences		292	(7)	
Increase (decrease) in claims and judgments	6,479			
Pension expense		3,920	638	
OPEB expense		(219)	(36)	
Depreciation / amortization		267	12,768	2,077
Total adjustments	5,270	10,906	11,093	1,575
Net cash provided (used) by operating activities	$ 5,643	(6,407)	9,942	(6,300)
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable			673	
Governmental contributions of capital assets		55		

Continued on next page

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Funds	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	$ 20	1,209			10,991
Cash received from other funds	35,483	16,672	6,197		486,612
Cash payments to suppliers	(2,280)	(1,637)	(41)		(339,746)
Cash payments to employees		(9,476)			(56,464)
Cash payments to other funds	(9,989)	(2,764)	(4,221)	(63)	(41,077)
Cash paid for claims and judgments	(19,978)				(48,275)
Other payments					(31)
Net cash provided (used) by operating activities	3,256	4,004	1,935	(63)	12,010
Cash flows from noncapital financing activities:					
Operating grants		15			7,668
Transfers from other funds		594	295		12,329
Transfer to other funds		(326)			(1,771)
Principal paid on long-term debt					(332)
Interest paid on long-term debt					(2)
Net cash provided (used) by noncapital financing activities		283	295		17,892
Cash flows from capital and related financing activities:					
Capital contributions					5,829
Acquisition of capital assets		(904)	(2,406)		(16,501)
Proceeds from sale of assets			512		2,619
Net cash provided (used) by capital and related financing activities		(904)	(1,894)		(8,053)
Cash flows from investing activities:					
Investment earnings	85	13	18	(6)	131
Net increase (decrease) in cash and cash equivalents	3,341	3,396	354	(69)	21,980
Cash and cash equivalents - beginning of year	91,345	5,025	19,903	487	412,875
Cash and cash equivalents - end of year	$ 94,686	8,421	20,257	418	434,855

Continued on next page

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2021
(In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Funds	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 4,287	2,152	(1,938)		(21,465)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease (increase) in accounts receivable	1				577
Decrease (increase) in due from other funds	(34)	67	(250)	(63)	3,581
Decrease (increase) in inventory		1			(254)
Increase (decrease) in accounts payable	622	27	(25)		(555)
Increase (decrease) in accrued payroll		34			252
Increase (decrease) in due to other funds	(22)	90	296		(342)
Increase (decrease) in unearned revenue					150
Increase (decrease) in compensated absences		146			431
Increase (decrease) in claims and judgments	(1,598)				4,881
Pension expense		1,010			5,568
OPEB expense		(56)			(311)
Depreciation / amortization		533	3,852		19,497
Total adjustments	(1,031)	1,852	3,873	(63)	33,475
Net cash provided (used) by operating activities	$ 3,256	4,004	1,935	(63)	12,010
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable					673
Governmental contributions capital assets					55

FIDUCIARY FUNDS

Fiduciary funds include the activities of the San Diego County Employees Retirement Association, a fiduciary component unit of the County; and funds which account for resources that are held by the County as a trustee or custodian for outside parties and cannot be used to support the County's programs.

PENSION AND OTHER POSTEMPLOYENT BENEFITS TRUST FUNDS

San Diego County Employees Retirement Association (SDCERA) Pension Trust Fund

The Pension Trust Fund is used to account for financial activities of the Pension Plan administered by SDCERA.

San Diego County Employees Retirement Association (SDCERA) Other Postemployment Benefits (OPEB) Trust Fund

The SDCERA OPEB Trust Fund is used to account for the financial activities of the OPEB trust for the purpose of holding and investing assets to fund the Retiree Health Program administered by SDCERA

CUSTODIAL FUNDS

Property Tax Collection Funds

These funds are used for recording the collection and distribution of property taxes.

Other Custodial Funds

The Other Custodial funds account for the receipt, temporary investment, and remittance to individuals, private organizations, or other governments.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFITS
June 30, 2021
(In Thousands)

	San Diego County Employees Retirement Association Pension Trust Fund	San Diego County Employees Retirement Association Other Postemployment Benefits Trust Fund	Total San Diego County Employees Retirement Association Pension (and Other Postemployment Benefits) Trust Fund
ASSETS			
Pooled cash and investments	$ 7,642		7,642
Cash with fiscal agents	4,352,167	9,514	4,361,681
Securities lending cash collateral	238,361	520	238,881
Receivables:			
Contributions	6,799		6,799
Accrued interest and dividends	27,318	60	27,378
Settlement of investments sold	923,133	2,029	925,162
Investments at fair value:			
Domestic equity securities	2,320,683	5,064	2,325,747
International equity securities	1,613,354	3,521	1,616,875
Fixed income securities	5,857,578	12,782	5,870,360
Cash and securities for swaps	97,224	212	97,436
Private equity	659,314	1,439	660,753
Private real assets	462,122	1,008	463,130
Real estate	1,001,788	2,186	1,003,974
Capital assets, net	4,387	10	4,397
Total assets	17,571,870	38,345	17,610,215
LIABILITIES			
Collateral payable for securities lending	238,384	520	238,904
Settlement of investments purchased	1,153,468	2,517	1,155,985
Professional services	27,778	61	27,839
Death benefits	1,575		1,575
Retirement benefits	908		908
Refunds to members	1,615		1,615
County advance contribution	10,287	22	10,309
Other liabilities	11,514	34	11,548
Total liabilities	1,445,529	3,154	1,448,683
NET POSITION			
Restricted for:			
Benefits	16,126,341	35,191	16,161,532
Total net position	$ 16,126,341	35,191	16,161,532

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFITS
For the Year Ended June 30, 2021
(In Thousands)

		San Diego County Employees Retirement Association Pension Trust Fund	San Diego County Employees Retirement Association Other Postemployment Benefits Trust Fund	Total San Diego County Employees Retirement Association Pension (and Other Postemployment Benefits) Trust Fund
ADDITIONS				
Contributions:				
Employer contributions	$	615,699	18,859	634,558
Plan member contributions		162,740		162,740
Total contributions		778,439	18,859	797,298
Investment income:				
Net appreciation/(depreciation) in fair value of investments:				
Equity securities		1,458,467	2,761	1,461,228
Fixed income		124,337	235	124,572
Foreign currency		(4,412)	(8)	(4,420)
Real estate & private equity		249,181	472	249,653
Private real assets		46,554	88	46,642
Opportunistic		15,564	29	15,593
Futures		237,988	451	238,439
Swaps		1,046,091	1,980	1,048,071
Total net appreciation/(depreciation) in fair value of investments		3,173,770	6,008	3,179,778
Interest Income:				
Fixed income		108,788	206	108,994
Cash		639	1	640
Total interest income		109,427	207	109,634
Other Additions:				
Dividends		20,276	38	20,314
Real estate income		67,105	127	67,232
Private equity income		3,743	7	3,750
Private real assets income		26,702	51	26,753
Total Other		117,826	223	118,049
Less: Investment expenses		(102,819)	(195)	(103,014)
Net investment income, before securities lending		3,298,204	6,243	3,304,447
Securities lending appreciation/(depreciation)		21		21
Securities lending income		292	1	293
Securities lending rebates and bank charges		137		137
Net securities lending		450	1	451
Net investment income		3,298,654	6,244	3,304,898
Total additions		4,077,093	25,103	4,102,196
DEDUCTIONS				
Benefits:				
Retirement benefits		836,064		836,064
Death benefits		2,422		2,422
Health benefits			14,265	14,265
Total Benefits		838,486	14,265	852,751
Member refunds		6,357		6,357
Administrative expenses		14,913		14,913
Total deductions		859,756	14,265	874,021
Change in net position		3,217,337	10,838	3,228,175
Net position at beginning of year (restated, see Note 34 to the financial statements)		12,909,004	24,353	12,933,357
Net position (deficit) at end of year	$	16,126,341	35,191	16,161,532

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2021
(In Thousands)

	Property Tax Collection Funds	Other Custodial Funds	Total Custodial Funds
ASSETS			
Pooled cash and investments	$ 97,080	252,702	349,782
Cash with fiscal agents		7,728	7,728
Investments with fiscal agents		5,572	5,572
Receivables:			
Accounts receivable		4,787	4,787
Investment earnings receivable	1,500	25,377	26,877
Taxes receivable, net	79,669		79,669
Other receivables		325	325
Total assets	178,249	296,491	474,740
LIABILITIES			
Accounts payable	20,589	67,293	87,882
Warrants outstanding		4,907	4,907
Unearned revenue		58,557	58,557
Noncurrent liabilities:			
Due to other governments	79,669		79,669
Total liabilities	100,258	130,757	231,015
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	77,991	165,734	243,725
Total net position	$ 77,991	165,734	243,725

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended June 30, 2021
(In Thousands)

	Property Tax Collection Funds	Other Custodial Funds	Total Custodial Funds
ADDITIONS			
Contributions:			
Contributions to Investments		2,603,018	2,603,018
Property taxes collected for other governments	$ 20,610,510		20,610,510
Total contributions	20,610,510	2,603,018	23,213,528
Investment earnings:			
Investment earnings	3,490	(2,478)	1,012
Total additions	20,614,000	2,600,540	23,214,540
DEDUCTIONS			
Distributions from investments		2,545,087	2,545,087
Property taxes distributed to other governments	20,589,329		20,589,329
Total deductions	20,589,329	2,545,087	23,134,416
Change in net position	24,671	55,453	80,124
Net position at beginning of year (restated, see Note 34 to the financial statements)	53,320	110,281	163,601
Net position (deficit) at end of year	$ 77,991	165,734	243,725

Statistical Section

Introduction

Government Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)* requires that certain detailed statistical information be presented in this section, typically in ten-year trends, to assist users in utilizing the basic financial statements, notes to the financial statements, and required supplementary information in order to assess the economic condition of the County. Provisions of this Statement require that governments preparing this statistical section are encouraged but not required, to report all years of information retroactively.

In this regard, when available, ten year trend information has been provided. When accounting data or other information is unavailable, statistical tables are footnoted to indicate as such. Generally, information was unavailable because non-accounting trend data called for by Statement No. 44 which was significantly different than data reported in previous fiscal years' statistical tables was either not available from external sources in the format required or was not available in internal archived data.

Sources: Unless otherwise noted, the information in the following tables is derived from the comprehensive annual financial reports for the relevant year.

Table 1
County of San Diego
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
Net position					
Governmental activities					
Net investment in capital assets	$ 2,770,556	2,861,061	3,015,405	3,042,782	3,124,804
Restricted	553,249	619,855	669,832	619,565	604,917
Unrestricted (1)	454,565	514,015	655,954	(1,268,029)	(1,090,381)
Total governmental activities net position	3,778,370	3,994,931	4,341,191	2,394,318	2,639,340
Business-type activities					
Net investment in capital assets	162,874	167,430	171,911	167,453	167,282
Restricted					
Unrestricted (1)	87,348	81,185	78,547	67,948	68,586
Total business-type activities net position	250,222	248,615	250,458	235,401	235,868
Primary government					
Net investment in capital assets	2,933,430	3,028,491	3,187,316	3,210,235	3,292,086
Restricted	553,249	619,855	669,832	619,565	604,917
Unrestricted (1)	541,913	595,200	734,501	(1,200,081)	(1,021,795)
Total primary government net position	$ 4,028,592	4,243,546	4,591,649	2,629,719	2,875,208

	Fiscal Year				
	2017	2018	2019	2020	2021
Net position					
Governmental activities					
Net investment in capital assets	$ 3,130,429	3,229,874	3,336,893	3,477,320	3,643,504
Restricted	596,862	666,597	1,012,829	1,158,944	1,404,546
Unrestricted (1)	(1,151,817)	(1,250,068)	(1,380,605)	(1,551,714)	(1,924,481)
Total governmental activities net position	2,575,474	2,646,403	2,969,117	3,084,550	3,123,569
Business-type activities					
Net investment in capital assets	174,044	176,909	174,226	183,553	188,831
Restricted					
Unrestricted (1)	71,119	60,216	62,247	66,551	66,629
Total business-type activities net position	245,163	237,125	236,473	250,104	255,460
Primary government					
Net investment in capital assets	3,304,473	3,406,783	3,511,119	3,660,873	3,832,335
Restricted	596,862	666,597	1,012,829	1,158,944	1,404,546
Unrestricted (1)	(1,080,698)	(1,189,852)	(1,318,358)	(1,485,163)	(1,857,852)
Total primary government net position	$ 2,820,637	2,883,528	3,205,590	3,334,654	3,379,029

(1) Beginning in 2015, these amounts reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. Beginning in 2018, these amounts reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions.*

Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2012	**2013**	**2014**	**2015**	**2016**
Expenses					
Governmental activities					
General government	$ 271,485	240,409	249,066	258,169	$ 257,887
Public protection	1,179,815	1,236,708	1,312,074	1,309,087	1,359,423
Public ways and facilities	132,166	135,432	148,209	161,341	140,245
Health and sanitation	790,907	851,246	631,543	640,020	675,077
Public assistance	1,175,678	1,183,923	1,418,703	1,327,664	1,421,851
Education	34,669	34,104	35,647	37,686	41,086
Recreation and cultural	36,128	34,204	38,903	42,748	44,883
Interest on long-term debt	102,338	95,801	92,709	86,816	81,665
Total governmental activities expenses	3,723,186	3,811,827	3,926,854	3,863,531	4,022,117
Business-type activities					
Airport	12,736	14,107	14,118	14,664	14,439
Wastewater management	5,980	22,936			
Sanitation district	22,335	5,754	28,291	30,745	28,693
Sanitation district - Other					
Jail Stores Commissary			4,816	4,506	5,362
Total business-type activities expenses	41,051	42,797	47,225	49,915	48,494
Total primary government expenses	3,764,237	3,854,624	3,974,079	3,913,446	4,070,611
Program revenues					
Governmental activities					
Charges for services:					
General government	99,872	98,205	100,328	92,109	99,531
Public protection	237,632	244,612	240,850	250,054	252,303
Other activities	168,851	153,958	169,274	162,578	164,721
Operating grants and contributions	2,317,522	2,467,966	2,519,619	2,467,817	2,543,749
Capital grants and contributions	11,005	32,728	114,310	39,224	12,947
Total governmental activities program revenues	2,834,882	2,997,469	3,144,381	3,011,782	3,073,251
Business-type activities					
Charges for services:					
Airport	11,568	11,077	12,647	11,984	12,044
Wastewater management	6,502	6,561			
Sanitation district	18,406	18,564	25,037	26,831	26,719
Sanitation district - Other					
Jail Stores Commissary			5,659	4,538	
Operating grants and contributions	539	4,933	3,793	702	3,513
Capital grants and contributions					
Total business-type program revenues	37,015	41,135	47,136	44,055	42,276
Total primary government program revenues	2,871,897	3,038,604	3,191,517	3,055,837	3,115,527
Net (Expense) Revenue					
Governmental activities	(888,304)	(814,358)	(782,473)	(851,749)	(948,866)
Business-type activities	(4,036)	(1,662)	(89)	(5,860)	(6,218)
Total primary government net (expense) revenue	(892,340)	(816,020)	(782,562)	(857,609)	$ (955,084)

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Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2017	2018	2019	2020	2021
Expenses					
Governmental activities					
General government	$ 637,532	621,987	709,150	426,846	465,464
Public protection	1,455,462	1,435,847	1,479,542	1,848,040	1,823,535
Public ways and facilities	140,366	160,615	149,776	188,295	163,809
Health and sanitation	723,508	777,383	835,771	1,022,279	1,363,772
Public assistance	1,179,180	1,158,563	1,187,343	1,475,071	1,838,270
Education	38,477	39,107	40,020	52,225	56,272
Recreation and cultural	37,727	38,081	43,701	57,995	57,617
Interest on long-term debt	79,152	78,217	74,355	47,689	57,386
Total governmental activities expenses	4,291,404	4,309,800	4,519,658	5,118,440	5,826,125
Business-type activities					
Airport	14,518	18,399	15,178	14,889	15,586
Wastewater management					
Sanitation district	25,185	32,660	32,335	28,385	31,716
Sanitation district - Other				9,504	10,923
Jail Stores Commissary	6,007	6,050	5,836	5,776	5,222
Total business-type activities expenses	45,710	57,109	53,349	58,554	63,447
Total primary government expenses	4,337,114	4,366,909	4,573,007	5,176,994	5,889,572
Program revenues					
Governmental activities					
Charges for services:					
General government	111,389	105,676	108,724	116,282	119,713
Public protection	270,345	257,797	252,906	247,887	252,958
Other activities	165,846	189,520	182,793	225,893	201,777
Operating grants and contributions	2,407,522	2,589,141	2,716,354	3,062,586	3,751,844
Capital grants and contributions	16,296	9,360	121,425	28,608	21,142
Total governmental activities program revenues	2,971,398	3,151,494	3,382,202	3,681,256	4,347,434
Business-type activities					
Charges for services:					
Airport	14,302	13,783	14,281	13,903	14,243
Wastewater management					
Sanitation district	29,063	28,475	32,382	25,672	26,625
Sanitation district - Other				10,188	10,089
Jail Stores Commissary	7,141	7,426	6,978	7,019	5,412
Operating grants and contributions	5,659	329	20	4,018	6,679
Capital grants and contributions				1,220	3,100
Total business-type program revenues	56,165	50,013	53,661	62,020	66,148
Total primary government program revenues	3,027,563	3,201,507	3,435,863	3,743,276	4,413,582
Net (Expense) Revenue					
Governmental activities	(1,320,006)	(1,158,306)	(1,137,456)	(1,437,184)	(1,478,691)
Business-type activities	10,455	(7,096)	312	3,466	2,701
Total primary government net (expense) revenue	$ (1,309,551)	(1,165,402)	(1,137,144)	(1,433,718)	(1,475,990)

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Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2012	**2013**	**2014**	**2015**	**2016**
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	$ 616,183	587,145	627,709	$648,974	680,434
Other taxes	17,200	20,912			
Transient occupancy tax			3,404	4,166	4,128
Real property transfer tax			20,074	21,049	24,589
Miscellaneous taxes			14	15	38
Intergovernmental unrestricted:					
Property taxes in lieu of VLF	304,614	303,646	313,844	332,928	351,524
Sales and use taxes	25,055	24,809	24,871	27,847	28,898
Investment earnings	12,338	3,504	16,635	12,250	17,818
Other general revenues	110,676	90,789	132,612	93,889	82,745
Total governmental general revenues	1,086,066	1,030,805	1,139,163	1,141,118	1,190,174
Transfers	(28)	114	7,086	2,693	3,714
Extraordinary gain	10,423				
Total governmental activities	1,096,461	1,030,919	1,146,249	1,143,811	1,193,888
Business-type activities					
Investment earnings	1,151	46	502	336	1,622
Other general revenues	209	123	2,565	3,055	8,777
Total business-type general revenues	1,360	169	3,067	3,391	10,399
Transfers	28	(114)	(7,086)	(2,693)	(3,714)
Total business-type activities	1,388	55	(4,019)	698	6,685
Total primary government	1,097,849	1,030,974	1,142,230	1,144,509	1,200,573
Change in net position					
Governmental activities	208,157	216,561	363,776	292,062	245,022
Business-type activities	(2,648)	(1,607)	(4,108)	(5,162)	467
Total change in net position	$ 205,509	214,954	359,668	286,900	245,489

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Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2017	2018	2019	2020	2021
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	720,645	758,427	797,838	851,473	881,605
Other taxes					
Transient occupancy tax	4,889	5,105	5,785	4,173	5,386
Real property transfer tax	23,960	25,910	26,521	25,138	35,608
Miscellaneous taxes	10	6	6	3	8
Intergovernmental unrestricted:					
Property taxes in lieu of VLF	371,105	393,824	417,601	441,609	465,076
Sales and use taxes	27,779	30,744	32,332	30,967	37,810
Investment earnings	15,315	38,057	84,335	102,116	(2,922)
Other general revenues	88,038	93,604	90,041	102,310	95,224
Total governmental general revenues	1,251,741	1,345,677	1,454,459	1,557,789	1,517,795
Transfers	4,399	4,421	5,711	(5,172)	(85)
Extraordinary gain					
Total governmental activities	1,256,140	1,350,098	1,460,170	1,552,617	1,517,710
Business-type activities					
Investment earnings	523	1,159	2,013	2,565	(76)
Other general revenues	2,716	2,892	2,734	2,428	2,646
Total business-type general revenues	3,239	4,051	4,747	4,993	2,570
Transfers	(4,399)	(4,421)	(5,711)	5,172	85
Total business-type activities	(1,160)	(370)	(964)	10,165	2,655
Total primary government	1,254,980	1,349,728	1,459,206	1,562,782	1,520,365
Change in net position					
Governmental activities	(63,866)	191,792	322,714	115,433	39,019
Business-type activities	9,295	(7,466)	(652)	13,631	5,356
Total change in net position	(54,571)	184,326	322,062	129,064	44,375

Table 3
County of San Diego
Fund Balances Governmental Funds
Last Ten Fiscal Years
(In Thousands)

		Fiscal Year				
		2012	2013	2014	2015	2016
General Fund						
Nonspendable	$	12,443	12,347	12,276	13,379	13,489
Restricted		245,713	295,264	296,548	269,294	272,500
Committed		515,234	464,831	492,175	478,980	591,941
Assigned		51,325	184,526	217,628	328,588	381,202
Unassigned		663,132	644,454	713,045	798,135	747,277
Total general fund		1,487,847	1,601,422	1,731,672	1,888,376	2,006,409
All Other Governmental Funds						
Nonspendable		5,281	5,600	4,884	5,149	5,981
Restricted		424,512	433,952	459,579	427,703	398,385
Committed		440,767	413,796	395,291	379,711	371,622
Assigned					228	917
Total other governmental funds	$	870,560	853,348	859,754	812,791	776,905

		Fiscal Year				
		2017	2018	2019	2020	2021
General Fund						
Nonspendable	$	19,894	22,747	47,019	23,244	22,900
Restricted		266,904	319,782	608,729	696,261	692,270
Committed		677,058	796,086	637,450	626,470	500,256
Assigned		483,464	480,063	418,718	414,650	405,739
Unassigned		697,293	688,449	712,149	707,871	661,270
Total general fund		2,144,613	2,307,127	2,424,065	2,468,496	2,282,435
All Other Governmental Funds						
Nonspendable		6,062	5,993	5,634	5,759	5,513
Restricted		396,063	413,626	471,464	496,757	544,367
Committed		376,179	367,515	365,450	395,784	367,294
Assigned		1,478	2,066	2,865	3,672	-
Total other governmental funds	$	779,782	789,200	845,413	901,972	917,174

Table 4
County of San Diego
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues:					
Taxes	$ 966,512	941,644	987,061	1,038,552	$ 1,090,722
Licenses, permits and franchise fees	51,823	52,746	55,819	54,181	57,375
Fines, forfeitures and penalties	53,818	50,070	47,125	49,200	46,295
Revenue from use of money and property	29,765	21,918	34,855	23,033	28,396
Aid from other governmental agencies:					
State	1,276,289	1,374,266	1,513,606	1,490,603	1,487,655
Federal	969,818	946,356	919,151	917,901	959,399
Other	82,292	138,575	169,724	106,691	110,816
Charges for current services	369,586	366,442	389,224	387,788	398,705
Other	104,647	78,455	61,409	91,903	75,264
Total revenues	3,904,550	3,970,472	4,177,974	4,159,852	4,254,627
Expenditures:					
General government	210,375	226,648	231,370	237,875	233,180
Public protection	1,149,575	1,187,848	1,277,698	1,353,710	1,343,281
Public ways and facilities	64,922	66,514	75,565	73,991	70,946
Health and sanitation	782,504	840,735	620,319	644,865	670,871
Public assistance	1,171,662	1,178,112	1,410,925	1,346,078	1,426,134
Education	32,210	32,034	33,431	37,095	39,592
Recreation and cultural	33,302	31,092	31,604	36,838	37,800
Total CAFR Governmental functions	3,444,550	3,562,983	3,680,912	3,730,452	3,821,804
Capital outlay	212,304	165,737	264,015	160,474	185,065
Debt service:					
Principal	61,241	75,687	59,535	67,542	65,929
Interest	94,320	93,678	93,232	85,673	88,502
Bond issuance costs	374	393		583	761
Payment to refunded bond escrow agent				8,461	12,481
Total expenditures	3,812,789	3,898,478	4,097,694	4,053,185	4,174,542
Excess (deficiency) of revenues over (under) expenditures	91,761	71,994	80,280	106,667	80,085
Other financing sources (uses)					
Sale of capital assets	740	5,997	58,420	984	2,319
Issuance of bonds, loans and capital lease:					
Face value of bonds issued	32,665	29,335		732	
Face value of loans issued					690
Face value of capital lease					
Discount on issuance of bonds	(182)				
Premium on issuance of bonds		574		15,070	22,163
Refunding bonds issued:				93,750	105,330
Payment to refunded bond escrow agent				(103,771)	(122,533)
Transfers in	460,192	460,931	478,533	434,541	470,175
Transfers (out)	(465,106)	(472,183)	(480,236)	(439,657)	(476,484)
Total other financing sources (uses)	28,309	24,654	56,717	1,649	1,660
Extraordinary loss	(3,126)				
Net change in fund balances	116,944	96,648	136,997	108,316	$ 81,745
Debt service as a percentage of noncapital expenditures	4.32%	4.54%	3.98%	3.94%	3.87%

Continued on next page

Table 4
County of San Diego
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2017	**2018**	**2019**	**2020**	**2021**
Revenues:					
Taxes	$ 1,148,655	1,214,066	1,276,584	1,344,469	1,427,167
Licenses, permits and franchise fees	57,066	62,189	62,951	59,663	58,792
Fines, forfeitures and penalties	44,146	42,417	43,589	44,409	40,248
Revenue from use of money and property	23,079	43,407	87,604	97,867	6,097
Aid from other governmental agencies:					
State	1,482,536	1,644,254	1,631,528	1,866,281	1,820,507
Federal	796,594	828,693	909,211	1,029,342	1,527,626
Other	122,767	132,652	142,822	157,984	188,112
Charges for current services	411,488	433,325	424,365	462,718	463,591
Other	77,429	79,977	78,501	85,613	79,189
Total revenues	4,163,760	4,480,980	4,657,155	5,148,346	5,611,329
Expenditures:					
General government	260,005	270,469	282,021	353,496	388,139
Public protection	1,434,323	1,486,679	1,569,507	1,652,858	1,633,731
Public ways and facilities	75,901	100,322	89,184	108,703	83,436
Health and sanitation	731,034	801,370	875,337	973,884	1,304,255
Public assistance	1,184,697	1,195,090	1,263,184	1,424,290	1,782,216
Education	39,687	41,238	45,707	46,571	50,551
Recreation and cultural	39,325	39,668	42,856	46,081	44,751
Total CAFR Governmental functions	3,764,972	3,934,836	4,167,796	4,605,883	5,287,079
Capital outlay	120,509	267,685	183,654	272,524	387,163
Debt service:					
Principal	66,284	76,181	82,766	98,543	91,999
Interest	75,153	73,637	69,381	72,762	56,728
Bond issuance costs				3,415	807
Payment to refunded bond escrow agent				30,543	6,036
Total expenditures	4,026,918	4,352,339	4,503,597	5,083,670	5,829,812
Excess (deficiency) of revenues over (under) expenditures	136,842	128,641	153,558	64,676	(218,483)
Other financing sources (uses)					
Sale of capital assets	240	126	25,213	11,557	235
Issuance of bonds, loans and capital lease:					
Face value of bonds issued					57,554
Face value of loans issued					
Face value of capital lease	6,122	45,495		217	
Discount on issuance of bonds					
Premium on issuance of bonds				66,047	3,432
Refunding bonds issued				425,414	45,725
Payment to refunded bond escrow agent				(450,127)	(48,344)
Transfers in	474,286	527,620	527,914	578,503	643,479
Transfers (out)	(478,540)	(532,605)	(533,891)	(595,710)	(654,122)
Total other financing sources (uses)	2,108	40,636	19,236	35,901	47,959
Extraordinary loss					
Net change in fund balances	138,950	169,277	172,794	100,577	(170,524)
Debt service as a percentage of noncapital expenditures	3.62%	3.67%	3.52%	3.56%	2.73%

Table 5
County of San Diego
Assessed Value of Taxable Property
Last Ten Fiscal Years (1)
(In Thousands)

	Real Property		Personal Property		Less: Tax Exempt			
Fiscal Year	**Secured**	**Unsecured**	**Secured**	**Unsecured**	**Secured**	**Unsecured**	**Total Taxable Assessed Value**	**Total Direct Tax Rate**
2012	$ 387,715,176	$ 3,326,188	$ 3,604,459	$10,878,963	$ 10,959,285	$ 1,578,206	$ 392,987,295	1.00000
2013	388,067,793	3,362,102	3,785,463	10,908,493	11,532,649	1,632,359	392,958,843	1.00000
2014	401,174,212	3,471,163	3,857,452	11,337,598	12,195,985	1,660,818	405,983,622	1.00000
2015	424,400,547	3,837,190	3,708,390	11,638,652	12,531,830	1,812,206	429,240,743	1.00000
2016	449,303,851	3,695,989	3,567,927	11,923,467	13,374,474	1,801,251	453,315,509	1.00000
2017	473,696,673	3,733,123	3,527,495	12,797,155	14,227,380	1,875,970	477,651,096	1.00000
2018	502,995,352	3,839,661	3,954,578	12,853,406	14,954,254	1,862,561	506,826,182	1.00000
2019	533,571,034	3,970,087	4,073,291	13,691,328	16,390,213	2,026,718	536,888,809	1.00000
2020	563,905,066	4,408,141	3,978,117	14,496,090	17,360,610	2,231,365	567,195,439	1.00000
2021	594,177,079	4,983,017	4,284,537	14,654,279	17,856,045	1,987,395	598,255,472	1.00000

(1) Due to the passage of Proposition 13 (Prop 13) in 1978, the County does not track the estimated actual value of real and personal properties; therefore, assessed value as a percentage of actual value is not applicable. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value.

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 6
County of San Diego
Property Tax Rates - Direct and Overlapping Governments
(Per $100 of Assessed Value)
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Direct Rates (1)										
County of San Diego	0.140	0.140	0.139	0.140	0.139	0.139	0.139	0.138	0.138	0.138
Cities (3)	0.231	0.232	0.233	0.233	0.235	0.238	0.238	0.242	0.242	0.245
Schools (4)	0.595	0.594	0.594	0.593	0.592	0.590	0.590	0.587	0.587	0.585
Special Districts	0.034	0.034	0.034	0.034	0.034	0.033	0.033	0.033	0.033	0.032
Total Direct Rates	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Overlapping Rates (2)										
Cities (3)	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Schools	0.073	0.073	0.103	0.102	0.105	0.103	0.109	0.110	0.140	0.139
Special Districts	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.011	0.012
Total Overlapping Rates	0.086	0.086	0.116	0.115	0.118	0.116	0.122	0.123	0.155	0.155
Total Direct and Overlapping Rates	1.086	1.086	1.116	1.115	1.118	1.116	1.122	1.123	1.155	1.155

(1) The $1.00 per $100 of Assessed Value (Proposition 13) tax rate beginning in Fiscal Year 1978-79 is distributed according to State Law on a percentage basis to each of the eligible taxing agencies in the County.

(2) Overlapping rates for cities, schools and special districts are chargeable to property owners within their respective tax rate areas (TRA). Overlapping rates do not apply to all property owners (e.g. the rates for special districts apply only to property owners whose property is located within the geographic boundary (TRA) of the special district.)

(3) Includes property tax revenue that is distributed in the Redevelopment Property Tax Trust Fund (RPTTF) starting fiscal year 2012 (Redevelopment Agencies' dissolution was February 1, 2012) to present. Prior to dissolution, property tax revenue was distributed to the redevelopment agencies.

(4) Includes property tax revenue that is distributed in the Educational Revenue Augmentation Fund (ERAF).

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 7
County of San Diego
Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

	2021			2012		
Taxpayer	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value
San Diego Gas & Electric Company	$ 10,540,907	1	1.82%	$ 5,607,607	1	1.47%
Qualcomm Inc	2,185,986	2	0.38%	1,283,394	5	0.34%
Scripps Health	1,412,955	3	0.24%			
Kilroy Reality L P	1,178,174	4	0.20%	1,378,981	3	0.36%
Irvine Co L L C	1,173,999	5	0.20%	1,212,309	6	0.32%
U T C Venture L L C	866,265	6	0.15%			
Host Hotels and Resorts LP	826,470	7	0.14%			
B S K Del Partners LLC	789,074	8	0.14%			
A A T La Jolla Commons LLC	688,375	9	0.12%			
Sorrento West Properties INC	615,523	10	0.11%			
Southern California Edison Co.				2,248,422	2	0.59%
San Diego Family Housing LLC				1,355,792	4	0.36%
Pacific Bell Telephone				882,849	7	0.23%
Arden Realty LLP				570,105	8	0.15%
O C/S D Holdings LLC				567,520	9	0.15%
Genentech Inc				507,005	10	0.13%
Totals	$ 20,277,728		3.50%	$15,613,984		4.10%

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 8
County of San Diego
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

		Collections within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	**Total Tax Levy for Fiscal Year (1)**	**Amount**	**Percentage of Levy**	**Collections in Subsequent Years**	**Amount**	**Percentage of Levy**
2012	$ 3,929,873	$ 3,819,892	97.20%	$ 49,928	$ 3,869,820	98.47%
2013	3,929,588	3,871,591	98.52%	35,207	3,906,798	99.42%
2014	4,059,836	4,011,889	98.82%	32,002	4,043,891	99.61%
2015	4,292,407	4,241,271	98.81%	32,529	4,273,800	99.57%
2016	4,533,155	4,489,098	99.03%	29,418	4,518,516	99.68%
2017	4,776,510	4,738,515	99.20%	31,052	4,769,567	99.85%
2018	5,068,261	5,019,394	99.04%	31,251	5,050,645	99.65%
2019	5,368,888	5,318,210	99.06%	33,419	5,351,629	99.68%
2020	5,671,954	5,590,625	98.57%	52,157	5,642,782	99.49%
2021	5,982,555	5,903,354	98.68%	N/A	5,903,354	98.68%

(1) Includes secured, unsecured and unitary tax levy for the County and school districts, cities and special districts under the supervision of independent governing boards.
Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 9
County of San Diego
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	$ 410,126	413,992	396,173	376,955	351,179
San Diego County Redevelopment Agency Revenue Refunding Bonds (2)					
Tobacco Settlement Asset-Backed Bonds	562,391	551,350	551,442	542,883	546,110
Pension Obligation Bonds	805,272	769,068	732,330	692,338	649,860
Capital and Retrofit loans	6,167	5,169	5,124	5,188	6,020
Capitalized Leases	185	152	119	84	51
Business-type Activities:					
Capital Loans	1,313	1,046	766	475	171
Total Primary Government	$ 1,785,454	$ 1,740,777	$ 1,685,954	$ 1,617,923	$ 1,553,391
Percentage of Personal Income (1)	1.15%	1.11%	0.99%	0.90%	0.83%
Per Capita (1)	$ 571	553	528	501	472

	Fiscal Year				
	2017	2018	2019	2020	2021
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	$ 330,956	309,388	287,889	260,352	241,030
Tobacco Settlement Asset-Backed Bonds	548,832	546,113	544,069	533,851	520,925
Pension Obligation Bonds	605,520	558,525	508,765	456,040	400,125
Capital and Retrofit loans	5,249	4,282	3,610	3,201	2,551
Capitalized Leases	6,084	47,691	43,593	39,300	90,595
Business-type Activities:					
Capital Loans	0		0		
Total Primary Government	$ 1,496,641	$ 1,465,999	$ 1,387,926	1,292,744	1,255,226
Percentage of Personal Income (1)	0.78%	0.75%	0.72%	0.75%	0.76%
Per Capita (1)	$ 451	439	414	387	379

(1) See Table 13 Demographic and Economic Statistics
(2) Pursuant to California Assembly Bill ABx1 26, in 2012 the responsibility for the payment of this debt was transferred to the County of San Diego Successor Agency Private Purpose Trust Fund

Table 10
County of San Diego
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2012	**2013**	**2014**	**2015**	**2016**
Certificates of Participation & Lease Revenue Bonds	410,126	413,992	396,173	376,955	$ 351,179
Less: Amounts Available in Debt Service Fund	26,860	28,140	27,728	28,798	20,107
Net Certificates of Participation & Lease Revenue Bonds	383,266	385,852	368,445	348,157	331,072
Pension Obligation Bonds	805,272	769,068	732,330	692,338	649,860
Less: Amounts Available in Debt Service Fund	629	161	423	877	375
Net Pension Obligation Bonds	804,643	768,907	731,907	691,461	649,485
Total Net Bonded Debt	$ 1,187,909	$ 1,154,759	$ 1,100,352	$ 1,039,618	$ 980,557
Percentage of Actual Taxable Value of Property (1)	0.30%	0.29%	0.27%	0.24%	0.22%
Per Capita (2)	380	367	344	322	$ 298

					Fiscal Year
	2017	**2018**	**2019**	**2020**	**2021**
Certificates of Participation & Lease Revenue Bonds	330,956	309,388	287,889	260,352	241,030
Less: Amounts Available in Debt Service Fund	19,992	20,455	20,634	13,773	9,143
Net Certificates of Participation & Lease Revenue Bonds	310,964	288,933	267,255	246,579	231,887
Pension Obligation Bonds	605,520	558,525	508,765	456,040	400,125
Less: Amounts Available in Debt Service Fund	574	993	1,526	1,345	724
Net Pension Obligation Bonds	604,946	557,532	507,239	454,695	399,401
Total Net Bonded Debt	915,910	846,465	774,494	701,274	631,288
Percentage of Actual Taxable Value of Property (1)	0.19%	0.17%	0.14%	0.12%	0.11%
Per Capita (2)	276	254	231	210	190

(1) See Table 5 Assessed Value of Taxable Property - Total Assessed Value
(2) See Table 13 Demographic and Economic Statistics - Population Data

Table 11
County of San Diego
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit (1)	Legal Debt Margin	Legal Debt Margin/ Debt Limit
2012	$ 4,912,341		4,912,341	100%
2013	4,911,986		4,911,986	100%
2014	5,074,795		5,074,795	100%
2015	5,365,509		5,365,509	100%
2016	5,666,444		5,666,444	100%
2017	5,970,639		5,970,639	100%
2018	6,335,327		6,335,327	100%
2019	6,711,110		6,711,110	100%
2020	7,089,943		7,089,943	100%
2021	7,478,193		7,478,193	100%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	$ 598,255,472
Debt limit (1.25% of total assessed value) (2)	7,478,193
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	
Legal debt margin	$ 7,478,193

(1) For the fiscal years presented, the County had no debt that qualified as indebtedness subject to the bonded debt limit under the California Constitution.
(2) Under California State law, the total amount of bonded indebtedness shall not at any time exceed 1.25% of the taxable property of the County as shown by the last equalized assessment roll.

Table 12
County of San Diego
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

	Tobacco Settlement Asset-Backed Bonds					
Fiscal Year	Tobacco Settlement Revenues	Less: Operating Expenses (1)	Net Available Revenue	Principal (2)	Interest	Coverage
2012	$ 27,509	$ 165	$ 27,344	$ 3,755	$ 25,442	0.94
2013	41,460	111	41,349	17,035	25,263	0.98
2014	27,256	195	27,061	5,750	24,453	0.90
2015	26,982	190	26,792	14,760	24,181	0.69
2016	26,680	130	26,550	3,355	23,480	0.99
2017	27,440	120	27,320	4,265	23,321	0.99
2018	32,759	232	32,527	10,145	23,118	0.98
2019	31,754	171	31,583	9,930	22,636	0.97
2020	30,444	203	30,241	28,479	30,827	.51
2021	34,364	226	34,138	16,425	17,890	0.99

(1) Operating expenses do not include interest.
(2) Tobacco Principal Debt Service requirements include Turbo Principal payments.

Table 13
County of San Diego
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (in dollars)	School Enrollment (3)	Unemployment Rate (4)
2012	3,128,734	$ 155,500,000	$ 49,701	498,263	9.5
2013	3,150,178	156,600,000	49,711	499,850	8.1
2014	3,194,362	170,300,000	53,313	503,096	6.5
2015	3,227,496	179,800,000	55,709	503,848	5.3
2016	3,288,612	186,900,000	56,832	504,561	4.9
2017	3,316,192	192,107,000	57,930	505,310	4.2
2018	3,337,456	194,633,000	58,318	508,169	3.7
2019	3,351,786	191,558,000	57,151	506,260	3.3
2020	3,343,355	173,279,000	51,828	502,785	13.8
2021	3,315,404	164,786,000	49,703	490,068	7.0

Sources:
Primary
(1) California Department of Finance
(2) Los Angeles County Economic Development Corporation
(3) California Department of Education
(4) U.S. Department of Labor, Bureau of Labor Statistics
Secondary
(1) U.S. Department of Commerce, Bureau of Economic Analysis

Table 14
County of San Diego
Principal Employers
Current Year and Nine Years Ago

	2021			2012		
Employer	Employees	Rank	Percentage of Total County Employment (2)	Employees	Rank	Percentage of Total County Employment (3)
U.C. San Diego	35,802 (1)	1	2.52%	27,391 (3)	3	1.89%
Sharp Healthcare	19,468 (1)	2	1.37%	15,231 (3)	5	1.05%
County of San Diego	17,954 (1)	3	1.26%	15,687 (3)	4	1.08%
City of San Diego	11,820 (1)	4	0.83%	10,057 (3)	9	0.69%
General Atomics (and affiliated companies)	6,745 (1)	5	0.47%	N/A	N/A	N/A
San Diego State University	6,454 (1)	6	0.45%	N/A	N/A	N/A
Rady Children's Hospital-San Diego	5,711 (1)	7	0.40%	N/A	N/A	N/A
San Diego Community College District	5,400 (1)	8	0.38%	N/A	N/A	N/A
Sempra Energy	5,063 (1)	9	0.36%	N/A	N/A	N/A
YMCA of San Diego County	5,057 (1)	10	0.36%	N/A	N/A	N/A
Total	119,474		8.40%	68,366		4.71%

Sources:
(1) San Diego Business Journal - The 2021 Book of Lists (November 1, 2020), and County of San Diego Adopted Operational Plan Fiscal Years 2021-22 and 2022-23, pg. 21
Note: The Naval Base San Diego was excluded.
(2) California Labor Market Info (www.labormarketinfo.edd.ca.gov)
Percentage is calculated by dividing employees by total county employment of 1,420,400 as of June 2021
(3) FY 2011-2012 ACFR Table 14

Table 15
County of San Diego
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year 2012	2013	2014	2015	2016
General	1,451	1,485	1,479	1,485	1,529
Public protection	7,430	7,638	7,859	7,923	7,882
Public ways and facilities	367	369	366	356	370
Health and sanitation	2,045	2,068	2,029	1,994	1,987
Public assistance	3,440	3,728	4,160	4,368	4,462
Education	256	251	246	259	267
Recreation and cultural	171	162	172	166	171
Total	15,160	15,701	16,311	16,551	16,668

Function	Fiscal Year 2017	2018	2019	2020	2021
General	1,515	1,531	1,552	1,553	1,571
Public protection	7,942	7,899	7,917	7,883	7,595
Public ways and facilities	388	385	391	374	377
Health and sanitation	2,059	2,092	2,194	2,311	2,227
Public assistance	4,552	4,583	4,660	4,817	4,873
Education	269	271	268	262	254
Recreation and cultural	172	177	190	224	226
Total	16,897	16,938	17,172	17,424	17,123

Source: County of San Diego Auditor and Controller, Central Payroll Administration

Table 16
County of San Diego
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year 2012	2013	2014	2015	2016
General Government					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	98.00%	74.30%	99.00%	98.00%	75.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	99.00%	99.00%	100.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	97.00%	98.00%	99.10%	99.10%	99.30%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	64.00%	67.00%	68.00%	71.00%	72.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	130,044	126,836	89,936	82,702	81,975
Sheriff: Daily average – number of inmates	4,846	5,274	5,706	5,226	5,152
District Attorney: Felony defendants received	25,983	27,745	27,424	22,302	21,281
District Attorney: Misdemeanor defendants received	26,800	25,080	27,441	31,242	31,684
Planning and Development Services: Percent of building inspections completed next day	100.00%	100.00%	98.00%	98.00%	(1)
Planning and Development Services: Average permit center counter wait time (in minutes)	(1)	(1)	31	25	25
Animal Services: Percent of euthanized animals that were treatable	25.30%	28.00%	20.00%	12.80%	0.00%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	25,404	25,000	60,045	27,010	22,152
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	99.00%	99.50%	(1)	(1)	(1)
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	99.00%	99.40%	(1)	(1)	(1)
Regional Operations: Children age 0-18 years receive age-appropriate vaccines	(1)	(1)	99.00%	99.00%	100.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	5 days	4 days	3.5 days	(1)	(1)
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	96.00%	97.00%	95.00%	97.00%	96.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	79.00%	83.00%	79.00%	(1)	(1)
Child Welfare Services: Family participation in joint case planning and meetings quarterly	(1)	(1)	(1)	56.00%	77.00%
Self-Sufficiency Services: CalWORKs applications processed timely to help eligible families become more self-sufficient	(1)	(1)	(1)	96.00%	97.00%
Education					
County Library: Annual average circulation per item	7.98	7.52	6.84	7.47	7.82
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and effectively managed	45,661	47,270	47,907	48,098	48,565
Parks and Recreation: Number of miles of trails managed in the County trails program	329	330	336	359	363

(1) Trend data not available
Source: Various County departments

Continued on next page

Table 16
County of San Diego
Operating Indicators by Function
Last Ten Fiscal Years
(Continued)

Function	Fiscal Year 2017	2018	2019	2020	2021
General Government					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	59.00%	93.00%	71.00%	97.00%	99.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	100.00%	100.00%	100.00%	100.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	99.20%	98.50%	99.20%	98.70%	99.00%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	73.00%	72.00%	71.00%	71.00%	71.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	80,177	81,412	80,257	63,728	45,186
Sheriff: Daily average – number of inmates	(1)	(1)	(1)	(1)	(1)
District Attorney: Felony defendants received	21,656	20,676	21,308	19,193	21,219
District Attorney: Misdemeanor defendants received	30,101	32,383	33,220	27,120	26,950
Planning and Development Services: Percent of building inspections completed next day	(1)	(1)	(1)	(1)	(1)
Planning and Development Services: Average permit center counter wait time (in minutes)	23	23	21	22	(1)
Animal Services: Percent of euthanized animals that were treatable	0.00%	0.00%	0.00%	0.00%	0.00%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	20,586	19,290	24,636	22,150	18,790
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Regional Operations: Children age 0-18 years receive age-appropriate vaccines	100.00%	99.00%	100.00%	100.00%	100.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	(1)	(1)	(1)	(1)	(1)
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	96.00%	97.00%	98.00%	97.00%	98.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	(1)	(1)	(1)	(1)	(1)
Child Welfare Services: Family participation in joint case planning and meetings quarterly	76.00%	79.00%	80.00%	(1)	(1)
Self-Sufficiency Services: CalWORKs applications processed timely to help eligible families become more self-sufficient	97.00%	97.00%	98.00%	97.00%	99.00%
Education					
County Library: Annual average circulation per item	7.82	7.51	7.74	8.10	4.20
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and effectively managed	48,836	49,800	51,721	53,475	56,131
Parks and Recreation: Number of miles of trails managed in the County trails program	363	364	368	375	380

(1) Trend data not available
Source: Various County departments

Table 17
County of San Diego
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
General government										
Fleet vehicles	1,872	1,762	1,762	1,825	1,814	1,801	2,010	1,919	1,758	1,728
Buildings	1,085	1,126	1,136	1,114	1,123	1,153	1,092	1,069	1,092	1,114
Land	1,073	1,090	1,124	1,136	1,146	1,177	1,290	1,330	1,362	1,393
Public protection										
Building - sub stations	12	12	15	16	16	16	16	17	16	16
Patrol units	1,310	1,402	1,473	1,448	1,520	1,511	1,604	1,837	1,620	1,628
Detention facilities	10	9	10	10	10	11	9	9	9	9
Public ways and facilities										
Road miles	1,932.83	1,938.63	1,938.71	1,940.48	1,953.71	1,941.91	1,942.98	1,942.59	1,944.25	1,945.50
Bridges	196	200	200	201	201	204	208	208	208	208
Airports	7	7	7	7	7	7	7	7	7	7
Road stations	14	13	13	13	13	13	13	13	13	13
Health and sanitation										
Inactive landfills	23	23	23	23	23	23	23	23	23	23
Sewer lines miles	432.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00
Water pollution control facilities	5	5	6	1	1	1	1	1	1	1
Wastewater treatment plants (1)	3	3	3	3	3	3	3	3	3	3
Wastewater pump stations (1)	8	8	8	8	8	8	8	8	8	8
Public assistance										
Administration building	0	1	1	1	1	1	1	1	1	1
Housing facilities	6	6	6	6	5	5	5	5	5	5
Education										
Libraries	20	20	20	20	20	21	21	22	22	22
Recreation and cultural										
Parks/open space area	91	91	91	109	109	109	118	125	130	152
Campgrounds	8	8	8	8	8	8	8	8	8	9

(1) Trend data not available for 2007-11

Source: Various County departments

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County of San Diego, California

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