

**RATINGS:**  
**Moody's: "Aa1"**  
**S&P: "AA+"**  
**Fitch: "AA+"**  
**See "RATINGS" herein.**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Base Rental Payment designated as and constituting interest paid by the County under the Facility Lease and received by the Owners of the Series 2025 Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, interest evidenced by the Series 2025 Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Counsel observes that interest evidenced by the Series 2025 Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Series 2025 Certificates, or the amount, accrual or receipt of the portion of each Base Rental Payment constituting interest. See "TAX MATTERS" herein.*



**\$54,760,000**  
**COUNTY OF SAN DIEGO**  
**Refunding Certificates of Participation, Series 2025**  
**(County Operations Center)**

**Dated: Date of Delivery**

**Due: October 1, as shown on the inside cover**

The County of San Diego Refunding Certificates of Participation, Series 2025 (County Operations Center) (the "Series 2025 Certificates") are being executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2025 (the "Trust Agreement"), by and among Zions Bancorporation, National Association, as trustee (the "Trustee"), the County of San Diego (the "County") and the San Diego County Capital Asset Leasing Corporation (the "Corporation"). The Series 2025 Certificates evidence proportionate undivided interests in the base rental payments (the "Base Rental Payments") to be made by the County pursuant to the Facility Lease, dated as of July 1, 2025 (the "Facility Lease"), by and between the Corporation and the County, pursuant to which the County will lease from the Corporation certain real property and all the improvements thereon, as more particularly described herein (the "Leased Property"). See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Base Rental Payments" herein.

The proceeds of the Series 2025 Certificates, together with other moneys available therefor, will be used to (i) current refund and defease the San Diego Regional Building Authority Lease Revenue Refunding Bonds (County Operations Center) Series 2016A, as described herein and (ii) pay the costs associated with delivering the Series 2025 Certificates. See "PLAN OF REFINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Interest with respect to the Series 2025 Certificates is payable on April 1 and October 1 of each year, commencing on October 1, 2025. The Series 2025 Certificates will be delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), which will act as securities depository for the Series 2025 Certificates. Individual purchases of the Series 2025 Certificates will be made in book-entry form only. Purchasers of the Series 2025 Certificates will not receive certificates representing their ownership interests in the Series 2025 Certificates purchased. Principal and interest payments with respect to the Series 2025 Certificates are payable directly to DTC by the Trustee from Base Rental Payments received from the County. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Series 2025 Certificates. See APPENDIX D – "BOOK-ENTRY SYSTEM" attached hereto.

The Series 2025 Certificates are subject to extraordinary prepayment, as described herein. See "THE SERIES 2025 CERTIFICATES – Prepayment" herein.

**THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2025 CERTIFICATES NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.**

This cover page contains information for quick reference only. It is not a summary of this issue. Potential investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

*Pursuant to the terms of a public sale on July 8, 2025, the Series 2025 Certificates were awarded to Hilltop Securities Inc. (the "Initial Purchaser"). The Series 2025 Certificates will be offered when, as and if executed, delivered, and received by the Initial Purchaser, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel to the County, and certain other conditions. Certain legal matters will be passed upon for the County and the Corporation by Nixon Peabody LLP, Los Angeles, California, Disclosure Counsel to the County, and the County Counsel. It is anticipated that the Series 2025 Certificates in definitive form will be available for delivery to DTC in Jersey City, New Jersey, on or about July 23, 2025.*

Dated: July 8, 2025

## MATURITY SCHEDULE

**\$54,760,000**

**COUNTY OF SAN DIEGO**  
**Refunding Certificates of Participation, Series 2025**  
**(County Operations Center)**

**BASE CUSIP No.<sup>†</sup>: 797391**

<b>Maturity (October 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Suffix<sup>†</sup></b>
2026	\$4,330,000	5.000%	2.180%	6K0
2027	4,550,000	5.000	2.190	6L8
2028	4,785,000	5.000	2.190	6M6
2029	5,035,000	5.000	2.200	6N4
2030	5,290,000	5.000	2.280	6P9
2031	5,560,000	5.000	2.410	6Q7
2032	5,845,000	5.000	2.550	6R5
2033	6,145,000	5.000	2.620	6S3
2034	6,460,000	5.000	2.770	6T1
2035	6,760,000	4.000	2.920	6U8

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<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with the County or the Corporation and are included solely for the convenience of the registered owners of the Series 2025 Certificates. The Initial Purchaser, the Municipal Advisor, the County and the Corporation are not responsible for the selection or use of these CUSIP® numbers and no representation is made as to their correctness on the Series 2025 Certificates or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the delivery of the Series 2025 Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025 Certificates.

**COUNTY OF SAN DIEGO, STATE OF CALIFORNIA**

**BOARD OF SUPERVISORS**

Vacant	First District
Terra Lawson-Remer, Vice Chair	Third District
Joel Anderson	Second District
Monica Montgomery Steppe	Fourth District
Jim Desmond	Fifth District

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**COUNTY OFFICIALS**

Ebony N. Shelton, *Chief Administrative Officer*  
Dan McAllister, *Treasurer – Tax Collector*  
Tracy Drager, *Auditor and Controller*  
Caroline Smith, *Assistant Chief Administrative Officer*  
Joan Bracci, *Chief Financial Officer*  
Claudia Silva, *County Counsel*

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**SAN DIEGO COUNTY CAPITAL ASSET LEASING CORPORATION**

**BOARD OF DIRECTORS**

Michel Anderson, *Chair*  
Jeff Kane, *Vice Chair*  
John Todd, *Secretary*  
Vacant, *Director*  
Shirley Nakawatase, *Treasurer*

**SPECIAL SERVICES**

*Special Counsel*  
Orrick, Herrington & Sutcliffe LLP  
Los Angeles, California

*Disclosure Counsel*  
Nixon Peabody LLP  
Los Angeles, California

*Trustee*  
Zions Bancorporation, National Association  
Los Angeles, California

*Municipal Advisor*  
Public Resources Advisory Group  
Los Angeles, California

*Verification Agent*  
Samuel Klein and Company, Certified Public Accountants  
Newark, New Jersey

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2025 Certificates by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Corporation.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025 Certificates. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

Certain information set forth herein which is attributable to parties other than the County has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Corporation or the County. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation, the County or any other parties described herein since the date hereof.

This Official Statement and the information contained herein is in a form deemed final by the County for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). However, the information herein is subject to revision, completion or amendment in a final Official Statement.

All summaries of the Trust Agreement, the Facility Lease and other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Corporation and the County for further information in connection therewith.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access website. A wide variety of other information, including financial information, concerning the County, is available from publications and websites of the County and others. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein, should not be relied on in making an investment decision with respect to the Series 2025 Certificates.

The County maintains a website, however, the information presented therein is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2025 Certificates.

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THE PURCHASERS MAY OFFER AND SELL THE SERIES 2025 CERTIFICATES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASERS.**

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**\$54,760,000**  
**COUNTY OF SAN DIEGO**  
**REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2025**  
**(COUNTY OPERATIONS CENTER)**

**INTRODUCTION**

*This introduction contains only a brief summary of certain terms of the Series 2025 Certificates being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Trust Agreement and Facility Lease (herein defined). See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions” attached hereto.*

**General**

This Official Statement, including the cover page, the inside cover page and the Appendices attached hereto (the “Official Statement”), provides certain information concerning the sale and delivery of the County of San Diego Refunding Certificates of Participation, Series 2025 (County Operations Center) in an aggregate principal amount of \$54,760,000 (the “Series 2025 Certificates”). The Series 2025 Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2025 (the “Trust Agreement”), by and among Zions Bancorporation, National Association, as trustee (the “Trustee”), the County of San Diego (the “County”) and the San Diego County Capital Asset Leasing Corporation (the “Corporation”). The proceeds of the Series 2025 Certificates, together with other moneys available therefor, will be used to (i) current refund and defease the San Diego Regional Building Authority Lease Revenue Refunding Bonds (County Operations Center) Series 2016A (the “Prior Bonds”), as described herein and (ii) pay the costs associated with delivering the Series 2025 Certificates.

The County will lease certain real property and all improvements thereon, as more particularly described herein (the “Leased Property”), to the Corporation pursuant to the Site Lease, dated as of July 1, 2025 (the “Site Lease”), by and between the County and the Corporation. The County will sublease the Leased Property from the Corporation pursuant to the Facility Lease, dated as of July 1, 2025 (the “Facility Lease”), by and between the Corporation and the County. The Series 2025 Certificates evidence proportionate undivided interests in the base rental payments to be made by the County as the rental for the Leased Property under and pursuant to the Facility Lease (the “Base Rental Payments”). See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein. No part of the Project will be located on the Leased Property.

**The County**

The County is the southernmost major metropolitan area in the State of California (the “State”). The County covers approximately 4,207 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the geographic size of the State of Connecticut. The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time.

The County's Fiscal Year 2024-25 Adopted Operational Plan, adopted on June 24, 2024 (the "Fiscal Year 2024-25 Adopted Budget"), is approximately \$8.53 billion, of which \$6.63 billion relates to the County's General Fund budget. The County released its revised proposed Fiscal Year 2025-26 budget (the "Revised Fiscal Year 2025-26 Recommended Budget") on June 12, 2025.

The Revised Fiscal Year 2025-26 Recommended Budget is approximately \$8.63 billion, of which \$6.72 billion relates to the County's General Fund budget. The County's Fiscal Year 2025-26 Adopted Operational Plan was adopted on June 24, 2025 and is unchanged from the Revised Fiscal Year 2025-26 Recommended Budget. Descriptions of the Revised Fiscal Year 2025-26 Recommended Budget herein also describe the County's Fiscal Year 2025-26 Adopted Operational Plan. For additional economic, demographic and financial information with respect to the County, See APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDIX B – "COUNTY OF SAN DIEGO AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024" attached hereto.

### **The Series 2025 Certificates**

The Series 2025 Certificates will be executed and delivered in the form of fully registered certificates in principal amounts of \$5,000 each or any integral multiple thereof. The Series 2025 Certificates will be dated their date of delivery and mature on the dates set forth on the inside cover page of this Official Statement. The interest with respect to the Series 2025 Certificates will represent the sum of the portions of the Base Rental Payments designated as interest components coming due on the Interest Payment Dates in each year. The principal with respect to the Series 2025 Certificates will represent the sum of the portions of the Base Rental Payments designated as principal components coming due on the Principal Payment Date in each year. Interest with respect to the Series 2025 Certificates is payable on April 1 and October 1 of each year, commencing on October 1, 2025.

The County will not fund a debt service reserve fund for the Series 2025 Certificates. Amounts held or to be held in a reserve fund or account established for any other series of Certificates (as defined below) or any reserve fund credit policy for any other series of Certificates, if any, will not be available to be drawn upon to pay principal, premium, if any, or interest with respect to the Series 2025 Certificates.

The Series 2025 Certificates will be delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), which will act as securities depository for the Series 2025 Certificates. Individual purchases of the Series 2025 Certificates will be made in book-entry form only. Purchasers of the Series 2025 Certificates will not receive certificates representing their ownership interests in the Series 2025 Certificates purchased. Principal and interest payments with respect to the Series 2025 Certificates will be payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the Beneficial Owners of the Series 2025 Certificates. See "THE SERIES 2025 CERTIFICATES – General" herein and APPENDIX D – "BOOK-ENTRY SYSTEM" attached hereto.

The County has the ability to enter into other obligations which may constitute additional charges against its revenues including, without limitation, lease obligations similar in form to the Facility Lease. Such lease obligations will be unrelated obligations, not subject to any parity test, although payable from similar sources of funds. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental Payments may be decreased. Though the County has no current plans to incur additional long-term obligations payable from the General Fund, it may finance or refinance capital projects through the execution and delivery of certificates of participation or other obligations in the future.

The timing and the principal amount of any execution and delivery of such obligations are all subject to legal, market, and other conditions.

### **Security and Source of Payment for the Certificates**

Under the Facility Lease in consideration for the use and occupancy of the Leased Property, the County has agreed to make certain payments designated as Base Rental Payments and certain other payments including but not limited to fees, costs, expenses and administrative costs relating to (the “Additional Payments”), in the amounts, at the times and in the manner set forth in the Facility Lease. The Base Rental Payments under the Facility Lease are scheduled to be sufficient to pay, when due, amounts designated as principal and interest with respect to the Series 2025 Certificates. The County has covenanted in the Facility Lease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Facility Lease in its operating budget for each fiscal year commencing after the date of the Facility Lease and to make all necessary appropriations for such Base Rental Payments and Additional Payments. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein.

Pursuant to an Assignment Agreement, dated as of July 1, 2025 (the “Assignment Agreement”), by and between the Trustee and the Corporation, the Corporation will assign to the Trustee, for the benefit of the Owners of the Series 2025 Certificates (i) certain of its right, title and interest in and to the Site Lease, and (ii) certain of its right, title and interest in and to the Facility Lease including the right to receive Base Rental Payments under the Facility Lease. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2025 CERTIFICATES NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE CORPORATION, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The County’s obligation to pay Base Rental Payments is subject to abatement. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Base Rental Payments” and “– Abatement” herein.

### **Continuing Disclosure**

The County has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (the “EMMA System”) for purposes of Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission certain annual financial information and operating data and notice of certain events in a timely manner but not in excess of ten business days after the occurrence of the event. These covenants have been made in order to assist the Initial Purchaser in complying with the Rule. See “CONTINUING DISCLOSURE” herein and APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto for a description of the specific nature of the annual report and notices of events and the terms of the Continuing Disclosure Agreement pursuant to which such reports are to be made.

## **Forward-Looking Statements**

Certain statements included or incorporated by reference in the Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are believed to be reasonable, there can be no assurance that such expectations will prove to be correct. Neither the County nor the Corporation is obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur, whether or not they prove to be correct.

## **Upcoming County Bond Issuances**

In addition to the Series 2025 Certificates being described in this Official Statement, the County issued its 2025 Tax and Revenue Anticipation Notes in the aggregate principal amount of \$200,000,000 on July 3, 2025 (the “Notes”). The County plans to issue additional long-term General Fund obligations for certain capital projects in Fiscal Year 2025-26. See APPENDIX A —“COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION—COUNTY FINANCIAL INFORMATION—Anticipated Capital Financings” attached hereto.

## **Miscellaneous**

The Series 2025 Certificates will be offered when, as and if executed and delivered, and received by the Initial Purchaser, subject to the approval as to their legality by Special Counsel (as defined herein) and certain other conditions.

The description herein of the Trust Agreement, the Site Lease, the Facility Lease and the Assignment Agreement and any other agreements relating to the Series 2025 Certificates are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2025 Certificates are qualified in their entirety by the respective form thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Corporation since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

## **THE LEASED PROPERTY**

The Leased Property consists of two County buildings and their discrete building areas, and right of access, each located on the campus of the County Operations Center located in the Kearny Mesa community of San Diego County, which is north of downtown San Diego (the “County Operations

Center”). These two properties include one of four similarly situated four story, approximately 175,000 square foot, administrative office buildings and the two story, approximately 34,000 square foot, registrar of voters facility, located at 5560 Overland Avenue, San Diego, California 92123 (an approximately 2.3 acre site) and 5600 Overland Avenue, San Diego, California 92123 (an approximately 4.3 acre site), respectively, within the County Operations Center. Construction was completed in or about 2012 and 2014, respectively, and each has been an occupied component of County operations since that time. As discussed above, the Prior Bonds were issued to refinance the costs of construction of a portion of the County Operations Center, including, particularly, the improvements constituting the Leased Property.

The County Operations Center is currently occupied by various County departments providing essential public services such as permitting, voting, library and public safety services to County residents.

Overall, the County Operations Center is a modern, efficient campus with four administrative office buildings, a medical examiner facility, a registrar of voters facility, board chambers, a crime lab, a health lab, a fleet facility, a common area with food services, surface parking, and a parking structure, components of which were completed in 2012 through as recently as 2025. The County Operations Center was designed to meet Leadership in Energy and Environmental Design Green Building gold and platinum certification standards and provide continuity of operations in power emergencies.

The County will represent in the Facility Lease that the annual fair rental value of the Leased Property is not less than the maximum Base Rental Payments payable under the Facility Lease in any year. In making such determinations of annual fair rental value, consideration has been given to a variety of factors including the replacement costs of the existing improvements on the Leased Property, other obligations of the parties under the Facility Lease, the uses and purposes which may be served by the improvements on the Leased Property and the benefits therefrom which will accrue to the County and the general public.

The County may amend the Facility Lease, the Site Lease and the Assignment Agreement to (i) add additional real property to the Leased Property, (ii) substitute alternate real property and/or improvements for any portion of the then-existing Leased Property and/or (iii) release real property (including undivided interests therein) and/or improvements by Removal (as defined by the Facility Lease) from the Facility Lease, the Site Lease, and from the definition of Leased Property set forth in the Facility Lease and Site Lease, upon compliance with all of the conditions set forth in the Facility Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Substitution or Removal of Leased Property” herein. After a Substitution or Removal (each as defined by the Facility Lease), the part of the Leased Property for which the Substitution or Removal has been effected shall be evidenced by an amendment to the leasehold under the Facility Lease and Site Lease and the assignment of rights related thereto under the Assignment Agreement.

See also APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – FACILITY LEASE – The Leased Property – Additions to the Leased Property; Substitution or Removal of Leased Property” and “– FACILITY LEASE – Rental Payments” attached hereto.

### **PLAN OF REFINANCING**

The Series 2025 Certificates are being executed and delivered for the purpose, among others, of providing moneys that, together with other amounts available therefor, will be sufficient (together with interest earnings thereon) to (a) pay when due the principal of and interest on the Prior Bonds and (b) redeem the remaining outstanding Prior Bonds on October 15, 2025 (the “2016 Redemption Date”) at the redemption price of 100% (collectively, the “2016 Redemption Price”).

The net proceeds of the Series 2025 Certificates will be deposited into an Escrow Fund (the “Escrow Fund”) established under the Escrow Agreement, dated as of July 1, 2025 (the “Escrow Agreement”), by and between the County and Zions Bancorporation, National Association, (the “Escrow Agent”), as escrow agent. Such amounts, together with amounts transferred from certain funds held under the indenture pursuant to which the Prior Bonds were issued (the “Prior Indenture”), will be invested in cash and defeasance securities authorized under the Prior Indenture (collectively, the “Investment Securities”). The Investment Securities will be scheduled to mature in such amounts and at such time and pay interest at such rates as to provide amounts sufficient to pay the 2016 Redemption Price on the 2016 Redemption Date.

Upon deposit of the Investment Securities pursuant to the Escrow Agreement and instructions to the Escrow Agent in accordance with the defeasance provisions of the Prior Indenture, the owners of the Prior Bonds will cease to be entitled to the pledge of and lien on the base rental payments with respect to the Prior Bonds and the Prior Indenture will thereupon cease, terminate and become void and be discharged and satisfied in accordance with the terms of the Prior Indenture. Samuel Klein and Company, Certified Public Accountants, will verify the mathematical computations used to determine the sufficiency of the deposits into the Escrow Fund. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the Series 2025 Certificates, together with other moneys available therefor, are expected to be applied approximately as follows:

	Series 2025 Certificates
<b>Sources:</b>	
Principal Amount of Series 2025 Certificates	\$54,760,000.00
Original Issue Premium	6,717,017.25
Transfers From Amounts Held Under Prior Indenture	12,528,250.00
Total Sources	\$74,005,267.25
<b>Uses:</b>	
Escrow Fund	\$71,707,512.50
Base Rental Payment Fund	1,839,608.89
Costs of Issuance <sup>(1)</sup>	458,145.86
Total Uses	\$74,005,267.25

<sup>(1)</sup> Includes Initial Purchaser’s discount, fees of Special Counsel, Disclosure Counsel, the rating agencies, the Municipal Advisor, the Trustee, the Verification Agent, title insurance fees, printing costs and other costs of issuance.

## THE SERIES 2025 CERTIFICATES

*The following is a summary of certain provisions of the Series 2025 Certificates. Reference is made to the Trust Agreement and the Facility Lease for a more detailed description of such provisions. The discussion herein is qualified by such reference. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.*

### **General**

The Series 2025 Certificates will be dated their date of delivery and principal with respect to the Series 2025 Certificates will be payable on the dates set forth on the inside cover page of this Official Statement. The interest with respect to the Series 2025 Certificates will represent the sum of the portions of the Base Rental Payments designated as interest components coming due on the Interest Payment Dates in each year. The principal with respect to the Series 2025 Certificates will represent the sum of the portions of the Base Rental Payments designated as principal components coming due on the Principal Payment Date in each year. Interest with respect to the Series 2025 Certificates will be payable semiannually on each April 1 and October 1 of each year, commencing on October 1, 2025 (each, an “Interest Payment Date”) and will be computed on the basis of a 360-day year of twelve 30-day months.

The interest with respect to the Series 2025 Certificates will be payable on each Interest Payment Date by check sent by first class mail by the Trustee to the respective Owners of the Series 2025 Certificates as of the Record Date for such Interest Payment Date at their addresses shown on the books required to be kept by the Trustee pursuant to the Trust Agreement. Payments of defaulted interest with respect to any Series 2025 Certificate shall be paid by check to the Owner as of a special record date to be fixed by the Trustee, notice of which special record date is required under the Trust Agreement to be given to the Owner of the Series 2025 Certificate not less than ten days prior thereto. As defined in the Trust Agreement, the term “Record Date” means the close of business on the fifteenth day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

### **Book-Entry System**

The Series 2025 Certificates will be initially delivered in denominations of \$5,000 and any integral multiple thereof. The Series 2025 Certificates will be delivered in fully registered form only, and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2025 Certificates. Individual purchases of the Series 2025 Certificates will be made in book-entry form only. Purchasers of the Series 2025 Certificates will not receive certificates representing their ownership interests in the Series 2025 Certificates purchased. Principal and interest payments with respect to the Series 2025 Certificates will be payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the Beneficial Owners of the Series 2025 Certificates. See APPENDIX D – “BOOK-ENTRY SYSTEM” attached hereto.

### **Prepayment**

***No Optional Prepayment of Series 2025 Certificates.*** The Series 2025 Certificates are not subject to optional prepayment prior to their stated Principal Payment.

***Extraordinary Prepayment.*** The Series 2025 Certificates are subject to prepayment on any date prior to their respective maturity dates, as a whole, or in part, at the written direction of the County, from the net proceeds of any insurance or condemnation award with respect to the Leased Property or portions thereof, at a prepayment price equal to the sum of the principal amount plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. Such net proceeds of any insurance or

condemnation award to be applied to prepayment will be in integral multiples of an Authorized Denomination so that the aggregate annual amounts of principal components of Base Rental Payments payable under the Facility Lease represented by the Series 2025 Certificates which shall be payable after such prepayment date shall each be in an integral multiple of an Authorized Denomination and shall be as nearly proportional as practicable to the aggregate annual amounts of principal components of Base Rental Payments payable under the Facility Lease represented by the Series 2025 Certificates.

***Notice of Prepayment.*** So long as the Series 2025 Certificates are held in book-entry form, notices of prepayment will be mailed by the Trustee only to DTC, and not to any Beneficial Owners, at least 30 but not more than 60 days prior to the date fixed for prepayment. The Trustee shall also provide such additional notice of prepayment of Series 2025 Certificates at the time and as may be required by the Municipal Securities Rulemaking Board. Each notice of prepayment shall state the date of such notice, the Series 2025 Certificates to be prepaid, the date of issue, the prepayment date, the prepayment price, the place or places of prepayment (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be prepaid, the distinctive certificate numbers of the Series 2025 Certificates of such maturity to be prepaid and, in the case of Series 2025 Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that such prepayment may be rescinded by the County and that, unless such prepayment is so rescinded, and provided that on said date funds are available for payment in full of the Series 2025 Certificates then called for prepayment, on said date there will become due and payable on the Series 2025 Certificates the prepayment price thereof or of said specified portion of the principal amount thereof in the case of a Series 2025 Certificate to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such prepayment date interest thereon shall cease to accrue, and shall require that such Series 2025 Certificates be then surrendered at the address or addresses of the Trustee specified in the prepayment notice.

Failure by the Trustee to give notice as described above to any one or more of the information services or securities depositories, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for prepayment. The failure of any Owner to receive any prepayment notice mailed to such Owner and any defect in the notice so mailed shall not affect the sufficiency of the proceedings for prepayment.

Any notice of prepayment shall be cancelled and annulled if for any reason funds are not available on the date fixed for prepayment for the payment in full of the Series 2025 Certificates then called for prepayment, and such cancellation shall not constitute an Event of Default under the Trust Agreement. The Trustee shall mail notice of such rescission of prepayment in the same manner as the original notice of prepayment was sent.

***Selection of Series 2025 Certificates for Prepayment.*** Whenever less than all the Outstanding Series 2025 Certificates are to be prepaid on any one date, the Trustee shall select the Series 2025 Certificates to be prepaid by selecting such Series 2025 Certificates as evidence the prepaid Base Rental Payments determined by the County to be prepaid from eminent domain proceeds or net insurance proceeds received in accordance with the Facility Lease, and by lot among Series 2025 Certificates of the same stated Principal Payment Date in any manner that the Trustee deems fair and appropriate, which decision shall be final and binding upon the County, the Corporation and the Owners.

***Partial Prepayment of Series 2025 Certificates.*** Upon surrender of any Series 2025 Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof a new Series 2025 Certificate or Series 2025 Certificates representing the unpaid principal amount of the Series 2025 Certificate surrendered.

***Effect of Prepayment.*** If notice of prepayment has been duly given as aforesaid and moneys for the payment of the prepayment price of the Series 2025 Certificates to be prepaid are held by the Trustee, then on the prepayment date designated in such notice the Series 2025 Certificates so called for prepayment shall become payable at the prepayment price specified in such notice; and from and after the date so designated interest with respect to the Series 2025 Certificates so called for prepayment shall cease to accrue, such Series 2025 Certificates shall cease to be entitled to any benefit or security under the Trust Agreement and the Owners of such Series 2025 Certificates shall have no rights in respect thereof except to receive payment of the prepayment price represented thereby. The Trustee shall, upon surrender for payment of any of the Series 2025 Certificates to be prepaid, pay such Series 2025 Certificates at the prepayment price thereof.

## **SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES**

### **Base Rental Payments**

***General.*** The Series 2025 Certificates will represent the aggregate principal components of the Base Rental Payments under the Facility Lease and evidence and represent a proportionate, undivided interest in the Base Rental Payments to be made by the County. The County is required under the Facility Lease to make Base Rental Payments subject to the provisions of the Facility Lease related to abatement. The County has covenanted in the Facility Lease to take such action as may be necessary to include all Base Rental Payments and Additional Payments with respect to the Leased Property in its operating budget for each fiscal year commencing after the date of the Facility Lease, and to make the necessary appropriations for such Base Rental Payments and Additional Payments. Base Rental Payments are scheduled to be paid as set forth herein. See “– Base Rental Payments Schedule” herein.

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. SEE APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – FACILITY LEASE – RENTAL PAYMENTS – OBLIGATION TO MAKE RENTAL PAYMENTS” ATTACHED HERETO.

Pursuant to the Trust Agreement, the Trustee will establish and maintain a Base Rental Payment Fund. Within the Base Rental Payment Fund, the Trustee will establish and maintain a separate account designated the “Interest Account” and a separate account designated the “Principal Account.” The Trustee, pursuant to the Trust Agreement, will receive Base Rental Payments for the benefit of the Owners of the Certificates. Except as expressly provided in the Trust Agreement, the Trustee will not have any obligation or liability to such Owners with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County or the Corporation of the other agreements and covenants required to be performed by them, respectively contained in the Site Lease or the Facility Lease or in the Trust Agreement. Additional Payments payable by the County under the Facility Lease includes, among other costs, amounts sufficient to pay certain taxes and assessments, insurance premiums, and certain administrative costs.

The Base Rental Payments under the Facility Lease are absolutely net to the Corporation so that the Facility Lease shall yield to the Corporation the lease payments, free of any charges, assessments or

impositions of any kind charged, assessed or imposed on or against the Leased Property, and without counterclaim, deduction, defense, deferment or set-off by the County except as specifically otherwise provided in the Facility Lease. The Facility Lease provides that the agreements and covenants on the part of the County contained therein shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements of the County contained in the Facility Lease.

**Base Rental Payments Schedule.** The Facility Lease requires that all Base Rental Payments due thereunder in any Fiscal Year after June 30, 2026 shall be due and payable in one sum on July 5 of each year, commencing on July 5, 2026. Any payment scheduled to be made on a date which is not a Business Day shall be made on the next succeeding Business Day. The failure of the County to make the annual Base Rental Payment under the Facility Lease on July 5 of each year, commencing July 5, 2026, is an Event of Default under the Facility Lease.

The following table sets forth the annual Base Rental Payments under the Facility Lease.

**BASE RENTAL PAYMENTS**

<b>Fiscal Year Ending June 30</b>	<b>Series 2025 Principal Component</b>	<b>Series 2025 Interest Component</b>	<b>Total Base Rental Payments<sup>(1)</sup></b>
2026	–	\$1,839,608.89	\$1,839,608.89
2027	\$4,330,000	2,562,150.00	6,892,150.00
2028	4,550,000	2,340,150.00	6,890,150.00
2029	4,785,000	2,106,775.00	6,891,775.00
2030	5,035,000	1,861,275.00	6,896,275.00
2031	5,290,000	1,603,150.00	6,893,150.00
2032	5,560,000	1,331,900.00	6,891,900.00
2033	5,845,000	1,046,775.00	6,891,775.00
2034	6,145,000	747,025.00	6,892,025.00
2035	6,460,000	431,900.00	6,891,900.00
2036	6,760,000	135,200.00	6,895,200.00
Total	<u>\$54,760,000</u>	<u>\$16,005,908.89</u>	<u>\$70,765,908.89</u>

<sup>(1)</sup> Amounts reflect the aggregate amount of scheduled Base Rental Payments under the Facility Lease on July 5 of each calendar year, except the Base Rental Payments due on October 1, 2025 and April 1, 2026 which shall be paid with a deposit into the Base Rental Payment Fund on the closing date of the Series 2025 Certificates.

**Insurance**

The Facility Lease provides that the County shall secure and maintain, or cause to be secured and maintained, at all times with insurers of recognized responsibility, insurance against the risks and in the amounts set forth in the Facility Lease. Such insurance includes “all risk” insurance against loss or damage to the Leased Property, including flood, but excluding earthquake, which shall be maintained at any time in an amount per occurrence at least equal to the lesser of (i) the cumulative replacement values of the Leased Property, and, in the case of a policy covering more than the Leased Property, as permitted by the next succeeding sentence, any other property which is the subject of a lease, installment purchase agreement or other financing arrangement for which bonds, certificates of participation or other obligations shall have

been issued (“Obligations”) or (ii) the aggregate amount of the principal component of the then-remaining Base Rental Payments payable under the Facility Lease. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss (except for flood, in which case the deductible may not exceed \$250,000 for any one loss). Pursuant to the Facility Lease the County may obtain such coverage as a joint insured with one or more other public agencies located within or outside of the County of San Diego, which may be limited in an amount per occurrence in the aggregate for all insureds as described in the first sentence of this paragraph and which may be limited in a cumulative amount of claims during a 12-month period in the aggregate for all insureds in an amount not less than \$500,000,000 (collectively, “Pooled Public Agencies Insurance”). The County anticipates that it will secure and maintain “all risk” insurance covering the Leased Property through an insurance policy described in the immediately preceding sentence. As a consequence, the Leased Property will not be covered through stand-alone insurance policies and will rather be covered through an insurance policy that covers multiple properties owned by varying public agencies throughout the State. If there occurs one or more losses or damages to the properties covered by that insurance policy in a fiscal year that exceeds the annual cumulative limit provided therein and there were also to occur a loss or damage to the Leased Property in the same fiscal year, then the County and the Trustee may be unable to make a claim under such insurance policy for such loss or damage and there may not otherwise be any other insurance covering such loss or damage to the Leased Property.

The Facility Lease provides that the County will also obtain rental interruption insurance with respect to the Leased Property, in an amount sufficient at all times to pay the total rent payable under the Facility Lease for a period of not less than two years’ Base Rental Payments for the Leased Property; provided that such rental interruption insurance may be included in the Pooled Public Agencies Insurance. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – FACILITY LEASE – Maintenance; Taxes; Insurance and Other Charges – Insurance” attached hereto.

The Facility Lease provides that the amount of coverage required may be reduced to a smaller amount if an Insurance Consultant provides written advice to the County and the Trustee that, based upon its evaluation of the County’s maximum foreseeable loss in the event of a major conflagration, windstorm, explosion, riot, flood or similar event, a specified smaller amount is believed to be reasonable given the nature of the risks insured and the proximity of the insured properties to each other. The County is under no obligation to provide insurance against loss or damage occasioned by the perils of an earthquake. For additional information regarding the County’s risk management programs, see APPENDIX A – “COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – COUNTY FINANCIAL INFORMATION – Risk Management” and APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – FACILITY LEASE – Maintenance; Taxes; Insurance and Other Charges – Insurance” attached hereto.

### **Abatement**

Except to the extent of (a) amounts held by the Trustee in the Base Rental Payment Fund, (b) amounts received in respect of rental interruption insurance, and (c) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Series 2025 Certificates, during any period in which, by reason of material damage, destruction, title defect, or condemnation, there is substantial interference with the use and possession by the County of any portion of the Leased Property, Base Rental Payments due under the Facility Lease with respect to the Leased Property shall be abated to the extent that the annual fair rental value of the portion of the affected Leased Property in respect of which there is no substantial interference is less than the annual Base Rental Payments under the Facility Lease, in which case rental payments shall be abated only by an amount equal to the difference. In the event the County shall assign, transfer or sublease any or all of the affected Leased Property or other rights under the Facility Lease as permitted by the Facility Lease for purposes of determining the fair rental value available to pay Base Rental

Payments, annual fair rental value of the affected Leased Property shall first be allocated to the Facility Lease as provided therein. Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and ending with the substantial completion of the work of repair or replacement of the portions of the affected Leased Property so damaged, destroyed, defective or condemned.

In the event that rental is abated, in whole or in part, due to damage, destruction, title defect or condemnation of any part of the Leased Property and the County is unable to repair, replace or rebuild such Leased Property from the proceeds of insurance, if any, pursuant to the Facility Lease, the County will apply for and use its best efforts to obtain any appropriate State and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the affected Leased Property.

### **Substitution or Removal of Leased Property**

The County may amend the Facility Lease and the Site Lease to: (i) add additional real property to the Leased Property, (ii) substitute alternate real property and/or improvements (the “Substituted Property”) for any portion of the then-existing Leased Property and/or (iii) release real property (including undivided interests therein) and/or improvements by Removal (as defined by the Facility Lease) from the Facility Lease and the definition of Leased Property set forth in the Facility Lease and Site Lease upon compliance with all of the conditions set forth in the Facility Lease. After a Substitution or Removal, the part of the Leased Property for which the Substitution or Removal has been effected shall be evidenced by an amendment to the leasehold under the Facility Lease and Site Lease and the assignment of rights related thereto under the Assignment Agreement. Notwithstanding any Substitution or Removal pursuant to the Facility Lease, there shall be no reduction or abatement of the Base Rental Payments due from the County under the Facility Lease as a result of such Substitution or Removal. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – FACILITY LEASE – The Leased Property – Additions to Leased Property; Substitution or Removal of the Leased Property” attached hereto.

### **No Debt Service Reserve Fund for the Series 2025 Certificates**

The County will not fund a debt service reserve fund for the Series 2025 Certificates. Amounts held or to be held in a reserve fund or account established for any other series of Certificates or any reserve fund credit policy for any other series of Certificates, if any, will not be available to be drawn upon to pay principal, premium, if any, or interest with respect to the Series 2025 Certificates.

### **No Acceleration and No Right of Relet upon an Event of Default**

There is no remedy of acceleration in payments under the Facility Lease nor may the Trustee exercise any right of reentry upon or repossession of the Leased Property upon the occurrence of an Event of Default thereunder. Upon the occurrence of an Event of Default under the Facility Lease, the Corporation or its assignee 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 such Leased Property or any portion thereof. THIS SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE AGAINST THE COUNTY UNDER THE FACILITY LEASE OR OTHERWISE. In such event, the County will remain liable and will keep or perform all covenants and conditions required under the Facility Lease to be kept or performed by the County, pay the rent to the end of the term of the Facility Lease and pay said rent and/or rent deficiency punctually at the same time and in the same manner as required under the Facility Lease for the payment of rent thereunder (without acceleration). See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – FACILITY LEASE– Default and Remedies” attached hereto.

## THE CORPORATION

The Corporation was organized on June 12, 1984, as a nonprofit public benefit corporation pursuant to the Nonprofit Public Corporation Law of the State of California. The Corporation's purpose is to render assistance to the County in its acquisition of leased properties, real property and improvements on behalf of the County. Under its articles of incorporation, the Corporation has all powers conferred upon nonprofit public benefit corporations by the laws of the State of California, provided that it will not engage in any activity other than that which is necessary or convenient for, or incidental to the purposes for which it was formed. The Corporation has no taxing authority. The Corporation has no liability to the Owners of the Series 2025 Certificates and has pledged none of its moneys, funds or assets toward the Base Rental Payments or Additional Payments under the Facility Lease or toward the payment of any amount due in connection with the Series 2025 Certificates.

The Corporation is a separate legal entity from the County. It is governed by a five-member Board of Directors (the "Board of Directors") appointed by the Board of Supervisors of the County. The Corporation has no employees. All staff work is performed by employees of the County. The members of the Corporation's Board of Directors are Michel Anderson, Jeff Kane, John Todd, and Shirley Nakawatase.

The County's Chief Financial Officer, Treasurer-Tax Collector, the County Counsel, and other County employees are available to provide staff support to the Corporation.

The Corporation has not entered into any material financing arrangements with respect to the Series 2025 Certificates other than those referred to in this Official Statement. Further information concerning the Corporation may be obtained from the San Diego County Capital Asset Leasing Corporation office at 1600 Pacific Highway, Room 166, San Diego, California 92101.

## RISK FACTORS

*The following factors, along with all other information in this Official Statement, including, without limitation, Appendix A, must be considered by potential investors in evaluating the risks inherent in the purchase of the Series 2025 Certificates. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2025 Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.*

### **Not a Pledge of Taxes**

The obligation of the County to pay the Base Rental Payments and Additional Payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to pay Base Rental Payments and Additional Payments does not constitute a debt or indebtedness of the County, the Corporation, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Facility Lease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Facility Lease to pay Base Rental Payments from any source of legally available funds (subject to certain exceptions) and the County has covenanted in the Facility Lease that, for as long as the Leased Property is available for its use and possession, it will make the necessary annual appropriations within its budget for all Base Rental Payments. The County is currently liable on other obligations payable from general revenues.

## **Additional Obligations of the County**

The County has the ability to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental Payments may be decreased.

The Base Rental Payments and other payments due under the Facility Lease (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a fiscal year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rental Payments, based on the perceived needs of the County. The same result could occur if, because of California Constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues.

## **Financial Conditions in Local, State and National Economies**

The financial condition of the County can be significantly affected by generally prevailing conditions in the local, State and national economies. Such conditions and factors may impact the amounts available to the County to pay Base Rental Payments due under the Facility Lease. The County receives a significant portion of its funding from the State. Decreases in the State's general fund revenues may significantly affect appropriations made by the State to public agencies, including the County. There can be no assurances that the occurrence of a recession or otherwise declining conditions in the local, State or national economies will not materially adversely affect the financial condition of the County in the future. See also APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE OF CALIFORNIA BUDGET INFORMATION" attached hereto.

The nation and the State experienced a severe economic disruption resulting from the COVID-19 Pandemic (as defined below). See "– Public Health Emergencies" below, and APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" attached hereto. There can be no assurances that a future disruption or otherwise declining conditions in the local, State or national economies will not materially adversely affect the financial condition of the County in the future. See APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – OVERVIEW OF THE COUNTY'S FINANCIAL CONDITION."

## **Uncertainties of Federal Legislation and Federal Policy**

The County continues to monitor developments involving the federal government. Federal policies involving education, healthcare, taxation, appropriations, borrowing (including the debt ceiling), trade (including tariffs), immigration and other topics can shift, sometimes dramatically, from one presidential administration or Congress to another. From time to time, such shifts can result in reductions to the level of federal funding for a variety of policy priorities, including healthcare, nutrition assistance and other federally funded programs and result in other national and regional economic impacts. Many of the County's programs and services are directed and funded by federal and State mandates some of which require County financial support. Recently, several such policy shifts, including proposed reductions and potential eliminations in grants, federal funding and other appropriations, tariffs and immigration actions have been proposed or promulgated through presidential executive orders and other official and unofficial actions at the federal level.

For example, presidential executive orders have led to the reimagining of the Federal Emergency Management Agency (“FEMA”), and the freezing or pausing of federal funding, in addition to other changes. The new administration has ordered the reevaluation of FEMA for restructuring and moving its mission away from disaster response, thereby potentially shifting the responsibility onto state and local governments. Federal funding freezes have led to programs such as the Centers for Disease Control Epidemiology and Laboratory Capacity (the “CDC ELC”) grant being terminated, which eliminated \$40 million in funding the County was relying upon to surveil diseases and to equip its new public laboratory. These actions combined have added risk and contributed to the uncertainty the County is experiencing. Some of these federal actions have been challenged in court, and, in some cases enjoined. The County cannot predict the outcome of such proposals and other actions, nor the potential impacts of any future changes in federal policy. However, such changes could in the future have adverse effects on the County’s financial condition including for Fiscal Year 2025-26.

In response to the federal government’s actions, the County has set up an Incident Command Structure (“ICS”) similar to how it would respond to a natural disaster such as a wildfire or earthquake. The ICS team is tracking all federal actions, both from the federal government and from internal departments and external partners to track actions and respond to the federal actions. Two internal memos have been submitted to the County’s Board of Supervisors to provide insights into County programs at risk. The most recent memo contained potential mitigation strategies for the County. For example, in response to the cut in funding for the CDC ELC grant, the County submitted more than \$6.5 million in invoices prior to the termination deadline. In addition, County staff terminated one contract, paused three contracts, paused three procurements, and several purchases for lab equipment were shifted to other funding streams to mitigate the impact of any changes. Planning remains underway to identify alternate grant funding to fund impacted staff positions. While many of the other mitigation strategies identified by ICS have not fully been implemented, the County has systems and governance structures in place to respond as needed. While the County’s Economic Development and Government Affairs office (“EDGA”) is responsible for overall advocacy, the ICS structure has reviewed advocacy efforts and has provided strategic guidance and information from subject matter experts. Due to funding risks, EDGA has kept its advocacy on state efforts broad to leave space to advocate for potential backfills. On the federal front, the County’s advocacy has focused on budget reconciliation and Medicaid and SNAP which are the biggest risks to the County.

United States Immigration and Customs Enforcement (“ICE”) raids do not add significant risk to County government, however, there could be impacts felt in the community. In California, under California Senate Bill 54, the California Values Act (2017), prohibits state and local law enforcement agencies from using resources for immigration enforcement. The County government does not participate in ICE raids, but the County does offer a legal defense program for immigrants facing immigration challenges. In addition, the community and members in the community could potentially feel less safe as a result of ICE raids; both in the form of public safety and in the community’s trust to interact with the government to receive vital services and support. In addition, there could be potential economic impacts if members of the workforce are removed by ICE. However, there are no anticipated significant impacts on County finances or operations.

### **Public Health Emergencies**

The global outbreak of the novel coronavirus COVID-19 (“COVID-19”), a respiratory disease declared to be a pandemic (the “Pandemic”) by the World Health Organization, was a widespread public health emergency that significantly affected the national capital markets and national, State and local economies in various ways. The COVID-19 Pandemic resulted in general negative effects on the County’s economy, particularly in Fiscal Year 2020-21, which adversely impacted certain of the County’s tax revenues and increased expenses due to the public health responses.

Although, the COVID-19 Pandemic did not materially impact the secured property tax collection rate for Fiscal Year 2020-21, the County did experience an increase in requests for cancellation of penalties which resulted in over \$3.49 million in penalties being cancelled.

There can be no assurance that the spread of an epidemic or a pandemic, including a surge in COVID-19 cases, will not materially impact both local and national economies and, accordingly, have a materially adverse impact on the amounts available to the County to pay Base Rental Payments due under the Facility Lease. No assurance can be given that the County would receive federal aid akin to the aid it received in 2020 and 2021 if another pandemic or similar public health emergency were to occur.

### **Default; Remedies Upon Default; No Right of Relet**

Upon the occurrence of an Event of Default under the Facility Lease, the Trustee 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 or any portion thereof; THIS IS THE SOLE AND EXCLUSIVE REMEDY AVAILABLE AGAINST THE COUNTY UNDER THE FACILITY LEASE OR OTHERWISE IN THE EVENT OF A DEFAULT UNDER THE FACILITY LEASE. There is no remedy of acceleration of the total Base Rental Payments due over the term of the Facility Lease nor is the Trustee empowered to sell the Leased Property and use the proceeds of such sale to prepay then Outstanding Certificates or pay debt service thereon. The County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Facility Lease to be kept or performed by the County and, to pay the rent to the end of the term of the Facility Lease and further agrees to pay such rent and/or rent deficiency punctually at the same time and in the same manner as provided in the Facility Lease for the payment of rent thereunder (without acceleration). The Trustee would be required to seek a separate judgment each year for that year's defaulted Base Rental Payments. Any such suit for money damages would be subject to limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Base Rental Payments were due and against funds needed to serve the public welfare and interest. See "– Limitations on Remedies" below.

### **Limitations on Remedies**

The rights of the Owners of the Series 2025 Certificates are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Series 2025 Certificates, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Series 2025 Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See "– Bankruptcy" below.

## **Bankruptcy**

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement, the Site Lease and the Facility Lease may be limited by the provisions of federal bankruptcy laws and to other laws or equitable principles, as now or hereinafter enacted, that may affect the enforcement of creditors' rights. The various legal opinions to be delivered concurrently with the Series 2025 Certificates (including Special Counsel's approving opinion) will be qualified as to the enforceability of the various agreements relating to the Series 2025 Certificates by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion. See "-- Default; Remedies Upon Default; No Right of Relet" above.

As a result of the commencement of a bankruptcy case by either the County or the Corporation, Owners could experience partial or total loss of their investment in the Series 2025 Certificates. The County is a governmental unit and the Corporation is a public agency; therefore, neither the County nor the Corporation can be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the County and the Corporation may seek voluntary protection from their respective creditors for purposes of adjusting their respective debts, provided that they comply with, among other things, the requirements of Section 53760 et seq. of the Government Code of the State. Under the Government Code as currently in effect, a local public entity, including the County and the Corporation, is prohibited from filing under the Bankruptcy Code unless it has participated in a specified neutral evaluation process with interested parties, as defined, or it has declared a fiscal emergency and has adopted a resolution by a majority vote of the governing board at a noticed public hearing that includes findings that the financial state of the local public entity jeopardizes the health, safety, or well-being of the residents of the local public entity's jurisdiction or service area absent bankruptcy protections.

In the event that either the County or the Corporation was a debtor under the Bankruptcy Code, the affected entity would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding and an owner of a Series 2025 Certificate would be treated as a creditor. Possible adverse effects of such a bankruptcy may include, but are not limited to (i) the application of the automatic stay provisions of the Bankruptcy Code which, absent court approval, generally prohibit the commencement of any judicial or other action to recover a pre-petition claim against the County or the Corporation, as applicable, any act to collect on a pre-petition debt or claim, or any act to obtain possession of the property of the County or the Corporation, as applicable; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the commencement of the bankruptcy case; (iii) the existence of secured and/or unsecured creditors with allowed claims that may have priority over any claims of the Owners; and (iv) the possibility of the bankruptcy court's confirmation of a plan of adjustment of the debts of the County or the Corporation, as applicable, which may restructure, delay, compromise or reduce the amount of the Owners' claim.

In addition, under the Bankruptcy Code, certain provisions of the Site Lease and the Facility Lease that are based on the bankruptcy, insolvency or financial condition of the County or the Corporation may be rendered unenforceable. Under the Trust Agreement, the Trustee has a security interest in all amounts on deposit from time to time in the funds and accounts established the Trust Agreement, including the Base Rental Payments as defined therein, for the benefit of the Owners of the Certificates, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the County. The Leased Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners of the Certificates.

In addition, if the County is in bankruptcy, the County may be able to obtain authorization from the bankruptcy court to sell to a third party the Leased Property, free and clear of the Site Lease, the Facility Lease, and the rights of the Trustee and the Owners of the Certificates, over the objections of the Trustee and the Owners of the Certificates.

Further, in bankruptcy, the County could either assume or reject the Site Lease or the Facility Lease despite any provision of the Site Lease or the Facility Lease which makes the bankruptcy or insolvency of the County an Event of Default thereunder. In the event the County rejects the Facility Lease, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition unsecured claim for the damages as a result of such rejection that may be capped in their amount and not be paid in its full face amount. Moreover, such rejection would terminate the Facility Lease and the County's obligations to make payments thereunder. The County may also be permitted to assign the Facility Lease to a third party, regardless of the terms of the transaction documents, so that the County would not be obligated to make any further payments under the Facility Lease. In the event the County rejects the Site Lease, the Trustee, on behalf of the Owners of the then Outstanding Certificates, would have a pre-petition unsecured claim. Moreover, such rejection may terminate both the Site Lease and the Facility Lease and the obligations of the County to make payments thereunder. The County may be able to stay in possession of the Leased Property, notwithstanding its rejection of the Site Lease or the Facility Lease.

If the Corporation is in bankruptcy, the Corporation may be able to either reject the Site Lease or the Facility Lease or assume the Site Lease or the Facility Lease despite any provision of the Site Lease or the Facility Lease which makes the bankruptcy or insolvency of the Corporation an Event of Default thereunder. In the event the Corporation rejects the Site Lease, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition unsecured claim that may be capped in amount or not be paid in its full face amount. Moreover, such rejection would terminate the Site Lease and the Facility Lease and the obligations of the County to make payments thereunder, although the County may be able to remain in possession of the Leased Property. In the event the Corporation rejects the Facility Lease, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition unsecured claim that may be substantially limited in amount. Moreover, such rejection may terminate the Facility Lease and the County's obligations to make payments thereunder, although the County may be able to remain in possession of the Leased Property. The Corporation may also be permitted to assign the Site Lease or the Facility Lease to a third party, regardless of the terms of the transaction documents.

If the Corporation is a debtor in a bankruptcy, the lien of the Trust Agreement may not attach to any payments made by the County after the commencement of the bankruptcy case. The provisions of the transaction documents that require the County to make payments directly to the Trustee rather than to the Corporation may no longer be enforceable, and all payments may be required to be made to the Corporation.

There may be delays in payments on the Certificates while the court considers any of these issues. There may be other possible effects of a bankruptcy of the County or the Corporation that could result in delays or reductions in payments on, or other losses with respect to, the Certificates. Regardless of any specific adverse determinations in a bankruptcy of the County or the Corporation, the fact of a bankruptcy of the County or the Corporation could have an adverse effect on the liquidity and value of the Certificates.

### **Abatement**

Except to the extent of (a) amounts held by the Trustee in the Base Rental Payment Fund, (b) amounts received in respect of rental interruption insurance, and (c) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Series 2025 Certificates, during any period in which, by reason of material damage, destruction, title defect, or condemnation, there is substantial interference with the use and possession by the County of any portion of the Leased Property, Base Rental Payments

due under the Facility Lease with respect to the Leased Property shall be abated to the extent that the annual fair rental value of the portion of the affected Leased Property in respect of which there is no substantial interference is less than the annual Base Rental Payments under the Facility Lease, in which case rental payments shall be abated only by an amount equal to the difference. Any abatement of rental payments pursuant to the Facility Lease shall not be considered an Event of Default under the Facility Lease. Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and ending with the substantial completion of the work of repair or replacement of the portions of the affected Leased Property so damaged, destroyed, defective or condemned.

### **Seismic Events and Other Natural Disasters**

The County, like most regions in the State, is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Numerous minor faults transect areas within the County and seismic hazards encompass both potential surface rupture and ground shaking. The Leased Property is located within a seismically active area, and damage from an earthquake could be substantial.

Most recently, in April 2025, the County experienced a 5.2 magnitude earthquake. The County is still assessing the damage caused by the earthquake; however, it does not appear that any of the County's facilities or operations were significantly impacted by the event.

The County is not obligated under the Facility Lease to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Leased Property and no assurance can be made that the County will procure and maintain, or cause to be procured and maintained, such insurance. There can be no assurance that earthquake insurance on the Leased Property, if any, can be renewed or will be maintained by the County in the future, or will be available for payments in respect of the Certificates. If there is no earthquake insurance on the Leased Property and if the Leased Property is substantially damaged in an earthquake, the affected Base Rental Payments would be subject to abatement. See “– Abatement” above.

Additionally, many areas of California, including areas within the County, have suffered from severe wildfires in recent years, resulting in thousands of acres being burned and the destruction of homes and other structures. The occurrence of severe seismic activity, a significant wildfire or other natural disasters, such as flooding or landslides in the County could result in substantial damage to property and infrastructure within the County, including the Leased Property. Substantial financial and operational resources of the County could be required during such an event and thereafter to repair damage to County infrastructure and the Leased Property. The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to such natural disasters and other emergencies. The Leased Property may also be at risk from other events of force majeure, such as damaging storms, floods, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. The County cannot predict what force majeure events may occur in the future. For additional information regarding the County's risk management programs, see APPENDIX A – “COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – COUNTY FINANCIAL INFORMATION – Risk Management” and APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – FACILITY LEASE – Maintenance; Taxes, Insurance and Other Charges – Insurance” attached hereto.

### **Cybersecurity**

The County relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the County and its departments face multiple

cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. The County outsources its information technology (“IT”) and telecommunications services (including the Sheriff’s Department and the District Attorney’s office), to a third party contractor. The County is currently in year nine of a 12-year IT outsourcing agreement.

Currently, the County carries cyber liability insurance which covers various cybersecurity-related events. The County’s Risk Management Insurance unit works closely with departments to ensure all contracts have the recommended levels of insurance to reduce the County’s exposure and risk for cyber liability. The County has developed a number of business continuity, incident response and disaster recovery plans related to cybersecurity that it tests regularly throughout each year. The County also has a Learning Management System that is integrated into the County’s Knowbe4 Security Awareness Training Program (the “Knowbe4 Program”). The County continuously updates the content in its Knowbe4 Program using information from multiple training providers on topics like spam and phishing attempts. The County also uses the Knowbe4 Program to perform regular simulated phishing tests and other targeted tests to measure the effectiveness of its training programs.

No assurances can be given that the County’s security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County’s computer and IT systems could impact its operations and damage the County’s digital networks and systems, and the costs of remedying any such damage could be substantial.

## **Climate Change**

The change in the earth’s average atmospheric temperature, generally referred to as “climate change,” is expected to, among other things, increase the frequency and severity of extreme weather events and present the possibility of substantial property damage. The County has adopted and implemented a Multi-Jurisdictional Hazard Mitigation Plan (as defined herein) and has devised response plans for, among other things, fire, flooding, drought, and coastal storms. The County also participates in annual emergency response exercises. The County cannot predict the timing, extent, or severity of climate change and its impact on the County’s operations and finances. Also, additional actions to address climate change may be necessary and the County can give no assurances regarding the impact of such actions on the County’s operations and finances.

The California Natural Resources Agency released its Fourth Climate Change Assessment, which included as key findings that the frequency of drought and the amount of acreage consumed by wildfire in the State would both increase in the future. This report details significant economic impacts to the State as a result of these and other natural disasters. The report is publicly available at <http://www.climateassessment.ca.gov>. The report was released in 2018 and the California Natural Resources Agency anticipates releasing a Fifth Climate Change Assessment in the near future. The reference to this website is included for convenience only; the information contained within the website may not be current, has not been reviewed by the County and is not incorporated herein by this reference.

***Drought.*** In recent years, the State has experienced periods of drought and drought conditions, which led the State to issue “State-wide Drought” State of Emergency proclamations. Such executive orders, issued by California Governor Gavin Newsom, aim to reduce the water usage in local communities. Governor Newsom declared regional drought emergencies for Sonoma and Mendocino counties on April 21, 2021 in response to continued drought conditions in 2020 and 2021 throughout the State. Additionally, due to extraordinarily warm temperatures and accelerated rates of snow melt in the spring of 2021, on May 10, 2021, the Governor issued a proclamation placing 39 counties in the State under a drought state of emergency. As of October 19, 2021, all of the State’s 58 counties were under emergency drought proclamations.

In March 2023, as a result of heavy winter rains that significantly improved water supply conditions across the State, the Governor rolled back some of the statewide water restrictions required under the emergency drought proclamations issued in 2021.

There is a correlation between periods of drought and the occurrence of wildfires. The California Natural Resources Agency released its Fourth Climate Change Assessment, which included as key findings that the frequency of drought and the amount of acreage consumed by wildfire in the State would both increase in the future. See “– Wildfire” below.

**Wildfire.** In recent years, portions of the State, including the County and adjacent counties, have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures. In addition, major wildfires have occurred in recent years in different regions of the State. On September 21, 2018, Governor Newsom signed a number of measures into law, addressing issues related to increased wildfire risk in the State, including forest management, mutual aid for fire departments, emergency alerts and safety mandates.

In September 2020, the Valley Fire ignited southeast of the town of Alpine in San Diego County and burned for five days. The fire resulted in 16,390 acres being burned causing 12,405 residents to receive evacuation notices. A Presidential Major Disaster Declaration was issued for California wildfires and the Valley fire was included in the declaration. As a result of the Valley Fire, 63 homes were destroyed and nine were damaged.

Beginning on January 7, 2025 a series of destructive wildfires affected the Los Angeles metropolitan area. On January 7, 2025, the Governor of California proclaimed a State of Emergency with respect to the Los Angeles area wildfires and issued multiple executive orders to expedite recovery efforts. According to the California Department of Forestry and Fire Protection, almost 57,000 acres were burned in the fires, with an estimate of more than 18,000 structures damaged or destroyed in the affected areas, as well as the loss of several lives.

Recently, on January 21, 2025, the County experienced a wildfire that burned approximately 85 acres in a rural part of North County San Diego. There were 4 structures damaged but no structures destroyed.

It is not possible for the County to make any representation regarding the extent to which wildfires could cause substantial damage to any of the several properties constituting the Leased Property. None of the areas immediately surrounding parcels comprising the Leased Property are within Very High Fire Hazard Severity Zones or High Fire Hazard Severity Zones, Cal Fire’s designations for places highly vulnerable to devastating wildfires.

**Extreme Heat.** Climate change has also intensified and increased the frequency of heat waves. In recent years, the State has experienced prolonged periods of above-average temperatures. Such extreme heat events can result in heat-related illnesses that impact hospital and healthcare infrastructure and could affect electricity demands and energy use. Extreme heat may also result in increased wildfire danger. The County’s Health and Human Services Agency, Public Health Services releases an Excessive Heat Report annually in which it reports on excessive heat events and the County’s Excessive Heat Response Plan (the “EHRP”). The Excessive Heat Report for 2023 notes that during the past 15 years, the San Diego region has seen increasing temperatures, evidenced by an increase in the number of heat alerts. In 2023, the National Weather Service issued 15 heat alerts—seven excessive heat warnings and eight heat advisories—for the County, which resulted in eight heat events that lasted a total of 35 days. During such excessive heat events the County’s libraries and parks and recreation spaces are used as “cool zones,” offering free, air-conditioned settings across the County, for anyone looking to escape excessive heat. The County can give

no assurances regarding the frequency, duration, and impact of extreme heat events and their impact on the operations of the County's public facilities.

**Flood.** Several factors can determine the severity of floods, including rainfall intensity and duration. In regions such as San Diego, without extended periods of below-freezing temperatures, floods usually occur during seasons with high precipitation or during periods of heavy rainfall after long dry spells. The areas surrounding the river valleys in all of San Diego County are susceptible to flooding because of the wide, flat floodplains surrounding the riverbeds, and the numerous structures that are built in the floodplains.

In the winter of 2022-23, the State experienced several severe winter storms with record amounts of rainfall. In February 2023, the State secured a Major Disaster Declaration to support the emergency response and recovery efforts for severe storm impacts for 41 counties, including the County. The County experienced nearly 17 inches of rainfall for the water year, contributing to flooded freeways and streets as well as severe damage to public property. Winter storms caused over \$20 million in damages to the San Diego region.

Between January 21 and January 23, 2024, the County was impacted by a severe winter storm that resulted in widespread flooding and significant damage. At the height of the storm on January 22, 2024, the County experienced record-breaking rainfall, including receiving up to 2.14 inches of rain in one hour. That day, the County declared a local emergency due to the substantial damage caused by the storm, with much of the destruction affecting the County's most vulnerable communities. Governor Newsom proclaimed a State of Emergency on January 23, 2024 and further requested an official Major Disaster Declaration from President Biden on February 7, 2024. The State and FEMA have jointly agreed that the County suffered nearly \$30.8 million in public infrastructure damages from the January 2024 storm.

**Sea Level Rise and Coastal Erosion.** Sea level rise is an increase in sea level caused by a change in the volume of the world's oceans and resulting changes in local ground elevations. The Climate Change-Related Impacts in the San Diego Region by 2050 Report, released by California Climate Change Center in August 2009, suggested that due to global climate changes, the mean sea level ("MSL") in the year 2050 will rise by 1.5 feet. A review of historical tide data from the National Oceanic and Atmospheric Administration determined that the average high tide rise for the San Diego region was 6.55 feet. The projected elevation of the 2050 high tide will be the current high tide elevation (6.55 feet) plus the projected rise in sea level by the year 2050 (1.5 feet), which makes the projected San Diego region 2050 high tide elevation 8.05 feet above MSL.

The County recognizes that climate change-related hazards have the potential to negatively impact both public assets and commercial and industrial property. Rising sea levels threaten public infrastructure and long-term sea level rise will affect the extent, frequency and duration of coastal flooding events and may increase coastal erosion. The County's Multi-Jurisdictional Hazard Mitigation Plan (the "Plan") is a County-wide plan that identifies risks and ways to minimize damage by potential disasters. The County adopted a revised 2023 Plan in which a list of twelve prioritized hazards with "high or medium overall significance" for the County is included. The Plan reports that measured sea levels have risen at a rate of six inches over the last century and in north San Diego County, there have been a number of significant cliff failures in recent years. The 2023 Plan reports that sea level rise and coastal erosion will be likely future events (10 to 90 percent probability of occurrence in the next year or a recurrence interval of one to ten years) with a high overall significance, meaning, though sea level rise has a high certainty rating and is already occurring, its onset is not expected to occur until closer to the end of the century in terms of changes to the affected areas of the County. However, as sea level rises and precipitation from storms becomes more extreme, the combination of coastal and storm water flooding has the potential to have devastating impacts on County property and infrastructure. The County does not expect that these potential impacts will

materially and adversely impair the County's ability to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2025 Certificates and perform its other obligations as and when due or otherwise meet its outstanding lease and debt obligations.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Special Counsel"), Special Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Base Rental Payment designated as and constituting interest paid by the County under the Facility Lease and received by the Owners of the Series 2025 Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Special Counsel is of the further opinion that interest evidenced by the Series 2025 Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Counsel observes that interest evidenced by the Series 2025 Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Series 2025 Certificates, or the amount, accrual or receipt of the portion of each Base Rental Payment constituting interest. A complete copy of the proposed form of opinion of Special Counsel with respect to the Series 2025 Certificates is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2025 Certificates is less than the amount to be paid at maturity of such Series 2025 Certificates (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025 Certificates), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest evidenced by the Series 2025 Certificates which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2025 Certificates is the first price at which a substantial amount of such maturity of the Series 2025 Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025 Certificates accrues daily over the term to maturity of such Series 2025 Certificates on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2025 Certificates to determine taxable gain or loss upon disposition (including sale, prepayment, or payment on maturity) of such Series 2025 Certificates. Beneficial Owners of the Series 2025 Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025 Certificates with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2025 Certificates in the original offering to the public at the first price at which a substantial amount of such Series 2025 Certificates is sold to the public.

Series 2025 Certificates purchased, whether at original execution and delivery or otherwise, for an amount higher than their principal evidenced thereby payable at maturity (or, in some cases, at their earlier prepayment date) ("Premium Certificates") will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of obligations, like those evidenced by the Premium Certificates, the interest with respect to which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Certificate, will be reduced by the amount of amortizable premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest evidenced by obligations such as the Series 2025 Certificates. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest evidenced by the Series 2025 Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest evidenced by the Series 2025 Certificates being included in gross income for federal income tax purposes, possibly from the date of original execution and delivery of the Series 2025 Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Counsel's attention after the date of execution and delivery of the Series 2025 Certificates may adversely affect the value of, or the tax status of interest evidenced by, the Series 2025 Certificates. Accordingly, the opinion of Special Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Counsel is of the opinion that interest evidenced by the Series 2025 Certificates is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest evidenced by, the Series 2025 Certificates may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest evidenced by the Series 2025 Certificates to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025 Certificates. Prospective purchasers of the Series 2025 Certificates should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

The opinion of Special Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Counsel's judgment as to the proper treatment of the Series 2025 Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Special Counsel's engagement with respect to the Series 2025 Certificates ends with the execution and delivery of the Series 2025 Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Series 2025 Certificates in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025 Certificates for audit, or the course or result of such audit, or an audit of bonds or obligations presenting similar tax issues may affect

the market price for, or the marketability of, the Series 2025 Certificates, and may cause the County or the Beneficial Owners to incur significant expense.

Payments on the Series 2025 Certificates generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2025 Certificates may be subject to backup withholding with respect to “reportable payments,” which include interest evidenced by the Series 2025 Certificates and the gross proceeds of a sale, exchange, prepayment, retirement or other disposition of the Series 2025 Certificates. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **CERTAIN LEGAL MATTERS**

The validity of the Series 2025 Certificates and certain other legal matters are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Special Counsel, and certain other conditions. A complete copy of the proposed form of opinion of Special Counsel is contained in Appendix E hereto. Certain legal matters will be passed upon for the Corporation and the County by Nixon Peabody LLP, Los Angeles, California, Disclosure Counsel, and the County Counsel.

### **FINANCIAL STATEMENTS**

The general purpose financial statements of the County for the fiscal year ended of June 30, 2024, which are included in Appendix B to this Official Statement, have been audited by Eide Bailly LLP, certified public accountants and business advisors, as stated in their report appearing in Appendix B. Eide Bailly LLP has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Eide Bailly LLP with respect to any event subsequent to its report dated November 22, 2024.

### **LITIGATION**

There are a number of lawsuits and claims pending against the County. The County does not believe any of the lawsuits or claims pending against the County will materially and adversely impair the County’s ability to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2025 Certificates and perform its other obligations as and when due or otherwise meet its outstanding lease and debt obligations.

## **RATINGS**

Moody's Investors Service, Inc. ("Moody's"), S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "Aa1," "AA+" and "AA+", respectively, to the Series 2025 Certificates. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Series 2025 Certificates. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Series 2025 Certificates. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, telephone number (212) 553-0317; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, telephone number (212) 438-2000; and Fitch Ratings, 33 Whitehall Street, New York, New York 10004, telephone number (212) 908-0500. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the Series 2025 Certificates.

## **SALE AND REOFFERING**

The Series 2025 Certificates were sold at a competitive sale on July 8, 2025. The Series 2025 Certificates were awarded to Hilltop Securities Inc. (the "Initial Purchaser") at a purchase price of \$61,437,290.68 (which amount is equal to the aggregate principal amount of the Series 2025 Certificates, plus an original issue premium of \$6,717,017.25 and less an Initial Purchaser's discount of \$39,726.57). The Initial Purchaser may offer and sell the Series 2025 Certificates to certain dealers and others at prices or yields different from the initial public offering prices or yields stated on the inside cover page of this Official Statement. The public offering prices or yields may be changed from time to time by the Initial Purchaser.

## **MUNICIPAL ADVISOR**

Public Resources Advisory Group, Los Angeles, California served as municipal advisor (the "Municipal Advisor") to the County in connection with the execution and delivery of the Series 2025 Certificates. Public Resources Advisory Group is an independent municipal advisory firm and is not engaged in the business of underwriting municipal bonds or other securities. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Upon delivery of the Series 2025 Certificates, Samuel Klein and Company, Certified Public Accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the amounts held under the Escrow Agreement, including cash and the Investment Securities on deposit therein, to (i) pay the principal and interest with respect to the outstanding Prior Bonds maturing on October 15, 2025 and to prepay on October 15, 2025, the balance of the outstanding Prior Bonds maturing on and after October 15, 2026 at the prepayment price of 100% plus accrued interest thereon.

## **CONTINUING DISCLOSURE**

Pursuant to a Continuing Disclosure Agreement (the “Disclosure Agreement”) with Digital Assurance Certification, L.L.C. (“DAC”), the County has agreed to provide, or cause to be provided, with respect to each fiscal year of the County, commencing with Fiscal Year 2024-25, by no later than nine months after the end of the respective fiscal year, to the Municipal Securities Rulemaking Board through its EMMA System certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Initial Purchaser of the Series 2025 Certificates in complying with the Rule. See APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

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**APPENDIX A**

**COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC  
AND DEMOGRAPHIC INFORMATION**

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## THE COUNTY

### General

The County of San Diego (the “County”) is the southernmost major metropolitan area in the State of California (the “State”). The County covers 4,207 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the geographic size of the State of Connecticut. The County’s Fiscal Year 2024-25 Adopted Operational Plan (as defined herein), adopted on June 24, 2024 (the “Fiscal Year 2024-25 Adopted Budget”), is approximately \$8.53 billion, of which \$6.63 billion relates to the County’s General Fund budget.

The County released its revised proposed Fiscal Year 2025-26 budget (the “Revised Fiscal Year 2025-26 Recommended Budget”) on June 12, 2025. The Revised Fiscal Year 2025-26 Recommended Budget is approximately \$8.63 billion, of which \$6.72 billion relates to the County’s General Fund budget. The County’s Fiscal Year 2025-26 Adopted Operational Plan was adopted on June 24, 2025 and is unchanged from the Revised Fiscal Year 2025-26 Recommended Budget. Descriptions of the Revised Fiscal Year 2025-26 Recommended Budget herein also describe the County’s Fiscal Year 2025-26 Adopted Operational Plan.

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. The County is governed by a five-member Board of Supervisors (the “Board of Supervisors”) elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer (the “CAO”), the County Counsel, the Clerk of the Board of Supervisors and the Probation Officer. The CAO appoints the Assistant Chief Administrative Officer, Chief Financial Officer, Auditor and Controller, all other Deputy Chief Administrative Officers and all heads of departments, except as otherwise noted. Other elected officials include the Assessor/Recorder/County Clerk, the District Attorney, the Sheriff and the Treasurer-Tax Collector.

Many of the County’s functions are required under County ordinances or by State or federal mandate. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, which may, under some conditions, limit the County’s ability to control its budget. However, under designated State and federal programs, eligible costs are subject to reimbursement according to specific guidelines.

The County is the delivery system for federal, State and local programs. The County provides a wide range of services to its residents including: (i) regional services such as district attorney, public defender, probation, medical examiner, jails, elections, public health, welfare, mental health, aging and child welfare; (ii) basic local services such as planning, parks, libraries and Sheriff’s patrol to the unincorporated areas, and law enforcement and libraries by contract to incorporated cities; and (iii) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County.

[Remainder of page intentionally left blank.]

## County of San Diego Employees

**General.** Table 1 below sets forth the number of County employees for Fiscal Years 2015-16 through 2024-25:

**TABLE 1**  
**TOTAL COUNTY EMPLOYEES<sup>(1)</sup>**

<u>Year</u>	<u>Total Employees</u>
2015-16	16,549
2016-17	16,763
2017-18	16,891
2018-19	16,958
2019-20	17,344
2020-21	17,194
2021-22	17,066
2022-23	18,013
2023-24	19,172
2024-25 <sup>(2)</sup>	19,338

Source: County of San Diego Department of Human Resources.

<sup>(1)</sup> Excludes temporary employees of the County. Data as of June 30 of the indicated year.

<sup>(2)</sup> Data as of May 31, 2025.

County employees are represented by nine unions representing 25 bargaining units. The unions represent approximately 83% of the County's employees and include the Deputy Sheriffs' Association of San Diego County (the "Deputy Sheriffs' Association"); Deputy District Attorneys Association; Service Employees International Union ("SEIU"), Local 221; San Diego Probation Officers' Association; District Attorney Investigators Association; San Diego County Deputy County Counsels Association; Public Defender Association of San Diego County; San Diego County Supervising Probation Officers' Association; and the Teamsters Local 911. The remaining County employees are unrepresented. The County has labor agreements with the Deputy District Attorneys Association, SEIU, Local 221, San Diego County Deputy County Counsels Association, Public Defender Association of San Diego County, and Teamsters Local 911 (collectively, the "Attorney and General Labor Organizations") effective through June 23, 2025, and with the District Attorney Investigators Association, Deputy Sheriffs' Association, San Diego Probation Officers' Association, and San Diego Supervising Probation Officers' Association (collectively the "Safety Labor Organizations") effective through June 30, 2026.

Labor negotiations have concluded with SEIU, the Public Defenders' Association, and the Deputy District Attorney's Association, which resulted in 3-year agreements set to expire in 2028. In addition, the County continues negotiations with the Teamsters Local 911 and County Deputy County Counsels Association. The County anticipates that such negotiations will be completed within a few weeks.

Recently approved labor agreements with the Attorney and General Labor Organizations include ongoing salary increases that range between 3.0% and 3.5% in each of the three years of the agreements, along with flexible benefit increases of 6.0% annually. The labor agreements also include a potential for lump sum salary payments for these members. The annual increases are effective at the beginning of each fiscal year for all Attorney and General Labor Organizations. The agreement with SEIU, Local 221, Public Defender Association and the Deputy District Attorneys Association also includes additional wage increases for certain classifications.

Generally, agreements with Safety Labor Organizations include ongoing wage increases that range between 2.75% and 5.0% in each of the three years of the agreements. In terms of lump sum payments, agreements with the District Attorney Investigators Association and the Deputy Sheriffs' Association provide a one-time lump sum payment that equals 2.0% of their current annual salary (District Attorney Investigators, District Attorney Investigators Middle-Management, Sheriff's Management) or \$2,000 (Deputy Sheriffs) per employee for the first year of the agreement. The agreement with the Deputy Sheriffs' Association also includes an Advanced Peace Officer Standards and Training Certificate (or above) premium and Bachelor's degree increase of 2.0% of their annual salary in each year and a Deputy Sheriff Basic/Intermediate Peace Officer Standards and Training certificate lump sum payment ranging from \$500 to \$3,000 over the three years. The agreement with the District Attorney Investigators Association also provides for an education premium of 2.0% of their current annual salary for employees who possess a Supervisory Peace Officer Standards and Training certificate and/or a Management Peace Officer Standards and Training Certificate.

**Retirement Amendments.** The most recent agreements with all unions include provisions for a new retirement tier: Tier D. For General members, Tier D became effective July 1, 2018 and has the maximum formula of 1.62% at age 65 (with the percentage in such formulas being the percentage of final compensation and multiplied by the final average compensation). The prior retirement tier for General members, Tier C, which was provided pursuant to the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), had a maximum formula of 2.5% at age 67. The impact of Tier D for General members is reflected in the June 30, 2022 actuarial valuation of the San Diego County Employees Retirement Association (the "Retirement Association" or "SDCERA") retirement fund. For Safety employees, the Board of Supervisors adopted a resolution in December 2018 for Safety Tier D which became effective July 1, 2020. Safety Tier D has a maximum formula of 2.5% at age 57, which compares to 2.7% at age 57 for the Safety Tier C, which was also established pursuant to PEPRA. The impact of Safety Tier D is reflected in the actuarial valuation as of June 30, 2022. Effective Fiscal Year 2018-19, employer offsets (which are the portion of the employee's retirement contribution that was paid for by the County) were eliminated for all employees.

## **OVERVIEW OF THE COUNTY'S FINANCIAL CONDITION**

### **Fiscal Year 2024-25**

Based on March 31, 2025 projections, the County anticipates finishing its Fiscal Year 2024-25 with a net operating balance of \$179.1 million, of which \$52.6 million is attributable to the General Fund. The projected operating results show lower than expected expenditures and lower than expected revenues. The projection assumes General Purpose Revenue will perform better than estimated, and all business groups will produce operating balances except for the Public Safety Group ("PSG") which is projecting a negative operating balance primarily due to higher than anticipated salary expenditures and lower than anticipated governmental revenues attributed to the Sheriff's Office projected for various programs. The County's unassigned General Fund fund balance (the "Unassigned General Fund Balance") is expected to be \$744.4 million at June 30, 2025.

The County Administrative Code requires maintaining a minimum reserve equal to two months of operating expenses. Based on the latest information, the County projects the Unassigned General Fund Balance will be approximately \$744.4 million at June 30, 2025, which means it is not projected to meet the General Fund Reserve requirement based on these assumptions. See "COUNTY FINANCIAL INFORMATION—General Fund Status Update."

## **Fiscal Year 2025-26**

The County's Revised Fiscal Year 2025-26 Recommended Budget totals \$8.63 billion, an increase of 1.2% or \$104.1 million from the Fiscal Year 2024-25 Adopted Budget. This increase is a part of an overall strategy to sustain core County services, limit growth in mandated programs, meet obligations to operate capital facilities set to open, and contain staffing or FTE (full time equivalent) growth to meet previous obligations or mandates. The Revised Fiscal Year 2025-26 Recommended Budget recommends approximately \$6.72 billion in General Fund appropriations and projects total revenues of \$6.72 billion. The primary categories of revenue supporting the County's General Fund include program revenue (68%), including State and federal revenue, fees, and charges for services and General Purpose Revenue (31%), a majority of which is supported by property tax revenue.

The County's Revised Fiscal Year 2025-26 Recommended Budget contemplates that the Unassigned General Fund Balance would remain unchanged at June 30, 2026. The County's Revised Fiscal Year 2025-26 Recommended Budget makes numerous assumptions concerning revenues and expenditures and actual results may materially differ from those assumptions.

## **Future Fiscal Years**

In connection with the County's Fiscal Year 2025-26 Recommended Budget, the County prepared projections for Fiscal Year 2026-27 through Fiscal Year 2029-30 that show that the County's General Fund is facing a potential funding gap (funding requests for a Fiscal Year exceeding expected revenues for that Fiscal Year) of approximately \$120.3 million in Fiscal Year 2026-27 that grows to approximately \$321.8 million in Fiscal Year 2029-30. The budget gap is primarily due to department requests for future program growth outpacing existing resources but also due to some slowing in growth of General Fund revenues due to legislative and economic factors. See "RISK FACTORS—The County's Fiscal Year 2025-26 Recommended Budget," "—Financial Conditions in Local, State and National Economies," and "—Uncertainties of Federal Legislation and Federal Policy."

It is worthwhile to note that California Government Code Section 29040 requires County department heads to submit itemized requests to the Chief Administrative Officer (the "CAO"), detailing financing sources and financing uses; the CAO is then required to compile such budget requests and submit the Recommended Budget to the Board of Supervisors. After the County completed this process in preparation for Fiscal Year 2025-26, there was a projected \$138.5 million gap between funding requests received and the resources available within the General Fund in the first year of the budget. To present a balanced budget, best practices, including mitigation strategies were implemented to reduce costs, reallocate resources, and streamline services, ensuring a budget that is balanced, while ensuring full compliance with federal and State mandates and requirements, as well as meeting the needs of the region. The County expects to deploy similar strategies in the future to mitigate any future budget gaps.

## **COUNTY FINANCIAL INFORMATION**

The following is a summary of certain financial information with respect to the County, including the County's property tax collections, General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance, Adopted and Amended General Fund Budgets for Fiscal Years 2023-24 and 2024-25, the Fiscal Year 2025-26 Recommended Budget, the Revised Fiscal Year 2025-26 Recommended Budget, pension plan, risk management program, pending litigation and outstanding indebtedness.

## Assessed Valuations

The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported in compliance with the requirements of Proposition 13. Generally, property can only be reappraised to market value upon a change in ownership or completion of new construction. Pursuant to Article XIII A of the California Constitution, the assessed value of property that has not incurred a change of ownership or new construction shall be adjusted annually to reflect inflation at a rate not to exceed 2% per year as shown in the California consumer price index. In the event of declining property value caused by substantial damage, destruction, economic or other factors, Article XIII A of the California Constitution allows the assessed value to be reduced temporarily to reflect the lower market value. For the definition of full cash value and more information on property tax limitations and adjustments, see “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS – Article XIII A” herein.

The County Assessor determines and enrolls a value for each parcel of taxable real property in the County every year in accordance with Proposition 13. Annually, property owners may appeal the assessed value of their property. Additionally, under the provisions of Proposition 8, property owners may apply for a temporary reduction in the assessed value when the market value of the real property, as of January 1 of the applicable tax year, falls below its assessed value. Once reduced, the County Assessor must annually review the value of the property until the factored Proposition 13 value is fully restored (adjusted with the annual consumer price index, not to exceed 2%). For Fiscal Year 2023-24, the County Assessor received 5,469 appeals, including appeals relating to real property, business personal property, boats and airplanes. As of May 30, 2025, the County Assessor has received 5,250 appeals, including appeals relating to real property, business personal property, boats and airplanes.

The County does not anticipate major increases in assessment appeals in the coming year. While higher interest rates are having a mild cooling effect on sales volume, the median home price is generally increasing. Additionally, those homeowners who purchased while interest rates were low are now not inclined to sell and then buy at the higher rates. This strong demand and low supply is putting upward pressure on home prices. The median home price in San Diego County increased from \$825,000 in March 2024 to \$869,000 in March 2025. On July 1, 2024, the County Assessor certified and closed the Fiscal Year 2024-25 assessment roll of all taxable property at a value of \$768,106,457,000 (gross before exemptions), which reflected an increase of 5.58% (or \$40,625,964,834) over the prior year.

Table 2 below sets forth the number of appeals received by the County Assessor and the number of affected parcels since Fiscal Year 2015-16.

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**TABLE 2**  
**ASSESSMENT APPEALS**  
**Fiscal Years 2015-16 through 2024-25**

<u>Fiscal Year</u>	<u>Appeals<sup>(1)</sup></u>	<u>Parcels</u>
2015-16	4,826	5,822
2016-17	4,413	6,259
2017-18	3,708	5,208
2018-19	3,555	4,864
2019-20	4,183	4,974
2020-21	4,577	5,661
2021-22	4,386	5,578
2022-23	3,840	4,679
2023-24	5,490	6,402
2024-25 <sup>(2)</sup>	5,250	6,133

Source: County of San Diego Assessor/Recorder/County Clerk.  
<sup>(1)</sup> Appeal may relate to the reassessment for one or more parcels.  
<sup>(2)</sup> Data as of May 30, 2025.

***Ad Valorem Property Taxation***

Table 3 below sets forth the assessed valuation of property within the County subject to taxation for Fiscal Years 2015-16 through 2024-25.

**TABLE 3**  
**ASSESSED VALUATION OF PROPERTY**  
**SUBJECT TO AD VALOREM TAXATION**  
**Fiscal Years 2015-16 through 2024-25**  
**(In Thousands)**

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Gross Assessed Valuation</u>	<u>Exemption<sup>(1)</sup></u>	<u>Net Assessed Valuation for Tax Purposes<sup>(2)</sup></u>
2015-16	\$203,701,281	\$249,298,560	\$15,491,395	\$468,491,236	\$15,175,726	\$453,315,510
2016-17	215,835,633	261,594,164	16,324,650	493,754,447	16,103,351	477,651,096
2017-18	230,572,975	276,262,039	16,807,985	523,642,999	16,816,816	506,826,183
2018-19	246,455,471	291,085,650	17,764,620	555,305,741	18,416,932	536,888,809
2019-20	261,664,752	306,648,456	18,474,208	586,787,416	19,591,977	567,195,439
2020-21	276,732,392	322,427,706	18,938,815	618,098,913	19,843,441	598,255,472
2021-22	290,490,223	332,642,655	17,304,321	640,437,199	21,890,732	618,546,467
2022-23	318,629,850	354,024,970	20,487,316	693,142,136	22,902,428	670,239,708
2023-24	345,552,666	373,816,784	22,924,478	742,293,928	24,634,134	717,659,794
2024-25	367,270,870	391,811,798	24,192,377	783,275,045	26,863,568	756,411,477

Source: County of San Diego Auditor and Controller.

<sup>(1)</sup> Exemption figures include veterans, church, welfare, religious, college and cemetery exemptions

<sup>(2)</sup> Net Assessed Valuation for Tax Purposes figures include local secured, local unsecured, manufactured home, possessory interest, and state unitary valuation.

Table 4 below sets forth the approximate tax levied against the ten largest property taxpayers in the County for Fiscal Year 2024-25. These tax payments represent approximately 4% of the total secured property tax levied by the County for Fiscal Year 2024-25, which amount is \$9,102,745,534.

**TABLE 4  
TEN LARGEST TAXPAYERS  
Fiscal Year 2024-25**

<u>Property Owners</u>	<u>Business Area</u>	<u>Approximate Tax<sup>(1)</sup></u>
San Diego Gas & Electric Co	Gas and Electric Utility	\$252,787,062
Qualcomm Inc	Telecommunication	32,393,866
UTC Venture LLC	Real Estate	11,462,417
Host Hotels and Resorts LP	Real Estate	10,810,827
IQHQ Pacific I LLC	Real Estate	10,210,635
Kilroy Realty LP	Technology	9,968,486
Sorrento West Properties Inc	Real Estate	9,545,244
B S K Del Partners LLC	Real Estate	9,368,350
Pacific Bell Telephone	Telecommunication	7,670,259
Fashion Valley Mall LLC	Real Estate	7,416,256

Source: County of San Diego Auditor and Controller.

<sup>(1)</sup> Approximate Tax includes local secured and state unitary 1% tax, debt service tax and special assessments.

Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate assessment rolls. The “secured roll” is that assessment roll containing locally assessed property secured by a statutory lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes on land and the improvements located on the land. Other property, such as business personal property, boats and aircraft, is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of growth in *situs* assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter approved debt service and fixed charge assessments on behalf of any taxing agency and special district within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a 10% penalty attaches. A ten dollar cost also applies to all delinquent second installments. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30. Such property may thereafter be redeemed by payment of the delinquent taxes, the 10% delinquency penalty, the ten dollar cost, a thirty-three dollar per parcel redemption fee (from which the State receives five dollars), and redemption penalty of 1.5% percent per month starting July 1 and continuing until date of redemption (collectively, the “Redemption Amount”). If taxes remain unpaid for five years, the property becomes subject to the Treasurer-Tax Collector’s power to sell.

Property taxes on the unsecured roll are due on the lien date being assessed (January 1). A due date, or date to pay by, is set based on the enrollment date of the bill. If not paid in full, a 10% penalty is added to the bill on September 1, or on the first business day of the second month following the enrollment date and an additional penalty of 1.5% percent per month begins to accrue on November 1, or on the first business day of the third month after the date of enrollment. Penalties are posted based on the type of unsecured bill and the time of year it is enrolled. The taxing authority has a number of ways of collecting delinquent unsecured property taxes, which include: filing a Certificate of Tax Lien for recordation in the County Recorder’s office, and/or other jurisdictions; a civil action against the taxpayer; and seizure and/or sale of assets belonging or assessed to the taxpayer.

Pursuant to State Law, the County collects property tax administrative fees from cities and special districts. State law exempts school districts from paying such fees.

### Secured Tax Rolls Statistics

Table 5 below sets forth information relating to the County’s secured tax roll and assessed value of property for Fiscal Years 2015-16 through 2024-25.

**TABLE 5  
SECURED TAX ROLL STATISTICS  
Fiscal Years 2015-16 through 2024-25**

<b>Fiscal Year</b>	<b>Total Bills</b>	<b>Total Gross Assessed Value<sup>(1)</sup></b>	<b>Total Tax Amount<sup>(2)</sup></b>	<b>Delinquent Tax Bills</b>	<b>Delinquent Tax Amount<sup>(3)</sup></b>	<b>Delinquent Tax Amount as Percent of Total Tax Amount</b>
2015-16	987,346	\$452,871,779,096	\$5,366,152,320	23,846	\$38,142,396	0.71%
2016-17	989,573	477,224,168,641	5,660,485,279	25,552	43,693,299	0.77
2017-18	994,304	506,949,930,756	6,043,654,297	24,894	45,819,497	0.76
2018-19	998,777	537,644,325,452	6,406,559,049	24,203	50,228,155	0.78
2019-20	1,001,506	567,883,184,150	6,882,480,190	30,258	88,230,522	1.28 <sup>(4)</sup>
2020-21	1,005,291	598,461,616,928	7,275,864,288	28,045	68,517,220	0.94
2021-22	1,007,475	622,606,710,042	7,561,306,955	26,947	65,619,229	0.87
2022-23	1,011,687	671,196,410,740	8,086,582,523	32,414	80,059,209	0.99
2023-24	1,014,104	717,341,547,896	8,628,616,727	30,459	93,285,544	1.08
2024-25	1,018,387	756,804,656,675	9,102,745,534	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>

Source: County of San Diego Auditor and Controller.

<sup>(1)</sup> Total Gross Assessed Value figures include local secured and state unitary valuation.

<sup>(2)</sup> Total Tax Amount includes local secured and state unitary 1% tax, debt service tax and special assessments.

<sup>(3)</sup> Delinquent Tax Amount represents the dollar value of tax due for delinquencies in the year shown that had not been collected as of June 30 of that year.

<sup>(4)</sup> Collection for Fiscal Year 2019-20 second installment of property taxes was negatively impacted by the COVID-19 Pandemic resulting in an increase in the Delinquent Tax Amount as a Percent of Total Tax Amount.

<sup>(5)</sup> Not available as delinquency percent is calculated at year end.

### Liens and Redemption

Properties subject to a tax lien may be redeemed under a five-year installment plan by paying current taxes plus a minimum annual payment of 20% of the original redemption amount, a redemption fee of thirty-three dollars, a payment plan set-up fee of seventy-one dollars, and an annual plan maintenance fee of eighty-five dollars. A delinquent taxpayer may enter into the installment plan at any time up to the

June 30 occurring five years after the property becomes tax-defaulted. Redemption interest accrues at 1.5% per month on the unpaid principal balance of the installment plan redemption amount during the period of the installment plan. The property becomes subject to sale by the County Treasurer-Tax Collector if taxes are unpaid after June 30 of the fifth year of default unless the property is on an installment plan of redemption prior to the power to sell arising.

**Financial Statements**

Table 6 below sets forth the audited General Fund Balance Sheet for Fiscal Years 2021-22 through 2023-24. Table 7 sets forth the audited General Fund Statement of Revenues, Expenditures and Changes in Fund Balance for Fiscal Years 2019-20 through 2023-24.

**TABLE 6  
COUNTY OF SAN DIEGO  
GENERAL FUND BALANCE SHEET  
For Fiscal Years 2021-22 through 2023-24  
(In Thousands)**

	<u>Audited 2022<sup>(2)</sup></u>	<u>Audited 2023<sup>(2)</sup></u>	<u>Audited 2024<sup>(2)</sup></u>
<b><u>ASSETS</u></b>			
Pooled Cash and Investments	\$2,880,676	\$3,061,336	\$2,942,082
Cash with Fiscal Agents	7	16	17
Investments with Fiscal Agents	1	2	2
Property Taxes Receivables, net	133,348	160,037	176,634
Receivables, net	967,373	1,098,203	1,344,947
Lease Receivables	4,587	4,467	3,734
Due from Other Funds <sup>(1)</sup>	64,206	67,314	152,079
Prepaid Items	78	5,080	5,281
Inventories	43,184	49,589	40,238
Restricted Assets – Cash with Fiscal Agents	218	229	218
<b>TOTAL ASSETS</b>	<u>\$4,093,678</u>	<u>\$4,446,273</u>	<u>\$4,665,232</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 306,168	\$ 271,015	\$368,608
Accrued Payroll	65,661	80,484	89,238
Due to Other Funds <sup>(1)</sup>	84,862	68,865	71,729
Unearned Revenue	949,782	911,463	676,967
<b>TOTAL LIABILITIES</b>	<u>\$1,406,473</u>	<u>\$1,331,827</u>	<u>\$1,206,542</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Leases	\$ 4,567	\$ 4,434	\$ 3,620
Property Taxes Received in Advance	11,810	14,348	16,865
Unavailable Revenue <sup>(3)</sup>	320,819	277,749	438,455
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$337,196</u>	<u>\$296,531</u>	<u>\$458,940</u>

*(Table continued on subsequent page.)*

	<b>Audited 2022<sup>(2)</sup></b>	<b>Audited 2023<sup>(2)</sup></b>	<b>Audited 2024<sup>(2)</sup></b>
<b><u>FUND BALANCES</u></b>			
Nonspendable:			
Not in Spendable Form:			
Loans, Due From Other Funds and Prepaids	\$ 5,231	\$ 10,250	\$ 10,473
Inventories and deposits with others	43,184	49,589	40,238
Restricted for:			
Grantors – Housing Assistance	97,252	114,144	144,192
Donations	2,944	2,919	4,261
Pension Stabilization	214,196	171,394	128,592
Laws or regulations of other governments:			
Enforcement of consumer protection laws	0	185,731	212,289
Public safety activities	2,910	5,569	6,208
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	54,898	89,842	117,989
Improvement and maintenance of recorded document systems	24,744	26,467	25,930
Development of multifamily housing for persons with serious mental illness who are homeless, chronically homeless, or at-risk of becoming chronically homeless	60,553	79,952	105,608
State Permanent Local Housing Allocation	0	2,058	6,715
Down payment and closing costs assistance for first-time home buyers	4,974	5,047	5,146
Defray administrative costs, other general restrictions	25,539	26,849	29,467
Construction, maintenance and other costs for justice, health, and social facilities and programs	32,023	23,767	11,045
Implementation of the opioid settlement framework	0	18,832	53,445
Juvenile probation activities	11,011	13,816	3,385
Expansion of behavioral health community provider capacity and to strengthen the regional continuum of care	24,270	23,895	24,297
Custody and care of youthful offenders	14,543	17,091	2,975
Other Purposes	104,608	121,084	170,355
Committed to:			
Support, promote, and improve educational options for San Diego County K-12 youth	33,427	28,094	29,368
Realignment Health, Mental Health and Social Services	39	39	39
Chula Vista Bayfront Project public infrastructure improvements	8,334	0	0
Capital projects' funding	513,563	500,299	442,913
Evaluation, acquisition, construction, or rehabilitation of affordable housing for low-income residents	36,558	53,449	48,936
Other Purposes	25,238	34,668	49,258

*(Table continued on subsequent page.)*

	<u>Audited 2022<sup>(2)</sup></u>	<u>Audited 2023<sup>(2)</sup></u>	<u>Audited 2024<sup>(2)</sup></u>
Assigned to:			
Subsequent one-time expenditures <sup>(4)</sup>	40,418	0	102,930
Legislative and administrative services	97,776	156,332	197,955
Other Purposes	255,299	259,286	333,973
Unassigned	616,477	797,452	691,768
TOTAL FUND BALANCES	<u>\$2,350,009</u>	<u>\$2,817,915</u>	<u>\$2,999,750</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$4,093,678</u>	<u>\$4,446,273</u>	<u>\$4,665,232</u>

Source: County of San Diego Auditor and Controller.

- (1) Amounts are receivables and payables between General Fund and other County funds based on actual or estimated claims outstanding.
- (2) To conform with Governmental Accounting Standards Board (GASB) Statements 33 and 34, activities from various Internal Agency Funds are included in the General Fund.
- (3) Formerly classified and referred to as "Deferred Revenues".
- (4) The General Fund's fund balance classification of Assigned to Subsequent One-time Expenditures represents a GASB Statement 54 recommended classification of fund balance in circumstances in which a portion of existing fund balance is included as a budgetary resource in the subsequent year's budget to eliminate a projected excess of expected expenditures over expected revenues. For the County of San Diego, this amount represents Board of Supervisors approved one-time uses of fund balance.

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**TABLE 7**  
**COUNTY OF SAN DIEGO**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For Fiscal Years 2019-20 through 2023-24**  
**(In Thousands)**

	<u>Audited</u> <u>2019-20</u>	<u>Audited</u> <u>2020-21</u>	<u>Audited</u> <u>2021-22</u>	<u>Audited</u> <u>2022-23</u>	<u>Audited</u> <u>2023-24</u>
<b>Revenues:</b>					
Taxes	\$1,288,900	\$1,367,772	\$1,434,814	\$1,543,910	\$1,648,557
Licenses, Permits and Franchise Fees	43,208	43,271	41,988	51,312	54,123
Fines, Forfeitures and Penalties	41,719	39,114	79,634	39,583	47,871
Revenue From Use of Money and Property	62,791	(2,521)	(52,337)	54,783	131,343
Aid From Other Governmental Agencies:					
State	1,455,841	1,383,222	1,444,771	1,715,230	1,850,171
Federal	867,672	1,355,842	1,399,041	1,205,320	1,334,526
Other	125,119	168,725	173,426	191,945	210,577
Charges for Current Services	383,503	426,714	429,405	446,770	467,107
Other	35,743	35,743	35,193	240,353	72,954
Total Revenues	<u>\$4,304,496</u>	<u>\$4,817,882</u>	<u>\$4,985,935</u>	<u>\$5,489,206</u>	<u>\$5,817,229</u>
<b>Expenditures:</b>					
Current:					
General Government	\$ 347,244	\$ 382,074	\$ 406,915	\$ 380,192	\$ 444,104
Public Protection	1,641,541	1,625,334	1,720,637	1,860,424	2,126,391
Public Ways and Facilities	6,472	6,167	7,567	3,928	6,353
Health and Sanitation	920,181	1,237,047	1,175,482	1,228,415	1,360,683
Public Assistance	1,235,090	1,581,021	1,563,491	1,512,502	1,620,856
Education	1,322	1,163	1,222	836	1,073
Recreation and Cultural	43,876	41,595	48,976	56,269	61,887
Capital Outlay	67,904	103,151	19,413	53,830	125,582
Debt service:					
Principal <sup>(1)</sup>	16,175	19,346	60,165	64,283	68,095
Interest	12,626	12,422	11,513	11,640	14,456
Payment to Refunded Bond Escrow Agent <sup>(2)</sup>	5,931	2,155	-	-	-
Total Expenditures	<u>\$4,298,362</u>	<u>\$5,011,475</u>	<u>\$5,015,381</u>	<u>\$5,172,319</u>	<u>\$5,829,480</u>
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 6,134	\$(193,593)	\$(29,446)	\$316,887	\$(12,251)
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	\$ 997	\$ 211	\$ 183	\$ 328	\$ 228
Issuance of Leases: Leases	-	-	914	2,553	45,498
Issuance of Capital Leases:					
Face Value of Capital Leases	217	57,554	-	-	-
Issuance of bonds, loans, financed purchases or subscriptions:					
Face Value of financed purchases	-	-	1,331	11,795	3,099
Transfers In <sup>(3)</sup>	307,214	299,569	351,572	397,099	465,592
Transfers Out <sup>(4)</sup>	(270,454)	(349,379)	(282,426)	(267,161)	(310,980)
Total Other Financing Sources (Uses)	<u>\$ 37,974</u>	<u>\$ 7,955</u>	<u>\$ 71,574</u>	<u>\$144,614</u>	<u>\$203,437</u>
Net Change in Fund Balance	\$ 44,108	\$(185,638)	\$ 42,128	\$ 461,501	\$ 191,186
<b>Fund Balances at Beginning of Year</b>	2,424,065	2,468,496	2,282,435	2,350,009	2,817,915
Increase (Decrease) in Nonspendable Inventories	323	(423)	25,446	6,405	(9,351)
<b>Fund Balances at End of Year</b>	<u>\$2,468,496</u>	<u>\$2,282,435</u>	<u>\$2,350,009</u>	<u>\$2,817,915</u>	<u>\$2,999,750</u>

*(Footnotes to table on prior page.)*

Source: Annual Comprehensive Financial Reports of the County.

- <sup>(1)</sup> Represents various base rental payments made to the San Diego County Capital Asset Leasing Corporation (“SANCAL”) and the San Diego Regional Building Authority (“SDRBA”) treated as debt service payments in the General Fund as SANCAL and the SDRBA are blended component units of the County.
- <sup>(2)</sup> In Fiscal Year 2019-20, \$19.450 million of fixed interest rate certificates of participation County of San Diego Certificates of Participation (Justice Facilities Refunding Series 2019) (the “Series 2019 COPs”), were executed and delivered by the San Diego County Capital Asset Leasing Corporation. The Series 2019 COPs’ proceeds, along with funds on hand with the Trustee, were used to refund \$31.805 million of outstanding County of San Diego Certificates of Participation (Series 2009 Justice Facilities Refunding). This is the amount reported in the General Fund. The transaction is further described in Note 13 “Long-Term Debt” in the Notes to the Financial Statements of the County’s Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2020. In Fiscal Year 2020-21, \$45.725 million of fixed interest rate certificates of participation – County of San Diego Refunding Certificates of Participation, Series 2020 COPs \$21.910 million Series 2020A (Tax Exempt) (County Administration Center Waterfront Park) and \$23.815 million Series 2020B (Federally Taxable) (Cedar and Kettner Development) (collectively, the “Series 2020 COPs”) were executed and delivered by the San Diego County Capital Asset Leasing Corporation. The Series 2020 COPs’ proceeds, along with funds on hand with the Trustee, were used to refund the entire \$27.545 million of Outstanding Series 2011 County Administration Center Waterfront Park Certificates of Participation, and to refund the entire \$24.860 million of Outstanding Series 2012 Cedar and Kettner Certificates of Participation. This is the amount reported in the General Fund. The transaction is further described in Note 13 “Long-Term Debt” in the Notes to the Financial Statements of the County’s Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.
- <sup>(3)</sup> Revenues from the Public Safety Augmentation Sales Tax (Proposition 172) and the tobacco securitization proceeds are recognized in the Special Revenue funds and treated as operating transfers when moved to the General Fund to reimburse expenditures incurred.
- <sup>(4)</sup> For all fiscal years presented, “Transfers Out” generally represents contributions to the Pension Obligation Bond fund; contributions to capital funds for General Fund projects; and, County contributions to the Library fund and the In-Home Supportive Services (“IHSS”) Public Authority fund.

## **General Fund Budget**

The Board of Supervisors is required by State law to adopt a balanced annual budget no later than October 2 of each year. The County General Fund finances the legally authorized activities of the County not provided for in other restricted funds. General Fund revenues are derived from such sources as taxes, licenses, permits and franchises, fines, forfeitures and penalties, use of money and property, aid from other governmental agencies, charges for current services and other revenue. General Fund expenditures and encumbrances are classified by the functions of public safety, health and human services, land use and environment, finance and general government and other. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by a four-fifths vote of the Board of Supervisors.

To ensure that the expenditures do not exceed authorized levels or available financing sources, quarterly reviews are conducted covering actual and projected receipts and expenditures. In the event of any shortfall in projected revenue, immediate steps are taken to mitigate the shortfall through the identification of alternative funding sources or freezing appropriations. Similarly, if expenditures are projected to exceed appropriations, steps are taken to freeze expenditures in other accounts within the affected department or to transfer available resources to offset the added expenditure requirement. California counties are not permitted by State law to impose fees to raise general revenue, but only to recover the costs of regulation or provision of services. The Chief Financial Officer is responsible for monitoring and reporting expenditures within budgeted appropriations.

## **County’s Fiscal Year 2024-25 Budget**

The Fiscal Year 2024-25 Adopted Budget for the County’s General Fund included expenditures of approximately \$6.63 billion and revenues and other financing sources of approximately \$6.63 billion. In accordance with the normal practice of the County, the Fiscal Year 2024-25 Adopted Budget was adjusted to reflect carry-over appropriations from the prior fiscal year and program needs not included in the Fiscal

Year 2024-25 Adopted Budget. As of March 31, 2025, the County's Fiscal Year 2024-25 General Fund Amended Budget (the "Fiscal Year 2024-25 Amended Budget") included expenditures of \$7.9 billion and revenues and other financing sources of \$7.9 billion. As of March 31, 2025, as reported in the Fiscal Year 2024-25 Third Quarter Operational Plan Status Report and Budget Adjustments (the "Third Quarter Report") presented to the Board of Supervisors on May 20, 2025, based on the first nine months of Fiscal Year 2024-25, the County projected that its General Fund expenditures for Fiscal Year 2024-25 were less than the Fiscal Year 2024-25 Amended Budget by \$156.8 million and its General Fund revenues and other financing sources were less than the Fiscal Year 2024-25 Amended Budget by \$104.2 million. The net variance was a projected savings to the County's General Fund of \$52.6 million.

### **County's Fiscal Year 2024-25 Financial Position**

As reported in the Third Quarter Report, the County is projecting lower than budgeted expenditures which generated an overall positive expenditure variance of approximately \$156.8 million in the General Fund, primarily attributable to the following:

#### ***Salary & Benefits***

Approximately \$31.9 million in projected overall positive Salary & Benefits appropriation variance. As of April 16, 2025, the vacancy rate (including newly added positions) was 6.9% (1,407 of 20,478 positions).

#### ***Public Safety Group***

For PSG, the County is projecting an overall positive expenditure variance of approximately \$3.6 million is due to attrition, vacancies and modified positions. A projected negative variance for the Sheriff's Office will be mitigated by an adjustment that will provide approximately \$9.1 million in appropriations based on over-realized General Purpose Revenue and a projected negative variance in the Public Defender's Office will be partially mitigated by an adjustment that will provide approximately \$1.8 million in appropriations based on over-realized General Purpose Revenue. These shortfalls are attributed to increased operational costs that resulted in the reallocation of Salaries & Benefits appropriations during the development of the Fiscal Year 2024-25 Adopted Budget. The vacancy savings did not materialize for these departments due to lower department vacancy rates so additional appropriations are needed to cover the reallocation of Salaries & Benefits. The increased operational costs in the Sheriff's Office and Public Defender's Office are proposed to be addressed with additional appropriations supported by over-realized revenue this fiscal year, and will be resolved with current recommendations. Ongoing funding strategies for these costs have been identified, and will be included in the upcoming Fiscal Year 2025-26 CAO Recommended Operational Plan.

#### ***Health and Human Services Agency ("HHSA")***

For HHSA, the County is projecting an overall positive expenditure variance of approximately \$16.5 million is attributed to longer timeframes to hire staff, including hard to recruit classifications and vacancies due to attrition.

#### ***Land Use and Environment Group ("LUEG")***

For LUEG, the County is projecting an overall positive expenditure variance of approximately \$9.7 million is primarily due to vacancies and under-filled positions.

### *Finance and General Government Group (“FGG”)*

For FGG, the County is projecting an overall positive expenditure variance of approximately \$2.1 million is primarily unanticipated vacancies and staff attrition.

### *Services & Supplies*

The County is anticipating approximately \$97.1 million in projected positive appropriation variance in Services & Supplies across the County.

### *Public Safety Group*

For PSG, the County is projecting an overall positive expenditure variance of approximately \$6.6 million primarily in the Department of Child Support Services due to lower than anticipated expenses related to facility projects, information technology (“IT”), and contracted services, and in San Diego County Fire due to lower contracted services resulting from delays in obtaining Environmental Historical Preservation report approval from FEMA for Home Hardening projects.

### *Health and Human Services Agency*

For HHSA, the County is projecting an overall positive variance of approximately \$65.2 million in various departments. This consists of positive variances in:

- Behavioral Health Services primarily due to contracted services associated with a range of mental health and substance use disorder programs to align with anticipated spending which adjusts for contractor staffing vacancies and projected utilization in residential bed days;
- Public Health Services (“PHS”) primarily from procurement delays associated with identification and timing of lab equipment delivery, installation, and validation testing, IT project delays due to ongoing contract negotiations, lesser use of contracts in the immunizations program to align with projected spending with the grant resources and workplan, and in contracted temporary staffing costs associated with the demobilization of COVID-19 associated activities;
- Homeless Solutions and Equitable Communities tied to the Federal Emergency Management Agency Shelter and Services Program as the program was never developed due to changes in available funding; to align projected spending for CDC Community Health Worker Resilient grant, projected lower costs tied to the Community Services Block Grant Communities in Action program, and overall contract savings primarily tied to outreach, conflict resolution and refugee support services that were carried forward from the prior year; and tied to refugee services due to lower than projected eligible population;
- Aging & Independence Services (“AIS”) tied to lesser use in contracted services in Home Safe and California Department of Aging programs by utilizing internal County staffing to support the programs and the roll out of Modernizing Older California Act programs over future fiscal years, an adjustment to align the budget to the anticipated In-Home Support Services (“IHSS”) Maintenance of Effort for IHSS Individual Providers, and due to the phased implementation needed to accommodate the increasing number of participants in the San Diego Veterans Independence Service at Any Age program;

- Child and Family Well-Being (“CFWB”) due to a variance from budget in various services and supplies tied to program operational need.

These are offset by negative variances in Self-Sufficiency Services (“SSS”) primarily due to increases in contracted services based on revised allocations for CalWORKs Housing Support Program due to California Department of Social Services redistribution of unspent prior year funding and in Housing & Community Development Services (“HCDS”) due to increased costs in the Inclement Weather Program that provides safe temporary housing to impacted individuals during inclement weather and in temporary staff that help to mitigate online application portal issues that would have impacted the opening of waitlists for three new Project Based Voucher developments.

#### *Land Use and Environment Group*

For LUEG, the County is projecting an overall positive variance of approximately \$11.0 million primarily in the Department of Planning & Development Services due to schedule changes to one-time only IT projects and reduced consultant contract spending and delayed spending related to grants. Additionally for the LUEG Executive Office due to a grant project related to air purifiers that will no longer be managed through the LUEG Executive Office and will be managed by the Air Pollution Control District, in the Department of Environmental Health and Quality (“DEHQ”) due to a reduction in contract costs from contracts not being awarded and a modified scope of work for a major maintenance project. The Department of Public Works also has a projected overall positive variance due to less than anticipated fleet Internal Service Funds (“ISF”) costs and road materials for closed landfills due to utilizing asphalt grindings at no cost.

#### *Finance and General Government Group*

For FGG, the County is projecting an overall positive variance of approximately \$14.2 million primarily for the Assessor/Recorder/County Clerk (“ARCC”) due to delays or cancellations of trust fund funded projects, for the Registrar of Voters (“ROV”) due to delays associated with an IT project for a new voter registration system and lower than anticipated ballot printing costs, for the Department of Human Resources (“DHR”) due to lower than anticipated costs for workers compensation services and cancellation of IT projects, for the Office of County Counsel due to the cancellation of facilities-related and technology-related projects and for the Board of Supervisors due to lower than anticipated one-time expenses.

#### *Other Charges*

The County is projecting a positive appropriation variance of approximately \$13.7 million in Other Charges primarily for the HHSA, in SSS tied to Participant Benefits programs mainly in Child Care Stage 1 due to revised projected caseloads and in EBT Skimming mainly tied to estimated EBT Fraud payments, in CFWB largely due to slower-than-expected ramp-up of Complex Care projects and to align with the revised projected caseloads in assistance programs, and in HCDS primarily in HOME Tenant Based Rental Assistance (“TBRA”) due to lower-than-anticipated referrals and a gradual transition in enrolling newly eligible participants under the Transitional Aged Youth program.

#### *Capital Asset/Land Acquisition*

Approximately \$8.4 million budgeted for appropriations for contingency pursuant to Government Code §29084 is projected to be unspent at year-end in Capital Asset/ Land Acquisition.

### *Capital Assets Equipment*

The County is projecting a positive appropriation variance of approximately \$6.0 million in Capital Assets Equipment in HHSA primarily in PHS associated with longer than anticipated delivery of equipment, and in FGG primarily in ARCC due to the replacement of the fire suppression system in the East County Office (“ECO”) Archives.

### *Expenditure Transfer & Reimbursements*

The County is projecting a negative appropriation variance of approximately \$3.6 million in Expenditure Transfer & Reimbursements in FGG primarily in ROV due to delayed IT projects, in DHR due to the cancellation of IT projects and in County Counsel due to less than anticipated reimbursements for staff costs in the health services area.

### *Operating Transfers Out*

The County is projecting a positive appropriation variance of approximately \$3.2 million in Operating Transfers Out in Finance Other due to lower than anticipated expenses related to capital projects that are closed or being cancelled by the end of Fiscal Year 2024-25 and in HHSA primarily in AIS due to IHSS Public Authority increased fraud investigation and background checks tied to increased cases.

The projected under-realized revenues in the General Fund of approximately \$52.6 million includes positive variances totaling approximately \$36.6 million and negative variances of approximately \$140.8 million. In many instances, the negative revenue variances are directly associated with the positive expenditure variances described above that is, the County does not receive the supporting revenue when a cost is not incurred.

The projected positive revenue variance of approximately \$36.6 million is primarily attributable to the following categories:

#### *Taxes Other Than Current Secured*

Taxes Other Than Current Secured are anticipated to be approximately \$34.9 million above budget, and of this amount, approximately \$10.9 million total will be appropriated in Sheriff’s Office (\$9.1 million) and in Public Defender’s Office (\$1.8 million), resulting in an adjusted projection of approximately \$24.0 million.

The revenue variances in Taxes Other Than Current Secured are mainly in Sales and Use Taxes mostly boosted by a state audit correction made to recover previously misallocated revenues as well as significant increase in business-industry related revenue, in Property Tax in Lieu of Vehicle License Fees (“VLF”) due to higher than budgeted growth in assessed valuation, in Teeter Taxes based on a higher collection of receivables from prior fiscal year and projected returned excess Teeter Tax Reserve requirement, in Property Tax Prior Secured Supplemental due to the increase in supplemental billings compared to prior year, in Other Tax Aircraft, Property Tax Prior Secured and Property Tax Prior Year Unsecured Supplemental due to higher than budget based on year-to-date current year actuals going higher than expected, in Document Transfer Taxes due to projected home prices remaining high despite having projected lower sales volume and in Transient Occupancy Tax due to the continued growth in the hotel industry and tourism as a whole.

### *Taxes Current Property*

The projected positive revenue variance for Taxes Current Property (approximately \$6.7 million) primarily in Current Secured Property Taxes is due to greater than anticipated assessed value growth and in Current Unsecured Property Taxes due to projected higher revenue based on prior year receipts.

### *Other Financing Sources*

The projected positive revenue variance for Other Financing Sources (approximately \$4.2 million) is primarily due to the use of available Proposition 172 fund balance to offset lower projected receipts and to fund increased costs related to health care contracts.

### *Fines, Forfeitures & Penalties*

The projected positive revenue variance for Fines, Forfeitures & Penalties (approximately \$1.6 million) is primarily due to higher than budget reflected from 10% penalty that is assessed on late current secured and unsecured property tax payments.

The projected negative revenue variance of approximately \$140.8 million is primarily attributed to:

### *Intergovernmental Revenues*

Approximately \$109.5 million in projected negative revenue variance in Intergovernmental Revenues across the County.

### *Public Safety Group*

The projected negative revenue variance for PSG (approximately \$22.7 million), is primarily due to lower than anticipated costs for Medi-Cal Transformation PATH, Community Corrections Subaccount, CA Fentanyl Abatement Funding and Community Project Funding, due to lower costs associated with implementation of the California Advancing and Innovating Medi-Cal program and Community Corrections Subaccount-funded programs, due to lower grant reimbursements related to the expenditures from delays in obtaining Environmental Historical Preservation report approval from FEMA for Home Hardening projects, due to lower than anticipated State and federal reimbursement revenue related to expenditure savings related to facility projects, IT, and contracted services, and due to lower than expected eligible case activities funded by CARE Act and staff attritions during mid-year funded by Justice Assistance Grant and state mandated reimbursements.

### *Health and Human Services Agency*

The projected negative revenue variance for HHS (approximately \$82.9 million), is primarily tied to aligning projected spending and includes reductions in Behavioral Health Realignment and Mental Health Services Act funding offsets by increases in federal funding tied to anticipated billable service units under payment reform, in COVID-19 Expanding Laboratory Capacity and in the COVID Health Disparities grant to align with projected spending, in Immunization Action Plan grants to align with workplan, in Medi-Cal Administrative Activities revenues based on estimated receipts, in Future of Public Health due to revised allocation estimates, and in California Children's Services tied to prior year revenue adjustments, tied to the Federal Emergency Management Agency revenue for the Shelter and Services Program, in social services administrative revenues to align with revised allocations, in Refugee grants to align with projected cost associated with refugee services, tied to the ending of one-time grants associated with Community

Health Workers Resilient grants and Health Disparities grants, in Realignment revenue to align with spending, in Realignment based on estimated receipts and in social services administrative revenues to align with anticipated federal and State funding and projected expenditures, tied to the ending of a one-time Community Health Workers Resilient grant and Health Disparities grant, due to Future of Public Health revenue aligning with the State's revised allocation and lower-than-anticipated COVID-19 Expanding Laboratory Capacity grant funding, and in federal revenue primarily to align with projected costs associated with TBRA.

#### *Land Use and Environment Group*

The projected negative revenue variance for LUEG (approximately \$4.8 million), is primarily due to delays in grant related projects, in grant project and associated revenue to be managed by the Air Pollution Control District, and due to less than anticipated reimbursements related to state contracts.

#### *Finance and General Government Group*

The projected negative revenue variance for FGG (approximately \$1.7 million), is primarily due to lower than anticipated use of State funding for reimbursable costs.

#### *Finance Other*

These are offset by a positive variance in Finance Other (approximately \$2.6 million), primarily due to pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies.

#### *Charges for Current Services*

The projected negative revenue variance for Charges for Current Services (approximately \$19.1 million) primarily in Recorder Trust Funds revenues due to the postponement of the procurement of a new software for Archive Collection Management System, non-necessity of the replacement of the fire suppression system in the ECO Archives, and delay of the digitization microfilm and quality control projects, due to a decline in billable activities for land development, project planning, and building projects due to staff vacancies, and tied to a decrease in Intergovernmental Transfer revenue primarily due to decrease in census enrollment days for Medi-Cal.

#### *Revenue from Use of Money & Property*

The projected negative revenue variance for Revenue from Use of Money & Property (\$5.5 million) is primarily due to a lower projected average daily cash balance than what was budgeted which was used to calculate the interest revenue.

#### *Miscellaneous Revenues*

The projected negative revenue variance for Miscellaneous Revenues (approximately \$3.5 million) is primarily due to less than anticipated reimbursement from the Environment Trust Fund due to savings in landfills road materials, due to lower expenditures in Regional Communication System projects, due to less than anticipated workers compensation services administrative costs charged to the Employee Benefit Internal Service Fund and due to the recouping of payments in contracted services from prior year adjustments.

*Licenses, Permits & Franchises*

The projected negative revenue variance for Licenses, Permits & Franchises (approximately \$3.2 million) is primarily due to under-realized permit payment revenue resulting from less staff to perform services.

The following Table 8 sets forth the County's General Fund Adopted and Amended Budgets for Fiscal Year 2023-24 and Fiscal Year 2024-25, the projected expenditures and revenues and other financing sources for Fiscal Year 2024-25, as reported in the Third Quarter Report, and the variance between the projected actual amounts and those contained in the Fiscal Year 2024-25 Amended Budget. This table also sets forth the Revised Fiscal Year 2025-26 Recommended Budget. The full report may be viewed on the County's website at <https://www.sandiegocounty.gov/auditor/qfbr.html>. The information on such website is not incorporated herein by reference.

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**TABLE 8**  
**GENERAL FUND**  
**ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2023-24,**  
**ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2024-25, PROJECTED THIRD-**  
**QUARTER RESULTS AND VARIANCE FROM AMENDED BUDGET FOR FISCAL YEAR 2024-25**  
**AND REVISED RECOMMENDED BUDGET FOR FISCAL YEAR 2025-26**  
**(In Thousands)**

	<u>2023-24 Adopted Budget</u>	<u>2023-24 Amended Budget<sup>(1)</sup></u>	<u>2024-25 Adopted Budget</u>	<u>2024-25 Amended Budget<sup>(2)</sup></u>	<u>Projected Third- Quarter Results<sup>(3)</sup></u>	<u>Variance from Amended Budget<sup>(4)</sup></u>	<u>2025-26 Revised Recommended Budget<sup>(5)</sup></u>
<b>APPROPRIATIONS</b>							
Public Safety	\$2,171,518	\$2,521,667	\$2,278,636	\$2,538,428	\$2,528,486	\$(9,942)	\$2,430,789
Health and Human Services	3,174,806	3,617,223	3,421,159	3,747,453	3,647,724	(99,728)	3,477,474
Land Use and Environment	254,889	381,924	331,741	454,599	433,722	(20,876)	288,400
Finance and General							
Government and Other	610,321	1,239,809	596,146	1,157,241	1,131,027	(26,243)	524,875
Contingency Reserve and							
Increases in Fund Balance							
Components	0	0	0	0	0		0
Total Appropriations	<u>\$6,211,534</u>	<u>\$7,760,623</u>	<u>\$6,627,684</u>	<u>\$7,897,722</u>	<u>\$7,740,961</u>	<u>\$(156,761)</u>	<u>\$6,721,538</u>
<b>BUDGETED REVENUES</b>							
Current Property Taxes	\$ 909,848	\$ 929,489	\$976,097	\$976,097	\$982,808	\$6,710	\$1,026,068
Taxes Other Than Current							
Property Taxes	652,806	664,220	706,299	706,299	730,359	25,059	754,302
Licenses, Permits and							
Franchises	57,173	57,819	57,769	57,769	54,560	(3,209)	60,572
Fines, Forfeitures and Penalties	40,965	44,592	40,803	44,076	45,693	1,671	46,061
Use of Money and Property	49,680	49,680	65,829	65,829	60,321	(5,507)	57,929
Aid from Other Government							
Agencies	3,355,356	3,781,312	3,567,779	3,762,080	3,652,625	(109,455)	3,654,214
Charges for Current Services	468,727	473,251	476,005	481,511	462,406	(19,104)	493,851
Miscellaneous Revenues and							
Other Financing Sources	625,615	726,349	542,911	656,628	657,355	727	575,157
Total Budgeted Revenues	<u>\$6,160,170</u>	<u>\$6,726,710</u>	<u>\$6,433,495</u>	<u>\$6,750,292</u>	<u>\$6,646,130</u>	<u>\$(104,161)</u>	<u>\$6,668,157</u>
Estimated Fund Balance							
Component Decreases	\$ 51,364	\$ 51,364	\$68,330	\$68,330	\$68,330	\$0	\$53,381
Estimated Use of Fund							
Balance to be Assigned	0	0	125,858	125,858	125,858	0	0
Estimated Use of Fund							
Balance for Encumbrances	0	982,548		953,424	900,643	0	0
Total Resources Utilized	<u>\$6,211,534</u>	<u>\$7,760,623</u>	<u>\$6,627,684</u>	<u>\$7,897,722</u>	<u>\$7,740,961</u>	<u>\$(104,161)</u>	<u>\$6,721,538</u>
Net savings from the Fiscal Year 2024-25 Amended Budget						\$52,600	

Source: County of San Diego, Office of Financial Planning.

<sup>(1)</sup> Reflects appropriations, budgeted revenues and other financing sources included in the Fiscal Year 2023-24 Adopted Budget as amended and adjusted to include all budgeted appropriations and revenues as of June 30, 2024.

<sup>(2)</sup> Reflects, appropriations, budgeted revenues and other financing sources included in the Fiscal Year 2024-25 Adopted Budget as amended and adjusted to include all budgeted appropriations and revenues as of March 31, 2025, including carry over appropriations from the prior fiscal year.

<sup>(3)</sup> Reflects projections of the expenditures and revenues for Fiscal Year 2024-25 as of March 31, 2025.

<sup>(4)</sup> Reflects the difference between the budgeted expenditures, revenues and other financing sources in the Fiscal Year 2024-25 Amended Budget as of March 31, 2025, and the projected expenditures, revenues and other financing sources for Fiscal Year 2024-25 as of March 31, 2025. Amounts without parentheses indicate a variance favorable to the County's General Fund. Amounts within parentheses indicate a variance unfavorable to the County's General Fund.

<sup>(5)</sup> Reflects appropriations, revenues and other financing sources included in the Revised Fiscal Year 2025-26 Recommended Budget.

**Status of Available Fund Balance.** The Unassigned General Fund Balance as of June 30, 2024, was \$691.8 million. See Table 6 entitled “County of San Diego General Fund Balance Sheet” herein for the fund balances of the General Fund for the Fiscal Years ending June 30, 2022, June 30, 2023, and June 30, 2024.

In the Fiscal Year 2024-25 First Quarter Operational Plan Status Report and Budget Adjustments, there were no Unassigned General Fund Balances appropriated.

In the Fiscal Year 2024-25 Second Quarter Operational Plan Status Report and Budget Adjustments, there were no Unassigned General Fund Balances appropriated.

In the Fiscal Year 2024-25 Third Quarter Operational Plan Status Report and Budget Adjustments, there were no Unassigned General Fund Balances appropriated.

The County’s Unassigned General Fund Balance projections are subject to change as additional information becomes available. The next formal update of the County’s Unassigned General Fund Balance will occur in connection with the audit of the basic financial statements of the County for the Fiscal Year ending June 30, 2025, which is expected to be completed by December 31, 2025.

### **County’s Fiscal Year 2025-26 Recommended Budget and the Operational Plan**

**Recommended Operational Plan.** The County annually prepares a two-year operational plan, the most recent of which was proposed on May 1, 2025 (the “Recommended Operational Plan”). The first year of the Recommended Operational Plan is the Fiscal Year 2025-26 Budget and the second year represents an estimate of the revenues and expenditures of the County for Fiscal Year 2026-27. The Recommended Operational Plan reflects the budgets for all funds within which the County accounts for the services it provides to its residents and property and business owners. The largest single fund is the General Fund, which accounts for the majority of the County’s activities.

The County’s Fiscal Year 2025-26 Recommended Budget for the County General Fund is approximately \$6.71 billion, with total appropriations of approximately \$6.71 billion, Total Revenues of approximately \$6.65 billion, and total estimated Fund Balance Component Decreases of approximately \$52.5 million. The Recommended Operational Plan is available on the County’s website at <https://www.sandiegocounty.gov/content/sdc/openbudget/en/home.html>, but is incorporated herein by reference.

Subsequent to the presentation of the Recommended Operational Plan to the Board of Supervisors, public hearings are held and Change Letter requests (the “Change Letter”) are prepared for any needed adjustments to the Recommended Operational Plan. The Change Letter sets forth amendments to the Recommended Operational Plan and is based on updated expenditure and revenue information and actions by the Board of Supervisors.

The County released its proposed Revised Fiscal Year 2025-26 Recommended Budget on June 12, 2025 with an increase of \$18.3 million, or 0.3%, for Fiscal Year 2025-26 from the Fiscal Year 2025-26 Recommended Budget for a total increase of \$104.1 million, or 1.2%, from the Fiscal Year 2024-25 Adopted Budget. See Table 8 above and “—Summary of Revised Fiscal Year 2025-26 Recommended Budget (Change Letter)” below.

The County’s Fiscal Year 2025-26 Adopted Operational Plan was adopted on June 24, 2025 and is unchanged from the Revised Fiscal Year 2025-26 Recommended Budget. Descriptions of the Revised

Fiscal Year 2025-26 Recommended Budget herein also describe the County's Fiscal Year 2025-26 Adopted Operational Plan.

***Summary of General Fund Financing Sources.*** In the Recommended Operational Plan, General Fund financing sources total approximately \$6.71 billion for Fiscal Year 2025-26, a \$79.7 million or 1.2% increase from Fiscal Year 2024-25 Adopted Budget. In Fiscal Year 2026-27, General Fund financing sources decrease by approximately \$137.4 million or 2.0% mostly due to non-recurrence of prior year one-time resources and a reduction in HHSA of \$47.0 million to reflect an anticipated gap in Realignment revenue in Fiscal Year 2026–27 for services being bridged with one-time funds in the current year, and for projected completion of various projects supported with one-time funds. The budget gap of \$47.0 million is being driven by slowing revenue streams including Realignment revenue based on sales tax receipts and overall increasing costs and demand for services. Planning will continue within HHSA in coordination with the enterprise over multiple years to address the gap. Various mitigations include alignment of service levels that minimizes community impacts to the greatest extent possible.

General Fund Financing Sources can be categorized as one of three types: Program Revenue, General Purpose Revenue, or Use of Fund Balance (including Fund Balance Component Decreases).

***Program Revenues.*** Program Revenues are expected to total approximately \$4.58 billion in Fiscal Year 2025-26 and \$4.38 billion in Fiscal Year 2026-27. These revenues make up 68.2% of General Fund's financing sources in Fiscal Year 2025-26, and are derived primarily from State and federal subventions and grants, and charges and fees earned from specific programs. Program Revenues are expected to increase by 2.6% (\$116.3 million) from the Fiscal Year 2024-25 Adopted Budget compared to an average annual growth for the last ten years of 5.1%.

***General Purpose Revenue.*** General Purpose Revenue, budgeted at approximately \$2.08 billion in Fiscal Year 2025-26 and \$2.16 billion in Fiscal Year 2026-27, comprise approximately 31.0% of General Fund's financing sources. This revenue is derived from property taxes, property tax in lieu of Vehicle License Fees ("VLF"), the Teeter program, sales & use tax (and property tax in lieu of sales tax), Aid from Redevelopment Successor Agencies, and miscellaneous other sources. General Purpose Revenue may be used for any purpose that is a legal expenditure of County funds. The Board of Supervisors, therefore, has the greatest flexibility with this revenue when allocating resources to fund programs and services.

The growth in General Purpose Revenue is principally affected by the local and State economies, with over 49.4% of this revenue tied to activity in the real estate market. Budgeted General Purpose Revenue increased by \$105.1 million from Fiscal Year 2024-25 to 2025-26. Budgeted General Purpose Revenue is expected to increase in Fiscal Year 2026-27 by \$86.5 million.

The assessed value of real property declined in 2009 and 2010 (following the credit crisis and economic downturn that began in 2007), grew marginally in 2011, declined slightly in 2012, and has increased each subsequent year. For calendar year 2025, a 5.00% increase in overall assessed value of real property was assumed at the time of Fiscal Year 2024-25 budget development. For Fiscal Year 2025-26 budget development, an assumed rate of 5.00% is projected in overall assessed value of real property. The Fiscal Year 2026-27 revenue is estimated using a 5.00% assessed value growth.

***Use of Fund Balance.*** Use of Fund Balance, including Fund Balance Component Decreases, totals approximately \$52.5 million in Fiscal Year 2025-26 and \$35.9 million in Fiscal Year 2026-27. It represents 0.8% of General Fund Financing Sources in Fiscal Year 2025-26. This compares with \$194.2 million in uses of fund balance in the Fiscal Year 2024-25 Adopted Budget, which equaled 2.9% of total General Fund Financing Sources. This resource is typically used for one-time expenses, and not for the support of ongoing operations.

The General Fund Balance Component Decrease of approximately \$52.5 million, down from \$15.8 million in the Fiscal Year 2024-25 Adopted Budget, consists of \$42.8 million from fund balance restricted for Pension Obligation Bonds (“POB”) to serve as an alternative funding source for a portion of existing POB costs that have been supported by General Purpose Revenue; \$9.2 million in Behavioral Health Services to support the implementation of SB 43; and \$.05 million for the DEHQ for increased need of the Environmental Health commitment.

The General Fund Use of Fund Balance decreased by approximately \$125.9 million in Fiscal Year 2025-26 compared to prior year as there are no planned use of General Fund fund balance.

***Summary of Total Appropriations in the Recommended Operational Plan.*** The Recommended Operational Plan includes appropriations totaling approximately \$8.62 billion for Fiscal Year 2025-26 and \$8.35 billion for Fiscal Year 2026-27. This is an increase of \$85.8 million or 1.0% for Fiscal Year 2025-26 from the Fiscal Year 2024-25 Adopted Budget. Appropriations for the General Fund are approximately \$6.71 billion, a \$79.7 million or 1.2% increase from the Fiscal Year 2024-25 Adopted Budget. The General Fund constitutes 77.9% of the County’s total appropriations. Further, the Recommended Operational Plan reflects a net staffing decrease of 190.00 staff years primarily attributable to the Health and Human Services Agency as part of ongoing efforts to streamline operations, including restructuring in some areas; de-prioritize discretionary services in order to allocate local funds to mandated services; and align to State performance requirements in areas where we exceed required processing timeframes.

The Recommended Operational Plan by Group/Agency includes appropriation increases for all groups except for Land Use and Environment Group, Capital Program and Finance Other. HHSA continues to constitute the largest share of the budget at approximately \$3.5 billion or 40.8%, followed by the PSG at approximately \$2.9 billion, or 33.8%.

The appropriation and staffing changes by Group/Agency are summarized below.

***Public Safety Group*** – includes a net increase of approximately \$149.1 million or 5.4% from the Fiscal Year 2024-25 Adopted Budget. This includes an increase in salaries and benefits costs of approximately \$100.5 million due to negotiated labor agreements for Safety members, salary and benefit growth related to anticipated labor agreements with General members, and the addition of staff years to support: Alternatives to Incarceration work plan; law enforcement services requested by City of Vista; reentry and wireless communications systems; the establishment of a Recovery and Community Engagement Unit to enhance regional disaster response and recovery efforts; and a Detention Investigations Unit and to the Canine Narcotic Detection Team. The staffing increases are partially offset by decreases to align operations with reduced caseload and current State and federal funding and decreased need to support programs for Health and Human Services Agency. In addition, costs also include adjustments to reflect normal staff turnover. Major appropriation changes and investments include: Overall fire and emergency medical services including enhancing fire and emergency medical services in Dulzura, Pauma Valley and East Otay Mesa areas in San Diego County Fire Protection District as approved by the Board on October 8, 2024 (item #9); one-time purchase of fire equipment and ambulances; a Biometric Health Monitoring system to enhance safety of youth in custody; continued support for medical services for incarcerated youth and adults; overall operational cost increases such as in animal care, decedent transportation costs, Contributions for Trial Courts, public liability, facilities and other Internal Service Fund costs; and Major maintenance improvements for safety, compliance requirements and system upgrades in various public safety facilities.

***Health and Human Services Agency*** – includes a net increase of approximately \$65.4 million or 1.9% from the Fiscal Year 2024–25 Adopted Budget. During last year’s budget process several strategies were employed to help bridge essential services in the face of a projected State budget deficit, slowing

growth in Realignment revenue driven by sales tax receipts, and overall escalating costs to continue existing services. Heading into Fiscal Year 2025–26, conditions remain very similar but now with added significant uncertainty around federal funding streams which represent over 37% of HHSA’s budget. While HHSA has been preparing and adjusting to the budget constraints that have been on the horizon, the full impact of changes at the federal level as well as potential impacts from the State’s budget are not yet known.

The proposed HHSA Fiscal Year 2025–26 budget continues to deploy multiple categories of budget mitigations to make resources available for core mandated services. This includes implementing strategies to reallocate discretionary funds through streamlining operations, including restructuring departments in some areas; de-prioritizing and reducing discretionary services; and aligning to State performance requirements in areas where the County exceeds required processing timeframes. While the intent of these strategies is to protect and prioritize delivery of mandated safety net services, reductions in budgeted staffing levels will impact service delivery in some areas. However, HHSA will continue to focus on innovating and advancing service delivery models to minimize the impact to the largest extent possible.

***Land Use and Environment Group*** – includes a net decrease of approximately \$19.3 million or 2.4% from the Fiscal Year 2024–25 Adopted Budget. This decrease primarily relates to the County aligning available funding with priorities and increases in costs which results in reductions in discretionary activities with minimal impacts to mandated services and service levels. Other decreases relate to the Watershed Protection Program, maintenance projects for Closed Landfills and the completion of a number of major maintenance projects.

***Finance and General Government Group*** – includes a net increase of approximately \$49.9 million or 5.3% from the Fiscal Year 2024–25 Adopted Budget. This increase is primarily due to the mid-year transfer of 2.00 staff years in the Chief Administrative Office in Fiscal Year 2024–25 from HHSA, anticipated salary and benefit growth, contract services and maintenance at County facilities, utilities and fuel, increased costs to replace vehicles and equipment, and modernization of the County's technology infrastructure.

***Capital Program*** – includes a net decrease of approximately \$90.3 million or 66.3% from the Fiscal Year 2024–25 Adopted Budget. The amount budgeted in the Capital Program for capital projects can vary significantly from year to year based on the size and scope of capital needs in the coming years. The Fiscal Year 2025–26 Capital Program includes approximately \$38.5 million for capital projects and approximately \$7.3 million for the Edgemoor Development Fund to pay debt service on the 2014 Edgemoor Refunding Certificates of Participation for a total of \$45.8 million. The projects included in the Capital Program funds are approximately: \$6.9 million for the major renovation of an administrative space at Polinsky Children's Center into a 16-bed Children's Crisis Residential facility; \$3.0 million for design, environmental analysis, and construction of a new Ramona Sheriff Station; \$2.3 million for the EV Roadmap/Green Fleet Action Plan to install electric vehicle charging infrastructure at various locations; \$1.5 million for design, environmental analysis, and construction of the San Diego County Fire Training Tower; \$0.7 million for design, environmental analysis, and construction of the Probation's Youth Less Restrictive Placement facility; and \$24.1 million for various major maintenance projects to be capitalized.

***Finance Other*** – includes a net decrease of approximately \$69.0 million or 15.3% from the Fiscal Year 2024–25 Adopted Budget. Many of the appropriations in this group vary little from year to year, but some are one-time and can fluctuate significantly. Major changes include: decrease in Countywide General Expenses due to the reduction of one-time appropriation, as well as the non-recurrence of appropriation for contingencies; decrease in Contributions to Capital Program and lower appropriations for Lease Payments due to increased interest earnings which are used to offset lease payments; increases in Countywide Shared Major Maintenance due to one-time critical major maintenance projects across the enterprise; increases in the Public Liability ISF due to anticipated increases in settlements relating to liability payments; increases

in Employee Benefits ISF due to a combination of anticipated increase in Excess Workers' Compensation insurance, actual claims/trends, and increased contract and software costs; increases in Insurance ISF to support insurance premium for Mexican Auto (non-emergency and emergency), Government Crime Bonds, Property, U.S. Custom Bonds, Cyber Liability, Aircraft, and Airport; increases in appropriations to fund the cost of financing the County's short-term cash borrowing program; and increases in appropriations for the Community Enhancement program.

### **Summary of Revised Fiscal Year 2025-26 Recommended Budget (Change Letter)**

Subsequent to the presentation of the Recommended Operational Plan to the Board of Supervisors, public hearings are held and Change Letter requests are prepared for any needed adjustments to the Recommended Operational Plan. The Change Letter sets forth amendments to the Recommended Operational Plan and is based on updated expenditure and revenue information and actions by the Board of Supervisors.

The County released its proposed Revised Fiscal Year 2025-26 Recommended Budget on June 12, 2025. The Revised Fiscal Year 2025-26 Recommended Budget includes total appropriations of \$8.63 billion for Fiscal Year 2025-26 and \$8.35 billion for Fiscal Year 2026-27. This is an increase of \$18.3 million, or 0.3%, for Fiscal Year 2025-26 from the Fiscal Year 2025-26 Recommended Budget for a total increase of \$104.1 million, or 1.2%, from the Fiscal Year 2024-25 Adopted Budget.

Appropriations for the General Fund are \$6.72 billion— a \$14.2 million or 0.2% increase from the Fiscal Year 2025-26 Recommended Budget for a total proposed increase of \$93.9 million or 1.4% from the Fiscal Year 2024-25 Adopted Budget. The General Fund constitutes 77.8% of the County's total appropriations.

Furthermore, the Revised Fiscal Year 2025-26 Recommended Budget reflects a staffing decrease of 1.00 staff years from the Fiscal Year 2025-26 Recommended Budget for a total staffing decrease of 191.00 staff years from the Fiscal Year 2024-25 Adopted Budget.

See Table 8 entitled "Adopted and Amended Budget For Fiscal Year 2023-24, Adopted And Amended Budget For Fiscal Year 2024-25, Projected Third-Quarter Results And Variance From Amended Budget For Fiscal Year 2024-25 and Revised Recommended Budget For Fiscal Year 2025-26" herein for a summary of the County's Revised Fiscal Year 2025-26 Recommended Budget.

The appropriation and staffing changes by Group/Agency are summarized below.

**Public Safety Group** – The Revised Fiscal Year 2025-26 Recommended Budget increases the PSG appropriation by \$13.2 million for a total appropriation of \$2.9 billion in Fiscal Year 2025-26. There is a decrease of 1.00 staff year from the Recommended Budget.

**Health and Human Services Agency** – The Revised Fiscal Year 2025-26 Recommended Budget increases the HHSA appropriation by \$0.9 million for a total appropriation of \$3.5 billion in Fiscal Year 2025-26. There is no change in staff years from the Fiscal Year 2025-26 Recommended Budget.

**Land Use and Environment Group** – The Revised Fiscal Year 2025-26 Recommended Budget increases the LUEG appropriation by \$4.1 million for a total appropriation of \$782.2 million in Fiscal Year 2025-26. There is no change in staff years from the Fiscal Year 2025-26 Recommended Budget.

***Finance and General Government Group*** – There’s no change in the Revised Fiscal Year 2025-26 Recommended Budget for FGG, therefore appropriations remain at \$987.3 million in Fiscal Year 2025-26. There is no change in staff years from the Fiscal Year 2025-26 Recommended Budget.

***Capital Program*** – There’s no change in the Revised Fiscal Year 2025-26 Recommended Budget for the Capital Program, therefore appropriations remain at \$45.8 million in Fiscal Year 2025-26. There is no staffing in the Capital Program.

***Finance Other*** – The Revised Fiscal Year 2025-26 Recommended Budget increases the FO appropriation by \$0.02 million for a total appropriation of \$382.0 million in Fiscal Year 2025-26. There is no staffing in Finance Other.

## **Fiscal Year 2024-25 Budget and Financial Position of the County**

The Fiscal Year 2024-25 Adopted Budget for the County’s General Fund includes expenditures of approximately \$6.63 billion and revenues and other financing sources of approximately \$6.63 billion. Additionally, in accordance with the normal practice of the County, at the end of the first quarter of Fiscal Year 2024-25, the Fiscal Year 2024-25 Adopted Budget was adjusted to reflect carry-over appropriations from the prior fiscal year and program needs not included in the Fiscal Year 2024-25 Adopted Budget. See “STATE OF CALIFORNIA BUDGET INFORMATION – Impacts on the County” for a description of the impact of the Fiscal Year 2024-25 State Budget Act on the Fiscal Year 2024-25 Adopted Budget.

## **Minimum General Fund Balance Policy**

The County provides a wide variety of services that are funded by a number of revenue sources. Expenditures for these services are subject to fluctuations in demand and revenues are influenced by changes in the economy and budgetary decisions made by the State and the federal government.

In accordance with the County Administrative Code Section 113.1, General Fund Balances and Reserves, a portion of Unassigned Fund Balances shall be maintained as a reserve (the “General Fund Reserve”) at a minimum of two months of audited General Fund Expenses (which is the equivalent of 16.7% of audited General Fund Expenses). The General Fund Reserve protects the County against expenditure and revenue volatility, natural disasters and other unforeseen emergencies, economic downturns, unfunded pension liabilities, and costs related to aging infrastructure.

## **General Fund Status Update**

Projected Unassigned General Fund Balance is an indicator of resources available. This section describes the impact of budget recommendations on projected unassigned balances. Starting with the year-end balance as of June 30, 2024, which was approximately \$691.8 million.

As of the Third Quarter Report, the Fiscal Year 2024–25 projected year end operating results in the General Fund are approximately \$52.6 million resulting in a projected General Fund Balance amount of approximately \$744.4 million. This projected amount compares to the General Fund Reserve minimum requirement of approximately \$973.5 million per the latest Financial Statements as of June 30, 2024, resulting in an estimated General Fund Reserve of approximately \$(229.1) million. Financial Statements for Fiscal Year 2024–25 will not be available prior to the adoption of the budget. Final audited balances will be reported when the financial statements are released following final year end close out activities which will not occur prior to the adoption of the budget.

The County Administrative Code requires maintaining a minimum reserve equal to two months of operating expenses. Based on the latest information, the County projects the Unassigned General Fund Balance will be approximately \$744.4 million at June 30, 2025, which means it is not projected to meet the General Fund Reserve requirement based on these assumptions.

In January 2021, the Board of Supervisors established an Advisory Committee to review, assess and recommend modifications to the County's fiscal management approach and budget strategy, including realigning County policies and the San Diego County Administrative Code (the "County Administrative Code") related to financial management practices, including the ordinance related to General Fund Balances and Reserves. In May 2025, the Board of Supervisors considered an action to amend the County Administrative Code which governs the General Fund Reserve requirement. Currently, the County's reserve target is based on two months of total audited expenditures, including one-time capital projects, and the policy counts only the amounts remaining in the Unassigned Fund Balance to determine the reserve minimum requirement. Whereas, the proposed action would have amended the policy by computing the reserve target based on two months of regular operating expenses, excluding one-time capital projects and it would have included more components of unrestricted fund balance to be included in the reserve minimum calculation. The proposed action would have also set aside a portion of any newly determined excess amounts to respond to the uncertainty at the federal and state level and other one-time expenses. See "RISK FACTORS—The County's Fiscal Year 2025-26 Recommended Budget," "—Financial Conditions in Local, State and National Economies," and "—Uncertainties of Federal Legislation and Federal Policy." The proposed action did not pass, however, there can be no assurances that there will not be additional proposals to amend the provisions of the County Administrative Code governing the General Fund Reserve minimum requirement in the future which could have the effect of lowering the General Fund Reserve minimum requirement. Under the current reserve policy, to the extent that available Unassigned Fund balance is available in excess of the General Fund Reserve minimum balance, the CAO may recommend the appropriation or commitment of the available balances for one-time uses.

### **Restoration of Fund Balances and Reserves**

In accordance with the County Administrative Code Sec. 113.3, Restoration of General Fund Reserve Minimum Balance, in the event that the General Fund Reserve falls below the minimum required balance, the Chief Administrative Officer shall present a plan to the Board for restoration of those targeted levels. The plan shall 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. The projections as of the Third Quarter Report are anticipated to be below the General Fund Reserve Minimum Balance. The restoration plan to replenish the General Fund Reserve Minimum Balance will be based on prior year costs anticipated to be reimbursed by FEMA in Fiscal Year 2025-26 and future operating results and growth in General Purpose Revenue in Fiscal Year 2026-27 and 2027-28. If FEMA reimbursements do not come in as projected, additional resources will be required in order to meet the minimum required balance.

### **Other Operational Impacts**

The San Diego Regional Water Quality Control Board ("RWQCB") adopted a resolution entitled Revised Total Maximum Daily Loads ("TMDL") for Indicator Bacteria, Project I - Twenty Beaches and Creeks in the San Diego Region, Including Tecolote Creek (the "Resolution") that became effective on April 4, 2011. The Resolution impacts eight watersheds within the region, requiring that the water quality of highly urbanized watersheds be returned to pre-development levels by 2021 for dry weather conditions and by 2031 for wet weather conditions. Along with other local agencies, the County shares responsibility for five of these eight watersheds named in the Resolution. Since the April 4, 2021 dry weather condition

compliance deadline, the County and other local agencies have been required to meet the water quality objectives established in the Resolution. The RWQCB has made the Resolution enforceable by incorporating its requirements into the San Diego Regional Municipal Storm Water Permit (“Permit”) that was issued in 2013. The Permit requires that the bacteria TMDL be included in implementation plans called Water Quality Improvement Plans (“WQIPs”). The County collaborates with other stakeholders in addressing the bacteria TMDL requirements in each of the WQIPs for five watersheds. The completed plans were approved by the RWQCB in 2015 and 2016. These plans indicate that the responsible agencies are only prepared to implement the actions identified in the plans as existing resources allow.

The County’s share of the estimated 20-year compliance costs for the five watersheds has been estimated to be between \$337 million to \$680 million over the length of the compliance schedule through 2031. On average, the annual cost to the County is estimated to be an additional \$22 million to \$45 million over this period. Compliance costs include mandatory water quality monitoring, reporting on watershed management projects, inspections to identify and abate sources of bacteria, public education and other incentive and enforcement actions to encourage residential and business behavior change needed to reduce sources of bacteria throughout the watershed, and, most significantly, construction of County infrastructure projects designed to remove bacteria and other pollutants from stormwater runoff before it can reach local water bodies.

On April 4, 2021, the first compliance deadline for the bacteria TMDL under dry weather conditions came due. Since water quality at certain TMDL-identified compliance points in creeks and beaches occasionally exceed the numeric limits for bacteria identified in the Permit, the County has been subject to Minimum Mandatory Penalties of \$3,000 for each exceedance. Based on water quality data collected at multiple TMDL compliance locations from April 4, 2021, through March 13, 2024, the County estimates that cumulative penalties exceeding \$3.3 million have already been accrued, which the RWQCB may choose to enforce. At the request of the County and other stakeholders the RWQCB issued a Time Schedule Order on March 13, 2024 (the “Time Schedule Order”) that extends the final TMDL dry weather compliance dates to September 2028. The Time Schedule Order defers the imposition of minimum mandatory penalties and extends the compliance deadline to allow more time for the County and other agencies to come into compliance. Of importance, the recently adopted Time Schedule Order does not change nor extend the TMDL wet weather compliance date, currently set for April 4, 2031.

While the County continually works to improve water quality, the Resolution includes requirements that are very expensive to achieve and may not be attainable. The County is urging the RWQCB to make the goals of the Resolution more reasonable. The County partnered with other affected agencies, academics and other stakeholders to conduct studies to better characterize the health risk to swimmers to modify the targets in the TMDL plan. The goal is to use the results of the studies to revise the compliance targets to be realistic and scientifically justified. The RWQCB has prioritized revisions to the bacteria TMDL as part of its 2024 Triennial Review. In response, the County, City of San Diego, and Orange County have formed a working group to collaborate with the RWQCB and other stakeholders on updating compliance targets and implementation requirements to more achievable standards. In the absence of future revisions to the TMDL, the County’s green infrastructure capital projects program will play a critical role in the compliance strategy for wet weather TMDL compliance and to protect the County from future risk of financial penalties.

The County is also subject to two additional TMDLs outside of the bacteria TMDL. A TMDL is currently in effect for sediment in Los Penasquitos Lagoon with a compliance date of December 2034. Corrective actions for this TMDL include cost-sharing a lagoon restoration effort with the Los Penasquitos watershed agencies. County costs for this project have been recently estimated at approximately \$2 million. A TMDL for nutrients in Rainbow Creek within the Santa Margarita River Watershed was adopted by the RWQCB in 2005 and has been past due since December 2021. The County has requested a Time Schedule

Order to extend the final compliance date for this TMDL and is actively investing in projects in the Rainbow Creek watershed that will total approximately \$20 million.

In addition to the TMDLs, in September 2020, two environmental advocacy groups (San Diego Coastkeeper and the Coastal Environmental Rights Foundation) submitted a Notice of Intent to File Suit Under the Clean Water Act. The Notice alleged hundreds of violations of the 2013 Permit and the federal Clean Water Act over the last five years. Subsequently, the County entered into a memorandum of agreement with San Diego Coastkeeper and the Coastal Environmental Rights Foundation that resolved the Notice of Intent to File Suit. Proceeding with additional green infrastructure projects associated with this agreement would substantially increase costs above those associated solely with bacteria TMDL compliance.

### **Teeter Plan**

In Fiscal Year 1993-94, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the “Teeter Plan”). This alternative method provides for the County to advance or fund each taxing entity included in the Teeter Plan an amount equal to its total secured property taxes during the year the taxes are levied, including any amount uncollected at Fiscal Year-end. Under this plan, the County assumes an obligation to advance funds to these entities to cover expected delinquencies. The County’s General Fund benefits from future collections of penalties and interest on delinquent taxes collected on behalf of participants in this alternative method of apportionment. The County has not issued Teeter Notes to fund delinquencies since June 15, 2006 and there are currently no plans to issue Teeter Notes in the future.

### **Temporary Transfers**

Section 6 of Article XVI of the California Constitution provides for temporary transfers of funds by the Treasurer-Tax Collector of the County (the “Temporary Transfers”; such transfers are referred to as Treasurer’s Loans from time to time) to local agencies under its jurisdiction to cover short-term operational deficits occurring as a result of timing differences between receipts and expenditures, if money is available and not immediately needed. The California Constitution prohibits Temporary Transfers by participants of the Treasury Pool (as herein defined) (including the County) after the last Monday of April of each Fiscal Year, and in amounts in excess of 85% of the anticipated revenue accruing the Treasury Pool participant. Treasury Pool participants may utilize Temporary Transfers from time to time for various purposes. A Temporary Transfer must be repaid from the Treasury Pool participant’s first revenues received thereafter before any other obligation and thus, in the case of the County, would have a priority over the County’s General Fund debt obligations. Since Fiscal Year 2015-16, the County has funded between two and seven Temporary Transfers per fiscal year through Fiscal Year 2024-25, with such Temporary Transfers ranging between \$900,000 and \$77.1 million each and totaling between \$7.9 million and \$119.4 million per fiscal year.

### **San Diego County Employees Retirement Association**

The following information concerning the Retirement Association has been excerpted from publicly available sources that the County believes to be accurate, or otherwise obtained from the Retirement Association. The Retirement Association is not obligated in any manner for payment of debt service on the Series 2025 Certificates described in the forepart of the Official Statement, and the assets of the County’s pension plan are not available for such payment. The Retirement Association issues publicly available reports, including its financial statements, required supplementary information and actuarial valuations for the herein described pension plan and retiree health plan. The reports are available on the

Retirement Association's website: <https://www.sdccera.org/about-sdccera/finance>. Information on the Retirement Association's website is not incorporated herein by reference.

**General.** The Retirement Association, which was established July 1, 1939 under provisions of the County Employees Retirement Law of 1937 (the "Retirement Law"), administers the County's cost-sharing multiple-employer defined benefit pension plan covering substantially all compensated employees of the County. Benefits under the County's pension plan are paid in finite amounts, derived from an applicable benefit formula or plan, further based on age, service credit and levels of compensation, as calculated by the Retirement Association in accordance with applicable law and agreements. As of June 30, 2024, there were 20,162 active members, 22,173 retired members and beneficiaries and 8,907 deferred members. Deferred members are those members whose employment has terminated with a participating employer and who left their respective retirement contributions on deposit with the Retirement Association. The system operates on a fiscal year basis, with its year ending June 30. The pension system currently has five tiers with active members and provides retirement, disability, death and survivor benefits to its General and Safety members. Tier A (with 5,436 active members as of June 30, 2024) and Tier I (with 11 active members as of June 30, 2024) are closed to new entrants while Tier II was eliminated for active members. Tier B (with 1,610 active members as of June 30, 2024) became effective on August 28, 2009. Tier C (with 4,680 active members as of June 30, 2024), was implemented by the County pursuant to PEPRA and became effective on January 1, 2013. Lastly, Tier D (with 8,425 active members as of June 30, 2024) became effective on July 1, 2018 for General members and July 1, 2020 for Safety members. Tier D is the current open plan for newly hired employees. See "THE COUNTY – County of San Diego Employees – Retirement Amendments" herein.

The benefit formula for general employees active prior to August 28, 2009 ("Tier A") is described as: 3% at 60, highest 1-year final average compensation, minimum retirement age of 50 and a 3% maximum cost of living adjustment ("COLA"). The benefit formula for safety employees (employees represented by the Deputy Sheriffs' Retirement Association, San Diego County Supervising Probation Officers' Retirement Association, San Diego Probation Officers' Retirement Association and the District Attorney Investigators Retirement Association) in Tier A is described as: 3% at age 50, highest 1-year final average compensation, minimum retirement age of 50 and a 3% maximum COLA. A "Tier B" retirement benefit was created for newly hired general employees in all bargaining units effective August 28, 2009. Tier B has a benefit formula for general employees described as: 2.62% at 62, highest 3 years' final average compensation, minimum retirement age of 55 and a 2% maximum COLA. For Tier B safety employees, the following benefit formula was created: 3% at 55, highest 3 years' final average compensation, minimum retirement age of 50 and a 2% maximum COLA. Pursuant to State law, exceptions to the aforementioned minimum retirement ages exist for general employees with at least 30 years of service and safety employees with at least 20 years of service. A "Tier C" retirement benefit was created in accordance with PEPRA for employees first hired after December 1, 2012. For general employees Tier C has a benefit formula described as 2.5% at 67, highest 3 years' final average compensation, minimum retirement age of 52 and a 2% maximum COLA. For safety members, Tier C has a benefit formula described as 2.7% at 57, highest 3 years' final average compensation, minimum retirement age of 50 and a 2% maximum COLA. A "Tier D" retirement benefit was created for general employees hired on or after July 1, 2018 and for safety employees hired on or after July 1, 2020. Tier D has a benefit formula described as 1.62% at 65, highest 3 years' final average compensation, minimum retirement age of 52 and a 2% maximum COLA for general employees and 2.5% at 57, highest 3 years' final average compensation, minimum retirement age of 50 and a 2% maximum COLA for safety employees. See "THE COUNTY – County of San Diego Employees – Retirement Amendments" herein. Tier C and Tier D have pensionable compensation limits set by PEPRA. For 2023, the annual compensation limit for general members is \$146,042 and for safety members the limit is \$175,250.

The County is one of the employers that participates in the Retirement Association. In addition to the County, participating employers include the San Diego Superior Court, the Local Agency Formation Commission and the San Dieguito River Valley Joint Powers Authority. The County and these other participating employers are collectively referred to herein as the “Employers” and contributions to the Retirement Association made by such Employers are referred to herein as “Employer Contributions.” The County’s share is approximately 94% of the annual Employer Contributions to the Retirement Association and the other participating Employers are obligated to make approximately 6% of the annual Employer Contributions to the Retirement Association, based on the estimated relative percentage of payroll of the County and the other participating Employers for Fiscal Year 2022-2023. Separate from the Employers, the San Diego County Office of Education (the “Office of Education”) has approximately 10 retirees who participate in the Retirement Association’s retirement plan and receive benefits but no longer make contributions to the Retirement Association. Retirement benefits for these retirees are fully funded by contributions previously made by the Office of Education.

### ***General Funding Practices of the Retirement Association.***

*Introduction.* The Retirement Law requires the Retirement Association to commission an actuarial valuation at least every three years. The Retirement Association’s practice has been to conduct an actuarial valuation on an annual basis as of June 30 of each year, which is the end of the Retirement Association’s fiscal year. The valuation must be completed by an enrolled actuary (as defined in the Retirement Law), covering the mortality, service, and compensation experience of the members and beneficiaries, and must evaluate the valuation assets and actuarially determined liabilities of the Retirement Association. The Retirement Law requires the Board of Retirement of the Retirement Association (the “Board of Retirement” or “Retirement Association Board”) to recommend to the Board of Supervisors and the other Employers such changes in the rate of contribution by the Employers and members, and in the County’s and the other Employers’ appropriations as necessary. Once the Board of Retirement recommends any such changes, the Retirement Law requires the Employers (including the County) to implement such changes. The most recent actuarial valuation is as of June 30, 2024 (the “2024 Valuation”), prepared by Segal Consulting, the Retirement Association’s actuary (the “Actuary”).

*Normal Cost and UAAL and its Calculation.* The Retirement Association uses the “Entry Age Actuarial Cost Method” to calculate the Employers’ annual rates of contribution. The actuarially required contribution has two components, the “normal cost” and the amortized amount of the unfunded actuarial accrued liability (“UAAL”). Normal cost represents the portion of the actuarial present value of the benefits that the Employers and their respective employees will be expected to fund that are attributable to a current year’s employment. The normal cost contribution amount is calculated based on a set of actuarial assumptions about future events pertaining to the amount and timing of benefits to be paid and the accumulation of assets to pay the benefits. Prior to the actuarial valuation as of June 30, 2013 (the “2013 Valuation”) the normal cost for the General and Safety membership groups was calculated on an aggregate basis by taking the present value of future normal costs divided by the present value of future salaries to obtain a normal cost for all employees covered in that membership group. Beginning with the 2013 Valuation, the normal cost for each membership group is calculated by summing up the individual normal costs for each member covered in that membership group for the applicable year. The UAAL may increase or decrease as a result of changes in actuarial assumptions or methods, statutory provisions, benefit improvements and other experience which differs from that anticipated by the actuarial assumptions. There is a lag between the point in time at which the actuary completes the actuarial valuation and the date that the contribution rates calculated in the valuation go into effect. This lag is typically 12 months. For example, the recommended contributions contained in the 2024 Valuation apply to contributions made by the County and the other Employers for the Fiscal Year beginning July 1, 2025.

The UAAL calculation is necessary to determine the sufficiency of the assets in the Retirement Association to fund, as of the date of calculation, the accrued costs attributable to currently active, deferred vested members and retired members. The funding sufficiency is typically expressed as the ratio of the valuation assets to the actuarial accrued liabilities. If the actuarially calculated funding level of a plan is less than 100%, the plan has a UAAL. The UAAL is determined by comparing the total actuarial accrued liability with the valuation value of assets.

When measuring assets for determining the UAAL, many pension plans, including the Retirement Association, “smooth” investment gains and losses to reduce volatility. For example, if in any year the actual investment return on the Retirement Association’s assets is lower or higher than the actuarial assumed rate of return (which is currently 6.50%, net of expenses), then the shortfall or excess, together with other experience gains or losses, is smoothed or spread over a five-year period. The impact of this will result in an actuarial value of assets which is lower or higher than the market value of assets depending upon whether the remaining amount to be smoothed is a net gain or a net loss.

The Retirement Association uses a 20-year fixed layered method of amortizing the UAAL that amortizes each year’s change in UAAL over a new 20-year period. Accordingly, the increase or decrease in UAAL from the current year’s actuarial valuation began a new 20-year amortization schedule and the prior year increase or decrease in UAAL has 19 years remaining on its 20-year amortization schedule. In addition, as of July 1, 2013, any new UAAL resulting from plan amendments is amortized over separate decreasing 15-year periods, early retirement incentive programs are amortized over separate decreasing periods of up to five years, assumption and method changes are amortized over separate decreasing 20-year periods, and experience gains/losses are amortized over separate decreasing 20-year periods. As with other assumptions, the Board of Retirement may change the amortization period from time to time, which would result in the Employer’s contributions to the Retirement Association in a particular year being higher or lower.

Investors are cautioned that, in considering the amount of the UAAL as reported by the Retirement Association and the resulting amounts of required contributions by the County and the other Employers, this is “forward looking” information in that it reflects the judgment of the Board of Retirement and the Actuary as to the amount of assets the Retirement Association will be required to accumulate to fund future benefits over the lives of the currently active employees, vested terminated members and existing retired members. These judgments are based upon a variety of assumptions, one or more which may prove to be inaccurate or be changed in the future and will change with the future experience of the Retirement Association.

*Demographic Assumptions.* The Board of Retirement and the Actuary review the various demographic assumptions that are employed in calculating the normal cost rates against actual experience at least every three years. The actuarial analysis contained in the 2024 Valuation was based in part on the various demographic assumptions in the experience study for July 1, 2018 through June 30, 2021 (the “2022 Experience Study”). The 2022 Experience Study resulted in changes to certain assumptions, including pre- and post-retirement mortality rates, the assumed future merit and longevity pay increases for current employees, the assumed rates of disability, the assumed retirement ages of active employees, and the assumed ordinary withdrawal and vested termination rates, all of which were used to prepare the 2024 Valuation. The latest Experience Study was completed in spring 2025 with respect to results for the period July 1, 2021 through June 30, 2024. This 2025 Experience Study was presented to the Board of Retirement at its May 22, 2025 meeting and was adopted at the June 12, 2025 meeting.

*Economic Assumptions.* The Actuary prepares a review of economic actuarial assumptions every three years in conjunction with the demographic study. The actuarial analysis contained in the 2024 Valuation was based in part on the following major economic assumptions: an annual net investment return

assumption of 6.50%; Consumer Price Index increases of 2.50% per year; assumed retiree COLA increases ranging from 2.00% to 3.00% per year based on membership tier; and assumed active member annual salary increases of inflation at 2.50% plus “across the board” real salary increases of 0.50% per year.

***Funding Status of the Retirement Association.***

*Current Status.* As of June 30, 2024, the date of the most recent actuarial valuation report, the valuation value of pension plan assets of the Retirement Association was approximately \$17.6 billion compared to the actuarial accrued liability of approximately \$22.7 billion, resulting in a UAAL of approximately \$5.1 billion and a funded ratio of 77.5%. By comparison, the funded ratio as of June 30, 2023 was 76.4%, based on a valuation value of assets of approximately \$16.5 billion, actuarial accrued liability of approximately \$21.6 billion and a UAAL of approximately \$5.1 billion. See Table 9 titled “Pension Plan Historical Funding Status and Employer Contributions” herein. At market value, the Retirement Association reported a total fiduciary net position for the pension plan of \$17.619 billion as of June 30, 2024, compared to \$15.771 billion as of June 30, 2023, a \$1.848 billion increase.

The UAAL for 2024 compared to 2023 remained approximately the same. In fiscal year 2024, additional employer contributions paid to reduce the UAAL were essentially offset by slightly lower investment returns on a valuation value basis, retired member COLA increases and the scheduled lag in implementing contribution rate changes as determined in the last valuation.

Due to positive market value investment performance, Fiscal Year 2023-2024 ended with a net deferred gain of \$51 million compared to a net deferred loss of \$742 million at June 30, 2023. Deferred gains and losses are recognized annually over a five-year smoothing period. Unless offset by future investment losses or other unfavorable experiences, the recognition of the \$51 million net deferred investment gain will have only a slight impact on the future funded ratio and contribution rate requirements to fund the plan. If this net gain was recognized immediately in the valuation value of assets, the funded ratio would increase from 77.5% to 77.7% and the average Employer Contribution rate would decrease from 48.16% to 47.97% of payroll. The actuarial value of assets and the UAAL may increase or decrease based on actual annual investment returns of the Retirement Association being above or below the actuarially assumed rate of return of 6.50%. No assurance can be given that the future valuation value of assets of the Retirement Association will not materially decrease.

*Historical Funding Status.* Table 9 below reports the Pension Plan Historical Funding Status and Funded Ratios for the ten valuation years 2015 through 2024. The table also reports employer contributions for 2017 through 2024 (actual) and 2025-2026 (expected). Expected employer contributions for fiscal years 2025 and 2026 are based on contribution rates adopted from the actuarial valuation reports dated June 30, 2023 and June 30, 2024, respectively. The next valuation report for June 30, 2025 is expected to be completed in November 2025.

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**TABLE 9**  
**PENSION PLAN HISTORICAL FUNDING STATUS AND EMPLOYER CONTRIBUTIONS**  
**Valuation Years Ended June 30, 2015 through 2024 and**  
**Fiscal Years Ended June 30, 2017 through 2026**  
**(\$ In Millions)**

<b>Valuation Date (June 30)</b>	<b>Net Market Value of Assets<sup>(1)</sup></b>	<b>Valuation Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>UAAL</b>	<b>Funded Ratio</b>	<b>Fiscal Year</b>	<b>Employer Contribution<sup>(1)</sup></b>	<b>Employer Offsets<sup>(1)</sup></b>
2015	\$10,330.3	\$10,535.3	\$13,080.0	\$2,544.7	80.5%	2017	\$417.9	\$20.9
2016	10,261.3	11,030.6	14,349.1	3,318.5	76.9	2018	520.7 <sup>(2)</sup>	3.8
2017	11,397.0	11,566.9	14,937.8	3,370.9	77.4	2019	532.4 <sup>(3)</sup>	0.0
2018	12,274.5	12,365.7	15,763.2	3,397.6	78.5	2020	568.9 <sup>(4)</sup>	0.0
2019	12,862.9	12,932.2	16,955.1	4,022.9	76.3	2021	615.7	0.0
2020	12,909.0	13,715.9	17,741.2	4,025.3	77.3	2022	632.6	0.0
2021	16,126.3	14,671.5	18,339.9	3,668.4	80.0	2023	669.0 <sup>(5)</sup>	0.0
2022	14,504.0	15,763.8	20,541.3	4,777.5	76.7	2024	864.5 <sup>(6)</sup>	0.0
2023	15,771.3	16,513.0	21,628.7	5,155.7	76.3	2025	842.8	0.0
2024	17,619.4	17,568.0	22,669.8	5,101.8	77.5	2026	896.3	0.0

Sources: Segal’s Annual Valuation Report at June 20, 2024; Segal’s GASB 68 Valuation Report for Employer Reporting as of June 30, 2024 and San Diego County Employees Retirement Association Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

- (1) The Employer Contribution and Employer Offsets amounts reflect the aggregate contribution amount of all Employers and not only that of the County. In each year the amounts indicated in the Employer Contribution column are the recommended annual required contribution as reported in the SDCERA Actuarial Valuation and Review dated as of the end of the second preceding year ended June 30, plus any discretionary contributions made by the County. All Employer Offsets were eliminated for Fiscal Year 2019.
- (2) Includes \$498.2 million of required contributions plus an additional discretionary contribution of \$22.5 million.
- (3) Includes \$518.6 million of required contributions plus an additional discretionary contribution of \$13.8 million.
- (4) Includes \$558.9 million of required contributions plus an additional discretionary contribution of \$10.0 million.
- (5) Includes \$660.2 million of required contributions plus an additional discretionary contribution of \$8.8 million.
- (6) Includes \$833.4 million of required contributions plus an additional discretionary contribution of \$31.1 million.

*Employee Contributions Paid by the Employers.* Prior to Fiscal Year 2018-19, the County paid a portion of the employee’s retirement contribution in accordance with its labor agreements. Effective Fiscal Year 2018-19, all such County contributions were eliminated.

*Prospective Funding Status of the Retirement Association.* Table 10 below sets forth projections by the Actuary relating to future Employer Contribution amounts, UAAL, and funded ratio. The information contained in this table, and the related assumptions, are “forward-looking” in nature and are not to be construed as representations of fact or representations that in fact the various tabular information shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the Actuary, taking into account a variety of assumptions provided to the Actuary by the County, a number of which are discussed herein. The assumptions used have not been discussed with or approved by the Board of Retirement. The County cannot predict whether the Retirement Association will achieve its assumed rate of return in the current or future years. Accordingly, prospective investors are cautioned to view these estimates as general indications of orders of magnitude and not as precise amounts.

**TABLE 10**  
**PROSPECTIVE FUNDING STATUS OF THE RETIREMENT ASSOCIATION**  
**Fiscal Years Ended June 30, 2024 through 2031**  
**(\$ In Millions)**

<b>Fiscal Year</b>	<b>Employer Contributions<sup>(1)(2)(3)</sup></b>	<b>Valuation Date (June 30)</b>	<b>UAAL<sup>(1)(2)(3)</sup></b>	<b>Funded Ratio<sup>(1)(3)</sup></b>
2024 <sup>(4)</sup>	\$833	2022	\$ 4,777	76.7%
2025	843	2023	5,116	76.3
2026	896	2024	5,102	77.5
2027	770	2025	4,735	79.9
2028	774	2026	4,354	82.1
2029	791	2027	4,104	83.7
2030	808	2028	3,835	85.2
2031	826	2029	3,534	86.8

Source: SDCERA Annual Comprehensive Financial Report, Annual Retirement Association Valuations, and November 14, 2024 Segal Consulting Projection Scenario 1.

- (1) Employer Contribution for Fiscal Year 2023-24 is from the SDCERA 2024 ACFR. Employer Contributions for Fiscal Year 2024-25 and Fiscal Year 2025-26 is from the valuation reports dated June 30, 2023 and June 30, 2024, respectively.
- (2) The following assumptions have been applied in preparing the foregoing estimates for Fiscal Year 2024-25 and beyond:
- (a) Except as indicated below, reflects the economic and non-economic assumptions adopted by the Retirement Association Board for the June 30, 2024 valuation, and assumes all of the actuarial assumptions that were approved for use would be met in the future.
  - (b) Under the Retirement Association Board’s asset smoothing method, deferred investment returns are amortized in layers over a rolling five year period. At June 30, 2024, there was a net total of \$51.4 million in deferred investment return gains to be amortized in future years.
  - (c) The projections assume an expected rate of return of 6.50% in Fiscal Year 2023-24 and thereafter as well as all other economic and demographic assumptions adopted by the Board of Retirement.
  - (d) Projections exclude the impact of any additional contributions that the County has made to pay off its UAAL.
  - (e) Projected covered payroll for the June 30, 2024 valuation and used to project Fiscal Year 2025-26 employer contributions totaled \$1,861.3 million. Future year projections assume salary increases of 3.00% (2.50% inflation plus 0.50% “across-the-board” real salary increase) per year.
  - (f) The projections account for the gradual reduction in the employer’s aggregate normal cost rate as a larger proportion of the new County members joining the Retirement Association are covered under General Tier D and Safety Tier D. See “THE COUNTY – County of San Diego Employees – Retirement Amendments” for a description of the new retirement tier.
  - (g) The projections assume that employers, including the County, will make contributions that are at least equal to the normal cost of the pension plan until the funded ratio exceeds 120%.
  - (h) This actuarial valuation is based on plan assets as of June 30, 2024. The plan’s funded status does not reflect short-term market fluctuations but rather is based on the market value of assets on the last day of the plan year. This actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population due to COVID-19. The next experience study including mortality will be conducted in 2025.
- (3) The County is obligated to make approximately 94% of the annual Employer Contributions to the Retirement Association and the other participating employers are obligated to make approximately 6% of the annual Employer Contributions to the Retirement Association, based on the estimated relative percentage of payroll of the County and the other participating employers for Fiscal Year 2024-25.
- (4) Does not include additional discretionary contributions of \$31.1 million in Fiscal Year 2023-24.

**County’s Proportionate Share of Net Pension Liability.** Pursuant to GASB Statement No. 68 (“GASB 68”), the County must recognize its proportionate share of the Retirement Association’s Net Pension Liability (“Net Pension Liability”) directly on its balance sheet. The Net Pension Liability represents the excess of the total pension liability over the fiduciary net position of the Retirement Association’s pension plan. For Fiscal Year 2023-24, the County reported a Net Pension Liability of \$5.230 billion for its proportionate share, a decrease of approximately \$85 million from the \$5.315 billion liability

reported for Fiscal Year 2022-23. The liability decrease was primarily due to favorable investment experience. The Net Pension Liability for Fiscal Year 2023-24 was measured as of June 30, 2023. For more information, the annual GAS 68 report prepared by the Associations' actuary can be found on the SDCERA website.

### ***Investment.***

*General.* The Retirement Law and the California Constitution grants the Board of Retirement exclusive control over the investment of the Retirement Association's assets. The Retirement Law and the California Constitution provide general guidelines which require the Board of Retirement to manage the investments for the purpose of providing benefits to members, minimizing Employer Contributions, and defraying reasonable expenses of administering the Retirement Association. The Retirement Law and the Constitution further requires the Board of Retirement to diversify the Retirement Association's investments to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

For the last three fiscal years, pension plan assets at fair value (excluding OPEB Plan assets) totaled \$17.6 billion as of June 30, 2024, \$15.8 billion as of June 30, 2023 and \$14.5 billion at June 30, 2022. The increases are primarily due to favorable investment returns the last two fiscal years.

*Investment Policy Statement.* The Board of Retirement has adopted an Investment Policy Statement, last revised on June 20, 2024 and effective as of July 1, 2024, that establishes the legal authority and fiduciary responsibilities, investment philosophy and performance objectives, governance of the investment program, permissible asset classes, the use of leverage, risk measurement and management, asset allocation, and Trust Fund monitoring and reporting.

Included in the Investment Policy Statement are strategic asset allocation targets and benchmarks (the "Asset Allocation Policy") pursuant to which the Retirement Association's assets are diversified across asset classes, including liquid equity, risk-reducing fixed income, return-seeking fixed income, opportunistic, and private assets. Table 11 below sets forth the Retirement Association's current Asset Allocation Policy, approved by the Board of Retirement on June 20, 2024 and effective as of July 1, 2024. The Asset Allocation Policy allocates investments across asset classes so that no single asset class has any disproportionate influence on the portfolio's return within a wide range of economic scenarios. The Asset Allocation is monitored by the Retirement Association's staff and reported to the Board of Retirement monthly in its Risk-Return Report, which is available on the Retirement Association's website and not incorporated herein by this reference.

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**TABLE 11**  
**SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION**  
**STRATEGIC ASSET ALLOCATION TARGETS AND BENCHMARKS**

<b>Asset Class</b>	<b>Policy Target</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Benchmark</b>
<b>Total Liquid Equity</b>	<b>47%</b>	<b>42%</b>	<b>52%</b>	MSCI ACWI IMI
Global Equity	5%	0%	12%	MSCI ACWI IMI
U.S. Equity	25%	20%	30%	MSCI USA IMI
Non-U.S. Equity:				
Developed	12%	8%	16%	MSCI EAFE IMI
Non-U.S. Equity:				MSCI Emerging Markets
Emerging	5%	0%	10%	Index
<b>Fixed Income</b>				
Risk-Reducing Fixed Income	21%	13%	30%	Bloomberg U.S. Intermediate Aggregate Index
Return-Seeking Fixed Income	7%	0%	12%	ICE BofA U.S. High Yield Constrained Index
<b>Opportunistic</b>	6%	0%	15%	70% ACWI IMI Index / 30% Bloomberg U.S. Intermediate Aggregate Index Balanced Benchmark
<b>Total Private Assets</b>	<b>19%</b>	<b>8%</b>	<b>25%</b>	
Real Estate	10%	5%	15%	NCREIF ODCE Index
Private Equity	6%	0%	12%	MSCI ACWI IMI
Private Debt	3%	0%	6%	70% ACWI IMI Index / 30% Bloomberg U.S. Intermediate Aggregate Index Balanced Benchmark
Private Real Assets	0%	0%	6%	MSCI ACWI IMI

Source: San Diego County Employees Retirement Association: Investment Policy Statement

The actuarial assumed rate of return was reduced from 7.00% to 6.50% as a result of the most recent Actuarial Experience Study for the period July 1, 2018 through June 30, 2021. The current rate was adopted by the Board of Retirement May 19, 2022 and made effective with the June 30, 2022 annual Actuarial Valuation Report. The actuarial assumed rate of return of 6.50% that was recommended by the Actuary is comprised of two primary components, inflation and real rate of investment return, with adjustments for expenses and risk. The assumed real rate of return considers a number of assumptions and arithmetic projections developed by the Retirement Association's investment consultant and other advisory firms, the actuary's investment advisory division plus the average assumed real rates of return by asset class from a sample of investment consultants to several State public pension funds, and then applied to the Retirement Association's asset allocation policy portfolio.

From 2010 through 2012, the Board of Retirement used an actuarial assumed rate of return of 8.0%. From 2013 through 2014, the Board of Retirement used an actuarial assumed rate of return of 7.75%. For

2015, the Board of Retirement used an actuarial assumed rate of return of 7.50%. From 2016 through 2018, the Board of Retirement used an actuarial assumed rate of return of 7.25%. From 2019 through 2021, the Board of Retirement used an actuarial assumed rate of return of 7.00%. From 2022 through 2024, the Board of Retirement used an actuarial assumed rate of return of 6.50%.

*Historical Investment Return.* For the multi-year periods ended June 30, 2024, the Total Fund Investment Performance results, annualized net of fees, were 11.3% (one-year), 3.4% (three-years), 6.9% (five-years) and 6.3% (ten-years).

***Transfers of Investment Earnings by the Retirement Association.***

*Introduction.* Pursuant to statutory authority under the Retirement Law, the Board of Retirement annually directs the crediting of the Retirement Association’s investment earnings to reserves, some of which are part of valuation assets and some of which are not. Valuation assets are those assets used in calculating the UAAL and the funded ratio. For the purpose of such crediting, the Board of Retirement has defined investment earnings as current income (*i.e.*, the interest, dividends, and rents) plus net realized gains and losses on the book value of the Retirement Association’s valuation and non-valuation assets. All the Retirement Association’s investment earnings are transferred to and kept in a reserve entitled the “Undistributed Excess Earnings Reserve”. From there, such earnings are used to credit interest to Valuation Reserves or, if available, transferred to Non-valuation Reserves as permitted by statute and in accordance with the Board of Retirement’s Excess Earnings policy. The Undistributed Reserve is currently not part of valuation assets and, except in certain limited circumstances described herein, amounts in the Undistributed Reserve are not included as assets for purposes of calculating the Retirement Association’s UAAL.

Pursuant to the statutory authority of the Retirement Law, the Board of Retirement has adopted an “Interest Crediting and Excess Earnings Policy” (the “Excess Earnings Policy”), most recently reviewed in February 2025, which directs the crediting of interest from those investment earnings or transferred from the Undistributed Reserve as follows:

- First, “Available Earnings” are determined for the accounting period as the sum of “actuarial earnings” (defined as the difference between the Actuarial Value of Assets at the end of the period and the Actuarial Value of Assets at the beginning of the period, less non-investment cash flow), the balance in the Statutory Contingency Reserve and the balance in the Undistributed Excess Earnings Reserve. If this number is negative, no interest will be posted. The balance in the Undistributed Excess Earnings Reserve will be transferred first to the Smoothed Market Value Transition Reserve until exhausted and then to the County Contribution Reserve.
- Second, if the number calculated in the first step is positive, then interest will be credited to the Member Deposit Reserve at the Member Crediting Rate.
- Third, if Available Earnings remain, interest will be credited to the Valuation Reserves at the Regular Interest Rate. If Available Earnings are not sufficient, then the amount of Available Earnings will be credited first to the Retirement Allowances Reserve, then the County Contribution Reserve, and last to the Smoothed Market Value Transition Reserve.
- Fourth, if Available Earnings remain, they will be transferred to the Statutory Contingency Reserve in the amount required to maintain the Statutory Contingency Reserve balance at 1% of market value.

- Last, any remaining Available Earnings (“Excess Earnings”) are retained in the Undistributed Excess Earnings Reserve, to be used for any statutorily permitted purpose as directed by the Board of Retirement.

The Retirement Law permits the Retirement Association to use any Excess Earnings to fund the County Contribution Reserve to reduce any UAAL, to fund existing supplemental benefit reserves, and to fund new supplemental benefits, as may be adopted by the Board of Retirement. The Excess Earnings Policy, however, requires that Excess Earnings will be used to fund the pension liability.

Allocation of Excess Earnings to reserves that are not part of valuation assets may impact the UAAL and thus the amount of Employer Contributions required to fund pension benefits in the future. When earnings are held outside of valuation assets, those amounts are not available to decrease the UAAL because they are not available to pay benefits under the County’s pension plan.

Prior to 2010, portions of investment earnings were transferred to certain supplemental benefit reserves that were outside of valuation assets. Except for its pro-rata share of investment earnings for assets held in the Health Benefits 401(h) Reserve, there has been no transfers of investment earnings to fund supplemental benefits since 2010.

**Other Postemployment Benefits (OPEB)**

*General.* The Retirement Association administers a health insurance allowance program (the “HIA”) for certain retired members. Eligible members may receive an allowance to offset or reimburse the cost of medical insurance premiums. The retiree health insurance allowance is paid from a 401(h) trust (or OPEB Plan) established by the Board of Retirement and the Board of Supervisors. The 401(h) trust is funded by Employer Contributions computed on an actuarially-determined basis and from investment earnings of the trust. Employer contributions to the 401(h) trust are apart from and in addition to Employer pension contributions. Assets of the 401(h) trust are pooled with pension trust assets for investment purposes only, with the allocated share of investment earnings (or losses) credited to the 401(h) trust monthly. Health insurance allowance benefits and related administrative costs incurred by the Retirement Association cannot be paid from pension trust assets.

A variety of healthcare plans with varying providers and levels of premiums are sponsored by the Retirement Association. Once a retiree elects a particular healthcare plan, the amount of the premium is deducted from the retiree’s monthly retirement check. The deduction for these sponsored plan payments is later reimbursed by the HIA administrator directly to the retiree, if eligible. Alternatively, retirees may be reimbursed for health insurance premiums of non-Retirement Association sponsored plans. Effective July 1, 2007, the HIA program was closed and limited to members who retired under the Tier I or Tier II retirement plans.

*Nature of the Post-Retirement Healthcare Payments.* The Retirement Law does not require the Retirement Association to provide any post-retirement healthcare benefits. Rather, the Retirement Association administers the benefits on behalf of participating employers. In addition, in the opinion of County Counsel, the County has not entered into any collective bargaining agreements or other arrangements that require the County or the Retirement Association to maintain post-retirement healthcare benefits. Therefore, in the view of County Counsel, the HIA is not a vested benefit and is not guaranteed. The allowance may be reduced or discontinued at any time. Further, the Retirement Association would be unable to pay the post-retirement healthcare benefits without funding from Employers. Nonetheless, employers have funded and the Retirement Association has continuously paid post-retirement healthcare benefits for many years.

**Reporting Requirements Regarding Post-Retirement Benefits.** In June 2015, GASB issued two statements that address other postemployment benefits (“OPEB”), which are defined to include post-retirement healthcare benefits. GASB Statement No. 74 (“GASB 74”), Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, replaced GASB Statement No. 43 (“GASB 43”). GASB Statement No. 75 (“GASB 75”), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaced GASB Statement No. 45 (“GASB 45”). Both GASB 74 and GASB 75 establish accounting and financial reporting standards for OPEB in a manner similar to those in effect for pension benefits, but expand upon the reporting requirements established in GASB 43 and GASB 45. Among other things, GASB 74 expands the required OPEB-related note disclosures and supplementary information in plan administrator financial statements. GASB 75 does the same for employers (such as the County) providing defined OPEB benefits, as well as requiring such employers to recognize the full amount of net OPEB liabilities directly on their balance sheets. The requirement to recognize the full amount of net OPEB liabilities in the County’s financial statements is a substantive and material change to prior standards, which only required recognition of OPEB liabilities to the extent that OPEB funding was less than the actuarially determined amount. The Board of Retirement adopted and implemented the provisions of GASB 74 as part of the Retirement Association’s comprehensive annual financial report for the Fiscal Year ended June 30, 2017. The County has included the required disclosures beginning with the County’s comprehensive annual financial report for the Fiscal Year ended June 30, 2018. The requirements that GASB 75 imposes on the County only affect the County’s financial statements and would not impose any requirements regarding the funding of any OPEB plans.

In the GASB 75 actuarial valuation report at the June 30, 2023 measurement date (for Employer Reporting as of June 30, 2024), the County’s proportionate share of the plan’s net OPEB liability was \$45.8 million compared to \$69.4 million at June 30, 2023, a 34.0% decrease. The net OPEB liability is the total OPEB liability minus the plan's Fiduciary Net Position (plan assets).

**Valuation of the Retirement Association’s Post-Retirement Healthcare Benefits.** The Actuary prepared their latest OPEB valuation as of June 30, 2024 (the “2024 OPEB valuation”) with respect to the eligible retirees and benefit levels set by the Retirement Association in compliance with the requirements of GASB 74. For the total plan for all employers, the 2024 OPEB valuation reported a Total Liability of \$77.8 million less the Plan Fiduciary Net Position assets of \$65.4 million, resulting in a Net Liability of \$12.4 million. Table 12 below reports comparative numbers for valuation years since June 30, 2018. The 2024 OPEB Valuation also reflected a funded ratio of 84.0%, an increase from 49.4% reported for 2023. The Actuarially Determined Contribution (“ADC”) for 2024 totaled approximately \$20.6 million, representing 1.11% of covered payroll, compared to 1.07% for 2023. The OPEB valuation for June 30, 2024 is based on the same assumed investment rate of return of 6.50% as the pension plan. The next OPEB valuation will be as of June 30, 2025.

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Table 12 below sets forth the historical funding status of the Retirement Association’s OPEB and the historical Employer Contribution amounts.

**TABLE 12**  
**HISTORICAL FUNDING STATUS**  
**FOR POST-RETIREMENT HEALTHCARE BENEFITS (All Employers)**  
**Years Ended June 30, 2018 through 2024**  
**(\$ in thousands)**

**Funding Progress**

<b>Valuation Date<sup>(1)</sup></b>	<b>Valuation Assets</b>	<b>AAL</b>	<b>UAAL</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Covered Payroll</b>
June 30, 2018	\$14,436	\$142,600	\$128,164	10.1%	\$1,290,950	9.9%
June 30, 2019	19,612	133,142	113,530	14.7	1,359,311	8.4
June 30, 2020	24,353	123,638	99,285	19.7	1,431,141	6.9
June 30, 2021	35,191	111,482	76,291	31.6	1,463,345	5.2
June 30, 2022	36,346	111,057	74,712	32.7	1,504,228	5.0
June 30, 2023	47,957	97,184	49,226	49.4	1,679,867	2.9
June 30, 2024	65,385	77,805	12,421	84.0	1,861,324	0.7

**Employer Contributions (All Employers)**  
**(\$ in thousands)**

<b>Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions Made<sup>(1)</sup></b>	<b>Percentage of Required Contribution Made</b>
June 30, 2018	\$19,638	\$19,638	100
June 30, 2019	20,310	20,310	100
June 30, 2020	20,255	20,255	100
June 30, 2021	18,859	18,859	100
June 30, 2022	18,381	18,381	100
June 30, 2023	18,054	18,054	100
June 30, 2024	20,626	20,626	100

Sources: Segal Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2024 and Actuarial Valuation of OPEB based on Measurement Date for Employer Reporting as of June 30, 2024 (GASB 75) and the Retirement Association’s Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024.

<sup>(1)</sup> In addition, the County paid an advance payment of \$18,080 (in thousands) for Fiscal Year 2025.

***Payment of the Actuarially Determined Contribution for Post-Retirement Healthcare Benefits.***  
The County and other Employers have determined to pay the ADC for OPEB as calculated by the Actuary. The payment of the ADC for OPEB is in addition to the Employers’ regular pension contributions and is contingent upon the Retirement Association continuing to limit the retiree healthcare benefits to the Tier I and Tier II retirees and at levels no greater than were in effect on December 5, 2006, which are those benefit levels described under the caption “Post-Retirement Healthcare Benefits – General” herein. For the Fiscal

Year ended June 30, 2024, the Employers collectively paid \$20.6 million to the Retirement Association for deposit into the 401(h) account, which satisfied the ADC for that year.

**Historical Healthcare Benefit Payments.** Table 13 below sets forth the amounts for each of the last ten years ended June 30 that the Retirement Association has paid to its members for post-retirement healthcare benefits.

**TABLE 13**  
**PAYMENTS FOR POST-RETIREMENT**  
**HEALTHCARE BENEFITS**  
**Years Ended June 30, 2015 through 2024**

<b>Fiscal Year Ended June 30</b>	<b>Payments for Retiree Healthcare Benefits (in millions)</b>
2015	\$19.3
2016	18.5
2017	18.4
2018	16.8
2019	16.2
2020	16.0
2021	14.3
2022	12.8
2023	10.1
2024	9.1

Source: Retirement Association’s Annual Comprehensive Financial Reports.

**STAR COLA Benefits**

**General.** The Supplemental Targeted Adjustment for Retirees (“STAR”) COLA benefits provide eligible retirees with additional cost-of-living adjustments. The Board of Retirement’s STAR COLA policy preserves 80% of a retiree’s purchasing power calculated against when that retiree retired. Eligible retirees are Tier I members who retired on or before March 31, 1982 and Tier II members who retired on or before March 31, 1989. The Retirement Law does not require the Retirement Association to provide any STAR COLA payments. In addition, in the opinion of County Counsel, the County has not entered into any collective bargaining agreements or other arrangements that require the County or the Retirement Association to maintain STAR COLA benefits.

**Prefunding of STAR COLA Benefits.** On August 2, 2007, the Board of Retirement approved a permanent STAR COLA pre-funded supplemental cost-of-living increase benefit for eligible members. This action resulted in the transfer of the assets from the STAR COLA Reserve to valuation assets and the liability for the STAR COLA benefits for eligible members to be incorporated into the overall liabilities of the retirement fund. Since 2008, there has been no payment from the STAR COLA Reserve.

**Pension Obligation Bonds**

The County has issued taxable pension obligation bonds (“POBs”) from time to time and transferred the proceeds to the Retirement Association to reduce the UAAL existing at the time of issuance of the POBs. Under California law, the obligation to fund the UAAL by making actuarially required

contributions is an obligation imposed by law. The effect of issuance of POBs is to finance that obligation and convert it from an obligation to make actuarially required contributions to an obligation to make interest and principal payments on bonds which are sold to the public.

As of June 1, 2025, the County had POBs outstanding in the aggregate principal amount of \$140.4 million. The County may, at its discretion, finance all or a portion of the UAAL employer contributions through issuance of additional POBs. The County has no variable rate POBs outstanding. See “COUNTY FINANCIAL INFORMATION – General Obligation Debt, Pension Obligation Bonds, Lease Obligations and Long-Term Loans” herein.

### **Pension Related Payments and Obligations**

**Payments.** Table 14 below sets forth the estimated Employer Contributions and POBs debt service for Fiscal Years 2024 through 2031. The estimates and related assumptions are “forward-looking” in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

**TABLE 14**  
**PENSION RELATED PAYMENTS**  
**Fiscal Years Ended June 30, 2024 through 2031**  
**(In Millions)**

<b>Fiscal Year</b>	<b>Employer Contributions<sup>(1)(2)</sup></b>	<b>County Pension Obligation Bonds Debt Service<sup>(3)</sup></b>	<b>Total</b>
2024	\$864.6	\$81.4	\$946.0
2025	842.8	81.4	924.2
2026	896.3	81.4	977.7
2027	770.0	67.2	837.2
2028	774.0	0.0	774.0
2029	791.0	0.0	791.0
2030	808.0	0.0	808.0
2031	826.0	0.0	826.0

Source: SDCERA 2024 Annual Comprehensive Financial Report (ACFR), Annual Retirement Association Valuations, and November 13, 2024 Segal Consulting Projection Scenario 1.

- <sup>(1)</sup> These Employer Contribution amounts reflect the projected aggregate contribution amounts of all Employers and not only that of the County. The County share of Employer Contributions are estimated to be approximately 94% based on the estimated relative percentage of payroll of the County for Fiscal Year 2023-24.
- <sup>(2)</sup> Estimated. The amounts indicated are subject to the same assumptions as set forth in footnotes (1), (2) and (3) to Table 10 “Prospective Funding Status of the Retirement Association” herein.
- <sup>(3)</sup> Consists of regular principal and interest payments.

**Pension-Related Obligations.** Table 15 below sets forth the estimated UAAL and expected outstanding principal amounts of POBs for the years indicated, assuming no additional POBs are issued and the outstanding POBs mature on their respective amortization schedules. The estimates contained in Table 15 and the related assumptions are “forward-looking” in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

**TABLE 15**  
**COUNTY PENSION RELATED OBLIGATIONS**  
**Fiscal Years Ended June 30, 2024 through 2031**  
**(In Millions)**

<u>Fiscal Year</u>	<u>UAAL<sup>(1)</sup></u>	<u>Outstanding Pension Obligation Bonds</u>	<u>Total Outstanding Obligations</u>
2024	\$ 4,777.5	\$211.2	\$4,988.7
2025	5,115.7	140.4	5,256.1
2026	5,101.8	65.2	5,167.0
2027	4,735.0	0.0	4,735.0
2028	4,354.0	0.0	4,354.0
2029	4,104.0	0.0	4,104.0
2030	3,835.0	0.0	3,835.0
2031	3,534.0	0.0	3,534.0

Source: Segal, and County of San Diego.

<sup>(1)</sup> Estimated. The UAAL information is based on the UAAL as reported in November 13, 2024 Segal Projection Scenario 1, which is the amount forecasted to impact the Employer Required Contribution in any given fiscal year. The amounts indicated are subject to the same assumptions as set forth in footnotes (1), (2), and (3) to Table 10 “Prospective Funding Status of the Retirement Association” herein.

## Risk Management

The County operates a risk management program, whereby it is self-insured for general liability, medical malpractice, automobile liability, and workers’ compensation, and purchases insurance coverage for all risk property losses, government crime insurance, including employee dishonesty and faithful performance, airport comprehensive liability, and aircraft hull and liability insurance, as well as excess general liability insurance coverage. The amount of coverage varies depending on the type of policy. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years.

The County has exposure related to workers’ compensation and general liability. In accordance with Government Accounting Standards Board Statement 10, “Accounting and Financial Reporting for Risk Financing and Relating Insurance Items” (“GASB Statement 10”), the County established two Internal Service Funds (“ISF”), the Public Liability Internal Service Fund and the Employee Benefits Internal Service Fund to report all of its uninsured risk management activities. The County analyzes the value of its loss exposure by using the services of an independent actuary to determine the valuation in accordance with GASB Statement 10. The County obtains actuarial reports each year for workers’ compensation and general liability. The County’s Public Liability ISF allocates the costs of providing claims services to the County’s operating funds as a “premium” charge. The allocation rate is based on a weighted risk factor: 90% allocated based on the last five years’ loss experience, and 10% based on staff hours of exposure. This method effectively serves as a premium charge to the departments. The Employee Benefits ISF is the fund out of

which workers' compensation and unemployment insurance claims are paid. The liability supported by the actuary for claims and judgments payable is reported as long-term debt. As the cost of providing workers' compensation self-insurance becomes more dependent on the number of employees in a department, workers' compensation rates are charged to individual departments based on that department's ten-year claim history and the risk factor based on its blend of occupational groups as established by the State's Workers' Compensation Insurance Rating Bureau. The County's allocation rate related to workers' compensation costs is based on 80% of each department's ten-year claims experience and 20% on the exposure/risk of the job classifications in the department.

As of June 30, 2024, the Public Liability Insurance ISF deficit was \$1.7 million. The deficit resulted primarily from the Fiscal Years 2020-21, 2021-22, and 2022-23 accruals of estimated liability based on actuarial determinations that overall losses increased. The County intends to reduce this deficit through increased rate charges to County departments in Fiscal Year 2024-25 and future years, primarily based on the five-year history of actual expenditures by department. The County will continue to purchase excess workers' compensation insurance and excess general liability insurance for Fiscal Year 2025-26.

As of July 1, 2024, the Insurance Internal Service Fund was activated to report on the County's insurance activities. This fund will support insurance premiums for Mexican Auto (non-emergency and emergency), Government Crime Bonds, Property, U.S. Custom Bonds, Cyber Liability, Aircraft, and Airport. Mexican Auto (non-emergency and emergency) provides coverage for County vehicles that are driven into Mexico for departments that have official business in Mexico. Government Crime Bonds provides Countywide coverage for illegal acts committed by employees while on the job. Property insurance covers countywide real and personal property, boiler and machinery, flood, and earthquake. U.S. Custom Bonds provides coverage to the Palomar Airport. Cyber Liability provides countywide comprehensive electronic information and security liability. Aircraft provides coverage for Sheriff helicopters and Airport provides coverage for all aspects of airports and/or liability of aircraft. Appropriations for Fiscal Year 2024-25 is \$10.4 million and Recommended Appropriations for Fiscal Year 2025-26 is \$15.0 million.

The County is required to obtain and maintain general liability insurance and workers' compensation insurance under various types of its financing lease obligations. These financing leases generally require general liability insurance to be issued by a responsible carrier or be in the form of self-insurance to cover claims for damages including death, personal injury, bodily injury, or property damage arising from operations involving the facilities covered by such leases. In addition, these financing leases generally require the County to obtain and maintain workers' compensation insurance issued by a responsible carrier or in the form of self-insurance for all persons provided coverage by the County for workers' compensation benefits in connection with the facilities covered by such leases and to cover full liability for compensation under the labor code requiring workers' compensation. Any self-insurance or self-funding for these risks is subject to certain conditions, including, but not limited to, providing evidence of self-insurance and annual certification to the trustee with respect to such financing leases by an authorized representative of the County's risk management division or an independent insurance consultant of the sufficiency of coverage. 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. The liabilities discounted for anticipated investment return are estimated as of June 30, 2025 (public liability of 1.5% and workers' compensation of 2.5%) totaling \$297.3 million, including \$85.2 million in public liability and \$212.1 million in workers' compensation. As of June 30, 2024, the Employee Benefits ISF fund balance was \$22.7 million.

The Department of Human Resources, Risk Management Division evaluates the extent and adequacy of its purchased insurance coverage on a continual basis. Typically, the County purchases its

insurance as part of the Public Risk Innovation, Solutions, and Management (PRISM) risk pool, which is a group of California public entities which experience the same types of risks and exposure to loss. The County reviews all insurance policies annually to ensure appropriate levels of coverage are maintained.

## **Litigation**

There are a number of lawsuits and claims pending against the County. The County does not believe any of the lawsuits or claims pending against the County will materially and adversely impair the County's ability to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2025 Certificates and perform its other obligations as and when due or otherwise meet its outstanding lease or debt obligations.

*Liability Under the Child Victims Act (AB 218).* Assembly Bill 218 ("AB 218"), effective January 1, 2020, among other things, extended the statute of limitations for commencing an action for recovery of damages suffered as a result of childhood sexual assault to 22 years after the plaintiff reaches the age of majority (i.e., until age 40) or within five years of the date the plaintiffs discovers or reasonably should have discovered that the psychological injury or illness occurring after the age of majority was caused by sexual assault, whichever is later. AB 218 also allowed for adult victims who were abused as minors to file civil claims, between January 1, 2020 to December 31, 2022, that were previously barred by the statute of limitations.

The County is currently defending approximately 80 lawsuits brought under AB 218. The County is currently litigating such claims and cannot fully predict the extent of its liability, if any, and how a final court decision or settlement with respect to each such lawsuit may affect the financial status, policies or operations of the County. Additionally, the County cannot predict how many additional AB 218 claims may be received, and in which year, if at all, such liability will be incurred. Finally, the County cannot predict whether it will incur additional liability stemming from other similar legislation yet to be enacted.

Nonetheless, the County does not expect its liability for claims arising from AB 218 to materially and adversely impair the County's ability to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2025 Certificates and perform its other obligations as and when due or otherwise meet its outstanding lease and debt obligations.

## **Short-Term Borrowing**

The County has issued tax and revenue anticipation notes ("TRANs") to the extent necessary or desirable to aid in providing effective cash flow management by funding timing imbalances which occur in the collection and disbursement of the General Fund and property tax revenues. The County currently expects to issue its Notes on or around July 3, 2025. TRANs in accordance with State law, are general obligations of the County, and to the extent not paid from the Pledged Revenues shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. The County is not authorized to levy or collect any tax for repayment of TRANs. TRANs are payable solely from revenues attributable to the fiscal year in which the TRANs were issued.

## **General Obligation Debt, Pension Obligation Bonds, Lease Obligations and Long-Term Loans**

The County has no outstanding general obligation bonds. As of June 1, 2025, the County had POBs outstanding in the aggregate principal amount of \$140.4 million. As of June 1, 2025, the County had lease revenue bonds ("LRBs") and Certificates of Participation ("COPs") outstanding in the aggregate principal amount of \$351.1 million. As of June 1, 2025, there were approximately \$491.4 million aggregate principal amount of long-term General Fund obligations outstanding. The annual long-term lease payments and

annual debt service payments on the LRBs, COPs and POBs of the County aggregate to approximately \$100.1 million for Fiscal Year 2024-25, net of capitalized interest. Debt service on the aforementioned obligations and evidences of indebtedness are paid from amounts in the County’s General Fund, a portion of which is reimbursed with amounts from various other revenue sources. The County has no outstanding variable rate obligations and does not have an outstanding liquidity facility in support of payment of any of its outstanding bonds payable from General Fund revenues. See “COUNTY FINANCIAL INFORMATION – Pension Obligation Bonds” herein.

Table 16 below sets forth a summary of long-term obligations payable from the General Fund.

**TABLE 16**  
**COUNTY OF SAN DIEGO**  
**SUMMARY OF LONG-TERM BONDED OBLIGATIONS**  
**PAYABLE FROM THE GENERAL FUND**  
**As of June 1, 2025**  
**(\$ In Thousands)**

	<u>Interest Rates</u>	<u>Final Maturity Dates</u>	<u>Original Principal Amounts</u>	<u>Principal Amounts Outstanding</u>
Certificates of Participation and Lease Revenue Bonds				
San Diego County Capital Asset Leasing Corporation (“SANCAL”):				
2019 Justice Facilities Refunding, issued September 2019	5.00%	2025	\$ 19,450	\$ 1,890
2020 Cedar and Kettner Development Refunding, issued November 2020	0.45-3.125%	2041	23,815	19,895
2020 CAC Waterfront Park Refunding, issued November 2020	2.00-5.00%	2041	21,910	19,125
2021 Youth Transition Campus, issued November 2021	5.00%	2051	49,060	47,480
2023 Public Health Lab and Capital Improvements, issued December 2023	5.00%	2053	160,910	160,910
2024 Edgemoor Refunding, issued July 2024	5.00%	2029	31,090	31,090
Total SANCAL			<u>\$306,235</u>	<u>\$280,390</u>
San Diego Regional Building Authority (“SDRBA”):				
2016A COC Refunding Bonds, issued March 2016 <sup>(1)</sup>	3.00-5.00%	2035	\$105,330	\$ 70,675
Total SDRBA			<u>105,330</u>	<u>70,675</u>
Total Certificates of Participation and Lease Revenue Bonds			<u>\$411,565</u>	<u>\$351,065</u>
Taxable Pension Obligation Bonds:				
County of San Diego Pension Obligation Bonds, issued August 2008				
Series A	3.3-6.03%	2026	\$343,515	\$140,370
Total Pension Obligation Bonds			<u>\$ 343,515</u>	<u>\$ 140,370</u>
Total General Fund Long-Term Bonded Obligations			<u>\$755,080</u>	<u>\$491,435</u>

<sup>(1)</sup> The outstanding 2016A COC Refunding Bonds are expected to be refunded with proceeds of the Series 2025 Certificates and certain other available moneys on or around July 23, 2025, upon which the associated lease will also be moved from SDRBA to SANCAL. The specific amount and maturities, if any, to be refunded will depend on market conditions.

Source: The County of San Diego, Office of Financial Planning.

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Table 17 below sets forth a summary of outstanding principal and interest payments attributable to long-term obligations payable from the County General Fund. Funds for all principal and interest payments due throughout the fiscal year are deposited with the applicable trustee at the beginning of the fiscal year on July 5 or, if July 5 is not a business day, the first business day after July 5.

**TABLE 17**  
**COUNTY OF SAN DIEGO**  
**SUMMARY OF OUTSTANDING PRINCIPAL AND INTEREST PAYMENTS**  
**ATTRIBUTABLE TO LONG-TERM OBLIGATIONS PAYABLE FROM THE GENERAL FUND**  
**(as of June 1, 2025)<sup>(1)</sup>**

Fiscal Year	LEASE FINANCINGS (CERTIFICATES OF PARTICIPATION & LEASE REVENUE BONDS)								PENSION OBLIGATION BONDS			TOTAL GENERAL FUND PAYMENTS
	2019 Justice Facilities	2020 Cedar & Kettner Development Refunding	2020 CAC Waterfront Park Refunding	2021 Youth Transition Campus	2023 Public Health Lab and Capital Improvements	2024 Edgemoor Refunding	2016A COC Refunding <sup>(2)</sup>	COPs & LRBs Total	2004 Pension Obligation Bonds	2008 Pension Obligation Bonds	POBs Total	
2025	3,184,875.00	1,449,031.26	1,433,462.50	3,204,250.00	8,045,500.00	1,066,559.72	8,351,250.00	26,734,928.48	58,942,023.75	22,478,030.03	81,420,053.78	108,154,982.26 <sup>(3)</sup>
2026	1,937,250.00	1,450,073.76	1,430,087.50	3,202,750.00	8,045,500.00	7,029,125.00	8,350,250.00	31,445,036.26	-	81,415,400.40	81,415,400.40	112,860,436.66
2027	-	1,449,011.26	1,434,712.50	3,204,125.00	8,045,500.00	7,026,250.00	8,351,875.00	29,511,473.76	-	67,113,946.75	67,113,946.75	96,625,420.51
2028	-	1,450,651.88	1,432,212.50	3,203,250.00	10,858,375.00	7,023,750.00	8,350,500.00	32,318,739.38	-	-	-	32,318,739.38
2029	-	1,450,025.00	1,432,587.50	3,205,000.00	10,860,375.00	7,030,625.00	8,350,500.00	32,329,112.50	-	-	-	32,329,112.50
2030	-	1,447,213.75	1,435,587.50	3,204,250.00	10,859,750.00	7,021,250.00	8,356,000.00	32,324,051.25	-	-	-	32,324,051.25
2031	-	1,448,038.75	1,431,212.50	3,205,875.00	10,861,125.00	-	8,351,375.00	25,297,626.25	-	-	-	25,297,626.25
2032	-	1,452,095.00	1,429,862.50	3,204,750.00	10,859,125.00	-	8,351,000.00	25,296,832.50	-	-	-	25,296,832.50
2033	-	1,449,055.00	1,431,762.50	3,205,750.00	10,863,250.00	-	8,353,875.00	25,303,692.50	-	-	-	25,303,692.50
2034	-	1,449,133.75	1,431,862.50	3,203,750.00	10,858,125.00	-	8,349,250.00	25,292,121.25	-	-	-	25,292,121.25
2035	-	1,452,446.25	1,431,187.50	3,203,625.00	10,858,375.00	-	8,351,250.00	25,296,883.75	-	-	-	25,296,883.75
2036	-	1,444,001.25	1,435,037.50	3,205,125.00	10,858,375.00	-	8,353,750.00	25,296,288.75	-	-	-	25,296,288.75
2037	-	1,447,450.00	1,432,762.50	3,203,125.00	10,862,500.00	-	-	16,945,837.50	-	-	-	16,945,837.50
2038	-	1,448,143.75	1,434,362.50	3,207,375.00	10,860,250.00	-	-	16,950,131.25	-	-	-	16,950,131.25
2039	-	1,447,875.00	1,431,562.50	3,202,750.00	10,861,125.00	-	-	16,943,312.50	-	-	-	16,943,312.50
2040	-	1,449,062.50	1,429,712.50	3,204,125.00	10,859,500.00	-	-	16,942,400.00	-	-	-	16,942,400.00
2041	-	1,456,406.25	1,426,500.00	3,206,125.00	10,859,750.00	-	-	16,948,781.25	-	-	-	16,948,781.25
2042	-	1,452,343.75	1,430,918.75	3,203,625.00	10,861,125.00	-	-	16,948,012.50	-	-	-	16,948,012.50
2043	-	-	-	3,206,375.00	10,862,875.00	-	-	14,069,250.00	-	-	-	14,069,250.00
2044	-	-	-	3,204,125.00	10,859,375.00	-	-	14,063,500.00	-	-	-	14,063,500.00
2045	-	-	-	3,206,625.00	10,859,875.00	-	-	14,066,500.00	-	-	-	14,066,500.00
2046	-	-	-	3,203,625.00	10,858,500.00	-	-	14,062,125.00	-	-	-	14,062,125.00
2047	-	-	-	3,204,875.00	10,859,375.00	-	-	14,064,250.00	-	-	-	14,064,250.00
2048	-	-	-	3,205,000.00	10,861,500.00	-	-	14,066,500.00	-	-	-	14,066,500.00
2049	-	-	-	3,203,750.00	10,859,000.00	-	-	14,062,750.00	-	-	-	14,062,750.00
2050	-	-	-	3,205,750.00	10,860,875.00	-	-	14,066,625.00	-	-	-	14,066,625.00
2051	-	-	-	3,205,625.00	10,861,000.00	-	-	14,066,625.00	-	-	-	14,066,625.00
2052	-	-	-	3,203,125.00	10,858,375.00	-	-	14,061,500.00	-	-	-	14,061,500.00
2053	-	-	-	-	10,861,750.00	-	-	10,861,750.00	-	-	-	10,861,750.00
2054	-	-	-	-	10,859,875.00	-	-	10,859,875.00	-	-	-	10,859,875.00
<b>Total</b>	<b>\$5,122,125.00</b>	<b>\$26,092,058.16</b>	<b>\$25,775,393.75</b>	<b>\$89,728,500.00</b>	<b>\$317,360,000.00</b>	<b>\$36,197,559.72</b>	<b>\$100,220,875.00</b>	<b>\$600,496,511.63</b>	<b>\$58,942,023.75</b>	<b>\$171,007,377.18</b>	<b>\$229,949,400.93</b>	<b>\$830,445,912.56</b>

<sup>(1)</sup> Amounts may not total due to rounding. Includes debt service paid from capitalized interest funds and does not include the Series 2025 Certificates or the Notes expected to be issued on or around July 3, 2025.

<sup>(2)</sup> The outstanding 2016A COC Refunding Bonds are expected to be refunded with proceeds of the Series 2025 Certificates and certain other available moneys on or around July 23, 2025. The specific amount and maturities, if any, to be refunded will depend on market conditions.

<sup>(3)</sup> Amounts for Fiscal Year 2024-25 include payments already made during the current fiscal year as of June 1, 2025.

Source: County of San Diego, Office of Financial Planning.

## **Anticipated Capital Financings**

A Capital Improvements Needs Assessment (“CINA”) is prepared and presented annually to the Board of Supervisors in accordance with the Board Policy G-16, Capital Facilities Planning to guide the development of both immediate and long-term capital projects. The CINA includes a comprehensive list of all current and anticipated capital projects over a five-year period. Capital projects are considered during the annual budget process unless the Board of Supervisors or the CAO recommends mid-year adjustments to the budget as circumstances warrant to meet emergent needs or to benefit from unusual developments or purchase opportunities. The Fiscal Year 2025-2030 CINA was approved on April 8, 2025. The CINA includes \$838.2 million in estimated costs for capital projects over the five-year time-frame of the CINA. The County plans to incur additional long-term General Fund obligations for certain capital projects in Fiscal Year 2025-26 including infrastructure projects designed to remove bacteria and other pollutants from stormwater runoff before it can reach local water bodies.

## **Long-Term Financial Obligations and Management Policy**

Management of the County’s long-term financial obligations are governed by Board Policy B-65, Financial Management and Long-Term Obligations Policy (“Policy B-65”), which was updated in October 2024 to provide guidelines regarding the County’s overall financial strategy and policy as well as the management of long-term financial obligations. A Debt Advisory Committee (the “DAC”) consisting of the Chief Financial Officer, Auditor and Controller and the Treasurer-Tax Collector, established by the Chief Administrative Office, reviews proposed financings. The DAC approval is required prior to consideration of a financing by the Board of Supervisors. Prior to any recommendation by the DAC to move forward with a long-term obligation, there shall be an assessment of the ability to repay the obligation, identification of the funding source of repayment, evaluation of the impact of the ongoing obligation on the current budget and future budgets, assessment of the maintenance and operational requirements of the project to be financed, and consideration of the impact on the County’s credit rating. Policy B-65 also provides for the filing of notices of completion on all projects within five years of their financing, continuous review of outstanding obligations for economically feasible and advantageous refinancing opportunities and the periodic reporting of unspent capital project funds through quarterly or year-end budget reports. Policy B-65 prohibits the use of long-term obligations to fund current operations or for recurring purposes, and the issuance of variable rate obligations in excess of 15% of the County’s outstanding long-term obligations. Policy B-65 states that annual debt service requirements shall not exceed 5% of General Fund revenue. Exceptions to the provisions of Policy B-65 are permitted in extraordinary conditions. In 2018, portions of Policy B-65 related to administering the County’s long-term obligations were incorporated into County Administrative Code Article VII, Section 113.5 (“Section 113.5”) to codify existing County practices and Board of Supervisors policy. Policy B-65, along with Section 113.5, are the foundation for managing the County’s debt program. For purposes of Policy B-65 and Section 113.5, long-term obligations are those that exceed one fiscal year.

## **Swap Policy**

In 2004, the DAC approved an Interest Rate Swap Policy (the “Swap Policy”) establishing guidelines for the execution and management of the County’s use of interest rate and other swaps and other similar products (the transactions involving such products being referred to herein as “Swap Transactions”). The Swap Policy is reviewed, and updated as necessary, annually by the DAC. The County may integrate Swap Transactions into its overall debt and investment management programs in a prudent manner to, among other things, enhance the relationship between risk and return with respect to debt or investments, achieve significant savings as compared to products available in the cash market, provide a higher level of savings, lower level of risk, greater flexibility, or other direct benefits not available in the cash market and achieve more flexibility in meeting overall financial objectives than can be achieved in conventional

markets, all in accordance with the parameters set forth in the Swap Policy and consistent with the County’s overall long-term financial obligation management policy. Pursuant to the Swap Policy, the total notional amount of all Swap Transactions executed by the County shall not exceed 10% of the aggregate outstanding principal amount of the County’s long-term obligations at the time of execution. The County has no outstanding Swap Transactions.

**Overlapping Debt and Debt Ratios**

Table 18 sets forth a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics Inc. and dated as of June 1, 2025. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report does not include the Series 2025 Certificates or the Notes described in the forepart of this Official Statement.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County in whole or in part. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

**TABLE 18**  
**COUNTY OF SAN DIEGO**  
**ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT**  
**(As of June 1, 2025)**

2024-25 Assessed Valuation: \$756,411,477,311 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/25</u>
Metropolitan Water District	17.600%	\$ 3,019,280
Grossmont-Cuyamaca Community College District	100.	331,030,377
Mira Costa Community College District	100.	349,345,000
Palomar Community College District	100.	611,941,649
San Diego Community College District	100.	2,095,834,859
Southwestern Community College District	100.	719,185,157
Carlsbad Unified School District	100.	365,232,848
Oceanside Unified School District	100.	315,763,782
Poway Unified School District SFID Nos. 2002-1 and 2007-1	100.	233,797,126
San Diego Unified School District	100.	5,920,440,459
San Marcos Unified School District and School Facilities Improvement District	100.	258,157,547
Vista Unified School District	99.786	205,244,716
Other Unified School Districts	100.	31,928,001
Grossmont Union High School District	100.	623,428,398
San Dieguito Union High School District	100.	392,195,000
Sweetwater Union High School District	100.	624,127,496
Other Union High School Districts	100.	110,072,326
Cajon Valley Union School District	100.	125,724,846
Chula Vista City School District and School Facilities Improvement District	100.	252,059,000
San Ysidro School District	100.	134,592,718
Other School Districts	100.	921,568,657
Cities	100.	59,960,000
Grossmont Healthcare District	100.	198,875,853
Palomar Pomerado Hospital District	100.	381,893,263
Community Facilities Districts	100.	1,136,695,530
1915 Act Bonds (Estimated)	100.	121,811,845
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$16,523,925,733</b>

(Continued from prior page.)

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/25</u>
<b>San Diego County General Fund Obligations</b>	<b>100.%</b>	<b>\$ 351,065,000</b>
<b>San Diego County Pension Obligations</b>	<b>100.</b>	<b>140,370,000<sup>(1)</sup></b>
San Diego County Superintendent of School Obligations	100.	5,125,000
Community College District Certificates of Participation	100.	49,050,000
Poway Unified School District Certificates of Participation	100.	51,910,000
San Marcos Unified School District Certificates of Participation	100.	85,111,387
Other Unified School District Certificates of Participation	100.	158,293,111
High School District Certificates of Participation	100.	91,437,714
Chula Vista City School District Certificates of Participation	100.	154,730,000
Other School District Certificates of Participation	100.	123,633,564
City of Chula Vista General Fund Obligations	100.	405,320,000
City of El Cajon Pension Obligation Bonds	100.	125,555,000
City of Encinitas General Fund Obligations	100.	36,730,000
City of San Diego General Fund Obligations	100.	746,017,974
City of Vista General Fund Obligations	100.	74,400,000
Other City General Fund Obligations	100.	171,049,223
Special District Certificates of Participation	100.	33,300,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 2,803,097,973</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		 <b>\$ 758,197,208</b>
 <b>COMBINED TOTAL DEBT</b>		 <b>\$20,085,220,914<sup>(2)</sup></b>

<sup>(1)</sup> Excludes issue to be sold.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	2.18%
<b>Combined Direct Debt (\$491,435,000) .....</b>	<b>0.06%</b>
Combined Total Debt .....	2.66%

Ratios to Redevelopment Incremental Valuation (\$88,607,641,271):

Total Overlapping Tax Increment Debt.....	0.86%
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**SAN DIEGO COUNTY INVESTMENT POOL**

The following information concerning the Treasury Pool of San Diego County (the “Treasury Pool” or “Pool”) has been provided by the Treasurer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The County is required to invest funds in accordance with California Government Code Sections 53635 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code.

All investments in the Treasurer’s investment portfolio conform to the statutory requirements of Government Code Section 53635 *et seq.*, authorities delegated by the Board of Supervisors and the Treasurer’s investment policy.

## **General**

Pursuant to a resolution adopted July 8, 1958, the Board of Supervisors delegated to the County Treasurer the authority to invest and reinvest funds of the County. Applicable law limits this delegation of authority to a one-year period and must be renewed annually by action of the Board of Supervisors. In addition to funds of the County, funds of certain local agencies within the County, including school districts in the County, are required under State law to be deposited into County Treasury (“Involuntary Depositors”). In addition, certain agencies, such as cities and special districts, invest certain of their funds in the County Treasury on a voluntary basis (“Voluntary Depositors” and together with the Involuntary Depositors, the “Depositors”). Deposits made by the County and the various local agencies are commingled in the Treasury Pool (a pooled investment fund). No particular deposits are segregated for separate investment.

Under State law, Depositors in the Pool are permitted to withdraw funds which they have deposited on 30 days’ notice. The County does not expect that the Pool will encounter liquidity shortfalls based on its current portfolio and investment guidelines or realize any losses that may be required to be allocated among all Depositors in the Pool.

The County has established an Oversight Committee pursuant to State law. The members of the Oversight Committee include the County Treasurer, the County Auditor and Controller, the County Superintendent of Schools or designee, a representative from the special districts, a representative from the school districts and community college districts in the County, the City Representative and members of the public. The role of the Oversight Committee is to review the Investment Policy that is prepared by the County Treasurer and the Pool’s Annual Comprehensive Financial Report.

## **Treasury Pool’s Portfolio**

As of April 30, 2025, the securities in the Treasury Pool had a market value of \$18,106,310,060 and a book value of \$18,095,879,221, for a net unrealized gain of \$10,430,839.

The effective duration for the Treasury Pool was 1.13 years as of April 30, 2025. “Duration” is a measure of the price volatility of the portfolio and reflects an estimate of the projected increase or decrease in the value of the portfolio based upon a decrease or increase in interest rates. A duration of 1.13 means that for every one percent increase in interest rates the market value of the portfolio would decrease by 1.13%.

As of April 30, 2025, approximately 4.74% of the total funds in the Pool were deposited by Voluntary Depositors, such as cities and fire districts, 12.01% by community colleges, 30.88% by the County, 0.63% by the Non-County and 51.74% by K-12 school districts.

Fitch Ratings maintains ratings of “AAAF” (highest underlying credit quality) and “S1” (very low sensitivity to market risk) on the Pool. The ratings reflect only the view of the rating agency and any explanation of the significance of such ratings may be obtained from such rating agency as follows: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004.

## **Investments of the Treasury Pool**

*Authorized Investments.* Investments of the Pool are placed in those securities authorized by various sections of the California Government Code, which include obligations of the United States Treasury, Agencies of the United States Government, local and State bond issues, bankers acceptances, commercial paper of prime quality, certificates of deposit (both collateralized and negotiable), repurchase

and reverse repurchase agreements (for which the maximum exposure of the Pool is restricted to 40% and 20%, respectively), medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), asset backed (including mortgage related), pass-through securities, and specific supranational debt securities.

Legislation which would modify the currently authorized investments and place restrictions on the ability of municipalities to invest in various securities is considered from time to time by the California State Legislature. At all times, the Pool's investments will comply with California Government Code and the County's Investment Policy (the "Investment Policy").

***The Investment Policy.*** The Investment Policy currently states the primary goals of the County Treasurer when investing public funds to be as follows: the primary objective is to safeguard the principal of the funds under the County Treasurer's control, the secondary objective is to meet the liquidity needs of the Pool Participants, and the third objective is to achieve an investment return on the funds under the control of the County Treasurer within the parameters of prudent risk management. The Investment Policy guidelines state that at least 35% of the Pool should be invested in securities maturing in one year or less, with the remainder of the portfolio being invested in debt securities with maturities spread over more than one year to five years. Furthermore, at least 15% of the securities must mature within 90 days. The maximum effective duration for the Pool shall be 2.0 years.

#### **Certain Information Relating to Pool**

Table 19 below reflects information with respect to the Pool as of the close of business April 30, 2025. As described above, a wide range of investments is authorized by State law. Investments mature and trading activity is constant. Therefore, there can be no assurances that the investments in the Pool will not vary significantly from the investments described below. In addition, the value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described below. In addition, the values specified in the following table were based upon estimates of market values provided to the County by a third party. Accordingly, there can be no assurance that if these securities had been sold on April 30, 2025, the Pool necessarily would have received the values specified.

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**TABLE 19**  
**TREASURER-TAX COLLECTOR**  
**SAN DIEGO COUNTY PORTFOLIO STATISTICS\***  
**(As of April 30, 2025)**

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Percentage of Portfolio</u>	<u>Market Price</u>	<u>Days to Maturity<sup>(1)</sup></u>	<u>Yield to Maturity<sup>(2)</sup></u>	<u>Accrued Interest</u>	<u>Unrealized Gain/Loss</u>
Asset Backed Securities	841,437,158	841,364,526	847,064,170	4.68%	100.67	1,033	4.81%	1,684,162	5,699,644
Agency	4,401,979,000	4,386,906,556	4,355,369,259	24.05	98.94	511	2.92	16,423,706	(31,537,298)
Bank Deposit	44,623,501	44,623,501	44,623,501	0.25	100.00	0	3.54	-	-
Commercial Paper	2,253,000,000	2,235,602,125	2,235,426,869	12.35	99.22	66	4.52	-	(175,256)
Corporate	105,000,000	104,035,185	104,404,456	0.58	99.43	245	5.00	1,627,097	369,271
LAIF	8	8	8	0.00	99.09	0	4.27	-	-
Local Government									
Investment Pool	259,619,262	258,619,262	258,619,262	1.43	100.00	0	4.45	-	-
Money Market Funds	471,000,000	471,000,000	471,000,000	2.60	100.00	0	4.24	-	-
Municipal Bonds	521,410,000	522,115,735	523,911,731	2.89	100.48	628	3.33	3,927,587	1,795,996
Negotiable CDs	2,954,000,000	2,954,000,000	2,954,027,145	16.31	100.00	124	4.43	44,350,859	27,145
Supranational Securities	2,390,780,000	2,375,231,371	2,400,892,472	13.26	100.42	1,183	4.00	20,597,301	25,661,101
U.S. Treasuries	3,920,000,000	3,902,380,951	3,910,971,188	21.60	99.77	752	3.36	25,323,637	8,590,237
Totals for April 2025	18,161,848,928	18,095,879,221	18,106,310,060	100.00%	99.69	537	3.77%	113,934,350	10,430,839
Totals for March 2025	16,499,099,600	16,420,652,824	16,380,539,159	100.00%	99.28	489	3.80%	95,341,943	(40,113,665)
Change From Prior Month	1,662,749,329	1,675,226,396	1,725,770,901		0.41	47	-0.03%	18,592,407	50,544,504

Portfolio Effective Duration 1.13

	<u>Monthly Return<sup>(3)</sup></u>	<u>Annualized</u>	<u>Fiscal Year to Date Return</u>	<u>Annualized</u>	<u>Calendar Year to Date Return</u>	<u>Annualized</u>
Book Value	0.31%	3.81%	3.06%	3.68%	1.22%	3.69%

Source: The County.

<sup>(1)</sup> Days to Maturity is average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio.

<sup>(2)</sup> Yield to maturity is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the maturity date. Yields for the portfolio are aggregated based on the book value of each security.

<sup>(3)</sup> Monthly Investment Returns are reported gross of fees. Administration fees since Fiscal Year 2017-18 have averaged approximately 7 basis points per annum.

\* All Investments held during the month of April 2025 were in compliance with the Investment Policy last updated in January 2024.

## CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

### Article XIII A

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value,’ or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than 2%) following the year(s) for which the reduction is applied. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978; (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the school district or community college district, but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of *situs* among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

### Article XIII B

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In June 1990, the voters through their approval of Proposition 111 amended Article

XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the California Constitution. In addition, 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County’s option, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State’s Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The Board of Supervisors adopted the annual appropriation limit for Fiscal Year 2024-25 of approximately \$7.3 billion. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the Fiscal Year 2024-25 Adopted Budget, the funds subject to limitation total approximately \$3.5 billion and are approximately \$3.8 billion below the Article XIII B limit.

### **Proposition 46**

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

### **Proposition 62**

Proposition 62 was adopted by the California voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the County be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes imposed for specific purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) required that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988. See “– Article XIII A” above.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, was invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* (“La Habra”). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

## **Proposition 218**

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the County, to impose and collect both existing and future taxes, assessments, fees and charges. The County is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the County’s ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County’s costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the County does not presently believe that the potential impact on the financial condition of the County as a result of the provisions of Proposition 218 will adversely affect the County’s ability to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2025 Certificates and perform its other obligations as and when due.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote of the electorate and taxes for specific purposes, even if deposited in the County’s General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the “Proposition 218 Omnibus Implementation Act”), which directed that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the County’s General Fund. Further, “fees” and “charges” are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The County is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the County

will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the County would be able to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2025 Certificates as and when due or any of its other obligations payable from the County General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the County, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2025 Certificates, as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by an agency subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIII C upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the County, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, the County does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the County to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2025 Certificates as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the fees and charges that presently finance them are reduced or repealed.

The County has a clean water enterprise fund which is self-supporting from fees and charges that may ultimately be determined to be property related for purposes of Article XIII D of Proposition 218. Further, the fees and charges of the County's enterprise funds, including those which are not property related for purposes of Article XIII D of Proposition 218, may be determined to be fees and charges subject to the initiative power as provided in Article XIII C of Proposition 218, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would amend and supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

### **Proposition 1A**

Proposition 1A ("Proposition 1A"), proposed by the Legislature as a Senate Constitutional Amendment in connection with the 2004-05 Budget Act and approved by California voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides that the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See "-- Proposition 22" below.

### **Proposition 22**

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See "-- Proposition 1A" above. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for

State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The County does not believe that the adoption of Proposition 22 will have a significant impact on its revenues and expenditures during Fiscal Year 2021-22.

## **Proposition 26**

Proposition 26 (“Proposition 26”), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of “taxes.” Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the California Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See “– Proposition 218” above.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the County’s fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D, Proposition 111, Proposition 1A, Proposition 62, Proposition 22, and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be predicted by the County.

## **STATE OF CALIFORNIA BUDGET INFORMATION**

### **State of California Budget Information**

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." An impartial analysis of the State's budget is posted by the Legislative Analyst's Office (the "LAO") at [www.lao.ca.gov](http://www.lao.ca.gov). The information on such websites is not incorporated herein by reference.

In addition, certain State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov) and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, [emma.msrb.org](http://emma.msrb.org). The information referred to on the website of the State Treasurer is prepared by the State and not by the County or the Initial Purchaser, and the County and the Initial Purchaser take no responsibility for the continued accuracy of the internet address of the State Treasurer or for the accuracy, if any, or timeliness of information posted there, and such information is not incorporated herein by these references.

### **State Budget for Fiscal Year 2024-25**

On June 29, 2024, the Governor approved the State Budget Act for Fiscal Year 2024-25 (the "Fiscal Year 2024-25 State Budget Act"). As summarized by the Department of Finance, the Fiscal Year 2024-25 State Budget Act addressed a \$46.8 billion deficit through a mix of budget solutions including funding reductions, use of additional revenue sources and reserves, internal borrowing, funding shifts, and spending and payment deferrals. Also, in an effort to allow more structural budget deficits to be addressed in fiscal year 2024-25 and provide for great budget resiliency, the Fiscal Year 2024-25 State Budget Act used funds from the Budget Stabilization Account, applying approximately \$5.1 billion in fiscal year 2024-25 and approximately \$7.1 billion in fiscal year 2025-26. The Fiscal Year 2024-25 State Budget Act anticipated a total reserve balance of \$22.2 billion at the end of fiscal year 2024-25.

### *Impacts on the County*

The Fiscal Year 2024-25 State Budget Act contained reductions to address the budget deficit and also maintained, and continued to invest in, essential State and local programs. Additional features of the Fiscal Year 2024-25 State Budget Act that may affect counties, including the County, are expected to include, but are not limited to, the following:

- \$12 million increase in one-time general fund funding to reconfigure the fire retardant loading pits at Ramona Air Attack Base located in the County. This project is essential for effectively preventing and suppressing wildland fires in the County and the surrounding areas.
- Reappropriation for fiscal year 2024-25 of the unspent balance of the \$150 million general fund appropriated in fiscal year 2023-24 to continue to support the southern border humanitarian efforts. This is in addition to the \$79.4 million general fund funds reappropriated and available to support current border respite sheltering services for migrants through fiscal year 2025-26.
- A reversion of approximately \$4.4 million one-time general fund funds previously provided for the Local Library Infrastructure Grant Program in the 2021 Budget Act, and forgoing planned one-time general fund investments of \$33 million, \$33 million and \$34 million in fiscal years 2024-25, 2025-26, and 2026-27 respectively along with other local library services funding reductions.
- \$30 million general fund reversion in fiscal year 2023-24 and a reduction of \$37 million general fund spending in 2024-25 for CalWORKs Expanded Subsidized Employment. The Fiscal Year 2024-25 State Budget Act continues to provide \$97.1 million for this program.
- \$1 billion general fund allocations in fiscal year 2024-25 for a sixth round of HHAP grants to eligible cities, counties, and continuums of care. The Fiscal Year 2024-25 State Budget Act also includes statutory language with updated grant requirements. The County has previously received funding through previous rounds and could receive additional funding.
- \$250 million general fund monies for additional rounds of Encampment Resolution Fund grants (\$150 million in fiscal year 2024-25 and \$100 million in fiscal year 2025-26). The County has previously received \$22 million in grant funding.
- \$116.1 million in general fund funding in fiscal year 2024-25 for the Community Corrections Performance Incentive Program in an effort to provide incentives for counties to reduce the number of felony probationers sent to state prison.
- \$123.9 million one-time general fund funding to support critical flood safety efforts.

### **Proposed State Budget and May Revise for Fiscal Year 2025-26**

On January 10, 2025, the Governor released a proposed budget for Fiscal Year 2025-26 (the “Fiscal Year 2025-26 Proposed Budget”). The Fiscal Year 2025-26 Proposed Budget, proposed spending \$322.2 billion in total State funds, consisting of approximately \$228.9 billion from the general fund, \$86.8 billion from special funds and \$6.5 billion from bond funds.

The Fiscal Year 2025-26 Proposed Budget reported that the State began 2025 in a stronger fiscal position than it had in recent years. The State experienced significant budget shortfalls in recent years due to the combination of extreme revenue volatility and an unprecedented federal tax filing delay. The

economy performed better than projected in the 2024-25 State Budget leading to an upgrade to the forecast in the near term and modest upward revisions in the long term. The stronger-than-anticipated performance of the economy, stock market, and cash receipts, combined with an improved economic outlook, have all contributed to the upgraded revenue forecast, with general fund revenues before accounting to transfers and tax policy proposals projected to be higher by approximately \$16.5 billion (or \$9 billion, as calculated by the Legislative Analyst's Office) in the three-year budget window. The Fiscal Year 2025-26 Proposed Budget recognized several risk factors that could affect the economy and State revenues, including stock market and asset price volatility and declines, as well as geopolitical instability. The Fiscal Year 2025-26 Proposed Budget anticipated shortfalls in subsequent fiscal years that are driven by expenditures exceeding revenues and noted that additional decisions may be necessary at the May revision to maintain a balanced budget, not only in the coming year, but also on an ongoing basis.

The 2024-25 State Budget assumed withdrawals from the BSA of approximately \$5.1 billion in 2024-25 and \$7.1 billion in 2025-26 in order to provide for a balanced budget. The Fiscal Year 2025-26 Proposed Budget maintained the \$7.1 billion withdrawal from the BSA for the 2025-26 Fiscal Year. In order to address revenue volatility and increase budget resiliency, the Fiscal Year 2025-26 Proposed Budget proposed statutory changes to allow the State to save even more during economic upswings. Under current law, a deposit to the BSA is counted as an expenditure and is therefore not exempt from Proposition 4's State Appropriations Limit. The Fiscal Year 2025-26 Proposed Budget proposed to increase the mandatory deposit level in the BSA from the current 10 percent to 20 percent of general fund revenues and exempt deposits into the BSA from the State Appropriations limit. The increased reserves would allow the State to weather future revenue volatility and avoid needing to make reductions, deferrals and funding delays during revenue downswings or other emergencies.

For Fiscal Year 2024-25, the Fiscal Year 2025-26 Proposed Budget projected total general fund revenues and transfers of \$222.5 billion and authorizes expenditures of \$232.1 billion. The State is projected to end the 2024-25 Fiscal Year with total reserves of \$27.4 billion, including \$18.0 billion in the BSA, \$8.3 billion in traditional general fund reserves and \$1.2 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance. For Fiscal Year 2025-26, the Fiscal Year 2025-26 Proposed Budget projected total general fund revenues and transfers of \$225.1 billion and authorizes expenditures of \$228.9 billion. The State is projected to end the 2025-26 Fiscal Year with total reserves of \$16.9 billion, including \$4.5 billion in the traditional general fund reserve, \$10.9 billion in the BSA and \$1.5 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance.

The May revision to the Fiscal Year 2025-26 Proposed Budget was released on May 10, 2025 (the "May Revise") and updated certain State budget projections. The May Revise noted an estimated shortfall of \$12 billion. Proposals included in the Fiscal Year 2025-26 May Revise that may affect the County include, but are not limited to, the following:

- Freezing enrollment for Medi-Cal for adults 19 and older with unsatisfactory immigration status (UIS) starting January 1, 2026
- Eliminating Medi-Cal dental benefits for adults 19 and older with UIS effective July 1, 2026
- Imposing a \$100 monthly premium per person for those Medi-Cal enrollees 19 and older with UIS effective no sooner than January 1, 2027
- Eliminating Proposition 56 supplemental payments to dental, family planning, and women's health providers

- Eliminating long-term care benefits (including IHSS benefits) for adults 19 and older with UIS starting January 1, 2026
- Reinstating the Medi-Cal asset test limits for seniors and disabled adults no later than January 1, 2026
- Instituting an ongoing cap to IHSS provider overtime and travel hours at 50 hours/week starting in 25-26
- Conforming the IHSS Residual Program with the timing of Medi-Cal coverage
- Shifting \$81 million in costs to counties for Community First Choice Option (CFCO) reassessment late penalties
- Proposes to make implementation of the Tiered Rate Structure for Foster Family payments to be a trigger based on the availability of state funding, to be determined Spring 2027
- The May Revise does not contain any new homelessness funding
- Updating the methodology for SB 678 payments
- Reducing funding for the State Pretrial Release Program
- Expanding pathways to litigation against counties
- Reduced resources to Incompetent to Stand Trial programs
- No new Proposition 36 funding for counties

The County is currently evaluating both the Fiscal Year 2025-26 Proposed Budget and May Revise. The Fiscal Year 2025-26 Proposed Budget provides for, but is not limited to, the following items applicable to counties:

- a proposal to allocate bond funding for multiple wildfire mitigation and prevention projects, for many of which counties are eligible either as individual applicants or in partnership with regional organizations (including state conservancies);
- \$148.2 million (Proposition 4) to implement state water quality requirements for habitat and dust suppression on the exposed lakebed at the Salton Sea;
- an additional \$93.5 million (\$55 million general fund) in Fiscal Year 2025-26 for counties to continue implementation efforts under the Behavioral Health Services Act;
- general fund support for Community Assistance, Recovery and Empowerment (CARE) Act activities, including \$36.6 million in Fiscal Year 2024-25, \$47.1 million in Fiscal Year 2025-26, and \$51.1 million in Fiscal Year 2026-27 and annually thereafter for behavioral health agency activities of California; and
- the Transit and Intercity Rail Capital Program (“TIRCP”) to receive \$564 million in combined resources from the general fund (\$384 million) and Greenhouse Gas Reduction Fund (\$180 million); a sub-program that distributes funding through the TIRCP on a population-based formula

to regional transportation planning agencies, which can use the money to fund transit operations or capital improvements, to receive \$1 billion in combined resources from the general fund (\$812 million) and Greenhouse Gas Reduction Fund (\$188 million).

The complete Fiscal Year 2025-26 Proposed Budget and the May Revise are available from the State Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov). The County does not take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

### **Future State Budgets**

The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State.

The County cannot predict the extent of the budgetary problems the State will encounter in this Fiscal Year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of any current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including an economic downturn, over which the County has no control. See "COUNTY FINANCIAL INFORMATION – County's Fiscal Year 2025-26 Recommended Budget and the Operational Plan" herein.

## **ECONOMIC AND DEMOGRAPHIC INFORMATION**

### **General**

San Diego County is the southernmost major metropolitan area in the State. The County covers 4,207 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange counties form the northern boundary. The County is approximately the size of the State of Connecticut.

The topography of the County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east which rise to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of the County. The climate is equable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is approximately 10 inches.

The County possesses a diverse economic base consisting of a significant manufacturing presence in the fields of electronics and shipbuilding, a large tourist industry attracted by the favorable climate of the region, and a considerable defense-related presence.

PETCO Park, located in the City of San Diego, provides a 42,000 fixed seat baseball stadium for the San Diego Padres. PETCO Park is located in a 26-block neighborhood that contains existing and proposed hotels, office space, retail and housing units within walking distance from the San Diego Convention Center and the Gaslamp Quarter. The baseball stadium is also within walking distance of a Trolley station and nearby parking facilities.

The San Diego Convention Center includes 2.6 million total gross square feet and plans are in progress to expand the Convention Center into the nearby bayfront area. The expansion plans reportedly include an additional 80,000 square-foot ballroom, 101,000 square-foot of meeting room space and an additional 225,000 square-foot of exhibit space. The Convention Center generated approximately \$1.4 billion in Fiscal Year 2022-23 in regional economic impact (direct and indirect spending) and over \$30 million in hotel and sales tax revenues for the City of San Diego.

The County is also growing as a major center for culture and education. More than 30 recognized art organizations, including the San Diego Opera, the Old Globe Theatre productions, the La Jolla Music Society as well as museums and art galleries, are located in the County. Higher education is provided through five two-year colleges and six four-year colleges and universities.

In addition to the City of San Diego, other principal cities in the County include Carlsbad, Chula Vista, Oceanside, El Cajon, Escondido, La Mesa and National City. Most County residents live within 20 miles of the coast. Farther inland are agricultural areas, principally planted in avocados and tomatoes, while the easternmost portion of the County has a dry, desert-like topography.

The County is the delivery system for federal, State and local programs. The County provides a wide range of services to its residents including: (1) regional services such as courts, probation, medical examiner, jails, elections and public health; (2) health, welfare and human services such as mental health, senior citizen and child welfare services; (3) basic local services such as planning, parks, libraries and Sheriff's patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (4) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County. For information on County governance, see "THE COUNTY – General" herein.

According to a San Diego Association of Governments ("SANDAG") Economic Update and Sales Tax Revenues Report on the third quarter of Fiscal Year 2024-25 (the "SANDAG Report"), the economic outlook shifted during the third quarter of Fiscal Year 2024-25 (the "Third Quarter"), although the San Diego region's economy is, for the time being, relatively stable. At the start of the Third Quarter, the general view was that the Federal Reserve had successfully delivered a soft landing for the US economy. The economic outlook was positive, with annual growth anticipated to be around 3%. Since then, economic expectations have darkened and growth forecasts have been downgraded with the rising probability of a recession or stagflation. According to the SANDAG Report, despite growing concern, key fundamental indicators of the economy are giving mixed signals on the current state of the economy. GDP growth for the nation and California slowed more than expected through the first half of Fiscal Year 2024-25 falling from 3.1% to 2.5% and 3.1% to 1.4%, respectively. Nationally, inflation fell from 3% to 2.4%, while for the San Diego region, inflation held steady at 3.8%. The San Diego region experienced relatively strong earnings growth in the Third Quarter with average hourly earnings rising 6.7% to outpace inflation. The San Diego region's earnings growth was stronger than the State average and similar to what other State metropolitan areas experienced. According to the SANDAG Report, among the State's five largest metropolitan areas, the San Diego region was on track to lead employment gains during the Third Quarter. Total employment in the San Diego region was nearly 1.6 million in February 2025, an increase of 13,100 from the previous month. According to the SANDAG Report, consumer spending, which drives economic growth and sales tax revenue, has been resilient through the inflationary pressures and recent volatility. However, household consumption in the San Diego region has been slowing for over a year and shifting away from taxable items, as evidenced by the trajectory of sales tax revenue. Disinflation in some taxable items (particularly gas), muted automobile sales, and restrained business spending continue to be drags on sales tax revenue. Based on the third quarter and evolving economic conditions, these dynamics are not expected to ease, reducing the likelihood that fourth quarter sales tax revenue can recover enough to offset year-to-date weakness. SANDAG continues to expect Fiscal Year 2024-25 will record another year of negative growth.

## Population

There are 18 incorporated cities in the County, and several unincorporated communities. Table 20 below sets forth the population in the County, the State and the United States for the years 2016 through 2025.

**TABLE 20**  
**POPULATION ESTIMATES**  
**(In Thousands)**  
**(Calendar Years 2016-2025)**

<b>Year</b>	<b>San Diego County<sup>(1)</sup></b>	<b>Percent Change</b>	<b>State of California<sup>(1)</sup></b>	<b>Percent Change</b>	<b>United States<sup>(2)</sup></b>	<b>Percent Change</b>
2016	3,283	0.55%	39,104	0.61%	322,941	0.72%
2017	3,303	0.61	39,352	0.63	324,986	0.63
2018	3,321	0.54	39,520	0.43	326,688	0.52
2019	3,333	0.36	39,605	0.22	328,240	0.48
2020	3,331	-0.06	39,649	0.11	331,449	0.98
2021	3,289	-1.26	39,303	-0.87	332,032	0.18
2022	3,275	-0.43	39,079	-0.57	333,288	0.38
2023	3,290	0.46	39,061	-0.05	334,915	0.49
2024	3,315	0.76	39,421	0.92	340,111	1.55
2025	3,330	0.45	39,529	0.27	341,779	0.49

Sources: County and State Data – State of California Department of Finance; National Data – U.S. Bureau of the Census, Annual Population Estimates.

<sup>(1)</sup> As of January 1 of the year shown.

<sup>(2)</sup> As of July 1 of the year shown.

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## Employment

Table 21 below sets forth information regarding the size of the civilian labor force, employment and unemployment rates for the County, the State and the United States for 2021 through 2024, and preliminary information as of March 2025.

**TABLE 21**  
**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**ANNUAL AVERAGES 2021-2025<sup>(1)</sup>**  
**By Place of Residence**  
**(In Thousands)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025<sup>(2)</sup></u>
San Diego County					
Labor Force	1,548	1,590	1,596	1,649	1,686
Employment	1,448	1,535	1,534	1,577	1,615
Unemployment	100	55	62	71	71
Unemployment Rate	6.5%	3.4%	3.9%	4.3%	4.2%
State of California					
Labor Force	18,973	19,252	19,308	19,644	19,841
Employment	17,586	18,441	18,388	18,601	18,789
Unemployment	1,387	811	920	1,043	1,053
Unemployment Rate	7.3%	4.2%	4.8%	5.3%	5.3%
United States					
Labor Force	161,204	164,287	167,123	168,110	170,591
Employment	152,581	158,291	161,044	161,349	163,508
Unemployment	8,623	5,996	6,079	6,761	7,083
Unemployment Rate	5.3%	3.6%	3.6%	4.0%	4.2%

Sources: County and State Data – California Employment Development Department; National Data – U.S. Department of Labor, Bureau of Labor Statistics.

<sup>(1)</sup> Data is not Seasonally Adjusted.

<sup>(2)</sup> Preliminary data as of March 2025.

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Table 22 below sets forth the annual average employment within the County by employment sector, other than farm industries, for 2021 through 2024, and preliminary information as of March 2025.

**TABLE 22**  
**SAN DIEGO COUNTY**  
**NON-AGRICULTURAL LABOR FORCE AND INDUSTRY EMPLOYMENT**  
**ANNUAL AVERAGES 2021-2025**  
**(In Thousands)**

<u>Employment Sector</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025<sup>(2)</sup></u>
Mining and Logging	0.3	0.4	0.3	0.3	0.3
Construction	83.8	87.4	89.8	90.6	87.5
Manufacturing	114.4	117.4	115.1	111.2	109.5
Trade, Transportation and Utilities	216.8	222.4	223.1	231.2	219.2
Information	21.5	22.0	21.9	20.8	20.4
Financial Activities	76.2	77.0	72.7	71.8	69.5
Professional and Business Services	265.3	285.2	276.0	267.7	265.4
Educational and Health Services	216.7	227.6	243.2	261.8	265.4
Leisure and Hospitality	161.6	193.4	201.6	203.4	201.8
Other Services	47.5	54.5	57.1	57.0	57.0
Government	237.9	246.8	251.3	262.8	264.2
Total <sup>(1)</sup>	<u>1,451.1</u>	<u>1,543.7</u>	<u>1,561.5</u>	<u>1,578.6</u>	<u>1,560.2</u>

Source: California Employment Development Department, 2020 Benchmark.

<sup>(1)</sup> Reflects independent rounding.

<sup>(2)</sup> Preliminary data as of March 2025.

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## Largest Employers

Table 23 below sets forth the ten largest employers in the County as of June 30, 2024.

**TABLE 23**  
**SAN DIEGO COUNTY**  
**Ten Largest Employers**  
**(As of June 30, 2024)<sup>(1)</sup>**

<b>Employer<sup>(1)</sup></b>	<b>Description</b>	<b>Number of local employees</b>
UC San Diego	Higher Education, research	35,802
Sharp Healthcare	Health care, hospitals, medical groups, health services, health plans	19,468
County of San Diego	Municipal, regional government services	17,954
City of San Diego	Municipal, regional government services	11,820
General Atomics (and affiliated companies)	Energy and defense	6,745
San Diego State University	Higher Education	6,454
Rady Children’s Hospital – San Diego	Health care, hospitals	5,711
San Diego Community College District	Higher Education	5,400
Sempra Energy	Public utility holding company	5,063
YMCA of San Diego County	Non-profit organization	5,057

Source: County of San Diego Annual Comprehensive Financial Report for the Year Ended June 30, 2024.

<sup>(1)</sup> The Naval Base San Diego was excluded.

## Regional Economy

Table 24 below sets forth the County’s Gross Domestic Product, which is an estimate of the value for all goods and services produced in the region, from 2019 through 2023.

**TABLE 24**  
**SAN DIEGO COUNTY**  
**GROSS DOMESTIC PRODUCT**  
**2019-2023**

<b>Year</b>	<b>Gross Domestic Product (In Millions)</b>	<b>Annual Percent Change Current Dollars San Diego</b>
2019	\$213.9	2.0
2020	233.3	9.1
2021	250.4	7.3
2022	258.0	3.0
2023	261.7	1.4

Sources: U.S. Bureau of Economic Analysis.

Economic activity and population growth in the local economy are closely related. Helping to sustain the County’s economy is the performance of three basic industries of the region, which consist of manufacturing, the military, and tourism.

**Building Activity**

Building permit valuation for both residential and non-residential construction in the County in 2023 decreased relative to 2022 levels. Table 25 below sets forth the annual total building permit valuation and the annual new housing permit total from 2020 through May 31, 2024.

**TABLE 25  
COUNTY OF SAN DIEGO  
BUILDING PERMIT ACTIVITY  
2020-2024  
(In Thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024<sup>(1)</sup></u>
Valuation:					
Residential	\$1,163,579	\$2,610,755	\$2,519,824	\$1,971,202	\$274,927
Non-Residential	1,355,945	2,505,397	1,970,011	1,387,000	104,303
Total	<u>\$2,519,523</u>	<u>\$5,116,152</u>	<u>\$4,489,835</u>	<u>\$3,358,202</u>	<u>\$379,230</u>
New Housing Units:					
Single Family	2,042	3,546	3,477	2,573	614
Multiple Family	2,696	6,646	6,169	9,100	659
Total	<u>4,738</u>	<u>10,192</u>	<u>9,646</u>	<u>11,673</u>	<u>1,273</u>

Source: Construction Industry Research Board and California Homebuilding Foundation.

<sup>(1)</sup> Reflects data as of May 31, 2024.

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## Commercial Activity

Table 26 below sets forth the taxable sales in the County for calendar years 2020 through 2024.

**TABLE 26**  
**SAN DIEGO COUNTY**  
**TAXABLE SALES**  
**Calendar Years 2020 – 2024**  
**(In Thousands)**

Type of Business	2020	2021	2022	2023	2024
Retail and Food Services:					
Motor Vehicle and Parts Dealers	\$ 7,450,634	\$ 9,194,355	\$ 9,467,167	\$ 8,953,318	\$ 8,888,049
Home Furnishings and Appliance Stores	2,238,860	2,742,913	2,982,330	2,665,338	2,553,923
Building Materials and Garden Equipment and Supplies	3,459,022	3,820,295	3,983,725	3,786,943	3,829,844
Food and Beverage Stores	2,746,730	2,837,140	2,947,059	2,952,056	2,899,577
Gasoline Stations	2,990,248	4,400,424	5,274,438	4,838,560	4,614,929
Clothing and Clothing Accessories Stores	2,806,706	4,216,341	4,558,367	4,551,206	4,661,874
General Merchandise Stores	4,985,846	5,784,812	6,282,266	6,064,807	6,009,850
Food Services and Drinking Places	5,700,204	8,356,541	10,066,218	10,612,679	10,878,919
Other Retail Group	8,515,671	8,464,314	9,372,734	10,415,061	10,753,252
Total Retail and Food Services	<u>\$40,893,921</u>	<u>\$49,817,135</u>	<u>\$54,934,304</u>	<u>\$54,839,969</u>	<u>\$55,090,217</u>
All Other Outlets	17,289,146	21,771,606	25,060,426	25,468,680	25,353,330
Totals All Outlets	<u>\$58,183,067</u>	<u>\$71,588,741</u>	<u>\$79,994,729</u>	<u>\$80,308,649</u>	<u>\$80,443,547</u>

Source: California Department of Tax and Fee Administration.

## Personal Income

Table 27 below sets forth the median household income for the County, the State, and the United States between 2018 and 2023.

**TABLE 27**  
**MEDIAN HOUSEHOLD INCOME<sup>(1)</sup>**  
**2018 through 2023**

Year	San Diego County	California	United States
2018	78,777	81,480	73,030
2019	83,576	88,960	78,250
2020	87,126	87,530	76,660
2021	90,756	87,960	76,330
2022	98,365	85,300	74,580
2023	103,476	89,870	80,610

Source: U.S. Census Bureau – retrieved from FRED, Federal Reserve Bank of St. Louis.

<sup>(1)</sup> Estimated as of December 20, 2024. In Inflation-adjusted dollars.

## **Transportation**

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles area and points north. Interstate 15 runs inland, leading to Riverside-San Bernardino, Las Vegas, and Salt Lake City. Interstate 8 runs eastward through the southern United States.

San Diego's International Airport (Lindbergh Field) is located approximately three miles northwest of the downtown area and sits on 614 acres. The facilities are owned and maintained by the San Diego County Regional Airport Authority and are leased to commercial airlines and other tenants. The airport is the State's third most active commercial airport, served by 16 passenger carriers and six cargo carriers in 2022. In addition to San Diego International Airport there are two naval air stations and eight general aviation airports located in San Diego County.

Public transit in the metropolitan area is provided by the Metropolitan Transit Development Board. The San Diego Trolley, developed by the Metropolitan Transit Development Board beginning in 1979, has been expanded. A total of 17.6 miles were added to the original 108 miles; construction was completed in 1990.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Solana Beach and Oceanside in the North County.

San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach, and Coronado.

## **Visitor and Convention Activity**

The climate, proximity to Mexico, multiple maritime facilities, and various attractions such as the San Diego Zoo and Wild Animal Park, Sea World, Cabrillo National Monument, and Palomar Observatory have contributed to a high level of visitor and convention business each year. Contributing to the growth of visitor business has been the development of the 4,600-acre Mission Bay Park at San Diego and the construction of meeting and convention facilities at the San Diego Community Concourse.

## **Military Economic Activity**

Military and related defense spending are significant factors in the County's economy. The San Diego Military Economic Impact Study released by the San Diego Military Advisory Council in 2023 estimated that defense-related activities and spending generated an estimated \$56.4 billion of gross regional product for the County in Fiscal Year 2022-23 and reported that the military sector was responsible for approximately 354,439 of the region's total jobs in Fiscal Year 2022-23. The level of economic activity generated by this factor is expected to be affected by various federal consolidation and budget activities.

## **Education**

Forty-two independent school districts provide educational programs for the elementary and secondary public school children in San Diego County. Each school system is governed by a locally elected board of education and administered by a superintendent or other chief administrative officer appointed by the board of education. In San Diego County there are three types of school districts: elementary, union high and unified. Elementary districts educate elementary students, union high districts educate for the most

part secondary students, and unified districts educate both elementary and secondary students. There are currently 13 unified, 23 elementary and 6 union high school districts in San Diego County.

Community colleges in California are locally operated and administered two-year institutions of higher education. They offer Associates in Arts and Associates in Science degrees and have extensive vocational curricula. There are five community college districts in San Diego County with students at eleven campuses and numerous adult and community centers.

Among the institutions of higher education offering bachelors and graduate programs in metropolitan San Diego are San Diego State University, the University of California, San Diego, National University, the University of San Diego, Point Loma Nazarene University, California State University – San Marcos, Alliant International University, the University of Phoenix, Thomas Jefferson School of Law and California Western School of Law.

**APPENDIX B**

**COUNTY OF SAN DIEGO AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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# County of San Diego, California

Annual Comprehensive Financial Report  
For the fiscal year ended  
June 30, 2024



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*Cover page*

Stairway To Heaven San Diego/Trekking Through Time, Shutterstock.com.

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Male Allen's Hummingbird/Keneva Photography, Shutterstock.com.

# County of San Diego, California

## Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2024



### Board of Supervisors

Nora Vargas - District 1  
Joel Anderson - District 2  
Terra Lawson-Remer - District 3  
Monica Montgomery Steppe - District 4  
Jim Desmond - District 5

Ebony N. Shelton  
Chief Administrative Officer (CAO)

Joan Bracci  
Chief Financial Officer

Compiled under the  
direction of:  
Tracy Drager  
Auditor & Controller

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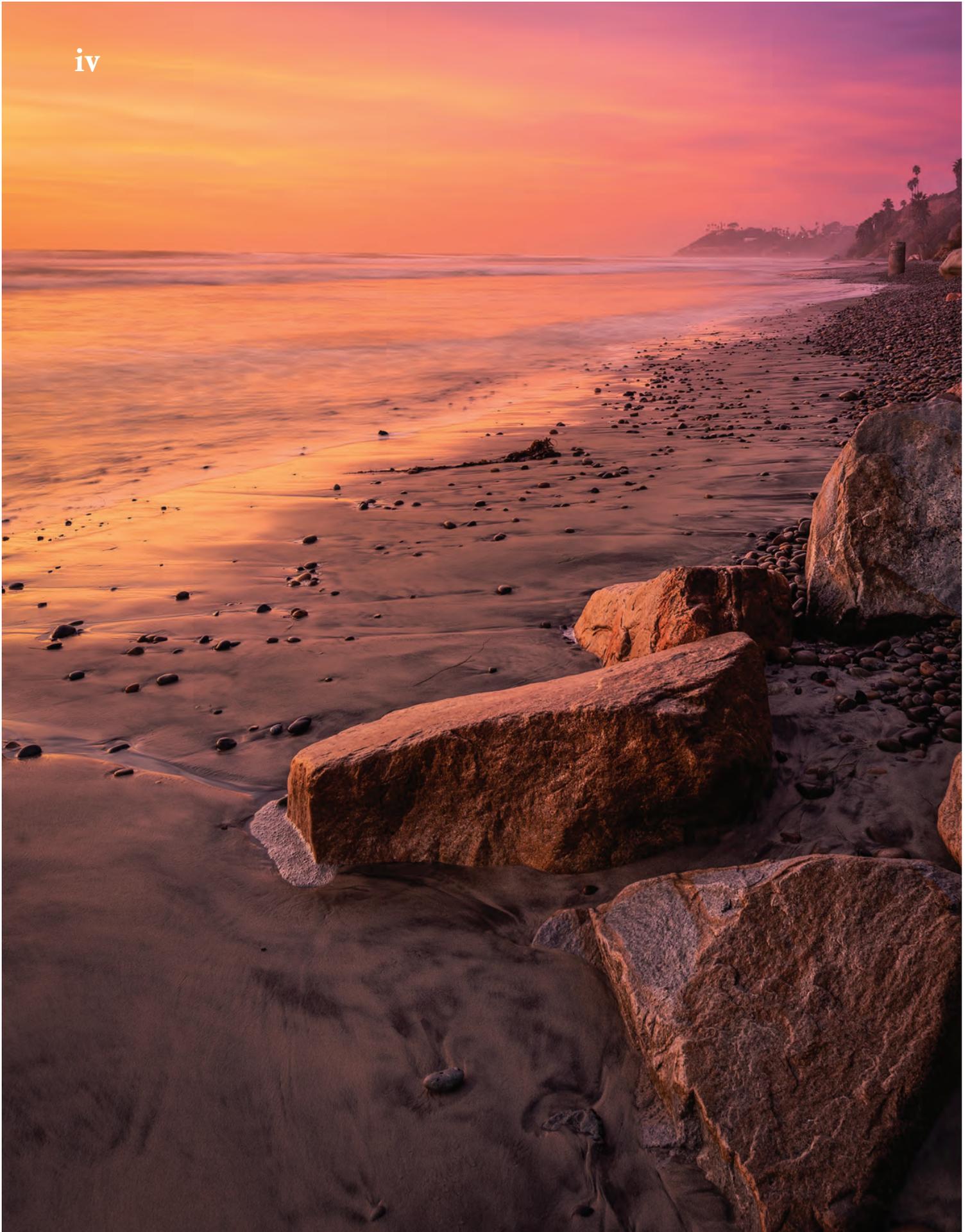
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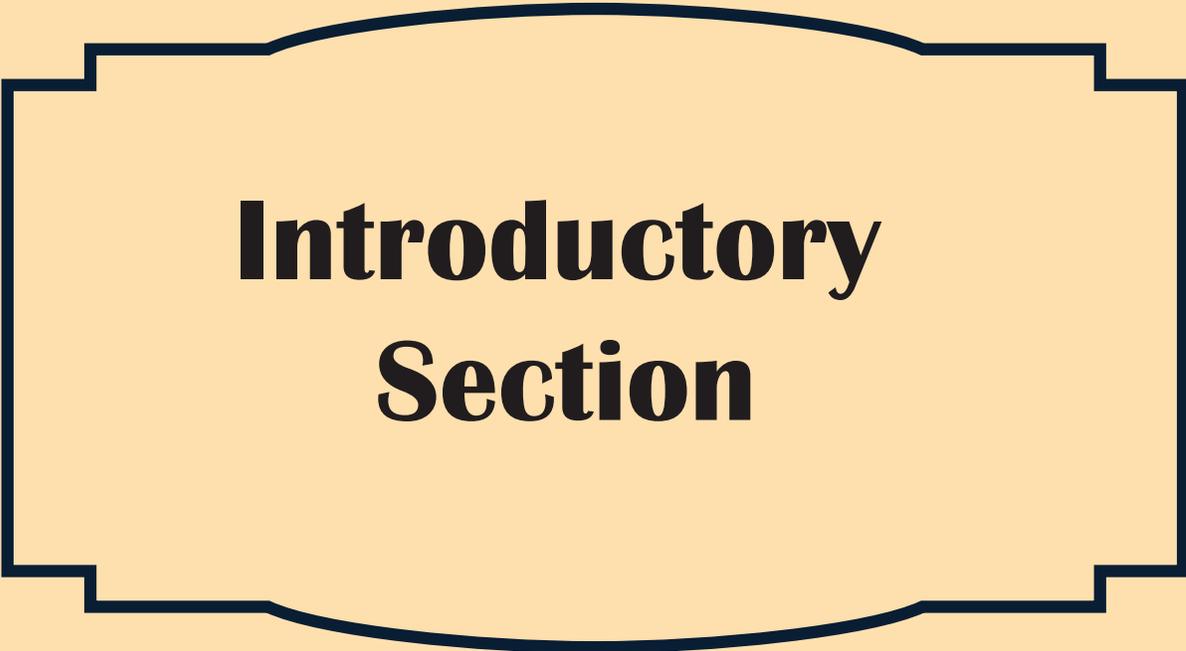
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**Introductory  
Section**





November 22, 2024

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, 2024, 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.

Eide Bailly LLP, has issued an unmodified ("clean") opinion on the County of San Diego's basic financial statements for the year ended June 30, 2024. 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 4,526 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 totals roughly 10 inches on the coast and more than 33 inches in the inland mountains.

According to the State of California Department of Finance (DOF) as of May 2023, the County's population estimate for January 1, 2023 was 3.27 million, which declined 0.53 percent or roughly 17,500 from the January 1, 2022 estimate as of May 2022. 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 2022 population estimates.

There are 18 incorporated cities in the County; the City of San Diego being the largest, with a population of approximately 1.37 million; and the City of Del Mar the smallest, at approximately 3,903 people, according to DOF population estimates as of May 2023.

The racial and ethnic composition of the County is as diverse as its geography. The San Diego Association of Governments (SANDAG) projects that in 2040, the San Diego region's population will continue to grow in its diversity with: 38.7 percent White; 34.3 percent Hispanic; 16.3 percent Asian and Pacific Islander; 4.1 percent Black and 6.6 percent all other groups including American Indian. A significant growth in the region's Asian and Pacific Islander population and a decline in the region's White 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 (Board) 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 factors, 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), the advance estimate of real GDP in 2023 increased 2.5 percent (from the 2022 annual level to the 2023 annual level), compared to the increase of 1.9 percent in 2022 (Bureau of Economic Analysis [BEA], Gross Domestic Product, Fourth Quarter and Year 2023 (Third Estimate), GDP by Industry, and Corporate Profits, March 2024). According to the BEA, the increase in real GDP in 2023 primarily reflected increases in consumer spending, nonresidential fixed investment, state and local government spending, exports, and federal government spending that were partly offset by decreases in residential fixed investment and inventory investment (ibid). Quarter over quarter, the percent changes in 2023 also shows increases in GDP and was strong in the third quarter with an increase of 4.9 percent before decelerating in the fourth quarter but still at an increase of 3.4 percent (ibid).

In the last couple of years, many economists predicted the possibility of a recession due to elevated inflation and high interest rates, but that possibility has now faded. According to the Beacon Outlook, the running economic narrative is becoming more optimistic about the year ahead, while the economic reality is looking less so (The Beacon Outlook United States, Winter 2024). Beacon Economics doesn't see 2023 as being a positive turning point for the economy, as the narrative suggests. Rather it was a year where the economy experienced another surge of growth largely fueled by excessive high values, excessive amounts of on hand household cash, and the stimulus effect of the widening Federal budget deficit. All of these forces are weakening, and as such, so is consumer spending (ibid). Quarter over quarter, UCLA Anderson forecast a weaker-than-trend growth rate for 2024 with 1.6 percent in the first quarter, 2.1 percent in the second and third quarters, and 2.0 percent in the fourth quarter, which then accelerates back close to the 2.5 percent trend growth starting the first quarter of 2025 (UCLA Anderson Forecast, June 2024 Economic Outlook). UCLA Anderson Forecast expects GDP growth at 2.5 percent in 2024 and 2.4 percent in 2025 (ibid).

According to the minutes of the July 30–31, 2024 meeting of the Federal Open Market Committee (FOMC) of the Federal Reserve ("the Fed"), recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have moderated, and the unemployment rate has moved up but remains low. Inflation has eased over the past year but remains somewhat elevated. In recent months, there has been some further progress toward the Committee's 2 percent inflation objective (Minutes of the Federal Open Market Committee, July 30–31, 2024). The Fed has incrementally hiked the federal funds rate since April 2022 as it seeks to achieve maximum employment and return inflation to 2 percent over the longer run. In support of these goals, the Committee decided to maintain the federal funds rate to 5-1/4 to 5-1/2 percent. Per the Fed, in considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has

gained greater confidence that inflation is moving sustainable toward 2 percent (ibid). The Federal Reserve Board has projected the Federal funds rate to decrease to 5.1 percent in 2024, 4.1 percent in 2025 and 3.1 percent in 2026 (Federal Reserve System, Summary of Economic Projections, June 12, 2024). It is worth noting that on September 18 after the County's fiscal year ended on June 30, 2024, the Federal Open Market Committee took action to reduce the federal funds rate by 0.5% to a target range of 4.75 to 5.00%. It is anticipated that there will be additional decreases of 0.5% by the end of the 2024 calendar year.

The Federal Government produces two major inflation measures for consumption goods and services, the Consumer Price Index (CPI) and the Personal Consumption of Expenditures (PCE). Positive changes in these indexes are recorded as inflation. The Consumer Price Index (CPI), produced by the Bureau of Labor Statistics (BLS), is the most widely used aggregate price index, as well as the major source of information. According to the BLS, the Consumer Price Index for All Urban Consumers (CPI-U) for all items increased 3.1 percent for the 12 months ending January before seasonal adjustment, a smaller increase than December at 3.4 percent (Bureau of Labor Statistics News Release, Consumer Price Index, January 2024). The shelter index which increased 6.0 percent over the last year, accounting for over two thirds of the total 12-month increase in all items less food and energy. In contrast, the energy index fell 4.6 percent over the past 12 months. The gasoline index decreased 6.4 percent, the natural gas index declined 17.8 percent, and the fuel oil index fell 14.2 percent over this 12-month span (ibid). UCLA Anderson forecast a CPI of 3.3 in 2024 and 2.7 in 2025 (UCLA Anderson Forecast, June 2024 Economic Outlook). The second major measurement of inflation, the Personal Consumption Expenditures index, is produced by the Bureau of Economic Analysis and is the Fed's preferred measure of inflation. According to the BEA, PCE price index for December increased 2.6 percent from the same month one year ago, reflecting increases in both goods and services (Bureau of Economic Analysis [BEA], Personal Income and Outlays December 2023, January 26, 2024). The Fed forecast PCE at 2.6 percent in 2024, 2.3 percent in 2025, and 2.0 percent in 2026 (Federal Reserve System, Summary of Economic

Projections, June 12, 2024).

With regards to energy prices, the GasBuddy Fuel Price Outlook states that the U.S. oil production reached record-setting levels in 2023, as U.S. oil producers continued slowly raising output as oil prices remained conducive to bringing online additional production (GasBuddy Fuel Price Outlook 2024). GasBuddy further states, "however, while global refinery capacity has improved, robust growth in the global economy could pose a rising risk, gobbling up the newly added capacity" (ibid). Patrick De Haan, the Head of Petroleum Analysis for GasBuddy, says "as 2023 fades away, I'm hopeful those \$5 and \$6 prices for gasoline and diesel will also fade into memory. The global refining picture continues to improve, providing more capacity and peace of mind that record-setting prices will stay away from the pump this year. 2024 will feature some volatility, unexpected outages and disruptions, and potentially weather-related issues, but I do not expect it to feature record prices anywhere" (ibid). The U.S. Energy Information Administration (EIA) projects that gas prices will decline in the following years. Retail gasoline price is forecasted to decline nearly 20 cents to \$3.31 in 2024 and will remain the same in 2025 (U.S. Energy Information Administration, Short-Term Energy Outlook, February 2024).

In the housing market, the U.S. Department of Housing and Urban Development (HUD) January monthly update shows the activity in housing was mixed overall. The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for November estimated that home values rose 0.3 percent month-over-month and 6.6 percent year-over-year, up from an annual gain of 6.3 percent in October (U.S. Department of Housing and Urban Development, Housing Market Indicators Monthly Update, January 2024). With respect to home sales, purchases of new single-family homes, which are based on purchase agreements, increased 8.0 percent month-over-month in December and were 4.4 percent higher year-over-year. As for existing homes, the National Association of REALTORS® reported that December sales of existing homes decreased 1.0 percent month-over-month in November and were down 6.2 percent year-over-year. Because existing home sales are based on closings, December sales reflect contract signings in October and November. For all of 2023, existing home sales in

2023 dropped 18.7 percent and were the slowest pace since 1995 (ibid). According to HUD, mortgage financing became more expensive as the Federal Reserve raised interest rates. House prices peaked in June 2022 and began to decline modestly, as the higher rates put downward pressure on prices. But that trend reversed itself in February 2023 as current owners became increasingly reluctant to sell (ibid).

The 30-year fixed rate mortgage rate (FRM) rose steadily in 2022 reaching a high of 7.08 percent in November 2022 and then trended down to a low of 6.09 percent in February 2023 as inflation appeared to be retreating. Mortgage rates climbed again, peaking at 7.79 percent in October 2023, as indications of economic strength put upward pressure on rates, but have descended since with the slowing of inflation (ibid). In the latest Freddie Mac mortgage rate report, the 30-year FRM reached an average weekly high in February of 6.90 percent for the week ending February 23, 2024 (Freddie Mac, Primary Mortgage Market Survey, February 22, 2024). The Mortgage Bankers Association (MBA) forecast is that the average 30-year FRM will decrease to 6.6 percent in 2024 compared to the average in 2023 of 7.3 percent and will continue to decrease to 6.0 percent in 2025, and 5.8 percent in 2026 (MBA Mortgage Finance Forecast, July 19, 2024). Focusing on 2024, MBA predicts that the 30-year FRM will increase at 7.0 percent in the second quarter which is an increase compared to the first quarter of 2024 (6.7 percent) and will then decrease to 6.8 percent in the third quarter, 6.6 percent in the fourth quarter of 2024 (ibid).

As for unemployment, the national unadjusted unemployment rate in 2023 remained steady at 3.6 percent reflecting no change from the year prior. Starting the year of 2024, the unemployment rate rose to 4.1 percent in January. (Bureau of Labor Statistics, [Unadj] Unemployment Rate Series extracted on February 23, 2024). According to the UCLA Anderson Forecast, the recent rise in unemployment can be traced in the main to new entrants to the labor market rather than layoffs. The layoff rate as measured by the ratio of new unemployment claims to payroll employment is at historically low levels. However, slower growth in the economy in 2024 will result in fewer new jobs and therefore, an increase in the unemployment rate (UCLA Anderson Forecast,

December 2023 Economic Outlook). The Federal Reserve Board has projected unemployment rate to increase to 4.0 percent in 2024, 4.2 percent in 2025, and 4.1 percent in 2026 (Federal Reserve System, Summary of Economic Projections, June 12, 2023).

Taken together, the signs point to a slowing national economy in 2024 and 2025 (Los Angeles Economic Development Corporation, LAEDC 2024 Economic Forecast, February 2024). While a recession is not expected in the next two years, it cannot be ruled out. This likelihood can also be influenced positively and negatively by external factors, such as ongoing geopolitical conflicts, which reinforces that nothing is certain (ibid).

### 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, 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, 1st Quarter 2024, June 28, 2024). Even though recession worries have faded, increased military activity abroad and a sense of greater geopolitical risk have kept uncertainty about the future high (UCLA Anderson Forecast, December 2023 Economic Outlook). These uncertainties combined with a slower growing U.S. economy in 2024 leads to a slower-growing California economy (ibid). In 2023, economic growth in California was at 2.1 percent, notably lower than the national rate of 2.5 percent (BEA, Gross Domestic Product by State, 1st Quarter 2024, June 28, 2024), and is anticipated to slow to about 1.7 percent in 2024 and 1.6 percent in 2025 (Los Angeles Economic Development Corporation (LAEDC), LAEDC 2024 Economic Forecast, February 2024).

The State of California has been experiencing budget turbulence over the past year, shifting from a historic surplus of nearly \$100 billion to a substantial deficit within one year. According to the State budget enacted on June 26, 2024, California addressed the \$46.8 billion deficit, an increase from the Governor's Proposed Budget deficit of \$37.9 billion released in January,

through a mix of broad-based solutions including reductions in funding for various items, revenue or internal borrowing, fund shifts, delay to avoid both increased future obligation and potential shortfalls, and deferrals of certain payments to later years (Department of Finance [California 2024-25 State Budget](#), accessed on August 3, 2024). Looking beyond Fiscal Year 2024–25, Legislative Analyst's Office (LAO) projected back in December 2023 that the State faced operating deficits in the range of \$30 billion per year. By pulling back substantially on one-time and temporary spending, as well as making some ongoing reductions, the Governor's May Revision shrinks these projected deficits from around \$30 billion to an average of less than \$10 billion (LAO The 2024–25 Budget: Multiyear Budget Outlook, May 2024).

In the job market, there are normally two measures of employment considered when analyzing labor markets in California; the household survey metric which counts the number of people employed and the enterprise survey metric which counts the number of payroll jobs. The household survey reports that the number of people employed in April 2024 was just 2.3 percent below the number in the pre-pandemic peak (UCLA Anderson Forecast, June 2024 Economic Outlook). The labor force decline is attributable to retirements, migration out-of-state, and individuals choosing to spend their time in non-market activities such as child raising. Over the same period, California's non-farm payroll jobs increased, and it now exceeds the pre-pandemic level by 482,300 jobs (ibid). In 2023, the non-farm employment added 372,000 wage and salary jobs reaching 18 million jobs, a 2.1 percent increase over 2022 (LAEDC, LAEDC 2024 Economic Forecast, February 2024). Nearly all major industry sectors in California experienced job growth, with the most significant gains in the private sector in private education and health, leisure and hospitality, and professional and business services. The public sector also contributed to the increase. The information sector, however, witnessed substantial job declines with a 3.3 percent drop from 2022, likely attributed to the dual Hollywood strikes and the recent layoffs and hiring slowdown in the tech industry. In the coming years, California's job creation rate is expected to slow. LAEDC forecasts a projected annual growth rate of 1.2 percent in 2024 and a further decrease of growth to 0.7

percent in 2025. This translates to an addition of 211,600 new jobs in 2024 and 123,100 jobs in 2025 (ibid).

The decline in employment over and above the decline in the labor force has led to an increase in the California unemployment rate. In 2022, California's unemployment rate returned to pre-pandemic levels. However, entering 2023, the State's unemployment rate, starting at 4.7 percent, rose to 5.1 percent in December, marking an increase from a year ago (California Employment Development Department, Local Area Unemployment Statistics, accessed on August 3, 2024). In June 2024, the preliminary unemployment rate in California rose slightly to 5.3 percent (ibid). Over the next two years, LAEDC forecast that the annual unemployment rate is anticipated to continue to rise from 4.6 percent in 2023 to 5.0 percent in 2024 and 5.1 percent in 2025. Despite this increase, the unemployment rate remains comparable to pre-pandemic levels and has significantly improved from its peak of 16.1 percent in April 2020 following the onset of the COVID-19 pandemic (ibid).

Today, the challenges facing California's economy are very much the same as they were prior to the pandemic. Housing costs in California have long been higher than the national average. In recent years, these costs have grown substantially—in some cases, growing at historically rapid rates (LAO, California Housing Affordability Tracker, April 2024). Prices for mid-tier homes are more than twice as expensive as the typical mid-tier U.S. home. Perhaps even more importantly for a first-time home buyer, a bottom-tier home in California is now about 33 percent more expensive than a mid-tier home in the rest of the U.S., a gap that has widened over the last decade (ibid). With existing home sales at depression levels, builders are responding with new developments (UCLA Anderson Forecast, December 2023 Economic Outlook). Relative to the rest of the nation, California's new home construction is holding up. Over the first three quarters of 2023 new building permits declines by over 20 percent in the Northeast and in the West excluding California compared to the first three quarters of 2022. The decline was 16.2 percent and 11.3 percent in the Midwest and the South respectively. For California, the decline was only 8.8 percent. UCLA Anderson expects that the new home

products in the state and eased permitting will continue to ease the nationwide residential building downturn's impact on the state (ibid). The California Association of Realtors (C.A.R.) sees an increase in existing single-family home sales of 22.9 percent in 2024 to reach 327,100 units, up from the projected 2023 sales figure of 266,200. The 2023 figure is 22.2 percent lower compared with the pace of 342,000 homes sold in 2022 (C.A.R., C.A.R. releases its 2024 California Housing Market, September 30, 2023). Housing supply in 2024 will remain below the norm despite a projected increase in active listings of between 10 percent to 20 percent, as market conditions and the lending environment continue to improve (ibid).

According to the UCLA Anderson Forecast, the higher mortgage rates should have sent prices lower. Though home prices are lower than their previous peak with the median price of existing single-family homes sold declining on a seasonally adjusted basis by 5.5 percent from May of 2022, they have been climbing since December (UCLA Anderson Forecast, December 2023 Economic Outlook). The California median home price is forecast to rise 6.2 percent to \$860,300 in 2024, following a projected 1.5 percent dip to \$810,000 in 2023 from \$822,300 in 2022. A persistent housing shortage and a competitive housing market will continue to put upward pressure on home prices (C.A.R., C.A.R. releases its 2024 California Housing Market, September 30, 2023). In terms of affordability, the annual household income needed to qualify for a mortgage on a mid-tier California home in March 2024 was about \$235,000 which is over 2 times the median California household income in 2022 at \$85,300. For a bottom-tier home, nearly \$140,000 in annual income is needed to qualify for a mortgage, more than 50 percent higher than median household income in 2022 (LAO, California Housing Affordability Tracker, April 2024). For 2024, C.A.R. states that the lower economic growth and cooling inflation will bring down mortgage interest rates in 2024 and create a more favorable market environment to spur California home sales next year. C.A.R. Senior Vice President and Chief Economist Jordan Levine said, "buyers will have more financial flexibility to purchase homes at higher prices, which could generate increased housing demand and result in more upward pressure on home prices" (C.A.R.,

C.A.R. releases its 2024 California Housing Market, September 30, 2023).

The affordability of rental units is also an important issue when it comes to housing. According to LAO, monthly rents have also grown significantly in recent years, but not as quickly as monthly payments needed to purchase a home (LAO, California Housing Affordability Tracker, April 2024). The monthly rent on a typical property is \$2,000 less than a monthly payment on a 2-bedroom home, with costs between buying and renting much higher in high-cost areas of the state (ibid).

With regards to sales tax, California's local one cent Sales & Use Tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies (HdL Companies, San Diego County Sales Tax Update 3Q 2023, January 2024). The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods. Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15 percent lower year-over-year. The general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Spending at building and construction suppliers moderately slowed. As for the autos-transportation sector, despite continued increases of new car registrations, revenue from this sector slipped 2.6 percent. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume. Use taxes remitted via the countywide pools dipped 3.0 percent, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets. Restaurants remained an economic bright spot through summer exhibiting a 2.6 percent gain (ibid).

Overall, the California economy is forecasted to, once

again, grow faster than the U.S. but not by much. The risks to the forecast are political, geopolitical and the potential for interest rates to still disrupt the current expansion on the downside (UCLA Anderson Forecast, December 2023 Economic Outlook).

### San Diego Economy

As of 2023, the San Diego region is home to more than 3.3 million residents, the second largest county in California accounting for 8.4 percent of the State's population, and fifth largest in the nation in terms of population according to the U.S. Census Bureau (U.S. Census Bureau, County Population Totals: 2020– 2023, accessed on August 3, 2024). In 2022, San Diego County accounted for more than \$257.3 billion, or 8.1 percent of California's GDP, based on data from the BEA (Bureau of Economic Analysis, Real Gross Domestic Product by County, December 7, 2023). With breakthrough technology companies and research institutes, the largest military concentration in the world and a strong tourism industry, the San Diego region has one of the most dynamic economies in the United States. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which have contributed to local consumer spending.

In the San Diego Business Journal 2024 Economic Trends Preview, Mark Cafferty, President and Chief Executive Officer of the San Diego Regional Economic Development Corporation (EDC), stated that "It's likely 2024 will not be called an easy year. The good news is the San Diego community has a better sense than in past Januarys about where challenges are and the direction the economy is headed" (SDBJ 2024 Economic Trends Preview, January 15, 2024). Cafferty further states that San Diego's economy has "four critical anchors" that position it to do well—Tourism, Innovation, Military and Defense, and the U.S.-Mexico border (ibid). In Tourism, San Diego solidified its position as a top destination in 2023 for both leisure and business travelers with a 10.1% year-over-year growth of 31.7 million visitors, bringing in record-breaking numbers in visitor spending of \$14.3 billion and hotel tax revenue collections of \$418 million (San Diego Tourism Authority, Annual Report Fiscal Year 2023, and San Diego County Visitor Industry Performance 2023). As the second-largest local industry, tourism remains vital to the San Diego

economy, creating 214,000 jobs, delivering a regional economic impact of \$23.4 billion (ibid). In Innovation, Juli Moran, San Diego Office Managing Partner of Deloitte, says “our unique community and innovation ecosystem across diagnostics, biotech/biopharmaceuticals and medical technology drove continued growth in the life science San Diego employment base” (SDBJ 2024 Economic Trends Preview, January 15, 2024). San Diego life science employment surpassed 77,770 jobs as medical technology companies based in San Diego continue to experience double-digit growth in revenue and headcount. Mike Krenn, CEO of Connect, says “equally important is the breadth and depth of our innovation cluster.” Krenn further states that “on a macroeconomic perspective, San Diego benefits from having equally strong life sciences and technology sectors.” In the past four years, San Diego companies raised \$24 billion dollars in venture capital and is now the fifth biggest venture capital hub in the country. This is a big contrast in comparison to the 10 years prior to 2015 where San Diego companies never raised more than \$1.1 billion collectively (ibid). As for defense spending and military jobs, San Diego represents more than 20 percent of the economy and the sector is continuing to experience consistent growth trends in recent years (ibid).

Tracking the consumer activity, Google Mobility analyzes the movement of a community compared to the baseline, which is the median value during the 5-week period from January 3 to February 6, 2020, prior to the COVID-19 pandemic shutdown. In San Diego, retail & recreation, grocery & pharmacy, parks, transit stations and workplaces visits continue to be below the baseline, while residential locations continue to be above the baseline (Google COVID-19 Mobility Report. California Mobility Data, accessed on February 24, 2024). Consumer spending in San Diego increased primarily due to online sales. As of the third quarter of 2023, HDL reports an increase in San Diego County sales tax of 0.9 percent with the unincorporated area increasing at 32.1 percent (HDL Companies, San Diego County Sales Tax Update 3Q 2023, January 2023). The County's substantial sales tax growth is attributed to increased taxpayer allocations in the business and industry group spiking that group 111 percent compared to a year ago. The countywide use-tax pool

allocation increased by 22 percent compared to a year ago reflects the county's resultant growth in pool share. As online retailers shift the fulfillment of internet orders from out-of-state to instate fulfillment centers, some revenues shift out of the pools and into direct allocations (ibid). Economist Lynn Reaser says that in 2024, “expect a slower pace of spending for many reasons. These include a lower saving rate, leveling off in wage gains, high interest rates, and less demand for some durable goods. Other downward trends are a resumption of student loan payments and higher delinquencies on sub-prime credit. These trends will be counterbalanced by healthy balance sheets and good worker income leading to continued consumer spending, albeit at a lower pace” (The San Diego Union-Tribune, San Diego in '24: Experts predict higher home prices, January 5, 2024).

When there is an increase in consumer purchases, more sales tax is collected by the County of San Diego. As of the Second Quarter Economic Update to the Board of Supervisors in mid-March, the County was projected to anticipate additional Sales & Use Tax revenue of \$15.8 million in Fiscal Year 2023–24. 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 Proposition 172 and Health and Public Safety Realignment. As of the Second Quarter, the County Proposition 172, and Health and Public Safety Realignment, and Sales & Use Taxes revenues are expected to be lesser than the Fiscal Year 2023–24 budgeted levels by \$34.2 million due to lower than expected receipts and public works project schedule changes. 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. As of the Second Quarter, the County Mental Health Services Act and State Gas Tax program revenues are expected to be higher than the Fiscal Year 2023–24 budgeted levels by \$5.4 million.

According to the San Diego Tourism Authority, San Diego hotels continued to receive strong demand, placing fourth nationwide in both hotel occupancy and

revenue per available room ranked sixth in average daily rate. The region's hotels witnessed a notable 5.5 percent year-over-year increase in average occupancy, reaching 73.7 percent, while average daily rate showed a significant rise of 10.9 percent (San Diego Tourism Authority, Annual Report Fiscal Year 2023). As hotel demand recovers from the effects of the pandemic, so does the County's Transient Occupancy Tax (TOT), the County's hotel room tax collected in the unincorporated area. In Fiscal Year 2022–23, TOT revenue was budgeted at a higher amount assuming a recovery to overall tourism to the region. However, actual TOT revenue came in more than anticipated at 39.1 percent more than was budgeted. In Fiscal Year 2023–24, the TOT revenue was budgeted at an increase of 15.5 percent, and as of Second Quarter of Fiscal Year 2023–24, TOT revenue was expected to be \$1.1 million higher than the budget based on prior year receipts and continued growth in the hotel industry and tourism as a whole.

In terms of employment, Kelly Cunningham of the San Diego Institute for Economic Research commented, "While total jobs fully recovered from pandemic shutdowns, employment dynamics continue happening as some sectors thrive and others diminish. As the past year progressed, regional employment appeared to flounder" (The San Diego Union-Tribune, San Diego in '24: Experts predict higher home prices, January 5, 2024). According to the U.S. Bureau of Labor Statistics, San Diego's metro area employment is at 1.59 million jobs as of December 2023, showing an increase of 1.5 percent from December 2022 (U.S. Bureau of Labor Statistics, San Diego Area Economic Summary, February 8, 2024).

Unemployment rose sharply during the start of the pandemic from 3.2 percent in February 2020 to 16.1 percent in April 2020 and started to slowly decline showing a lowest unemployment rate in May 2022 at 2.9 percent (California Employment Development Department, San Diego-Carlsbad MSA Industry Employment & Labor Force - By Month, accessed on February 24, 2024). In December 2023, the local San Diego unemployment rate was 4.3 percent, up from a revised 4.2 percent in November 2023, and above the year-ago estimate of 3.0 percent. This compares with an unadjusted unemployment rate of 5.1 percent for California and 3.5 percent for the nation during the

same period (California Employment Development Department, San Diego-Carlsbad Metropolitan Division Labor Force Data, January 19, 2024). By June 2023, the preliminary unemployment rate rose slightly to 4.5 percent, up from a revised 3.7 percent in May 2024, and above the year-ago estimate of 3.9 percent (California Employment Development Department, San Diego-Carlsbad Metropolitan Division Labor Force Data, July 19, 2024). At the beginning of the year, a panel of San Diego business leaders and economists mostly predicted that the unemployment rate would be higher by the end of the year than it was at the time, ranging and averaging at 4.5 percent (The San Diego Union-Tribune, San Diego in '24: Experts predict higher home prices, January 5, 2024). Increase in unemployment constraints consumer spending and associated County revenues, while inversely 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, middle wage San Diego County workers made slightly more than the State average, however low wage on average and high earners made less than the State average in 2022 (California Employment Development Department, Occupational Employment Statistics, accessed March 5, 2023). The median household income for San Diego County in 2022 was \$96,974 but diminishing factors including inflation and the real estate market can reduce that overall buying power.

Recent data shows that inflation is slowing down, but it remains elevated, and consumers are still feeling the pressure from high prices. Prices in the San Diego area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), advanced 0.4 percent for the two months ending in January 2024 influenced by higher prices for shelter (Bureau of Labor Statistics, Consumer Price Index, San Diego Area, January 2024). Over the last 12 months, CPI-U increased 3.8 percent. Food prices increased 3.7 percent. Energy prices fell 11.6 percent, largely the result of a decrease in the price of natural gas service. The index for all items less food and energy increased 5.0 percent over the year (ibid).

San Diego is one of the least affordable areas in the country with only a small percentage of workers able to afford a median priced home. While many factors

have contributed to the housing crisis, the root cause is the fact that housing development has not kept pace with population growth, resulting in housing costs that have increased at a much faster rate than income levels. In 2023, the median price peaked in August with single family homes pushing past \$1.0 million and existing attached homes at \$670,000 (San Diego Regional Chamber of Commerce, June 2024 Monthly Indicators). San Diego home prices started to slowly decrease and by January 2023, the median price for single family homes decreased to about \$976,000 while the median price for existing attached homes decreased to \$650,000. Year-over-year, home prices show an increase of 15.0 percent for single family homes and 10.0 percent of existing attached homes (ibid). A panel of San Diego business leaders and economists predicted that the county's median home price ranging from \$800,000 to \$1.0 million and a median of \$880,000, which is lower than January (The San Diego Union-Tribune, San Diego in '24: Experts predict higher home prices, January 5, 2024).

Since the pandemic-stricken 2020, housing prices in San Diego have been up and down, leaving buyers and investors uncertain. But the trend has been mostly upwards (Little Big Homes, San Diego Housing Market Forecast for 2024, December 1, 2023). San Diego's sales numbers justify the fear of a retrogressing housing market. According to the California Association of Realtors, sales volume has dropped incredibly since August 2021. The demand-supply dynamics are heavily skewed in the San Diego real estate market. Demand has been outpacing the available inventory, causing a red-hot seller's market. According to Rocket Homes, San Diego County's homes for sale were 5,616 in October 2023. The number of homes sold was 1,559 homes in the same month. By computation, we are looking at a 3.6-month supply, which is way below the six-month supply that is considered balanced (ibid). In an article from The San Diego Union-Tribune, it says that "San Diegans are staying in their homes twice as long as they used to, which experts say is part of the reason for an unsteady housing market" (The San Diego Union-Tribune, San Diegans are staying in their homes twice as long as they used to, February 23, 2024). San Diego County homeowners stayed a median of 15 years before selling, said a Redfin study of 2023 data. That was up

from a median of 7.4 years in 2005, and higher than the national median of 11.9 years. Most experts point to rising interest rates and home prices as top reasons why current owners don't want to sell and find a new place. There are other factors, too, such as tax advantages in not moving, as well as households becoming multigenerational as for-sale housing shortages continue. The number of home listings in San Diego County fell to a low last year of 2,904 homes in April. It has since increased slightly to 3,056 homes listed for sale in mid-February. In the year before the pandemic, it was typical to have 7,000 to 8,000 homes for sale in a given month (ibid).

The housing crisis demands a departure from the belief that neighborhoods can't change. President and CEO of the San Diego Regional Chamber of Commerce Jerry Sanders emphasize the need for integrated housing; a diverse mix of housing-type is essential—apartments, condos, single-family homes—reflecting the multifaceted nature of San Diego (San Diego Workforce Partnership, Economic leaders tout cautious optimism for San Diego's economic future. February 8, 2024). To create more affordable housing in San Diego, Jerry Sanders says it comes down to creating more apartments in neighborhoods. But even with more housing, many of which come with a hefty price tag (ibid). According to the market rental rate data from Zillow, the average rent in San Diego is at \$2,964 as of January 2024, higher by 51.4 percent compared to the national average, making San Diego one of the most expensive regions for renters in the nation. Year-over-year, the rental rate in January increased 3.0 percent, which is comparable to the pre-pandemic trend and a far cry from the year-over-year rent increase of 17.9 percent and 8.3 percent in January 2022 and January 2023 respectively (Zillow Research. Zillow Observed Rent Index, accessed on February 26, 2024). Pushed on by historic rent increases throughout the pandemic and a nationwide push for housing, apartment construction in the U.S. hit a 36-year-high in 2023 (The San Diego Union-Tribune, San Diego apartment wave: More than 4,000 units opening this year, February 21, 2024). There are more than 4,000 new apartments opening across San Diego County in 2024, with the vast majority downtown. Yet it isn't just where you expect new complexes to be; zoning changes and a push for housing mean projects spread all over the

county (ibid).

As part of the Regional Housing Needs Assessment (RHNA) process, the California Department of Housing and Community Development (HCD) in consultation with San Diego Association of Governments (SANDAG), identified a need for over 171,000 new housing units in San Diego between 2021–2029. According to the latest SANDAG RHNA progress report, the total number of approved housing units is currently over 18,000 or at 10.6 percent of its goal (SANDAG RHNA Progress Report by Jurisdiction, accessed on February 27, 2004). The City of San Diego makes up 63 percent of the goal at about 108,000, and in the City's 2023 Annual Report on Homes, the City approved 10,346 new homes for construction, approximately 10 percent of the target (City of San Diego 2023 Annual Report on Homes, November 2023). Although still in the early stages of the 8-year RHNA planning cycle for housing, this progress lays the foundation for the additional work required to ensure that everyone can live where they choose. The City will continue to build upon this progress and prioritize the creation of more homes that meet the needs of all San Diegans regardless of age, income, family size, or neighborhood (ibid).

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 0.3 percent in 2023. Total deeds recorded in 2023 was 83,523, a decrease of 20.1 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 during the Great Recession. In comparison, San Diego County saw 2,152 notices of default in 2023, up 7.1 percent from the 2022. 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 about 10.0 percent in 2023, a decrease of 2.0 percent and overall decrease in terms of the number of foreclosures from 2022. Overall, despite a noticeable uptick in default notices, the actual number of defaults

resulting in foreclosures has remained low in recent years. The County/Assessor/Recorder/County Clerk will continue to monitor and report on the foreclosure activities in San Diego County.

### 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 July 2024 revised data from the California Employment Development Department Labor Market Information Division are listed below:

- Non-farm industry employment totals 1.56 million jobs. This represents a gain of nearly 13,000 jobs from July 2023. Agriculture includes 10,000 jobs, or 0.6 percent of all industries in the region.
- Goods-producing industries make up 13.2 percent of non-farm employment or 204,800 jobs. The most significant sectors include manufacturing, which accounted for 7.2 percent of non-farm employment or 111,700 jobs; and construction, which accounted for 6.0 percent of total non-farm employment or 92,700 jobs.
- Private (non-government) services industries constitute the largest share of employment in the region and accounted for 71.1 percent of total non-farm employment, with 1,107,700 employed.
- Of these, professional and business services make up the largest non-government sector, comprising 17.3 percent of total non-farm employment, totaling 270,000 jobs. Other large non-government sectors in the private services industry category include trade, transportation, and utilities (222,000 jobs); educational and health services (255,100 jobs); and leisure and hospitality (209,300 jobs).
- Government accounted for 15.7 percent of total non-farm employment, or 244,400 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 are currently higher compared to previous years due to the series of hikes that the Fed has enacted to address inflation.

### 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.

The County's operational approach to planning and decision making is through the integration of the General Management System (GMS) with the strategic framework adopted by the Board of Supervisors. The GMS is reflective of today's communities while preserving the core management principles of strategic planning, operational accountability, enterprise-wide collaboration, and employee connection.

At the core of the GMS is Community Engagement, based on the principle that all that we do should be for, and created in partnership with, the people we serve. The outer ring is included to reflect the core values of everything we do: integrity, equity, access, belonging and excellence. A just, sustainable, and resilient future for all.

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:

<https://www.sandiegocounty.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 just, sustainable, and resilient future for all

#### Mission:

Strengthen our communities with innovative, inclusive, and data-driven services through a skilled and supported workforce

#### 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** - Earn the public's trust through honest and fair behavior, exhibiting the courage to do the right thing for the right reason, and dedicating ourselves to the highest ethical conduct
- **Equity** - Apply an equity lens to appropriately design programs and services so that underserved communities have equitable opportunities. Using data driven metrics, lived experiences and the voices of our community we weave equity through all policies and programs
- **Access** - Build trust with the residents we serve through transparent communication and neighborhood engagement that is accessible in the languages, facilities and methods that meet their needs
- **Belonging** - Foster a sense of belonging, not just inclusion, for the people we serve and for the employees of the County who provide those services on a daily basis
- **Excellence** - Ensure exceptional service delivery to our customers by practicing fiscal prudence, encouraging innovation and leveraging best practices that promote continuous improvement to build strong, vibrant communities
- **Sustainability** - Secure the future of our region, by placing sustainability at the forefront of our operations deeply embedded into our culture. Dedicate ourselves to meeting our residents' current resource needs without compromising our

ability to meet the needs of generations to come

### **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 Goals, Enterprisewide Goals and Departmental Objectives that make achievement of the initiatives possible. The Strategic Initiatives include:

- Equity
- Sustainability
- Community
- Empower
- Justice

To ensure that the Strategic Plan incorporates a fiscal perspective, the CAO, Assistant CAO (ACAO) and General Managers annually assess the long-term fiscal health of the County and review a five year forecast of revenues and expenditures to which each County department contributes. This process leads to the development of preliminary short- and medium-term operational objectives and the resource allocations necessary to achieve them.

The Operational Plan provides the County's detailed financial recommendations for the next two fiscal years. However, pursuant to Government Code §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 Strategic Initiatives, Audacious Goals and/or Enterprisewide 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 CAO provides a quarterly budget status report to the Board of Supervisors that may also recommend changes to address unanticipated needs or make technical adjustments to the budget.

### **Financial (Budgetary) Policies**

The following is an overview of various laws and policies that guide the County's budgetary decision-making process.

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 General Fund fund balance and the maintenance of General Fund 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 General Fund fund balance and reserves, and by ensuring that all one-time resources generated by the County are appropriated for one-time expenditures only.

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 than 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. The GMS includes two-year Operational Planning, in which the County's revenues are budgeted.

**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:** Establishes a centralized, comprehensive, sustainable and equitable capital facilities planning program for the County of San Diego that establishes general objectives and standards for the location, size, design, and occupancy of County-owned or leased facilities.

### **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.

0030-23 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.

0400-03 Budget Guidelines for Staffing: Provides general guidance to County departments on how the County budgets and forecasts for staffing during the annual budget build.

### Strategic Initiatives and Achievements

The County ensures operations are strategically aligned across the organization by developing a five year Strategic Plan that sets forth the priorities it will accomplish with its resources. The Strategic Plan is developed by the Chief Administrative Officer (CAO), the Assistant CAO (ACAO), the General Managers and the Strategic Advisory, Guidance, and Evaluation Team based on the policies and initiatives set by the Board of Supervisors and an enterprise review of the issues, risks and opportunities facing the region and reflects the changing environment, economy and community needs.

In Fiscal Year 2021-22, the County of San Diego underwent a large organizational shift, with the majority of the members of the Board of Supervisors being newly elected. This marked the first time in two decades that all five sitting Supervisors had been in office for their first term. As the County looks toward the future, it was clear now is the time to build upon past successes, identify opportunities for improvement in our current processes, and ensure our operations are aligned with the policy initiatives of the Board of Supervisors.

The County began a new strategic planning process in the Summer of 2021, which included convening a Strategic Planning Team. The 2021 Strategic Planning Team consisted of staff experts from across the enterprise who possess unique subject matter expertise as well as an extensive operational knowledge and have served as integral members of

teams that have been implementing the new programs brought forward by the Board of Supervisors this year.

The overall themes that came out of the robust discussions were the desire to be a government that listens to, partners with, and supports the community we serve, while sustainably planning for the future. This process also included a reimagining of the County's governance documents which includes the Vision Statement, Mission Statement, and Values. There are new Strategic Initiatives, and Audacious Goals that go along with each to guide the departments in outcome-based goal setting that aligns with the County's Vision. In the County's Strategic Framework, Groups and Departments support five Strategic Initiatives: Equity, Sustainability, Community, Empower, and Justice. Audacious Goals assist departments in aligning with and supporting the County's Vision and Mission. In addition, department objectives demonstrate how departments contribute to the larger Audacious Goals.

Strategic Initiatives provide the framework for the County to set measurable goals. These initiatives are designed to span the entire organization, break down silos, and extend across groups for all departments to see their work contributing to the overall success of the region.

### Equity

- Health
  - Reduce disparities and disproportionality and ensure access for all through a fully optimized health and social service delivery system and upstream strategies.
  - Focus on policy, systems and environmental approaches that ensure equal opportunity for health and well-being through partnerships and innovation.
- Housing
  - Utilize policies, facilities, infrastructure, and finance to provide housing opportunities that meet the needs of the community.
- Economic Opportunity
  - Dismantle barriers to expanding opportunities in traditionally underserved communities and businesses, especially communities of color and low income.

- Advance opportunities for economic growth and development to all individuals and the community

### Sustainability

- Economy
  - Align the County's available resources with services to maintain fiscal stability and ensure long-term solvency.
  - Create policies to reduce and eliminate poverty, promoting economic sustainability for all.
- Climate
  - Actively combat climate change through innovative or proven policies, green jobs, sustainable facility construction or maintenance and hazard mitigation.
- Environment
  - Protect and promote our natural and agricultural resources, diverse habitats and sensitive species.
  - Cultivate a natural environment for residents, visitors and future generations to enjoy.
- Resiliency
  - Ensure the capability to respond and recover to immediate needs for individuals, families, and the region.

### Community

- Engagement
  - Inspire civic engagement by providing information, programs, public forums or other avenues that increase access for individuals or communities to use their voice, their vote, and their experience to impact change.
- Safety
  - Support safety for all communities, including protection from crime, availability of emergency medical services and fire response, community preparedness and regional readiness to respond to a disaster.
- Quality of Life
  - Provide programs and services that enhance the community through increasing the wellbeing of our residents and our environments.
- Communications
  - Create proactive communication that is accessible and transparent.

- Offer interpreters for community meetings or translations of information to ensure residents have every opportunity to make informed decisions while listening to, participating in or using County services or programs.

### Partnership

- Facilitate meaningful conversations, shared programming, grant opportunities, or other opportunities to maximize resources through community partnerships to benefit the region.

### Empower

- Workforce
  - Invest in our workforce and operations by providing support services and excellent customer service to ensure continuity of operations remains at its best.
- Transparency and Accountability
  - Maintain program and fiscal integrity through reports, disclosures, and audits.
- Innovation
  - Foster new ideas and the implementation of proven best practices to achieve organizational excellence.

### Justice

- Safety
  - Ensure a fair and equitable justice system in the defense and prosecution of crimes, investigations of abuse and neglect, and support and services for victims.
  - Focus efforts to reduce disparities and disproportionality across the justice system.
- Restorative
  - Contribute to a system of restorative justice that strives to repair harm to victims and to the community at large, as well provide inclusive opportunities for justice involved individuals to contribute to the region.
- Environmental
  - Advance equal protection and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies with an urgent focus on communities of color and low-income

communities recognizing they historically lacked the same degree of protection from environmental and health hazards.

- Ensuring equal access to decision-making processes that create healthy environments in which to live, learn and work.

All County programs support at least one of these five Strategic Initiatives through Audacious Goals, Enterprise-wide Goals and Department Objectives that make achievement of the initiatives possible.

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:

#### **Equity**

- The Health and Human Services Agency (HHSA) Housing and Community Development Services provided funding to help open or break ground on 1,390 new units of affordable housing across the County. This was accomplished by developing excess County property in partnership with the Department of General Services, leveraging state, federal and private funds, and investing local dollars like the Innovative Housing Trust Fund. One affordable housing development that opened, the Levant Senior Cottages is the first to complete construction on County excess land. The site was formerly used for an old child welfare center and now is home to 127 low-income senior households.

#### **Sustainability**

- The Climate Action Plan (CAP) Update was adopted by the Board of Supervisors in September 2024. This is the result of several years of careful planning, community engagement, agency collaboration and scientific modeling. The CAP was developed through a multi-year, comprehensive public engagement process to ensure the plan is shaped by community input and centered on environmental justice. Feedback was received through 21 workshops, 232 meetings and events, 563 survey responses, and other engagements. This includes an Equity Framework which can be used as a guide to ensure community preferences and equitable outcomes are prioritized in CAP implementation. Ultimately, the measures in

the CAP Update will reduce greenhouse gas emissions (GHGs) 44.5% by 2030 placing the County on a path to net-zero emissions by 2045.

- The Department of General Services prepared greenhouse gas (GHG) inventories of County operations for calendar year 2023 and achieved a 2.1% reduction in total greenhouse gas emissions compared to calendar year 2022.

#### **Community**

- The Assessor/Recorder/County Clerk increased the number of qualified disabled veterans and their surviving spouses for the Disabled Veterans' Exemption to more than 17,500 resulting in a total annual savings exceeding \$28.0 million in property taxes, making San Diego the #1 County Assessor's Office in the State of California.
- The Sheriff's Department implemented the Blue Envelope Program at all San Diego Sheriff stations, all 14 law enforcement agencies in San Diego County, and with 34 community partners. This program is designed to promote inclusivity and serve as an enhanced communication awareness tool between law enforcement and community members diagnosed with a condition or disability such as autism spectrum disorder, dementia, anxiety, or other conditions that might require additional accommodations or awareness during a law enforcement response.
- The County Health and Human Services Agency, Department of Homeless Solutions and Equitable Communities received funding from the Federal Communications Commission to help residents access quality and affordable internet through an Affordable Connectivity Outreach, Education and Navigation Program. This provided access to all six county health service regions through multilingual outreach. The program provides a monthly discount for internet services for eligible households, while a Community Health Worker team focuses on providing the program through culturally and linguistically responsive community engagement to communities across the county that have sociodemographic characteristics associated with long-standing health disparities.
- In support of the County's Regional Decarbonization Framework, the Office of Sustainability & Environmental Justice held five community conversations to shape events planned for their neighborhoods about local decarbonization and environmental justice

priorities. Approximately 250 people rolled up their sleeves to co-design future gatherings that will be held in each supervisorial district. The core organizations hosting these future climate gatherings are Climate Action Campaign, Urban Collaborative Project, Bayside Community Center, El Cajon Collaborative, San Diego 350, and Global Action Resource Center. A wide range of other organizations and public agencies also participated to help inform the process and share resources including Metropolitan Transit System (MTS), Air Pollution Control District (APCD), San Diego Community Power, and local city staff. Each event highlighted unique community values, culture, and heritage through music, art, poetry and Tribal acknowledgments.

### Justice

- The Probation Department completed construction of the Youth Transition Campus Phase two that includes facilities for justice-involved youth, including housing units with direct access to exterior patios and recreational areas. The Educational Complex resembles a community school with classrooms that are trauma-informed and include multi-purpose rooms for school assemblies and graduations. In addition, the department expanded programming for the Youth Development Academy, Secure Youth Treatment Facility, to provide enhanced trauma-informed, culturally responsive care using a developmental and therapeutic approach to rehabilitation.

### 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, 2023. 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 47 Achievement Awards from the National Association of Counties (NACo) for its innovative programs. Some of the award-winning programs include:

- The Department of Child Support Services (DCSS) received a Best in Category NACo award for Tomorrow's Leaders Today. DCSS' enhanced implementation of the County's Student Worker Program has achieved remarkable success in fostering a positive and productive work environment. By providing students with meaningful opportunities to contribute to the department's mission, DCSS not only benefits from fresh perspectives and innovative ideas but also allows students to gain valuable real-world experiences instrumental in their professional development. This relationship fosters a vibrant work culture that embraces diversity and continuous learning.
- The Land Use and Environment Group (LUEG) received 16 national awards from NACo for programs that address climate action, protecting agriculture, outdoor recreation, smart growth/land use planning, waste reduction/diversion, process improvements, preventing stormwater runoff, public education/engagement and literacy.
- The Department of Human Resources was received a national award from NACo for its *Expanding Inclusion Through Neurodivergent Excellence Initiative*. This program was recognized for revolutionizing recruitment and creating a more equitable work environment for neurodivergent individuals.
- The District Attorney's Juvenile Diversion Initiative (JDI) received a NACo award in the criminal justice and public safety category. JDI is

- a countywide early intervention program that prioritizes diversion options for youth instead of filing criminal charges. The goal of JDI is to reduce the number of youths who enter the juvenile justice system, engage the community and stakeholders in the youth's rehabilitation, and address the causes of the youth's unsafe behaviors while at the same time fostering accountability to crime victims and community. This voluntary program for youth between ages 12 and 18 provides comprehensive therapeutic services, pro-social skill-building opportunities, educational support, and restorative justice community conferencing to ensure participants are supported and the needs of victims are addressed.
- The County of San Diego was the recipient of a California State Association of Counties 2023 Challenge Award. The County received an award for the Promoting Menstrual Equity in San Diego County program expanding into all County facilities, serving as a model to other jurisdictions to replicate. The Challenge awards are presented to the most innovative programs across the categories.
  - LUEG's public-facing infographics supporting the 2024-25 Operational Plan won for best graphic and website design at the DNA Paris Design Awards 2024 at the European Design Circuit in Paris, France. The project also won a 2024 Graphic Design USA Digital Design Award. The competition received a record turnout of nearly 3,000 entries, and only the top 10% were selected as winners.
  - The County Treasurer-Tax Collector's Office won first Place in the 2023 *Pensions & Investments Eddy Awards* for public plans with more than 5,000 participants in the category of Ongoing Investment Education as it relates to the Deferred Compensation Program (401(a) and 457(b) plans).
  - For the fifth year in a row, the Edgemoor Distinct Part Skilled Nursing Facility in Santee made Newsweek's America's Best Nursing Homes 2024 list for California. Edgemoor is part of the Behavioral Health Services department, serving some of our most vulnerable residents, 24 hours a day with excellent care. The prestigious list highlights top nursing homes compared to others in the same state based on performance data, peer recommendations, the facility's handling of COVID-19 response and protocols.

**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 Eide Bailly 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,



A handwritten signature in black ink, appearing to read "Joan Bracci".

JOAN BRACCI  
Chief Financial Officer

A handwritten signature in black ink, appearing to read "Tracy Drager".

TRACY DRAGER  
Auditor and Controller





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California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



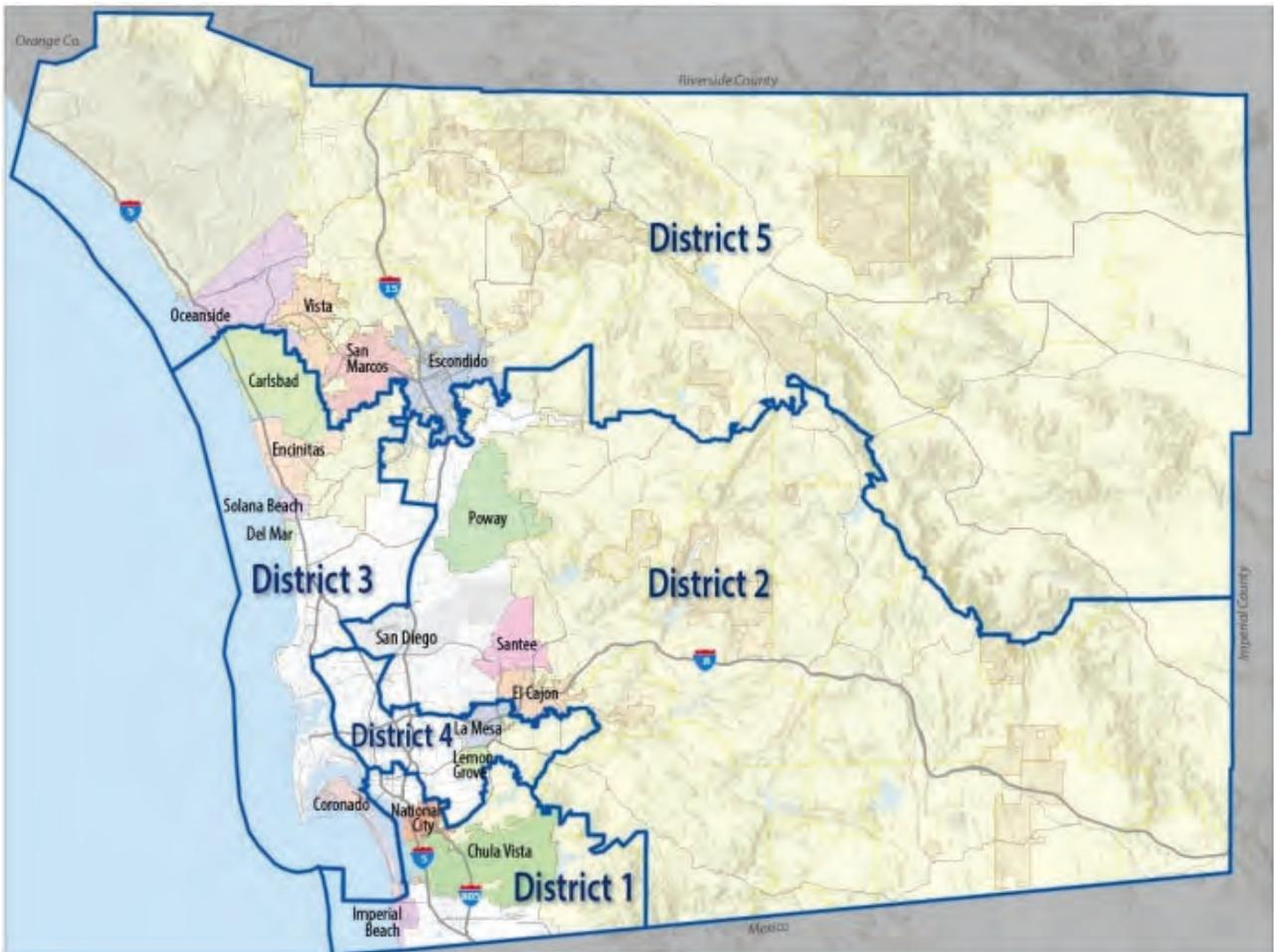
Nora Vargas  
District 1  
Chair

Joel Anderson  
District 2

Terra Lawson-Remer  
District 3  
Vice-Chair

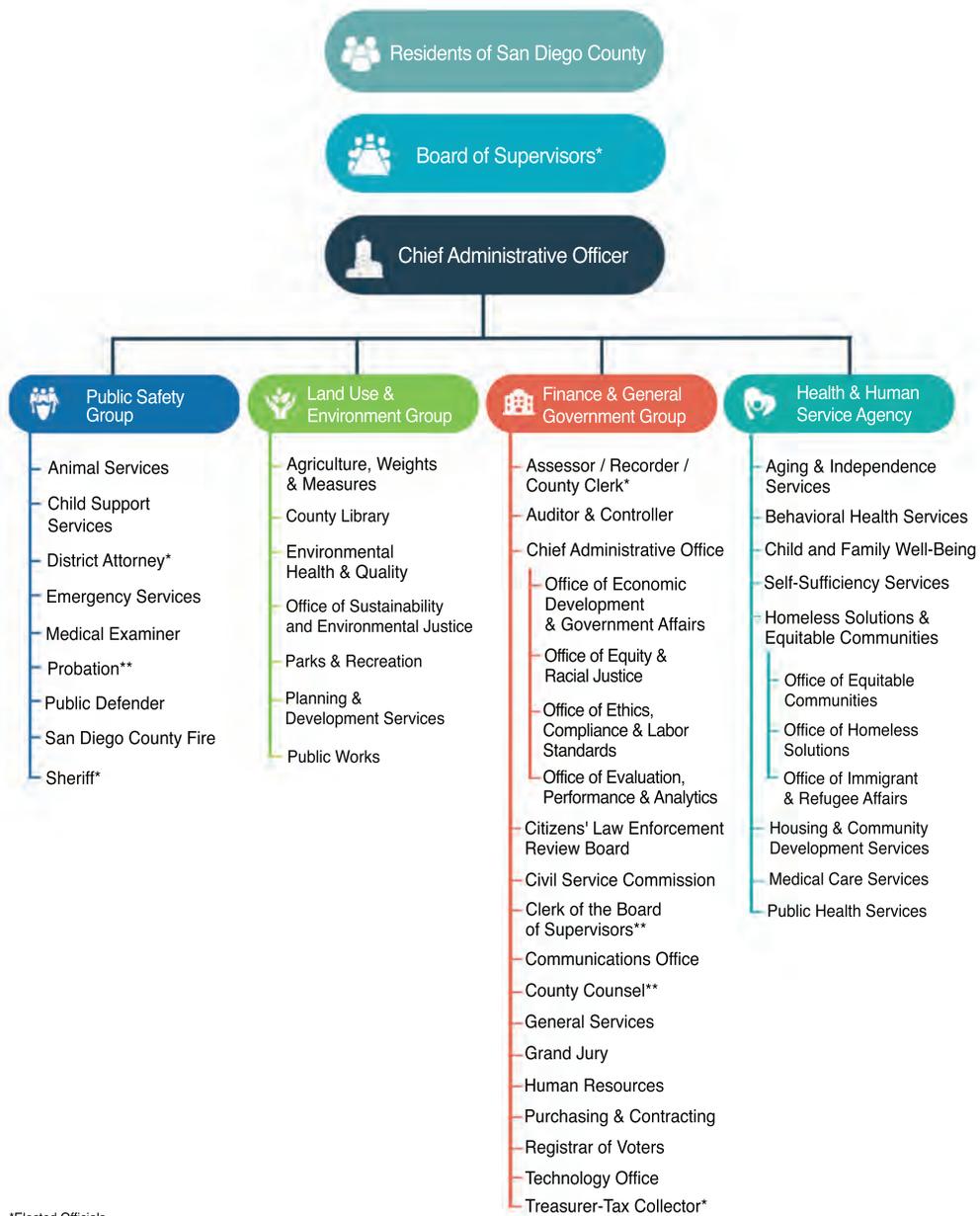
Monica Montgomery  
Steppe  
District 4

Jim Desmond  
District 5





## County of San Diego Organizational Chart



\*Elected Officials  
 \*\*Reports to the Board of Supervisors

**Chief Administrative Office**

Chief Administrative Officer  
Assistant Chief Administrative Officer

Ebony N. Shelton  
Caroline Smith

**Elected Officials**

Assessor/Recorder/County Clerk  
District Attorney  
Treasurer/Tax Collector  
Sheriff

Jordan Marks  
Summer Stephan  
Dan McAllister  
Kelly Martinez

**General Managers/Deputy Chief Administrative Officers**

Finance & General Government Group  
Health & Human Services Agency  
Land Use & Environment Group  
Public Safety Group

Brian Albright  
Kimberly Giardina  
Dahvia Lynch  
Andrew Strong

**Department Heads**

Agriculture, Weights & Measures  
Animal Services  
Auditor & Controller  
CAO/Chief of Staff  
Chief Financial Officer  
Child Support Services  
Civil Service Commission  
Clerk of the Board of Supervisors  
County Communications Office  
County Counsel  
County Technology Office  
Economic Development & Government Affairs  
Emergency Services  
Environmental Health & Quality  
Equity & Racial Justice  
Ethics, Compliance & Labor Standards  
Evaluation, Performance & Analytics  
FG3/Chief Operations Officer  
General Services  
HHSA/Chief Operations Officer  
HHSA - Aging & Independence Services/Public Administrator/Public Guardian  
HHSA - Behavioral Health Services/Public Conservator  
HHSA - Chief Medical Officer  
HHSA - Child and Family Well-Being  
HHSA - Homeless Solutions & Equitable Communities  
HHSA - Housing & Community Development Services  
HHSA - IHSS/Public Authority  
HHSA - Medical Care Services  
HHSA - Public Health Services  
HHSA - Public Health Services  
HHSA - Self Sufficiency Services  
Human Resources  
Library  
LUEG/Chief Operations Officer  
Medical Examiner  
Parks & Recreation  
Planning & Development Services  
Probation  
PSG/Chief Operations Officer  
Public Defender  
Public Works  
Purchasing & Contracting  
Registrar of Voters  
San Diego County Fire Protection District  
Sustainability & Environmental Justice

Ha Dang  
Vaughn Maurice  
Tracy Drager  
Natalia Bravo  
Joan Bracci  
Jeff Grissom  
Todd Adams  
Andrew Potter  
Michael Workman  
Claudia Silva  
David Smith  
Matthew Parr\*  
Jeff Toney  
Amy Harbert  
Taryell Simmons\*  
Branden Butler  
Ricardo Basurto-Davila  
Judy Ying\*  
Marko Medved  
Patty Kay Danon  
Jennifer Bransford-Koons  
Luke Bergmann  
Jennifer Tuteur, M.D.\*  
Alfredo Guardado\*\*  
Barbara Jimenez  
David Estrella  
Thomas Johnson  
Jaime Beam  
Ankita Kadakia, M.D.\*  
Elizabeth Hernandez, Ph.D.  
Rick Wanne  
Susan Brazeau  
Migell Acosta  
Jennifer Lawson  
Steven Campman  
Jason Hemmens\*  
Vince Nicoletti  
Tamika Nelson  
Kathleen Flannery  
Paul Rodriguez  
William Morgan\*  
Allen Hunsberger\*\*  
Cynthia Paes  
Jeff Collins  
Eden Brukman

\*Interim/\*\*Acting  
As of 10/1/2024



# **Financial Section**





## Independent Auditor's Report

To the Board of Supervisors  
County of San Diego, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2024, 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.

We did not audit the financial statements of the First 5 Commission of San Diego (Commission), a discretely presented component unit, which represent 100% of the assets, net position, and revenues of the discretely presented component unit, and the San Diego County Employees Retirement Association (SDCERA), a fiduciary component unit, which represents 58% of assets, 59% of net position, and 8% of revenues/additions of the aggregate remaining fund information, as of June 30, 2024. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Commission and SDCERA, are based solely on the reports of the other auditors.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***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 – OPEB, 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 is the responsibility of management and, 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 GAAS, 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.

## ***Supplementary 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 combining and individual fund information and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. 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.

## ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024, 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, 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.



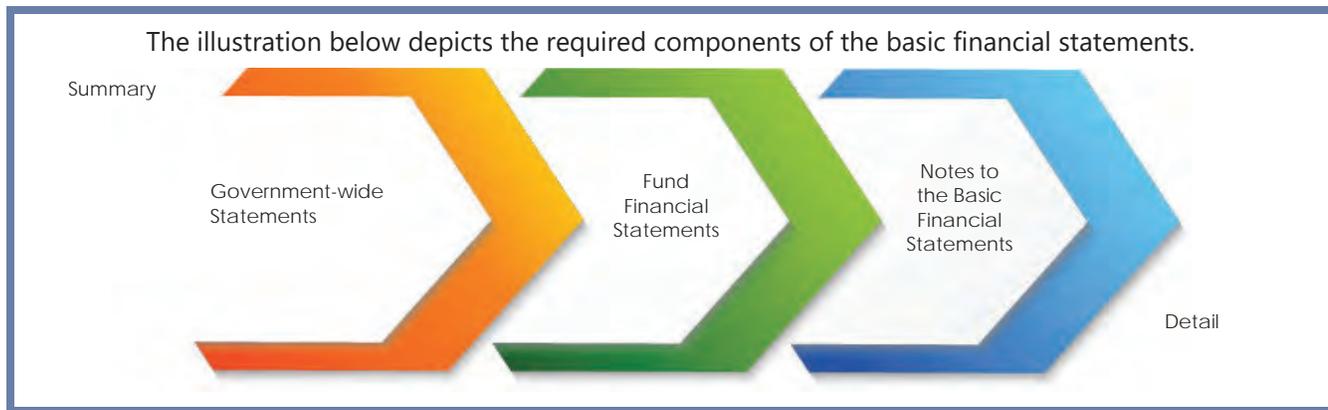
Rancho Cucamonga, California  
November 22, 2024

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, 2024.

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 2024 by \$4.88 billion (net position). Of this amount, \$4.16 billion represents net investment in capital assets; \$2.16 billion is restricted for specific purposes (restricted net position); and the remaining portion represents negative unrestricted net position of \$(1.44) billion.
- Total net position increased by \$472.3 million as follows:
  - Governmental activities net position increased by \$464.6 million. The current and other assets, and capital assets increases of \$445.7 million, and \$228.3 million, respectively; coupled with \$23.5 million decrease in the Net OPEB liability; the \$91.3 million decrease in other liabilities; the Net Pension liability decrease of \$84.7 million; and the \$27.5 million decrease in deferred inflows of resources all had the effect of increasing net position; while the decrease to net position included the \$384.6 million decrease in deferred outflows of resources and the \$51.8 million increase in other long-term liabilities.
- Business-type activities net position increased by approximately \$7.7 million. The \$1.5 million increase in capital assets; coupled with the \$400 thousand decrease in the Net Pension Liability: the \$100 thousand decrease in long-term liabilities; and the decrease of deferred inflows of resources of \$8.7 million, all had the effect of increasing net position; while, the current and other assets decrease of \$100 thousand, coupled with the \$1.4 million decrease in deferred outflows of resources, and increases in other liabilities of \$1.5 million had the effect of decreasing net position.
- Program revenues for governmental activities were approximately \$5.07 billion. Of this amount, \$4.35 billion or 85.8% was attributable to operating grants and contributions coupled with capital grants and contributions, while charges for services accounted for approximately \$720 million or 14.2%.
- General revenues for governmental activities were \$2.08 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for approximately \$1.64 billion or 78.8%; while transient occupancy tax, real property transfer tax, miscellaneous taxes, sales and use taxes, investment earnings and other general revenues accounted for \$440 million or 21.2%.
- Total expenses for governmental activities were \$6.69 billion. Public protection accounted for \$2.36 billion or 35.3%, while health and sanitation accounted for \$1.46 billion or 21.8%. Additionally, public assistance accounted for \$1.99 billion or 29.8% of this amount.



### 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. The Airport Fund is considered to be a major fund. Data from the other enterprise funds are combined into a single, aggregated presentation. 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.

enterprise funds, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information section of this report.

*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,

## Government-wide Financial Analysis

**Table 1**

Net Position June 30, 2024 and 2023 (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>						
Current and other assets	\$ 6,444,757	5,999,025	338,014	338,138	6,782,771	6,337,163
Capital assets	4,581,484	4,353,158	187,864	186,322	4,769,348	4,539,480
<b>Total assets</b>	<b>11,026,241</b>	<b>10,352,183</b>	<b>525,878</b>	<b>524,460</b>	<b>11,552,119</b>	<b>10,876,643</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Total deferred outflow of resources	2,170,644	2,555,251	8,452	9,879	2,179,096	2,565,130
<b>LIABILITIES</b>						
Long-term liabilities	7,136,469	7,192,931	22,493	23,008	7,158,962	7,215,939
Other liabilities	1,334,849	1,426,067	4,084	2,545	1,338,933	1,428,612
<b>Total liabilities</b>	<b>8,471,318</b>	<b>8,618,998</b>	<b>26,577</b>	<b>25,553</b>	<b>8,497,895</b>	<b>8,644,551</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Total deferred inflows of resources	141,582	169,093	211,235	219,943	352,817	389,036
<b>NET POSITION</b>						
Net investment in capital assets	3,971,462	3,797,631	186,621	185,874	4,158,083	3,983,505
Restricted	2,160,973	1,804,905			2,160,973	1,804,905
Unrestricted	(1,548,450)	(1,483,193)	109,897	102,969	(1,438,553)	(1,380,224)
<b>Total net position</b>	<b>\$ 4,583,985</b>	<b>4,119,343</b>	<b>296,518</b>	<b>288,843</b>	<b>4,880,503</b>	<b>4,408,186</b>

## 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 \$4.88 billion at the close of fiscal year 2024, an increase of \$472.3 million or 10.6% over fiscal year 2023. This included a \$174.6 million increase in net investment in capital assets, (a 4.4% increase over fiscal year 2023), and an increase of approximately \$356.1 million in the County's restricted net position (a 19.7% increase over fiscal year 2023). Additionally, unrestricted net position decreased by \$63.3 million (a 4.6% decrease over fiscal year 2023).

The aforementioned increase of \$472.3 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 \$675.5 million. This included increases in current and other assets and capital assets of \$445.6 million and \$229.9 million, respectively. The net increase of \$445.6 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 \$142.6 million – due in part to the County's issuance of the Certificates of Participation, Series 2023 (County Public Health Laboratory and Capital Improvements) (Green Bonds) bonds for approximately \$160.9 million; a \$302.9 million increase in receivables, net, chiefly due to Health and Human Services Agency Public Health related accruals; coupled with a \$16.4 million increase in

property taxes receivables, net, and, a \$200 thousand increase in prepaid assets; offset by a \$9.3 million decrease in inventories; a \$7.2 million decrease in lease receivables; while the \$229.9 million net increase in capital assets consisted primarily of a \$226.4 million increase in land, easements and construction in progress and a \$3.5 million increase in other capital assets, net of accumulated depreciation and amortization.

- Deferred outflows of resources decreased by \$386.0 million, principally attributable to a net decrease in pension related deferrals due to a significant decrease in the actuarially determined net pension liability including decreases in net difference between projected and actual earnings on pension plan investments, and pension related changes of assumptions or other inputs, of \$575.6 million, and \$270.3 million, respectively; coupled with a \$2.0 million decrease in unamortized loss on refunding of long-term debt, and a \$1.6 million decrease in net difference between projected and actual earnings on OPEB plan investments; offset by a \$2.1 million increase in contributions to the OPEB plan subsequent to the measurement date; a \$265.7 million increase in the difference between expected and actual experience in the total pension liability; a \$7.5 million increase in pension related changes in proportionate share and differences between employer's contributions and proportionate share of contributions; and a \$188.2 million increase in contributions to the pension plan subsequent to the measurement date.
- Total liabilities decreased by approximately \$146.7 million, mainly due to a \$85.1 million decrease in the actuarially determined net pension liability; coupled with a \$23.6 million decrease in the actuarially determined net OPEB liability; and a \$232.6 million decrease in unearned revenue, offset by a \$9.3 million increase in accrued payroll; a \$133.3 million increase in accounts payable, a \$51.7 million net increase in non-net pension, non-net OPEB long-term liabilities; and, a \$300 thousand increase to accrued interest.
- Deferred inflows of resources decreased by \$36.2 million chiefly attributable to a significant decrease in the actuarially determined pension and OPEB related deferred inflow of resources of \$25.9 million in the difference between expected and actual experience in the total pension liability, coupled with a \$3.6 million decrease in the pension related changes in proportionate share and differences between employer's contributions and proportionate share of contributions. A \$4.2 million decrease in other various non-pension/non OPEB related deferred inflows; offset by a \$5 million increase in the gain on refunding of long-term debt, coupled with a \$2.5 million increase in property taxes received in advance.

The largest portion of the County's net position reflects its net investment in capital assets of \$4.2 billion (land, easements, buildings and improvements, equipment, software, infrastructure, and right-to-use assets; 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 \$2.2 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.

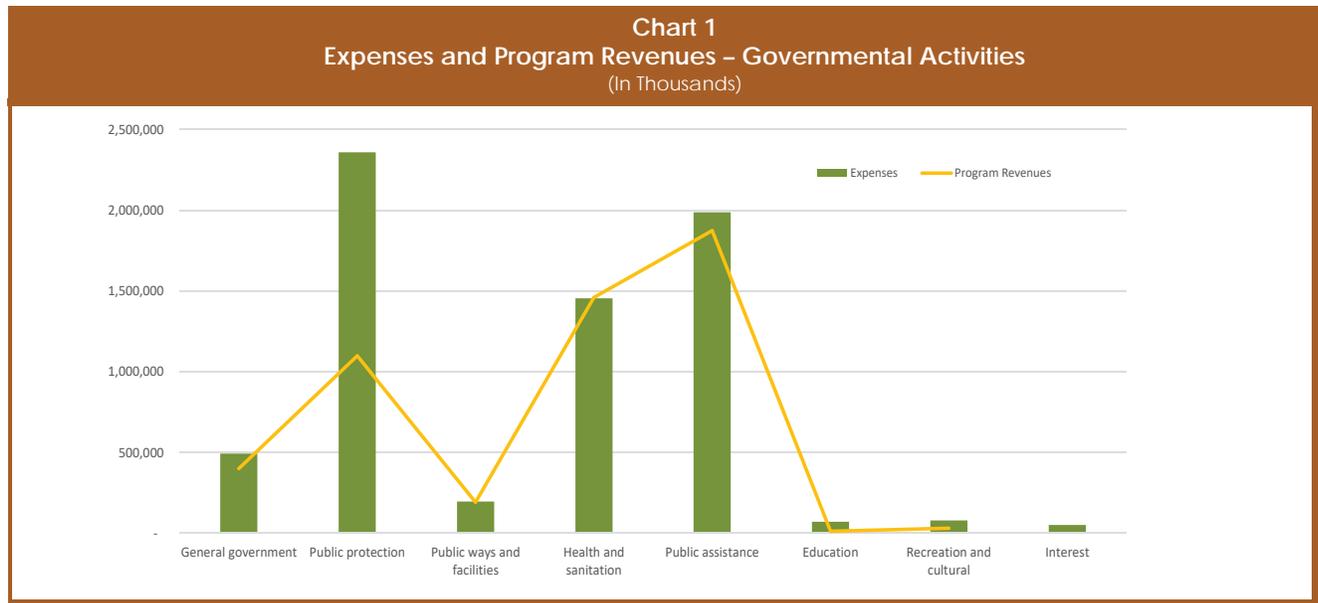
The remaining portion of the County's net position includes \$(1.4) billion in net negative unrestricted net position. The majority of this balance represents the negative unrestricted net position attributable to the County's outstanding Net Pension Liability and Net OPEB Liability.

**Table 2**

Changes in Net Position For the years ended June 30, 2024 and 2023 (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 720,989	611,269	63,015	60,706	784,004	671,975
Operating grants and contributions	4,301,033	3,812,579	2,380	1,439	4,303,413	3,814,018
Capital grants and contributions	46,821	33,948		151	46,821	34,099
General Revenues						
Property taxes	1,077,968	1,014,193			1,077,968	1,014,193
Transient occupancy tax	7,285	7,472			7,285	7,472
Real property transfer tax	26,170	28,653			26,170	28,653
Miscellaneous taxes	120	5			120	5
Property taxes in lieu of vehicle license fees	558,665	521,678			558,665	521,678
Sales and use taxes	67,133	56,626			67,133	56,626
Investment earnings	185,999	82,390	9,546	6,144	195,545	88,534
Other	160,192	302,605	132	171	160,324	302,776
<b>Total revenues</b>	<b>7,152,375</b>	<b>6,471,418</b>	<b>75,073</b>	<b>68,611</b>	<b>7,227,448</b>	<b>6,540,029</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
General government	493,388	549,078			493,388	549,078
Public protection	2,358,743	2,075,386			2,358,743	2,075,386
Public ways and facilities	196,395	175,511			196,395	175,511
Health and sanitation	1,455,094	1,314,756			1,455,094	1,314,756
Public assistance	1,987,689	1,838,766			1,987,689	1,838,766
Education	70,743	64,249			70,743	64,249
Recreation and cultural	79,134	74,036			79,134	74,036
Interest	51,257	50,694			51,257	50,694
<b>Business-type Activities:</b>						
Airport			17,576	17,183	17,576	17,183
Jail Stores Commissary			3,959	3,409	3,959	3,409
San Diego County Sanitation District			30,225	23,591	30,225	23,591
Sanitation District - Other			10,928	10,452	10,928	10,452
<b>Total expenses</b>	<b>6,692,443</b>	<b>6,142,476</b>	<b>62,688</b>	<b>54,635</b>	<b>6,755,131</b>	<b>6,197,111</b>
Changes in net position before transfers	459,932	328,942	12,385	13,976	472,317	342,918
Transfers	4,710	187	(4,710)	(187)		
<b>Change in net position</b>	<b>464,642</b>	<b>329,129</b>	<b>7,675</b>	<b>13,789</b>	<b>472,317</b>	<b>342,918</b>
Net position at beginning of year	4,119,343	3,790,214	288,843	275,054	4,408,186	4,065,268
<b>Net position at end of year</b>	<b>\$ 4,583,985</b>	<b>4,119,343</b>	<b>296,518</b>	<b>288,843</b>	<b>4,880,503</b>	<b>4,408,186</b>

## Analysis of Changes in Net Position

At June 30, 2024, changes in net position equaled \$472.3 million. Principal revenue sources contributing to the change in net position were operating grants and contributions of \$4.30 billion and property taxes and property taxes in lieu of vehicle license fees totaling of \$1.64 billion. These revenue categories accounted for approximately 82.3% of total revenues. Principal expenses were in the following areas: public protection, \$2.36 billion, public assistance, \$1.99 billion; and health and sanitation, \$1.46 billion. These expense categories accounted for 85.9% of total expenses.



### Governmental activities

At the end of fiscal year 2024, total revenues for the governmental activities were \$7.15 billion, while total expenses were \$6.69 billion. Governmental activities increased the County’s net position by \$460 million.

### Expenses:

Total expenses for governmental activities were \$6.69 billion, an increase of \$550 million or 8.95% (\$549 million increase in functional expenses offset and a \$1 million increase in interest expense). Public protection (35%) and public assistance (30%) were the largest functional expenses, followed by health and sanitation (22%).

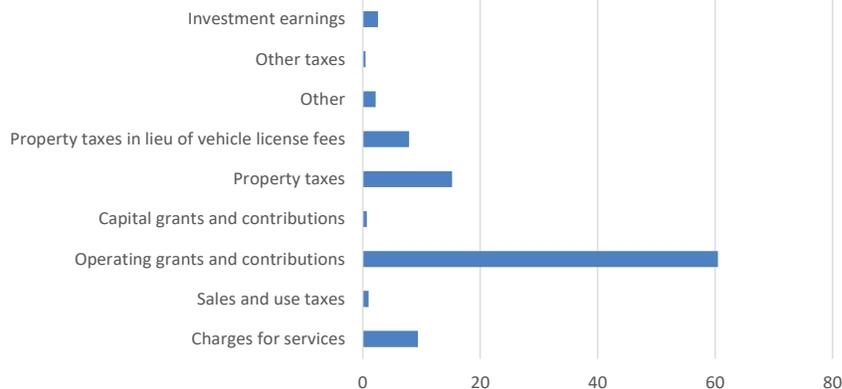
The \$550 million net increase in functional expenses mainly consisted of the following:

- \$359.5 million net increase in salaries and benefits costs is primarily due to negotiated labor agreements and increase in retirement contributions;
- \$95 million increase in alcohol and drug treatment

and mental health programs;

- \$23.4 million increase in CalWORKS participant benefits;
- \$22.7 million decrease in Housing and Community Development primarily tied to Emergency Rental Assistance Program (ERAP) payments;
- \$17.9 million increase tied to January 22, 2024 Winter Storm Emergency Temporary Lodging and Food services to flood victims;
- \$14.3 increase in one-time expenses for the Next Generation Regional Communication System;
- \$10.5 million increase in Child and Family Well-Being programs;
- \$8.5 million increase due to additional ambulance transportation services;
- \$4.9 million decrease due to the completion of the PeopleSoft upgrade project; and,
- \$4.8 million increase primarily due to an increase in milestone payments for the Integrated Property Tax System implementation.

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



### Revenues:

Total revenues for governmental activities were \$7.15 billion, an increase of 10.5% or \$680 million from the previous year. This increase consisted of an increase in program revenues of \$610 million and an increase in general revenues of \$70 million as follows:

The \$610 million net increase in program revenue was primarily due to of the following:

- \$179.5 million increase tied to the American Rescue Plan Act;
- \$134.9 million increase tied to the County's T3 Strategy of Test, Trace and Treat to support Covid-19 response efforts;
- \$56.3 million increase tied to mental health and behavioral health programs;
- \$50.4 million increase in alcohol and drug treatment and mental health programs;
- \$45.3 increase in one-time funding dedicated for costs in health and human services programs;
- \$26.1 million increase in state aid tied to public assistance programs;
- \$16.2 million increase in one-time revenues for the Next Generation Regional Communication System;
- \$8.7 million increase tied to the Innovative Housing Trust Fund loan reimbursements;

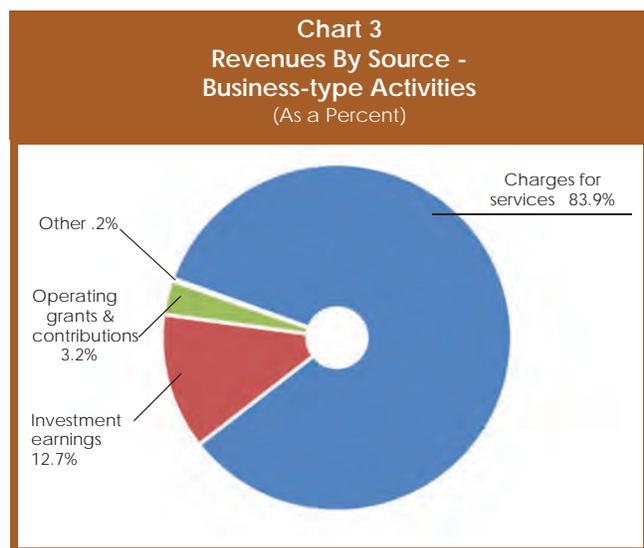
- \$3.9 million decrease due to the end of the Microbusiness Grant; and,
- \$2.3 million decrease due to the Cannabis Tax Fund Toxicology Grant ending.

General revenues increased overall by approximately \$70 million, principally due to an increase of \$103 million in investment earnings, attributable to an overall net increase in the fair value of investments, coupled with an increase in interest rates led by the Federal Reserve; \$64 million increase in property taxes and \$37 million increase in property taxes in lieu of vehicle license fees, both attributable to the county-wide growth in assessed valuation; and increases in sales and use taxes of \$10 million; offset by a decrease in real property transfer taxes of \$2 million and a decrease in other revenue of \$142 million.

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 \$4.3 billion accounted for 60.6%, 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 \$1.64 billion and accounted for 78.8% of governmental activities - general revenues. Additionally, charges for services were \$665 million and accounted for 13.3% of revenues applicable to governmental activities - program revenues.

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."



### 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 \$63 million or 83.9% of total revenues.

Net position of business-type activities increased by approximately \$7.7 million, or 2.7%. Key increases included the following:

- \$3.4 million increase tied to investment earnings attributable in part to an overall net increase from the prior year's fair value of investments and an increase in interest earned on deposits and investments;

- \$1.5 million increase in charges for services - service charges in the Sanitation District - Other Fund;
- \$900 thousand increase in Airport Fund grants received;
- \$800 thousand increase in charges for services - service charges in the San Diego County Sanitation District Fund;
- \$600 thousand decrease in contracted service expenses for the Airport Fund;
- \$500 thousand increase in charges for services revenue attributable mainly to an increase in commissary sales in the Jail Stores Commissary Fund; and,
- \$900 thousand increase in repairs and maintenance expense mainly attributable to a \$600 thousand increase in the Airport Fund coupled with a \$200 thousand increase in the San Diego County Sanitation District Fund and a \$100 thousand increase in the Sanitation District - Other 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 2024, its unassigned fund balance was \$691.8 million, while total fund balance was \$3.0 billion, an increase of approximately \$181.8 million from fiscal year 2023.

This \$181.8 million net increase in fund balance was significantly attributable to the following:

- \$101 million increase in property taxes and property taxes in lieu of vehicle license fees, both attributable to the county-wide growth in assessed valuation; there was an 7.06% increase in assessed valuation;
- \$45.3 million increase in HHSA realignment revenues, including available one-time funding based on statewide sales tax receipts and vehicle license fees that are dedicated for costs in health and human service programs;
- \$29.6 million decrease tied to the Emergency Rental Assistance Program revenue;
- \$17.9 million increase in expenditures due to January 22, 2024 Winter Storm Emergency Temporary

Lodging and Food services to flood victims;

- \$17.8 million increase in interest revenue attributable to the combination of higher daily balances and higher apportionment rates. During the year, the average daily balance of the San Diego County Investment Pool increased by 8.4% compared to fiscal year 2023. In addition, the apportionment rate increased by 1.18% during the year, from 2.63% to 3.81%;
- \$14.3 million increase in one-time expenditures for the Next Generation Regional Communication System; and,
- \$10.5 million increase due to continued growth activities in the Unincorporated Area.

#### 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, 2024, the total (restricted) fund balance in the Public Safety Special Revenue Fund was \$108 million, a \$50 million decrease from the previous fiscal year; mainly due to regional law enforcement; detention facility improvements; upgrades of information technology programs and applications; twin-engine helicopter; and medical and mental health services.

#### 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 2024, fund balance was \$237.3 million, a decrease of approximately \$10.8 million from fiscal year 2023, principally due to approximately \$8.7 million in investment income, offset by a \$4.2 million unrealized investment loss, coupled with a \$15.1 million in transfers out to the General Fund for the support of health related program expenditures, along with \$133 thousand of administrative costs.

#### Airport Fund:

The Airport 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 to enhance the value of public assets, generate new revenues, and catalyze aviation and business development. As of June 30, 2024, the total net position of the Airport Enterprise Fund was \$138.8 million, a \$4.2 million increase from the previous fiscal year. This net increase was principally due to a \$1 million increase in Airport Fund investment earnings; coupled with a \$1 million increase in grant revenue; a \$600 thousand decrease in contracted services expenses; a \$200 thousand decrease in equipment rental expenses; and, a \$200 thousand decrease in fuel expenses.

#### 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, 2024, net expenditure appropriations increased by a net \$84.2 million and appropriations for transfers out increased by \$20.1 million.

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

- \$31.1 million for a one-time contribution to the San Diego County Employees Retirement Association pension fund

- \$23.7 million for emergency assistance to residents following the 2024 severe winter storms
- \$14.0 million for various efforts to address substance use disorder
- \$11.3 million for law enforcement and criminal justice needs
- \$7.7 million for fire, emergency and medical needs
- \$5.3 million for mental health services for people in the justice system
- \$2.4 million for cannabis program activities
- \$2.0 million for environmental sustainability and climate related efforts

Actual revenues underperformed final budgeted amounts by \$370.2 million, while actual expenditures were less than the final budgeted amount by \$1.2 billion. The combination of revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of \$785.9 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of \$431.1 million. These combined amounts resulted in a variance in the net change in fund balance of \$1.2 billion.

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 \$62.1 million. Positive variances were realized in the Public Safety Group, Finance and General Government Group, Health and Human Services Agency and the Land Use and Environment Group primarily from lower than budgeted salaries and employee benefits costs due to staff turnover and vacancies.

### Services and Supplies:

The final budget over expenditure variance across all County groups in this category was \$1.1 billion which was a combination of \$838.6 million from year end encumbrances and \$277.5 million from operating results. Overall, this expenditure variance primarily resulted from savings in various contracted services, procurement delays, lower costs than anticipated for various programs, and multi-year 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, information technology, and various enterprise activities, 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. Examples include multi-year obligations for projects and programs associated with the public safety Regional Communication System, housing, American Rescue Plan Act-funded programs, information technology, addressing infectious diseases, energy efficiency, vehicle purchases, and various capital and major maintenance projects.

## Capital Assets and Commitments

### Capital Assets

As of June 30, 2024, the County's capital assets for both governmental and business-type activities were \$4.58 billion and \$187.9 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, easements and right-to-use assets. Significant increases to capital assets in fiscal year 2024 included:

### Governmental Activities:

- \$69.9 million towards acquisition of equipment.
- \$58.4 million towards construction and improvements of County-maintained roads, bridges, and other road-related infrastructure.
- \$46.1 million towards construction of County Public Health Laboratory. Total project costs are estimated at \$127.1 million.
- \$43.1 million towards major systems renovation of Hall of Justice (HOJ). Total project costs are estimated at \$56.1 million.
- \$41.7 million towards development of various

software applications.

- \$21.8 million towards construction of Youth Transition Campus. Total project costs are estimated at \$210.6 million.
- \$21.6 million towards improvement of various capital projects.
- \$16.1 million towards construction of Tri-City Healthcare District Psychiatric Facility. Total project costs are estimated at \$27.6 million.
- \$15.1 million towards renovation of George Bailey Detention Facility (GBDF). Total project costs are estimated at \$54.0 million.
- \$13.5 million towards renovation of County Administration Center (CAC). Total project costs are estimated at \$139.8 million.
- \$8.9 million towards renovation of Sheriff Ridgehaven Headquarters. Total project costs are estimated at \$31.6 million.
- \$7.4 million towards construction of Ramona Intergenerational Community Campus (RICC). Total project costs are estimated at \$15.0 million.
- \$7.4 million in infrastructure donated by developers.
- \$7.1 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).
- \$6.9 million towards construction of Southeast San Diego Live Well Center. Total project costs are estimated at \$76.0 million.
- \$5.8 million towards reconfiguration of South Region Live Well Center (SRLWC). Total project costs are estimated at \$9.1 million.
- \$5.0 million towards construction of East Otay Mesa Fire Station #38. Total project costs are estimated at \$20.3 million.
- \$4.5 million towards construction of Julian Library Community Room. Total estimated project costs are estimated at \$6.9 million.
- \$4.5 million towards expansion of Sweetwater Summit Regional Park Campground. Total estimated project costs are estimated at \$6.7 million.
- \$3.4 million towards replacement of East Mesa Juvenile Detention Facility (EMJDF) Generator. Total estimated project costs are estimated at \$6.2 million.
- \$3.0 million towards acquisition of Butterfield Ranch. Total estimated project costs are estimated at \$3.0 million.
- \$3.0 million towards improvements at Valley Center Park. Total estimated project costs are estimated at \$4.5 million.
- \$3.0 million towards construction of East Region Crisis Stabilization Unit (CSU). Total estimated project costs are estimated at \$28.8 million.
- \$3.0 million towards construction of Village View Park. Total estimated project costs are estimated at \$14.0 million.
- \$2.8 million towards construction of San Diego County Animal Shelter. Total project costs are estimated at \$37.6 million.
- \$2.7 million towards construction of Waterfront Park Active Recreation. Total project costs are estimated at \$3.7 million.
- \$2.6 million towards construction of Bancroft Safe Parking Spaces. Total project costs are estimated at \$3.7 million.
- \$2.4 million towards critical systems upgrade at Town Centre Manor Public Housing. Total project costs are estimated at \$6.3 million.
- \$1.7 million towards construction of Lakeside Equestrian Facility. Total project costs are estimated at \$19.4 million.
- \$1.6 million towards replacement and upgrade of East Mesa Juvenile Detention Facility (EMJDF) Intercom System. Total project costs are estimated at \$4.7 million.
- \$1.6 million towards construction of Four Gee Park. Total project costs are estimated at \$2.0 million.
- \$1.5 million towards modernization of San Diego Central Jail (SDCJ) Security and Emergency Power Equipment. Total project costs are estimated at \$6.5 million.
- \$1.4 million towards Lakeside Baseball Park Synthetic Turf Replacement and Energy Upgrades. Total project costs are estimated at \$4.5 million.
- \$1.3 million towards construction of Casa De Oro Library. Total project costs are estimated at \$21.8 million.
- \$1.1 million towards construction of New Space for

the Office of Sustainability at County Administration Center (CAC). Total project costs are estimated at \$2.0 million.

- \$1.1 million towards replacement of South Bay Regional Center (SBRC) Escalators and Elevators. Total estimated project costs are estimated at \$3.5 million.
- \$1.0 million towards expansion of Rancho San Diego Library. Total project costs are estimated at \$2.0 million.
- \$1.0 million towards renovation of Volunteers of America (VOA) Substance Use Residential Treatment Services (SURTS) Facility. Total project costs are estimated at \$10.0 million.

#### Business-type Activities

- \$1.6 million towards improvements to Live Oak Springs Water System.
- \$1.4 million towards rehabilitation of Ramona Airport Tower Transient Apron.
- \$1.1 million towards improvements to La Presa Sewer Line.

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, 2024, capital commitments included the following:

#### Governmental Activities:

\$267.7 million for the construction of County Public Health Laboratory; renovation of George Bailey Detention Facility; renovation of County Administration Center; construction of Casa de Oro Library; renovation and modernization of Sheriff Ridgehaven Headquarters; purchase and renovation of Healthcare Facility for Residential Substance Use Disorder Services; renovation of Fallbrook Local Park; major systems renovation of Hall of Justice; development of Integrated Property Tax System; expansion and reconfiguration of La Maestra Family Clinic; reconfiguration of South Region Family Resource

Center; construction of Tri-City Healthcare District Psychiatric Facility; construction of Ramona Intergenerational Community Campus; construction of Heritage Park Building; construction of Youth Transition Campus; critical systems upgrade at Town Centre Manor Public Housing; improvements to Smuggler's Gulch at Tijuana River Valley Regional Park; construction of San Diego County Animal Shelter; procurement of Two Live Well Mobile Office Vehicles; replacement of East Mesa Juvenile Detention Facility Generator; construction of Southeast San Diego Live Well Center; procurement of Two Mobile Probation Service Centers; major maintenance improvements to San Diego Central Jail Security and Emergency Power Equipment; construction of Jacumba Fire Station #43; improvements of County Roads and Bridges; and vehicle acquisitions.

#### Business-type Activities:

\$2.2 million for the Rehabilitation of Ramona Airport Tower Transient Apron.

(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, 2024, the County's governmental activities had outstanding long-term liabilities (without regard to the net pension liability or net OPEB liability) of \$1.883 billion.

Of this amount, approximately \$1.126 billion pertained to long-term debt outstanding. Principal debt issuances included: \$437 million in Tobacco Settlement Asset-Backed Bonds; \$211 million in taxable pension obligation bonds; \$375 million in certificates of participation (COPs) and lease revenue bonds (LRBs); \$101 million in unamortized issuance premiums; and \$2 million in loans.

Other long-term liabilities included: \$9 million in financed purchases; \$310 million in claims and judgments; \$168 million in compensated absences; \$11 million for landfill postclosure costs; \$244 million for leases; \$13 million for subscriptions; and \$2 million for pollution remediation.

During fiscal year 2024, the County's total COPs, LRBs, unamortized issuance premiums, and other bonds and loans for governmental activities increased by \$82.943 million.

The \$82.943 million net increase was due to the following increases and decreases:

The increase to debt was \$189.750 million and included:

- The issuance of \$160.910 million in certificates of participation for the County Public Health Lab Project;
- \$1.717 million in governmental loans assumed by the San Diego County Fire Protection District;
- \$18.781 million in unamortized premiums related to the new certificates of participation;
- \$8.342 million of principal accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal.

Decreases to debt were \$106.807 million and included:

- \$99.862 million in principal debt service payments;
- \$6.945 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 \$586 thousand for compensated absences, and \$184 thousand in subscriptions.

During fiscal year 2024, long-term liabilities for business-type activities decreased by \$37 thousand due to a net increase of \$45 thousand in compensated absences coupled with a \$82 thousand decrease in subscriptions.

(Please refer to Notes 12 through 18 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	Standard		
	Moody's	& Poor's	Fitch
Issuer Rating	Aaa	AAA	AAA
Certificates of Participation San Diego County Capital Asset Leasing Corporation (SANCAL) Lease Revenue Refunding Bonds SDRBA (County Operations Center)			
Series 2016A	Aa1	AA+	AA+
Pension Obligation Bonds	Aaa	AAA	AAA
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) Senior CIB	not rated	BBB-	not rated
Tobacco Settlement Asset- Backed Bonds - Series 2019B-2 (Class 2) Senior 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 June 2024 by Moody's and Fitch and in October 2023 by Standard & Poor's.

In June 2024 Moody's reaffirmed the existing Aaa rating on the County's outstanding Pension Obligation Bonds. Fitch upgraded the County Pension Obligation Bonds to AAA in June 2024 and Standard & Poor's reaffirmed their AAA rating in October 2023.

The County's outstanding lease-backed obligations Aa1 rating from Moody's was reaffirmed June 2024. In FY 2024 Standard & Poor's and Fitch had no change to their AA+ ratings reaffirmed in October 2023 and June 2024. 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 FY 2024 the Tobacco Settlement Asset-Backed Bonds Series 2006B, 2006C, and 2006D (Capital Appreciation Bonds) maintained ratings reaffirmed by Standard and Poor's in October 2023. The ratings for the Series 2019 Tobacco Settlement Asset-Backed Bonds, Classes A and B-1 (Serial and Term Bonds, and Current Interest Bonds, respectively) also remained unchanged except for one rating change from A- to A for the 2019 Class A bonds maturing on June 1, 2033.

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. Risk factors are continuously monitored, including employment, the housing market, and the national economy as a whole.

The following economic factors were considered in developing the fiscal year 2025 Operational Plan:

- The fiscal year 2025 General Fund adopted budget contains total appropriations of \$6.63 billion. This is an increase of \$416.2 million, or 6.7%, from the fiscal year 2024 General Fund adopted budget. Program Revenue comprises 67.3% of General Fund financing sources in fiscal year 2025, and is derived primarily from State and federal subventions, grants, and fees charged 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 29.8% of the General Fund. In the fiscal year 2025 adopted budget, the County's GPR increased 8.7%; with budgeted GPR of \$1,973.1 million in fiscal year 2025 compared to \$1,814.8 million budgeted in fiscal year 2024.
- The largest source of GPR is property tax revenue, which represents 49.5% of total GPR in fiscal year 2025, 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 2025, property tax revenue is budgeted at \$976.1 million, which is \$66.2 million or 7.3% higher than the budget for fiscal year 2024 and the increase is mainly due to the anticipated 4.63% Assessed Value (AV) growth. For fiscal years 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 the final growth rates were 5.80%, 5.59%, 6.35%, 6.08%, 5.72%, 5.33%, 4.02%, 7.96% and 6.86% respectively. For fiscal year 2025, an assumed rate of 4.63% is projected in overall assessed value of real property.
- Current secured property tax revenue (\$938.4 million in fiscal year 2025) is expected to increase by \$57.4 million in fiscal year 2025 from the adopted budget level for fiscal year 2024. 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 2025 revenue amount assumes an increase of 4.63% 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 (\$8.7 million in fiscal year 2025) is expected to slightly decrease by \$0.1 million in fiscal year 2025 from the adopted level for fiscal year 2024. 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.

- Current unsecured property tax revenue (\$28.9 million in fiscal year 2025) is not based on a lien on real property and is expected to increase by \$8.9 million in fiscal year 2025 from the adopted level for fiscal year 2024. 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 2025) 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 29.6%, or \$583.7 million, of budgeted GPR in fiscal year 2025. 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/reduction in the net taxable unsecured and local secured assessed value. With projected 4.63% increase in the combined taxable unsecured and local secured assessed value in fiscal year 2025, budgeted revenues are \$36.5 million higher than fiscal year 2024. The increase is partially associated with the change in actual assessed value in fiscal year 2024 which increased by 6.86% compared to a budgeted increase of 5.00%.
- Teeter revenue represents approximately 0.9%, or \$16.8 million, of budgeted GPR in fiscal year 2025. 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 2025, Teeter revenue is budgeted to decrease by \$0.5 million from fiscal year 2024 primarily due to projected lower collections from prior year receivables.
- Sales and use tax revenue is budgeted at \$62.3 million in fiscal year 2025, representing approximately 3.2% 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 2025 is estimated to be \$17.2 million, or 38.2%, higher than the fiscal year 2024 adopted budget primarily due to the continued growth activities in the unincorporated area which increases the County's share of the Pool going forward.
- Intergovernmental revenue is budgeted at \$196.8 million in fiscal year 2025, an increase of \$20.7 million or 11.7% and is approximately 10.0% 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 (PILT) 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 (HOPTR) program). The largest portion of this funding is from redevelopment property tax

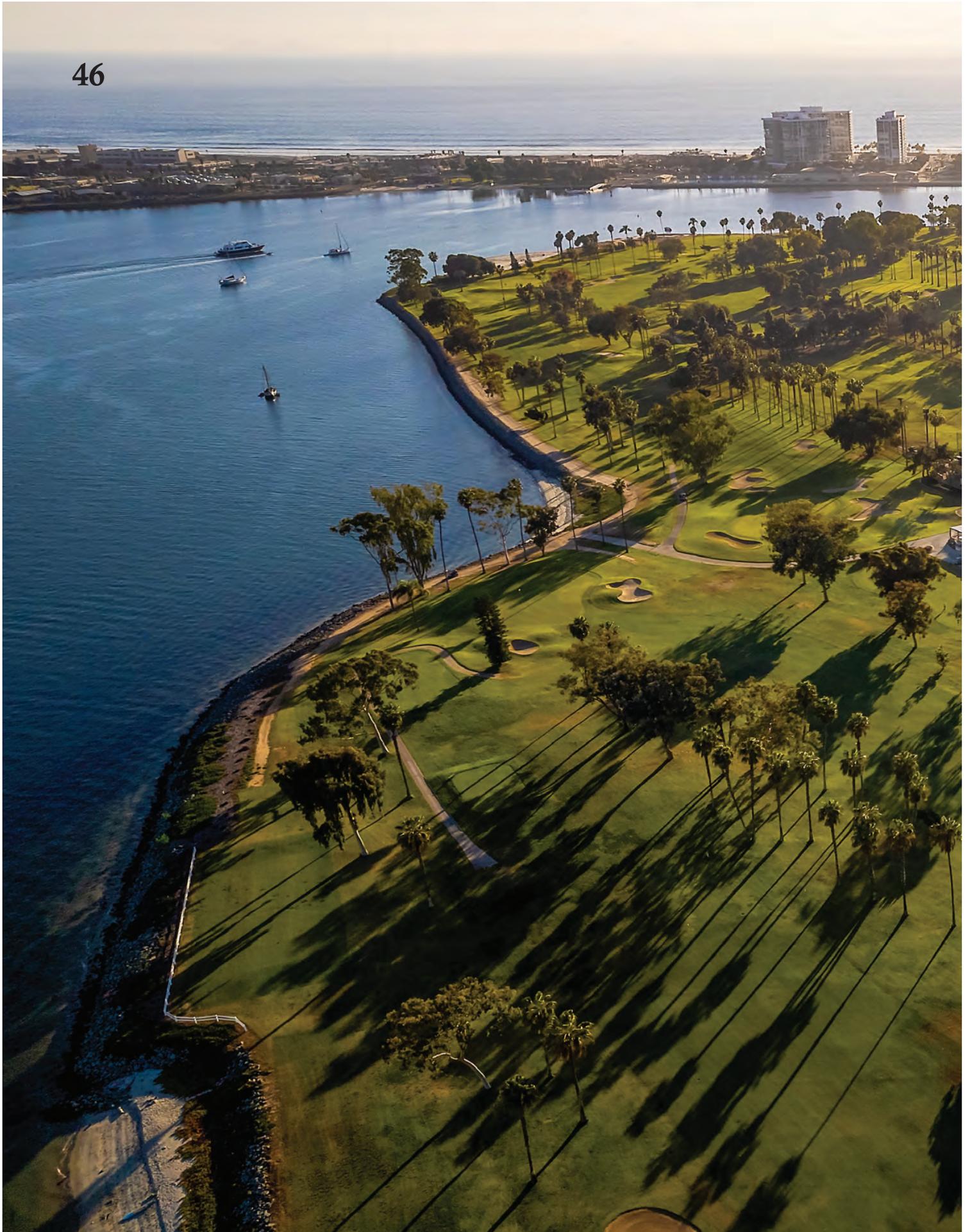
revenues. In 2011 pursuant to ABX1 26, redevelopment agencies were dissolved by the California legislature. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011 and extended the date of dissolution to February 1, 2012. Based on Health and Safety Code Section 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 \$137.4 million in fiscal year 2025 and are approximately 7.0% of the total GPR. Various revenue sources make up this category including: Documentary Transfer Tax (DTT), interest on deposits and investments, fees, fines, forfeitures, prior year property taxes, penalties and cost on delinquency taxes, franchise fees, and other miscellaneous revenues. The fiscal year 2025 amount is a 15.2% or \$18.2 million increase from fiscal year 2024.

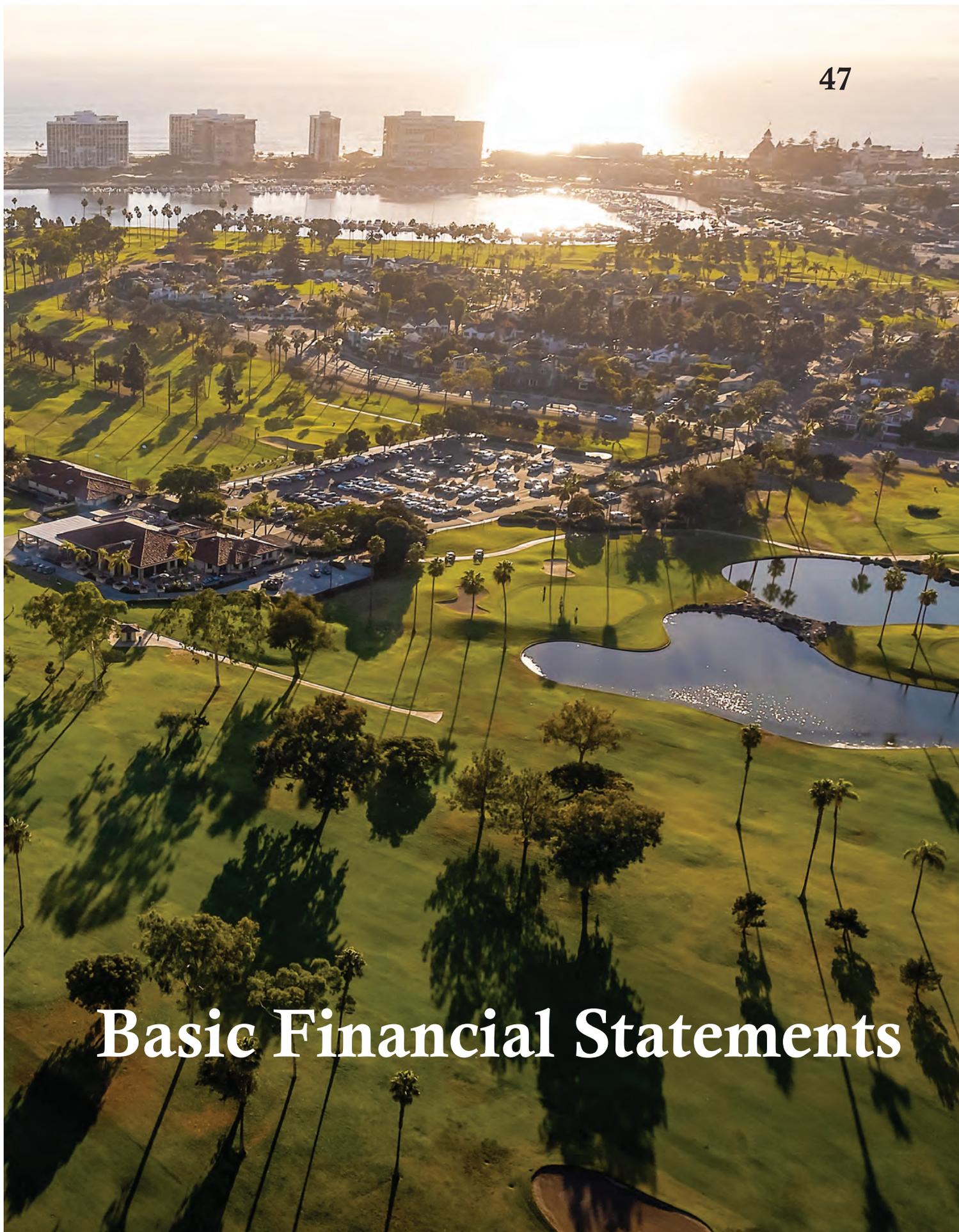
County management continuously evaluates and responds to the changing economic environment and its impact on the cost and the demand for County services. Specific actions are detailed in the fiscal year 2025 Adopted Operational Plan which can be accessed at [https://www.sandiegocounty.gov/content/dam/sdc/auditor/pdf/adoptedplan\\_24-26.pdf](https://www.sandiegocounty.gov/content/dam/sdc/auditor/pdf/adoptedplan_24-26.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, 2024

(In Thousands)

	Primary Government			Component
				Unit
	Governmental	Business-type	Total	First 5
	Activities	Activities	Total	Commission of
				San Diego
<b>ASSETS</b>				
Pooled cash and investments	\$ 4,128,957	113,990	4,242,947	32,052
Cash with fiscal agents	17		17	
Investments with fiscal agents	238,165		238,165	
Receivables, net	1,657,261	8,136	1,665,397	5,320
Lease receivables	15,938	216,508	232,446	
Property taxes receivables, net	177,740		177,740	
Internal balances	934	(934)		
Due from component unit	229		229	
Inventories	44,101	313	44,414	
Deposits with others	8		8	
Prepaid items	5,713	1	5,714	3
Restricted assets:				
Cash with fiscal agents	1,908		1,908	
Investments with fiscal agents	173,786		173,786	
Capital assets:				
Land, easements and construction in progress	1,166,025	26,655	1,192,680	
Other capital assets, net of accumulated depreciation/amortization	3,415,459	161,209	3,576,668	1,852
<b>Total assets</b>	<b>11,026,241</b>	<b>525,878</b>	<b>11,552,119</b>	<b>39,227</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Non-Pension:				
Unamortized loss on refunding of long-term debt	24,033		24,033	
Pension:				
Contributions to the pension plan subsequent to the measurement date	810,655	3,003	813,658	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	23,751	97	23,848	
Changes of assumptions or other inputs	585,168	2,486	587,654	
Net difference between projected and actual earnings on pension plan investments	371,316	1,553	372,869	
Difference between expected and actual experience in the total pension liability	335,150	1,221	336,371	
OPEB:				
Contributions to the OPEB plan subsequent to the measurement date	19,120	92	19,212	
Net difference between projected and actual earnings on OPEB plan investments	1,451		1,451	
<b>Total deferred outflows of resources</b>	<b>\$ 2,170,644</b>	<b>8,452</b>	<b>2,179,096</b>	

Continued on next page ►►►

STATEMENT OF NET POSITION					
June 30, 2024					
(In Thousands)					
(Continued)	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego	
<b>LIABILITIES</b>					
Accounts payable	\$ 540,300	3,223	543,523	11,724	
Accrued payroll	94,994	404	95,398		
Accrued interest	10,193		10,193		
Due to primary government				229	
Unearned revenue	689,362	457	689,819		
Noncurrent liabilities:					
Due within one year	282,843	316	283,159	378	
Due in more than one year - other	1,599,785	454	1,600,239	1,715	
Due in more than one year - net pension liability	5,208,305	21,467	5,229,772		
Due in more than one year - net OPEB liability	45,536	256	45,792		
<b>Total Liabilities</b>	<b>8,471,318</b>	<b>26,577</b>	<b>8,497,895</b>	<b>14,046</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Non-pension:					
Leases	15,585	210,742	226,327		
Property taxes received in advance	17,850		17,850		
Gain on refunding of long-term debt	29		29		
Pension:					
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	6,213	22	6,235		
Differences between expected and actual experience in the total pension liability	101,905	464	102,369		
Net difference between projected and actual earnings on plan investments		7	7		
<b>Total deferred inflows of resources</b>	<b>\$ 141,582</b>	<b>211,235</b>	<b>352,817</b>		

Continued on next page ►►

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

## STATEMENT OF NET POSITION

June 30, 2024

(In Thousands)

	Primary Government			Component
	Governmental	Business-type	Total	Unit First 5 Commission of San Diego
(Continued)	Activities	Activities	Total	
NET POSITION				
Net investment in capital assets	\$ 3,971,462	186,621	4,158,083	
Restricted for:				
Creditors - Capital projects	95,984		95,984	
Grantors - Housing assistance	157,454		157,454	
Donations	4,261		4,261	
Pension Stabilization	128,592		128,592	
Laws or regulations of other governments:				
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	117,989		117,989	
Future road improvements	392,791		392,791	
Enforcement of consumer protection laws	212,289		212,289	
Health and Human Services Agency programs	222,937		222,937	
Construction, maintenance and other costs for justice, health, and social facilities and programs	11,045		11,045	
Road, park lighting maintenance, fire protection and ambulance service	31,726		31,726	
Development of multifamily housing for persons with serious mental illness who are homeless, chronically homeless, or at-risk of becoming chronically homeless	105,608		105,608	
State Permanent Local Housing Allocation program to address unmet housing needs	6,715		6,715	
Down payment and closing costs assistance for first-time homebuyers	5,146		5,146	
Defray administrative costs, other general restrictions	29,467		29,467	
Implementation of the opioid settlement framework	109,901		109,901	
Custody and care for youthful offenders	2,975		2,975	
Juvenile probation activities	3,385		3,385	
Teeter tax loss	19,187		19,187	
Vector control	8,142		8,142	
Improvement and maintenance of recorded document systems	25,930		25,930	
Flood Control future drainage improvements	30,754		30,754	
Public safety activities	114,248		114,248	
Expansion of behavioral health community provider capacity and to strengthen the regional continuum of care	24,297		24,297	
Other purposes	300,150		300,150	
First 5 Commission of San Diego				25,181
Unrestricted	(1,548,450)	109,897	(1,438,553)	
Total net position	\$ 4,583,985	296,518	4,880,503	25,181

STATEMENT OF ACTIVITIES								
For the Year Ended June 30, 2024								
(In Thousands)								
Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Unit First 5 Commission of San Diego
					Governmental Activities	Business-type Activities	Total	
<b>Governmental Activities:</b>								
General government	\$ 493,388	153,652	245,240	2,131	(92,365)		(92,365)	
Public protection	2,358,743	263,608	798,249	37,255	(1,259,631)		(1,259,631)	
Public ways and facilities	196,395	24,090	159,811	7,377	(5,117)		(5,117)	
Health and sanitation	1,455,094	244,342	1,215,644	58	4,950		4,950	
Public assistance	1,987,689	18,703	1,856,459		(112,527)		(112,527)	
Education	70,743	230	11,442		(59,071)		(59,071)	
Recreation and cultural	79,134	16,364	14,188		(48,582)		(48,582)	
Interest	51,257				(51,257)		(51,257)	
<b>Total governmental activities</b>	<b>6,692,443</b>	<b>720,989</b>	<b>4,301,033</b>	<b>46,821</b>	<b>(1,623,600)</b>		<b>(1,623,600)</b>	
<b>Business-type activities:</b>								
Airport	17,576	14,318	2,327			(931)	(931)	
Jail Stores Commissary	3,959	7,869				3,910	3,910	
San Diego County Sanitation District	30,225	30,804				579	579	
Sanitation District - Other	10,928	10,024	53			(851)	(851)	
<b>Total business-type activities</b>	<b>62,688</b>	<b>63,015</b>	<b>2,380</b>			<b>2,707</b>	<b>2,707</b>	
<b>Total primary government</b>	<b>6,755,131</b>	<b>784,004</b>	<b>4,303,413</b>	<b>46,821</b>	<b>(1,623,600)</b>	<b>2,707</b>	<b>(1,620,893)</b>	
<b>Component Unit:</b>								
First 5 Commission of San Diego	\$ 39,031		27,782					(11,249)

Continued on next page ►►

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

(In Thousands)

(Continued)	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit First 5 Commission of San Diego
	Governmental Activities	Business-type Activities	Total	
Changes in net position:				
Net (expense) revenue	\$ (1,623,600)	2,707	(1,620,893)	(11,249)
Revenues:				
General Revenues				
Taxes:				
Property taxes	1,077,968		1,077,968	
Transient occupancy tax	7,285		7,285	
Real property transfer tax	26,170		26,170	
Miscellaneous taxes	120		120	
Property taxes in lieu of vehicle license fees	558,665		558,665	
Sales and use taxes	67,133		67,133	
Total general tax revenues	1,737,341		1,737,341	
Investment earnings	185,999	9,546	195,545	1,297
Other	160,192	132	160,324	
Total general revenues	2,083,532	9,678	2,093,210	1,297
Transfers	4,710	(4,710)		
Total general revenues and transfers	2,088,242	4,968	2,093,210	1,297
Change in net position	464,642	7,675	472,317	(9,952)
Net position at beginning of year	4,119,343	288,843	4,408,186	35,133
Net position at end of year	\$ 4,583,985	296,518	4,880,503	25,181

<b>BALANCE SHEET</b>						
<b>GOVERNMENTAL FUNDS</b>						
<b>June 30, 2024</b>						
<b>(In Thousands)</b>						
	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds	
<b>ASSETS</b>						
Pooled cash and investments	\$ 2,942,082	121,760	11,267	565,678	3,640,787	
Cash with fiscal agents	17				17	
Investments with fiscal agents	2		238,163		238,165	
Receivables, net	1,344,947	67,855	3,041	204,020	1,619,863	
Lease receivables	3,734			9,432	13,166	
Property taxes receivables, net	176,634			1,106	177,740	
Due from other funds	152,079			40,154	192,233	
Inventories	40,238			1,477	41,715	
Deposits with others				8	8	
Prepaid items	5,281			432	5,713	
Restricted assets:						
Cash with fiscal agents	218			1,690	1,908	
Investments with fiscal agents				173,786	173,786	
<b>Total assets</b>	<b>4,665,232</b>	<b>189,615</b>	<b>252,471</b>	<b>997,783</b>	<b>6,105,101</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	368,608			87,607	456,215	
Accrued payroll	89,238			3,358	92,596	
Due to other funds	71,729	81,575	15,148	51,598	220,050	
Unearned revenue	676,967			11,488	688,455	
<b>Total liabilities</b>	<b>1,206,542</b>	<b>81,575</b>	<b>15,148</b>	<b>154,051</b>	<b>1,457,316</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Non-pension:						
Leases	3,620			9,251	12,871	
Property taxes received in advance	16,865			985	17,850	
Unavailable revenue	438,455			152,417	590,872	
<b>Total deferred inflows of resources</b>	<b>\$ 458,940</b>			<b>162,653</b>	<b>621,593</b>	

Continued on next page 

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

## BALANCE SHEET

## GOVERNMENTAL FUNDS

June 30, 2024

(In Thousands)

	General	Public	Tobacco	Other	Total
(Continued)	Fund	Safety	Endowment	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	\$ 10,473			432	10,905
Inventories and deposits with others	40,238			1,485	41,723
Restricted for:					
Creditors - Debt service				65,594	65,594
Creditors - Capital projects				95,984	95,984
Grantors - Housing assistance	144,192			11,623	155,815
Donations	4,261				4,261
Pension Stabilization	128,592				128,592
Laws or regulations of other governments:					
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	117,989				117,989
Future road improvements				293,347	293,347
Enforcement of consumer protection laws	212,289				212,289
Construction, maintenance and other costs for justice, health, and social facilities and programs	11,045				11,045
Development of multifamily housing for persons with serious mental illness who are homeless, chronically homeless, or at-risk of becoming chronically homeless	105,608				105,608
State Permanent Local Housing Allocation program to address unmet housing needs	6,715				6,715
Down payment and closing costs assistance for first-time homebuyers	5,146				5,146
Defray administrative costs, other general restrictions	29,467				29,467
Implementation of the opioid settlement framework	53,445				53,445
Custody and care for youthful offenders	2,975				2,975
Juvenile probation activities	3,385				3,385
Improvement and maintenance of recorded document systems	25,930				25,930
Public safety activities	6,208	108,040			114,248
Expansion of behavioral health community provider capacity and to strengthen the regional continuum of care	24,297				24,297
Fund purpose				143,506	143,506
Other purposes	\$ 170,355			30,755	201,110

Continued on next page ►►►

## BALANCE SHEET

### GOVERNMENTAL FUNDS

June 30, 2024

(In Thousands)

(Continued)	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Committed to:					
Support, promote, and improve educational options for San Diego County K-12 youth	\$ 29,368				29,368
Realignment health, mental health and social services	39				39
Landfill, postclosure and landfill maintenance				38,353	38,353
Capital projects' funding	442,913				442,913
Health Evaluation, acquisition, construction, or rehabilitation of affordable housing for low-income residents	48,936		237,323		237,323
Other purposes	49,258				49,258
Assigned to:					
Subsequent one-time expenditures	102,930				102,930
Legislative and administrative services	197,955				197,955
Other purposes	333,973				333,973
Unassigned	691,768				691,768
<b>Total fund balances</b>	<b>2,999,750</b>	<b>108,040</b>	<b>237,323</b>	<b>681,079</b>	<b>4,026,192</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,665,232</b>	<b>189,615</b>	<b>252,471</b>	<b>997,783</b>	<b>6,105,101</b>

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

June 30, 2024

(In Thousands)

Total fund balances - governmental funds	\$ 4,026,192
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.	4,497,845
Unamortized gain on refundings (to be amortized as interest expense).	(29)
Unamortized loss on refundings (to be amortized as interest expense).	24,033
Accrued interest on long-term debt.	(10,193)
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.	590,782
Long-term interest receivable on housing loans.	30,019
Deferred outflows of resources - Contributions to the pension plan subsequent to the measurement date.	792,815
Deferred outflows of resources - Changes in proportionate share and differences between employer's contributions and proportionate share of contributions - Pension.	23,227
Deferred outflows of resources - Changes of assumptions or other inputs - Pension.	571,082
Deferred outflows of resources - Net difference between projected and actual earnings on pension plan investments.	361,034
Deferred outflows of resources - Differences between expected and actual experience in the total pension liability.	327,972
Deferred outflows of resources - Contributions to the OPEB plan subsequent to the measurement date.	18,567
Deferred outflows of resources - Net difference between projected and actual earnings on OPEB plan investments.	1,451
Deferred inflows of resources - Changes in proportionate share and differences between employer's contributions and proportionate share of contributions - Pension.	(6,084)
Deferred inflows of resources - Differences between expected and actual experience in the total pension liability.	(99,706)
Deferred inflows of resources - Net differences between projected and actual experience in the total OPEB investments.	42
Long-term liabilities, such as bonds, notes, loans payable, financed purchases, 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. (See Note 2 to the financial statements; <b>Table 3.</b> )	(6,702,902)
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, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities in the statement of net position. (See Note 2 to the financial statements; <b>Table 3.</b> )	137,748
Net position of governmental activities	<u>\$ 4,583,985</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES					
GOVERNMENTAL FUNDS					
For the Year Ended June 30, 2024					
(In Thousands)					
	General	Public	Tobacco	Other	Total
	Fund	Safety Fund	Endowment	Governmental	Governmental
			Fund	Funds	Funds
Revenues:					
Taxes	\$ 1,648,557			85,403	1,733,960
Licenses, permits and franchise fees	54,123			17,657	71,780
Fines, forfeitures and penalties	47,871			2,348	50,219
Revenue from use of money and property	131,343	1,111	4,503	39,399	176,356
Aid from other governmental agencies:					
State	1,850,171	382,340		151,424	2,383,935
Federal	1,334,526			249,464	1,583,990
Other	210,577			31,518	242,095
Charges for current services	467,107			56,694	523,801
Other	72,954			47,776	120,730
<b>Total revenues</b>	<b>5,817,229</b>	<b>383,451</b>	<b>4,503</b>	<b>681,683</b>	<b>6,886,866</b>
Expenditures:					
Current:					
General government	444,104		133	15,358	459,595
Public protection	2,126,391			34,300	2,160,691
Public ways and facilities	6,353			108,556	114,909
Health and sanitation	1,360,683			44,971	1,405,654
Public assistance	1,620,856			290,627	1,911,483
Education	1,073			62,978	64,051
Recreation and cultural	61,887			4,134	66,021
Capital outlay	125,582			316,998	442,580
Debt service:					
Principal	68,095			84,766	152,861
Interest	14,456			33,142	47,598
Bond issuance costs				993	993
<b>Total expenditures</b>	<b>5,829,480</b>		<b>133</b>	<b>996,823</b>	<b>6,826,436</b>
Excess (deficiency) of revenues over (under) expenditures	(12,251)	383,451	4,370	(315,140)	60,430
Other financing sources (uses):					
Sale of capital assets	228			5,010	5,238
Issuance and modifications of leases:					
Leases	45,498				45,498
Issuance of subscriptions:					
Subscriptions	3,099				3,099
Issuance of bonds, loans and financed purchases:					
Face value of bonds issued				160,910	160,910
Face value of loans issued				1,718	1,718
Premium on issuance of bonds				18,781	18,781
Transfers in	465,592			312,983	778,575
Transfers out	(310,980)	(433,464)	(15,113)	(23,996)	(783,553)
<b>Total other financing sources (uses)</b>	<b>203,437</b>	<b>(433,464)</b>	<b>(15,113)</b>	<b>475,406</b>	<b>230,266</b>
Net change in fund balances	191,186	(50,013)	(10,743)	160,266	290,696
Fund balance at beginning of year	2,817,915	158,053	248,066	520,776	3,744,810
Increase (decrease) in nonspendable inventories	(9,351)			37	(9,314)
<b>Fund balances at end of year</b>	<b>\$ 2,999,750</b>	<b>108,040</b>	<b>237,323</b>	<b>681,079</b>	<b>4,026,192</b>

**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, 2024  
(In Thousands)

Net change in fund balances - total governmental funds	\$	290,696
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.		3,381
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.		190,542
Revenues earned on long-term housing loans.		3,058
Adjustment to nonspendable inventories.		(9,314)
Change in accounting estimate for postclosure costs - (public protection function) - San Marcos landfill.		10,626
Change in accounting estimate for pollution remediation - (general government function).		(195)
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 expense. (See Note 2 to the financial statements; <b>Table 4.</b> )		215,427
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (See Note 2 to the financial statements; <b>Table 4.</b> )		4,118
Contributions to the pension plan subsequent to the measurement date.		793,250
Contributions to the OPEB plan subsequent to the measurement date.		18,630
The issuance of long-term debt (e.g. bonds, notes, loans, financed purchases, and 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; <b>Table 4.</b> )		(77,145)
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; <b>Table 4.</b> )		(1,070,108)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (expense) of certain activities of internal service funds is reported within governmental activities. (See Note 2 to the financial statements; <b>Table 4.</b> )		91,676
Change in net position - governmental activities.	\$	<u>464,642</u>

STATEMENT OF NET POSITION				
PROPRIETARY FUNDS				
June 30, 2024				
(In Thousands)				
	Business-type Activities			Governmental
	Airport	Other	Total	Activities
	Fund	Enterprise	Enterprise	Internal
	Fund	Funds	Funds	Service
				Funds
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 31,245	82,745	113,990	488,170
Receivables, net	2,973	2,426	5,399	6,157
Lease receivables	7,252		7,252	587
Due from other funds		528	528	40,096
Inventories	1	312	313	2,386
Prepaid items	1		1	
<b>Total current assets</b>	<b>41,472</b>	<b>86,011</b>	<b>127,483</b>	<b>537,396</b>
Noncurrent assets:				
Lease receivables	209,256		209,256	2,185
Due from other funds	2,737		2,737	157
Capital assets:				
Land	12,536	1,240	13,776	
Construction in progress	2,854	10,025	12,879	939
Buildings and improvements	134,755	19,248	154,003	2,963
Equipment	3,669	4,559	8,228	215,812
Software	297		297	14,442
Road infrastructure	27,388		27,388	
Sewer infrastructure		115,891	115,891	
Subscription Assets		342	342	
Accumulated depreciation/amortization	(76,386)	(68,554)	(144,940)	(150,517)
<b>Total noncurrent assets</b>	<b>317,106</b>	<b>82,751</b>	<b>399,857</b>	<b>85,981</b>
<b>Total assets</b>	<b>358,578</b>	<b>168,762</b>	<b>527,340</b>	<b>623,377</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension:				
Contributions to the pension plan subsequent to the measurement date	1,441	1,562	3,003	17,840
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	48	49	97	524
Changes of assumptions or other inputs	1,238	1,248	2,486	14,086
Net difference between projected and actual earnings on pension plan investments	805	748	1,553	10,282
Difference between expected and actual experience in the total pension liability	535	686	1,221	7,178
OPEB:				
Contributions to the OPEB plan subsequent to the measurement date	41	51	92	553
<b>Total deferred outflows of resources</b>	<b>\$ 4,108</b>	<b>4,344</b>	<b>8,452</b>	<b>50,463</b>

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STATEMENT OF NET POSITION				
PROPRIETARY FUNDS				
June 30, 2024				
(In Thousands)				
	Business-type Activities			Governmental
	Airport	Other	Total	Internal
(Continued)	Fund	Enterprise	Enterprise	Service
	Fund	Funds	Funds	Funds
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,192	2,031	3,223	84,085
Accrued payroll	170	234	404	2,398
Due to other funds	427	2,509	2,936	8,577
Unearned revenue	457		457	907
Loans payable				84
Subscription payable		89	89	
Compensated absences	102	125	227	1,815
Claims and judgments				60,573
<b>Total current liabilities</b>	<b>2,348</b>	<b>4,988</b>	<b>7,336</b>	<b>158,439</b>
Noncurrent liabilities:				
Loans payable				184
Subscription payable		95	95	
Compensated absences	161	198	359	2,868
Claims and judgments				249,567
Net pension liability	10,239	11,228	21,467	117,400
Net OPEB liability	122	134	256	1,076
<b>Total noncurrent liabilities</b>	<b>10,522</b>	<b>11,655</b>	<b>22,177</b>	<b>371,095</b>
<b>Total liabilities</b>	<b>12,870</b>	<b>16,643</b>	<b>29,513</b>	<b>529,534</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Non-pension:				
Leases	210,742		210,742	2,714
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	11	11	22	129
Differences between expected and actual experience in the total pension liability	268	196	464	2,199
OPEB:				
Net difference between projected and actual earnings on OPEB investments	4	3	7	42
<b>Total deferred inflow of resources</b>	<b>211,025</b>	<b>210</b>	<b>211,235</b>	<b>5,084</b>
<b>NET POSITION</b>				
Net investment in capital assets	104,555	82,066	186,621	81,013
Unrestricted net position	34,236	74,187	108,423	58,209
<b>Total net position</b>	<b>\$ 138,791</b>	<b>156,253</b>	<b>295,044</b>	<b>139,222</b>

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	\$ 295,044
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,474
<b>Net position of business-type activities</b>	<b>\$ 296,518</b>

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
PROPRIETARY FUNDS				
For the Year Ended June 30, 2024				
(In Thousands)				
		Business-type Activities		Governmental
		Airport	Other	Activities
		Fund	Enterprise	Internal
			Funds	Service
			Total	Funds
			Enterprise	
			Funds	
Operating revenues:				
Charges for current services	\$	14,318	48,697	63,015
Other		137		137
<b>Total operating revenues</b>		<b>14,455</b>	<b>48,697</b>	<b>63,152</b>
Operating expenses:				
Salaries and employee benefits		5,684	7,286	12,970
Repairs and maintenance		1,931	6,191	8,122
Equipment rental		425	1,211	1,636
Sewage processing			19,786	19,786
Contracted services		3,808	1,376	5,184
Depreciation		3,776	2,944	6,720
Amortization			70	70
Utilities		630	42	672
Cost of material			3,363	3,363
Claims and judgments				11,483
Fuel		95	10	105
Other		1,323	3,164	4,487
<b>Total operating expenses</b>		<b>17,672</b>	<b>45,443</b>	<b>63,115</b>
<b>Operating income (loss)</b>		<b>(3,217)</b>	<b>3,254</b>	<b>37</b>
Nonoperating revenues (expenses):				
Grants		2,327	53	2,380
Investment earnings		5,139	4,407	9,546
Gain (loss) on disposal of assets			(5)	(5)
<b>Total nonoperating revenues (expenses)</b>		<b>7,466</b>	<b>4,455</b>	<b>11,921</b>
<b>Income (loss) before capital contributions and transfers</b>		<b>4,249</b>	<b>7,709</b>	<b>11,958</b>
Capital contributions				1,467
Transfers in		74	858	932
Transfers out		(128)	(5,514)	(5,642)
<b>Change in net position</b>		<b>4,195</b>	<b>3,053</b>	<b>7,248</b>
<b>Net position (deficits) at beginning of year</b>		<b>134,596</b>	<b>153,200</b>	<b>287,796</b>
<b>Net position (deficits) at end of year</b>	\$	<b>138,791</b>	<b>156,253</b>	<b>295,044</b>

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	\$ 7,248
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	427
<b>Change in net position of business-type activities</b>	<b>\$ 7,675</b>

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended June 30, 2024 (In Thousands)	Business-type Activities			Governmental
	Other		Total	Activities
	Enterprise	Enterprise	Enterprise	Internal
	Airport Fund	Funds	Funds	Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 5,787	39,708	45,495	17,038
Cash received from other funds	4	9,561	9,565	620,595
Cash payments to suppliers	(5,876)	(31,088)	(36,964)	(428,480)
Cash payments to employees	(5,241)	(6,770)	(12,011)	(75,050)
Cash payment to other funds	(2,702)	(1,885)	(4,587)	(49,849)
Cash paid for claims and judgments				(42,445)
<b>Net cash provided (used) by operating activities</b>	<b>(8,028)</b>	<b>9,526</b>	<b>1,498</b>	<b>41,809</b>
Cash flows from noncapital financing activities:				
Operating grants	2,586	53	2,639	6,458
Transfers from other funds	74	858	932	11,711
Transfers to other funds	(128)	(5,514)	(5,642)	(2,023)
Principal paid on long-term debt				(102)
Other noncapital financing increases	147		147	
Other noncapital (decreases)				(107)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>2,679</b>	<b>(4,603)</b>	<b>(1,924)</b>	<b>15,937</b>
Cash flows from capital and related financing activities:				
Capital contributions				1,465
Acquisition of capital assets	(3,123)	(4,150)	(7,273)	(27,592)
Lease payments received	7,190		7,190	1,474
Principal paid on subscription		(83)	(83)	
Proceeds from sale of assets		1	1	1,632
<b>Net cash provided (used) by capital and related financing activities</b>	<b>4,067</b>	<b>(4,232)</b>	<b>(165)</b>	<b>(23,021)</b>
Cash flows from investing activities:				
Investment earnings	5,005	4,121	9,126	19,015
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,723</b>	<b>4,812</b>	<b>8,535</b>	<b>53,740</b>
Cash and cash equivalents - beginning of year	27,522	77,933	105,455	434,430
<b>Cash and cash equivalents - end of year</b>	<b>\$ 31,245</b>	<b>82,745</b>	<b>113,990</b>	<b>488,170</b>

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STATEMENT OF CASH FLOWS				
PROPRIETARY FUNDS				
For the Year Ended June 30, 2024				
(In Thousands)				
(Continued)	Business-type Activities			Governmental
	Airport Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (3,217)	3,254	37	52,648
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivables	(8,906)	590	(8,316)	(1,599)
Decrease (increase) in due from other funds	3	(184)	(181)	(198)
Decrease (increase) in inventory		(22)	(22)	(24)
Increase (decrease) in accounts payable	(516)	688	172	(2,393)
Increase (decrease) in accrued payroll	22	47	69	185
Increase (decrease) in due to other funds	150	1,670	1,820	(1,783)
Increase (decrease) in unearned revenue	239		239	(207)
Increase (decrease) in compensated absences	35	10	45	328
Increase (decrease) in claims and judgments				(30,962)
Pension expense	430	514	944	5,833
OPEB expense	(44)	(55)	(99)	(632)
Depreciation / amortization	3,776	3,014	6,790	20,613
Total adjustments	(4,811)	6,272	1,461	(10,839)
Net cash provided (used) by operating activities	(8,028)	9,526	1,498	41,809
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	558	501	1,059	2,626
Governmental contributions of capital assets	\$			2

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

June 30, 2024

(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
<b>ASSETS</b>				
Pooled cash and investments	\$ 1,229	10,755,027	2,313	444,269
Cash with fiscal agents	2,308,983	397,439		8,539
Investments with fiscal agents			1,050	6,561
Securities lending cash collateral	122,944			
Receivables:				
Contributions	10,498			
Accrued interest and dividends	52,797			
Settlement of investments sold	1,494,031			
Accounts receivable				4,276
Investment earnings receivable		133,168	11	191,519
Taxes receivable, net		66,688		106,444
Other receivables		24,771		287
Investments at fair value:				
Domestic equity securities	3,577,724			
International equity securities	812,987			
Fixed income securities	9,145,677			
Cash and securities for swaps	25,276			
Private Equity	371,461			
Private real estates	357,067			
Real Estate	1,196,072			
Capital assets, net	2,373			
<b>Total assets</b>	<b>19,479,119</b>	<b>11,377,093</b>	<b>3,374</b>	<b>761,895</b>
<b>LIABILITIES</b>				
Collateral payable for securities lending	122,944			
Settlement of investments purchased	1,634,353			
Professional services	14,562			
Death benefits	2,178			
Retirement and health benefits	1,897			
Refunds to members	2,099			
County advance contribution	1,918			
Accounts payable		218,041	2	286,103
Warrants outstanding				6,642
Accrued payroll				859
Accrued interest			21	
Deferred revenues		131		
Other liabilities	14,420			
Noncurrent liabilities:				
Due within one year			713	
Due in more than one year			3,573	
Due to other funds			4,188	
Due to other governments				189,678
<b>Total liabilities</b>	<b>1,794,371</b>	<b>218,172</b>	<b>8,497</b>	<b>483,282</b>
<b>NET POSITION</b>				
Restricted for:				
Pension	17,619,364			
OPEB	65,384			
Pool participants		11,158,921		
Private purpose			(5,123)	
Individuals, organizations and other governments				278,613
<b>Total net position (deficit)</b>	<b>\$ 17,684,748</b>	<b>11,158,921</b>	<b>(5,123)</b>	<b>278,613</b>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION					
FIDUCIARY FUNDS					
For the Year Ended June 30, 2024					
(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	
<b>ADDITIONS</b>					
Contributions:					
Employer contributions	\$ 885,184				
Plan member contributions	201,782				
Property taxes collected for other governments				15,422,552	
Contributions to investments		14,473,655			3,578,562
<b>Total contributions</b>	<b>1,086,966</b>	<b>14,473,655</b>			<b>19,001,114</b>
Investment income:					
Net appreciation/(depreciation) in fair value of investments:					
Equity securities	871,978				
Fixed income	226,599				
Foreign currency	21,533				
Real estate & private equity	(249,383)				
Private real assets	(17,897)				
Futures	112,852				
Swaps	513,630				
<b>Total Net appreciation/(depreciation) in fair value of investments</b>	<b>1,479,312</b>				
Interest income:					
Fixed income	165,848				
Cash	11,152				
Investment earnings		559,404	131		46,814
<b>Total interest income</b>	<b>177,000</b>	<b>559,404</b>	<b>131</b>		<b>46,814</b>
Other additions:					
Dividends	81,349				
Real estate income	74,793				
Private equity income	3,843				
Private real assets income	24,650				
<b>Total other</b>	<b>184,635</b>				
Less: Investment expenses	(23,556)	(829)			
<b>Net investment income, before securities lending</b>	<b>1,817,391</b>	<b>558,575</b>	<b>131</b>		<b>46,814</b>
Securities lending income and appreciation/ (depreciation)					
Securities lending rebates and bank charges	7,962				
Net securities lending	(5,962)				
<b>Net investment income</b>	<b>1,819,391</b>	<b>558,575</b>	<b>131</b>		<b>46,814</b>
Property taxes- Successor Agency Redevelopment					
Property Tax Trust Fund Distribution			2,375		
<b>Total additions</b>	<b>\$ 2,906,357</b>	<b>15,032,230</b>	<b>2,506</b>		<b>19,047,928</b>

Continued on next page ►►►

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

For the Year Ended June 30, 2024

(In Thousands)

(Continued)	San Diego County Employees				Custodial Funds
	Retirement Association Pension (and Other Postemployment Benefits) Trust Fund	Pooled Investments- Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund		
DEDUCTIONS					
Benefits					
Retirement benefits	\$	1,001,331			
Death benefits		2,012			
Health benefits		9,108			
Total Benefits		1,012,451			
Member refunds		8,904			
Administrative expenses		19,544	7,113	4	
Distributions from investments			14,790,206		3,564,368
Property taxes distributed to other governments					15,475,996
Contributions to other agencies				550	
Interest				326	
Total deductions		1,040,899	14,797,319	880	19,040,364
Change in net position		1,865,458	234,911	1,626	7,564
Net position (deficit) at beginning of year		15,819,290	10,924,010	(6,749)	271,049
Net position (deficit) at end of year	\$	17,684,748	11,158,921	(5,123)	278,613

# Contents - Notes to the Basic Financial Statements

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## 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.

*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* and a *Capital Projects 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 Employees 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 also reports the *Airport Fund* as a major Enterprise Fund. The Airport Fund is reported in a separate column in the fund financial statements using the economic resources measurement focus and the accrual basis of accounting. 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.

The County reports the following additional funds and fund types:

*Enterprise Funds* - these nonmajor funds account for 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, leases, and subscriptions 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'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. \$12.748 million of interest earned by certain funds has been assigned to and reported as revenue of another fund. For fiscal year 2024, the General Fund was assigned \$12.726 million and the Other Governmental Funds were assigned \$22 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 mutual funds, 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, leases, 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 \$15.941 million, \$9.569 million, and \$6.418 million, respectively; while the accounts receivable allowance for uncollectibles for governmental funds were \$5.690 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 nonspendable fund balance in the General Fund; and as a restricted, committed or assigned fund balance 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 is a lessor of real property. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and enterprise fund financial statements for leases with an initial, individual value of \$250 thousand or more.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The County uses its estimated incremental borrowing rate as the discount rate for leases, using the appropriate rate under the BVAL Municipal AAA curve.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a measurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### 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, right-to-use assets, subscription assets, 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.

Table 1 Capitalization Thresholds	
Land	\$ 0
Easements	50
Buildings and improvements	50
Equipment	5
Software	5-100
Infrastructure	25-50
Right-to-use assets	250
Subscription assets	150

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
Right-to-use assets	Lease Term
Subscription assets	Subscription Term

### 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. Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods.

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).

### Subscription-Based Information Technology Arrangements

The County has entered into various subscription-based information technology arrangements (SBITAs). The County recognizes a subscription liability and a subscription asset in the government-wide financial statements, and in Enterprise Funds and Internal Service Funds, as applicable. The County recognizes subscription liabilities for SBITAs with an initial, individual value of \$150 thousand or more.

At the commencement of a SBITA, the County initially measures the subscription liability at the present value of the subscription payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments made to the SBITA vendor at the commencement of the subscription term, plus capitalizable initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying information technology asset.

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

Future subscription payments should be discounted using the interest rate the SBITA vendor charges the County, which may be the interest rate implicit in the SBITA. However, if the implicit rate is not readily

determinable then the incremental borrowing rate may be used. Therefore, the County uses the Incremental Borrowing Rate as its discount rate.

The subscription term includes the period during which the County has a noncancellable right-to-use the underlying information technology assets. Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, payments for penalties for terminating the SBITA, and any other payment to the SBITA vendor associated with the SBITA contract that are reasonably certain of being required based on assessments of all relevant factors.

The County monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

### Lease Obligations

The County is a lessee for both real and personal property. The County recognizes a lease liability and a right-to-use asset in the government-wide financial statements. The County recognizes lease liabilities for leases with an initial, individual value of \$250 thousand or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

Future lease payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease. However, if the implicit rate is not readily determinable then the incremental borrowing rate may be used. Therefore, the County uses the Incremental Borrowing Rate as its discount rate.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the right-to-use asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the 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 unaccrued appreciation. Unaccrued appreciation represents the difference between the maturity value of the debt and their par (face) value. The unaccrued 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 75% 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, and lease 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.

**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, 2024**

Long-term liabilities, such as bonds, notes, loans payable, financed purchases, 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 \$6,702,902 difference are as follows:

Bonds, notes and loans payable:	
Certificates of participation and lease revenue bonds	\$ 374,600
Taxable pension obligation bonds	211,225
Tobacco settlement asset-backed bonds	436,607
Loans - non-internal service funds	2,276
Unamortized issuance premiums (to be amortized as interest expense)	100,723
Financed purchases - non-internal service funds	8,727
Compensated absences - non-internal service funds	163,395
Leases - non-internal service funds	243,936
Subscriptions	13,079
Landfill postclosure - San Marcos landfill	11,419
Pollution remediation	1,550
<b>Subtotal</b>	<b>\$ 1,567,537</b>
Net pension liability - non-internal service funds	5,090,905
Net OPEB pension liability - non-internal service funds	44,460
<b>Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b>\$ 6,702,902</b>

Internal Service Funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are included in governmental activities in the statement of net position. The details of this \$137,748 difference are as follows:

Net position of the internal service funds	\$ 139,222
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(1,047)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	(427)
<b>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b>\$ 137,748</b>

# Notes to the Basic Financial Statements

## (Amounts expressed in thousands unless otherwise noted)

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

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

<b>Table 4</b>	
<b>Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities Reconciliation</b>	
<b>For the Year Ended June 30, 2024</b>	
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 \$215,427 difference are as follows:	
Capital outlay	\$ 442,580
Depreciation/amortization expense	(227,153)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$ 215,427
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. The details of this \$4,118 difference are as follows:	
The loss on the disposal of capital assets does not affect current financial resources but decreases net position	(4,029)
Donations of assets to the County do not provide current financial resources but increase net position	8,147
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$ 4,118
The issuance of long-term debt (e.g., bonds, notes, loans, financed purchases, and 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 \$(77,145) difference are as follows:	
Debt issued or incurred:	
Premiums	\$ (18,781)
Face value of bonds issue	(160,910)
Face value of loans issued	(1,718)
Leases	(45,498)
Subscriptions	(3,099)
Principal payments	99,766
Financed purchase payments	2,431
Lease payments	45,520
Subscription payments	5,144
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$ (77,145)
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 \$(1,070,108) difference are as follows:	
Change in net pension liability, deferred inflows of resources and deferred outflows of resources	\$ (1,056,324)
Change in net OPEB liability, deferred inflows of resources and deferred outflows of resources	4,741
Compensated absences	(14,866)
Accrued interest	(288)
Accretion of capital appreciation bonds	(8,342)
Amortization of premiums	6,944
Amortization of gain on refundings	22
Amortization of loss on refundings	(1,995)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	\$ (1,070,108)
Internal Service Funds. The net revenue (or expense) of certain activities of internal service funds is reported with governmental activities. The details of this \$91,676 difference are as follows:	
Change in net position of the internal service funds	\$ 92,103
Less: Loss from charges to business activities	(427)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position - governmental activities	\$ 91,676

**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 112, San Diego, California, 92101 and can also be accessed at <http://www.sdttc.com>.

Total pooled cash and investments totaled \$15.477 billion consisting of: \$15.404 billion investments in the County pool; \$69.721 million in deposits; \$3.130 million of collections in transit; and, \$500 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 Deposit Insurance Corporation (FDIC) insurance is available for funds deposited at any one insured depository institution 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 limit 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, 2024, 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 JPMorgan Chase Bank, N.A. and U.S. Bank, N.A. The carrying amount of the Pool's deposits was \$69.721 million, and the bank balance at June 30, 2024 was \$63.579 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 \$63.329 million was collateralized with securities held by a depository agent on behalf of the Pool, or held in trust at US Bank, 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), other than demand deposits of the San Diego County Employees Retirement Association, was \$407.903 million and the bank balance per various financial institutions was \$408.700 million. Of the total bank balance, \$1.365 million was covered by federal deposit insurance; \$406.720 million was collateralized by a named agent depository; and \$615 thousand was uncollateralized.

### 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.

### 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 of 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, 2024, 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, 2024.

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

	Investment Pool Rating at June 30, 2024	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, 2024.

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, FHLMC, or the Tennessee Valley Authority.

The following issuers exceeded the 5 percent threshold of the total fair value of the County Pool’s investments as of June 30, 2024: Federal Home Loan Bank (12.48%); Inter-American Development Bank (5.30%); and Bank of American Corporation (5.11%).

No general policies have been established for investments with fiscal agents, 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, 2024 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**.

### 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.

Issuer	Tobacco Endowment	
	Fund	Percent
State of Florida	\$ 13,760	6%
State of Georgia	31,379	13%
State of Maryland	26,761	11%
State of Minnesota	25,425	11%
State of Ohio	20,638	9%
State of Washington	20,757	9%

## Notes to the Basic Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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**Table 7**  
Pooled Investments  
At June 30, 2024

	Fair Value	Book Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (in days)	NRSRO Rating	% of Portfolio
<b>U.S. Government Agencies:</b>							
<b>Federal Agricultural Mortgage Corporation (FAMC)</b>							
	\$ 345,147	350,000	3.77% - 5.19%	7/27 - 5/29	1329	AA+	2.24%
<b>Federal Farm Credit Bank (FFCB)</b>							
	596,939	621,311	0% - 5.73%	7/24 - 3/29	770	AA+ or F1+	3.88%
<b>Federal Home Loan Bank (FHLB)</b>							
	1,967,100	2,019,840	0% - 5.01%	7/24 - 4/29	514	AA+ or F1+	12.76%
<b>Federal Home Loan Mortgage Corporation (FHLMC)</b>							
	397,051	411,954	0.35% - 4.50%	9/24 - 9/28	374	AA+	2.58%
<b>Federal National Mortgage Association (FNMA)</b>							
	607,105	636,360	0.41% - 1.62%	8/24 - 12/25	393	AA+	3.94%
<b>Tennessee Valley Authority (TVA)</b>							
	24,455	24,848	3.87%	3/28	1354	AA+	0.16%
<b>U.S. Treasury Notes</b>							
	1,487,552	1,548,925	0.25% - 4.62%	6/24 - 7/28	564	AA+	9.66%
<b>Pass-through Securities</b>							
	1,044,090	1,050,341	.3% - 5.78%	9/24 - 4/29	1114	AAA or NR	6.78%
<b>Supranationals</b>							
	1,569,671	1,596,571	0% - 4.87%	8/24 - 7/29	1143	AAA or NA	10.19%
<b>Commercial Paper</b>							
	2,866,439	2,868,042	0.00%	7/24 - 11/24	44	F1 to F1+	18.61%
<b>Local Agency Investment Fund</b>							
	2	2	4.56%	N/A	0	NR	0.00%
<b>Local Government Investment Pools</b>							
	256,271	256,271	5.44%	N/A	0	AAA	1.66%
<b>Money Market Mutual Funds</b>							
	386,000	386,000	5.18% - 5.24%	N/A	0	AAA or NA	2.51%
						AA- to AAA, or	
<b>Municipal Bonds</b>							
	535,700	547,628	0.5% - 5.50%	8/24 - 10/28	686	NA	3.48%
<b>Negotiable Certificates of Deposit</b>							
	2,923,467	2,924,000	5.37% - 6.00%	7/24 - 2/25	119	F1+ or NA	18.97%
<b>Medium-Term Notes</b>							
	397,548	403,754	.7% - 5.61%	8/24 - 9/26	252	AA- to AA, or NA	2.58%
<b>Total investments</b>	<b>\$ 15,404,537</b>	<b>15,645,847</b>			<b>460</b>		<b>100%</b>

**Table 8**  
**Investments with Fiscal Agents**  
**At June 30, 2024**

	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
<b>County investments with fiscal agents</b>						
<b>Unrestricted:</b>						
Fixed income tax exempt bonds	\$ 2,069	5.00%	9/27	1172	A+	0.50%
Fixed income tax exempt bonds	10,979	5.00%	6/25 - 11/30	1922	AA	2.67%
Fixed income tax exempt bonds	4,918	5.00%	1/26 - 12/26	700	AA-	1.19%
Fixed income tax exempt bonds	27,693	1.85% - 5%	12/24 - 8/36	2765	AA+	6.72%
Fixed income tax exempt bonds	159,272	2% - 5%	7/24 - 8/35	2424	AAA	38.66%
Fixed income tax exempt bonds	2,234	5.00%	7/30	2192	NR	0.54%
Money market mutual funds	31,000	1.47%	7/24	5	AAAm	7.53%
Subtotal	<u>238,165</u>					
<b>Restricted:</b>						
Money market mutual funds	64,294	4.93% - 5.25%	7/24 - 8/24	31 - 47	AAAm	15.61%
State and local government securities	109,492	4.40% - 5.40%	7/24 - 10/26	203	NR	26.58%
Subtotal	<u>173,786</u>					
Total County investments with fiscal agents	<u>411,951</u>					<u>100.00%</u>
<b>Private Purpose investments:</b>						
Money market mutual funds	<u>1,050</u>	4.94%	8/24	32	AAAm	<u>100.00%</u>
Total Private Purpose investments	<u>1,050</u>					<u>100.00%</u>
<b>Custodial funds investments:</b>						
Money market mutual funds	<u>6,561</u>	4.97%	7/24	31	AAAm	<u>100.00%</u>
Total Custodial funds investments	<u>6,561</u>					<u>100.00%</u>
Total investments with fiscal agents	\$ <u>419,562</u>					

**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, 2024, were valued at \$15.404 billion. The fair value of pooled investments categorized according to GASB 72 fair value hierarchy totaled \$14.762 billion, and are all classified as Level 2. Money market mutual funds totaling \$386.0 million, are valued at net asset value - \$1 per share (amortized cost) and local government investment pool funds, together with the local agency investment fund - totaling \$256.2 million, are not subject to the fair value hierarchy.

Total investments with fiscal agents as of June 30, 2024, were valued at \$419.5 million. The fair value of investments with fiscal agents according to the GASB 72 fair value hierarchy totaled \$207.2 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, \$102.9 million, together with the state and local securities totaling \$109.4 million, are not subject to the fair value hierarchy.

**Table 9** summarizes pooled investments' and investments with fiscal agents' recurring fair value measurements and the fair value hierarchy as of June 30, 2024.

		Fair Value Measurements Using		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		June 30, 2024		
<b>Table 9</b>				
<b>Pooled Investments and Investments With Fiscal Agents By Fair Value Level</b>				
Pooled investments by fair value level				
Pass-Through Securities	\$	1,044,090		1,044,090
Commercial Paper		2,866,439		2,866,439
Negotiable Certificates of Deposit		2,923,467		2,923,467
Municipal Bonds		535,700		535,700
Medium-Term Notes		397,548		397,548
Supranationals		1,569,671		1,569,671
U.S. Government Agencies		3,937,797		3,937,797
U.S. Treasury Notes		<u>1,487,552</u>		<u>1,487,552</u>
Total pooled investments by fair value level		<u>14,762,264</u>		<u>14,762,264</u>
Pooled investments not subject to the fair value hierarchy				
Money Market Mutual Funds		386,000		
Local Government Investment Pools		256,271		
Local Agency Investment Fund		<u>2</u>		
Total pooled investments		<u>15,404,537</u>		
Investments with fiscal agents by fair value level				
Fixed Income Tax Exempt Bonds		207,165		<u>207,165</u>
Total investments with fiscal agents by fair value level				<u>207,165</u>
Investments with fiscal agents not subject to the fair value hierarchy				
Money Market Mutual Funds		<u>102,905</u>		
State and local government securities		<u>109,492</u>		
Total investments with fiscal agents not subject to the fair value hierarchy		212,397		
Total investments with fiscal agents	\$	<u>419,562</u>		

# Notes to the Basic Financial Statements

## (Amounts expressed in thousands unless otherwise noted)

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

Investment Type	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating		
	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	
Agency Obligations	5 years	5 years	None	None	None	35%	None	None	
Local Agency and State Obligations (1)	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 (2) (3)	270 days	270 days	40%	40%	10%	10%	A-1	A-1	
Negotiable Certificates of Deposit (1) (3)	5 years	5 years	30%	30%	30%	10%	None	A	
Repurchase Agreements (4)	1 year	1 year	None	40%	None	Note <sup>4</sup>	None	None	
Reverse Repurchase Agreements	92 days	92 days	20%	20%	20%	10%	None	None	
Securities Lending	92 days	92 days	20%	20%	20%	10%	None	None	
Medium-Term Notes (1) (3)	5 years	5 years	30%	30%	30%	10%	A	A	
Collateralized Certificates of Deposit (5)	N/A	13 months	None	5%	None	5%	None	None	
FDIC & NCUA Insured Deposit Accounts	N/A	13 months	None	5%	None	5%	None	None	
Covered Call Option/Put Option	N/A	90 days	None	10%	None	None	None	None	
Money Market Mutual Funds (6)	N/A	N/A	20%	20%	10%	10%	AAAm	AAAm	
Local Government Investment Pools									
(LGIP)	N/A	N/A	None	5%	None	None	AAAm	AAAm	
Local Agency Investment Fund (LAIF) (7)	N/A	N/A	None	5%	None	None	None	None	
Pass-Through Securities	5 years	5 years	20%	20%	20%	10%	AA	AA	
Supranationals (8)	5 years	5 years	30%	30%	30%	10%	AA	AA	

- (1) For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "-") by at least one Nationally Recognized Statistical Rating Organization (NRSRO). For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.
- (2) Government Code Section 53635(a)(1-2) specifies percentage limitations for this security type for county investment pools.
- (3) Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the fund value, inclusive of any other non-Commercial Paper, Medium-Term Notes, or Negotiable CD Investments.
- (4) Maximum Exposure Per Broker/Dealer - The maximum exposure to a single Repurchase Agreement (RP) broker/dealer shall be 10% of the portfolio value when the dollar-weighted average maturity is greater than five days or 15% of the portfolio when the dollar-weighted maturity is five days or less.
- (5) Institutions at or above the highest short-term rating category (without regard to qualifications of such rating symbol such as "+" or "-") by at least one NRSRO may pledge mortgage-based collateral for County deposits.
- (6) Money Market Mutual Fund ratings must be in the highest rating category by at least two NRSROs.
- (7) Local Agency Investment Fund (LAIF) is an unrated fund.
- (8) The following institutions are considered "Supranationals": International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Inter-American Development Bank (IADB).

**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 2024 restricted assets were as follows:

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	\$ 218	
<b>Nonmajor Governmental Funds:</b>		
Harmony Grove Community Facilities District - Special Revenue Fund		6
Housing Authority - Other Special Revenue Funds	246	
Capital Outlay Fund	1,444	
SANCAL Capital Project Fund		96,405
Tobacco Securitization Joint Special Revenue Fund		33,886
SANCAL Non-Capital Fund		17,929
<b>Pension Obligation Bonds</b>		
Debt Service Fund		669
SANCAL Debt Service Fund		24,530
San Diego Regional Building Authority Debt Service Fund		361

**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 - \$13.794 million:

This amount includes: \$9.200 million in Senate Bill (SB) 90 cost reimbursements due to the County for the provision of State mandated programs mostly for Absentee Ballots and Sexually Violent Predators. 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, \$4.594 million is the balance owed to the County from participating agencies that

financed their portion of the shared infrastructure costs for the Regional Communications System (RCS) NextGen Project upgrade.

Loans - Governmental activities - \$287.842 million:

This amount includes: \$196.412 million in housing rehabilitation loan programs for low-income or special needs residents, and loans for low income housing down payments; \$28.516 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; \$30.019 million in interest receivable on housing long term loans; \$3.885 million in low income housing developer loans; \$4.069 million in COVID-19 Small Business Loan Receivable; \$9.604 million in Edgemoor Development Fund land sale notes receivable; \$1.123 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 \$328 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 \$100 thousand.

Loans- Business-type activities- \$2.771 million:

This amount includes \$34 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 \$2.737 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".

# Notes to the Basic Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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Table 12 Receivables Primary Government and Discretely Presented Component Unit At June 30, 2024								
	Accounts	Investment Earnings	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
<b>Governmental activities:</b>								
General Fund	\$ 103,601	36,095	977,568	224,629	3,054	1,344,947		1,344,947
Public Safety Fund			67,855			67,855		67,855
Tobacco Endowment Fund		3,041				3,041		3,041
Other Governmental Funds	30,389	14,410	132,623	31,743	545	209,710	(5,690)	204,020
Internal Service Funds	43	5,218	880		16	6,157		6,157
Total governmental activities - fund level	\$ 134,033	58,764	1,178,926	256,372	3,615	1,631,710	(5,690)	1,626,020
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund				1,451		1,451		1,451
Add: interest receivable on housing long-term loans				30,019		30,019		30,019
Less: Due from Component Unit					(229)	(229)		(229)
Total governmental activities - Statement of Net Position	\$ 134,033	58,764	1,178,926	287,842	3,386	1,662,951	(5,690)	1,657,261
<b>Business-type activities:</b>								
Airport Fund	1,723	382	834	34		2,973		2,973
Other Enterprise Funds	1,246	1,028	152			2,426		2,426
Total Enterprise Funds	\$ 2,969	1,410	986	34		5,399		5,399
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund				2,737		2,737		2,737
Total business-type activities - Statement of Net Position	\$ 2,969	1,410	986	2,771		8,136		8,136
<b>Component Unit:</b>								
First 5 Commission of San Diego	\$ 238	414	4,453		215	5,320		5,320

**NOTE 6****County Property on Lease to Others**

As of June 30, 2024, the County's lease receivables totaled \$232.4 million - consisting of \$227.5 million in land and \$4.9 million in buildings. The details are shown in the table below:

	Land Lease	Building Lease	Building Sublease	Total Building Lease	Total Land and Building	Original Lease Terms (In Years)	Remaining Lease Terms (In Years)	Interest Rate(s)
Governmental Activities	\$ 11,727				11,727	54 to 83	23 to 40	1.57%
Governmental Activities		3,299		3,299	3,299	1 to 31	< 1 to 30	0.35% to 3.57%
Governmental Activities			912	912	912	4 to 14	< 1 to 6	0.51% to 1.24%
<b>Subtotal</b>	<b>11,727</b>			<b>4,211</b>	<b>15,938</b>			
Business-Type Activities	215,811				215,811	14 to 54	2 to 47	1.24% to 3.83%
Business-Type Activities		697		697	697	4 to 44	< 1 to 16	0.51% to 1.57%
<b>Subtotal</b>	<b>215,811</b>			<b>697</b>	<b>216,508</b>			
<b>Total</b>	<b>\$ 227,538</b>			<b>4,908</b>	<b>232,446</b>			

Interest rates on all leases are calculated using the appropriate rate under the Bloomberg Valuation Service (BVAL) Municipal AAA curve. During fiscal year 2024, the County recognized \$11.2 million in lease revenue, \$3.6 million in interest revenue, and variable payments of \$1.3 million.

The annual future lease payments expected to be received are presented in **Table 14**.

Fiscal Year	Principal	Interest	Total
<b>Governmental Activities:</b>			
2025	\$ 1,742	240	1,982
2026	1,080	220	1,300
2027	568	211	779
2028	551	205	756
2029	527	196	723
2030-2034	2,031	878	2,909
2035-2039	1,722	736	2,458
2040-2044	1,896	583	2,479
2045-2049	2,056	411	2,467
2050-2054	2,067	228	2,295
2055-2059	1,441	64	1,505
2060-2064	257	9	266
<b>Total</b>	<b>15,938</b>	<b>3,981</b>	<b>19,919</b>
<b>Business-Type Activities:</b>			
2025	7,252	3,251	10,503
2026	7,410	3,148	10,558
2027	7,449	3,042	10,491
2028	7,548	2,943	10,491
2029	7,678	2,826	10,504
2030-2034	36,449	12,500	48,949
2035-2039	35,561	9,795	45,356
2040-2044	30,542	7,228	37,770
2045-2049	21,279	5,126	26,405
2050-2054	18,355	3,621	21,976
2055-2059	14,000	2,358	16,358
2060-2064	14,179	1,253	15,432
2065-2069	7,524	293	7,817
2070-2074	1,282	29	1,311
<b>Total</b>	<b>216,508</b>	<b>57,413</b>	<b>273,921</b>
<b>Grand Total</b>	<b>\$ 232,446</b>	<b>61,394</b>	<b>293,840</b>

# Notes to the Basic Financial Statements

## (Amounts expressed in thousands unless otherwise noted)

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### 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 15 Capital Assets - Governmental Activities				
	Beginning Balance at July 1, 2023	Increases	Decreases	Ending Balance at June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 548,777	4,516		553,293
Easements	9,833			9,833
Construction in progress	385,981	296,327	(79,409)	602,899
Total capital assets, not being depreciated/amortized	944,591	300,843	(79,409)	1,166,025
Capital assets, being depreciated/amortized:				
Buildings and improvements	2,560,293	52,243	(612)	2,611,924
Equipment	447,939	69,548	(10,891)	506,596
Software	184,272	22,028	(29,427)	176,873
Road infrastructure	3,039,763	60,194		3,099,957
Bridge infrastructure	97,628	5,584		103,212
Right-to-use Assets:				
Right-to-use land (1)	55,925		(2,107)	53,818
Right-to-use buildings and improvements (1)	270,117	45,654	(803)	314,968
Right-to-use equipment	2,538			2,538
Subscription Assets (1)	20,136	3,214	(2,360)	20,990
Total capital assets, being depreciated/amortized	6,678,611	258,465	(46,200)	6,890,876
Less accumulated depreciation/amortization for:				
Buildings and improvements	(815,371)	(64,499)	460	(879,410)
Equipment	(268,174)	(34,542)	10,320	(292,396)
Software	(136,151)	(18,853)	29,128	(125,876)
Road infrastructure	(1,919,414)	(75,040)		(1,994,454)
Bridge infrastructure	(34,475)	(1,901)		(36,376)
Right-to-use Assets:				
Right-to-use land	(2,714)	(1,241)		(3,955)
Right-to-use buildings and improvements	(88,655)	(45,276)	803	(133,128)
Right-to-use equipment	(1,221)	(633)		(1,854)
Subscription Assets	(3,869)	(5,781)	1,682	(7,968)
Total accumulated depreciation/amortization	(3,270,044)	(247,766)	42,393	(3,475,417)
Total capital assets, being depreciated/amortized, net	3,408,567	10,699	(3,807)	3,415,459
Governmental activities capital assets, net	\$ 4,353,158	311,542	(83,216)	4,581,484

(1) These rows include modifications to right-to-use land (decrease), right-to use buildings and improvements (increase), and subscription assets (increase).

## Notes to the Basic Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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**Table 16**  
Capital Assets - Business-type Activities

	Beginning Balance at July 1, 2023	Increases	Decreases	Ending Balance at June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 13,776	0	0	13,776
Construction in progress	7,894	7,165	(2,180)	12,879
Total capital assets, not being depreciated/amortized	<u>21,670</u>	<u>7,165</u>	<u>(2,180)</u>	<u>26,655</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	154,003	0	0	154,003
Equipment	7,061	1,167	0	8,228
Software	297	0	0	297
Road infrastructure	25,247	2,141	0	27,388
Sewer infrastructure	115,852	39	0	115,891
Right to Use Assets:				
Subscription Assets (1)	342	342	(342)	342
Total capital assets, being depreciated/amortized:	<u>302,802</u>	<u>3,689</u>	<u>(342)</u>	<u>306,149</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(70,053)	(3,236)	0	(73,289)
Equipment	(3,252)	(537)	0	(3,789)
Software	(256)	(39)	0	(295)
Road infrastructure	(5,301)	(691)	0	(5,992)
Sewer infrastructure	(59,218)	(2,217)	0	(61,435)
Right to Use Assets:				
Subscription Assets	(70)	(70)	(140)	(140)
Total accumulated depreciation/amortization	<u>(138,150)</u>	<u>(6,790)</u>	<u>(144,940)</u>	<u>(144,940)</u>
Total capital assets, being depreciated/amortized, net	<u>164,652</u>	<u>(3,101)</u>	<u>(342)</u>	<u>161,209</u>
Business-type activities capital assets, net	<u>\$ 186,322</u>	<u>4,064</u>	<u>(2,522)</u>	<u>187,864</u>

### Depreciation/Amortization

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

**Table 17**  
Depreciation Expense - Governmental Activities

General government	\$ 16,445
Public protection	54,251
Public ways and facilities	76,151
Health and sanitation	9,669
Public assistance	3,674
Education	3,435
Recreation and cultural	10,597
Internal Service Funds	20,613
Total	<u>\$ 194,835</u>

**Table 18**  
Amortization Expense - Governmental Activities

General Government	\$ 1,239
Public protection	17,470
Public ways and facilities	177
Health and sanitation	5,464
Public assistance	27,921
Education	660
Total	<u>\$ 52,931</u>

**Table 19**  
Depreciation Expense - Business-type Activities

Airport Fund	\$ 3,776
San Diego County Sanitation District Fund	2,880
Sanitation District - Other Fund	64
Total	<u>\$ 6,720</u>

**Table 20**  
Amortization Expense - Business-type Activities

San Diego County Sanitation District Fund	\$ 70
Total	<u>\$ 70</u>

### 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

# Notes to the Basic Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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committed or assigned fund balance, as appropriate. At June 30, 2024, the County General Fund's outstanding encumbrances totaled \$955.036 million; the Public Safety Fund's outstanding encumbrances totaled \$28.736 million; and, Nonmajor governmental funds' outstanding encumbrances totaled \$152.476 million.

At June 30, 2024, major contracts entered into for structures and improvements and other commitments within governmental activities and business-type activities are noted in **Table 21**.

	Remaining Commitments
<b>Governmental Activities</b>	
<b>General Fund:</b>	
Construction of County Public Health Laboratory	\$ 69,152
Renovation of George Bailey Detention Facility	18,343
Renovation of County Administration Center	17,324
Construction of Casa de Oro Library	17,162
Renovation and Modernization of Sheriff Ridgehaven Headquarters	15,441
Purchase and Renovation of Healthcare Facility for Residential Substance Use Disorder Services	12,000
Renovation of Fallbrook Local Park	8,058
Major Systems Renovation of Hall of Justice	7,127
Development of Integrated Property Tax System	6,936
Expansion and Reconfiguration of La Maestra Family Clinic	4,590
Reconfiguration of South Region Family Resource Center	3,186
Construction of Tri-City Healthcare District Psychiatric Facility	2,964
Construction of Ramona Intergenerational Community Campus	2,915
Construction of Heritage Park Building	2,755
Construction of Youth Transition Campus	2,676
Critical Systems Upgrade at Town Centre Manor Public Housing	2,623
Improvements to Smuggler's Gulch at Tijuana River Valley Regional Park	2,467
Construction of San Diego County Animal Shelter	2,282
Procurement of Two Live Well Mobile Office Vehicles	2,066
Replacement of East Mesa Juvenile Detention Facility Generator	1,591
Construction of Southeast San Diego Live Well Center	1,398
Procurement of Two Mobile Probation Service Centers	1,263
Major Maintenance Improvements to San Diego Central Jail Security and Emergency Power Equipment	1,257
Construction of Jacumba Fire Station #43	1,063
<b>Subtotal</b>	<b>206,638</b>
<b>Nonmajor Governmental Funds:</b>	
Improvement of County Roads and Bridges	32,635
<b>Subtotal</b>	<b>32,635</b>
<b>Internal Service Funds:</b>	
Vehicle Acquisitions	28,476
<b>Subtotal</b>	<b>28,476</b>
<b>Governmental Activities Subtotal</b>	<b>267,749</b>
<b>Business-type Activities</b>	
<b>Enterprise Funds:</b>	
Rehabilitation of Ramona Airport Tower Transient Apron	2,243
<b>Business-Type Activities Subtotal</b>	<b>2,243</b>
<b>Total</b>	<b>\$ 269,992</b>

**NOTE 8**  
**Interfund Balances**

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

Table 22  
Interfund Balances  
At June 30, 2024

		DUE TO								Total
		General Fund	Public Safety	Tobacco Endowment	Other Governmental	Airport Fund	Other Enterprise	Internal Service	Private Purpose Trust Fund	
DUE FROM	General Fund		81,575	15,148	46,979	189	416	6,649	1,123	152,079
	Other									
	Governmental	\$ 36,322			1,567	107	1,627	203	328	40,154
	Airport Fund								2,737	2,737
	Other Enterprise									
	Funds	49			166		312	1		528
	Internal Service	35,358			2,886	131	154	1,724		40,253
	Total	\$ 71,729	81,575	15,148	51,598	427	2,509	8,577	4,188	235,751

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

- a) \$1.123 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) \$2.737 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) \$328 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 34 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 \$1.123 million Upper San Diego River

Project loan and the "Due from other funds" for the County Low and Moderate Income Housing Asset fund's \$328 thousand are included in the governmental activities' "Receivables, net". The "Due from other funds" for the \$2.737 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.

**NOTE 9**  
**Interfund Transfers**

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

Table 23  
 Transfers In/Transfers Out  
 At June 30, 2024

	TRANSFERS OUT								Total
	General Fund	Public Safety	Tobacco Endowment	Other Governmental	Airport Fund	Other Enterprise	Internal Service		
<b>TRANSFERS IN</b>									
General Fund		433,372	15,113	16,250		857			465,592
Other Governmental	\$ 298,522	92		7,561	128	4,657	2,023		312,983
Airport Fund	24			50					74
Other Enterprise	858								858
Internal Service	11,576			135					11,711
<b>Total</b>	<b>\$ 310,980</b>	<b>433,464</b>	<b>15,113</b>	<b>23,996</b>	<b>128</b>	<b>5,514</b>	<b>2,023</b>		<b>791,218</b>

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**

Payables at fiscal year-end are shown below:

Table 24  
 Payables  
 At June 30, 2024

	Vendors	Aid to Other Individuals	Due to Other Government Agencies	Other	Total Payables
<b>Governmental Activities:</b>					
General Fund	\$ 316,726	7,736	30,045	14,101	368,608
Other Governmental Funds	80,575	56	2,464	4,512	87,607
Internal Service Funds	78,215	176	599	5,095	84,085
<b>Total governmental activities</b>	<b>475,516</b>	<b>7,968</b>	<b>33,108</b>	<b>23,708</b>	<b>540,300</b>
<b>Business-type activities:</b>					
Airport Fund	1,102	13	26	51	1,192
Other Enterprise Funds	1,648		6	377	2,031
<b>Total Business-Type activities</b>	<b>2,750</b>	<b>13</b>	<b>32</b>	<b>428</b>	<b>3,223</b>
<b>Component Unit:</b>					
First 5 Commission of San Diego	13,141		874	(2,291)	11,724

**NOTE 11****Deferred Inflows of Resources: Unavailable Revenue**

Table 25  
Deferred Inflows of Resources - Non-pension  
At June 30, 2024

	General	Other Governmental	Total
	Fund	Funds	
Unavailable Revenue			
Property and			
miscellaneous local taxes \$	67,376	985	68,361
Aid from other			
governmental agencies	304,594	99,336	403,930
Charges for services	56,615		56,615
Other	9,870	52,096	61,966
<b>Total</b>	<b>\$ 438,455</b>	<b>152,417</b>	<b>590,872</b>

A large portion of the Unavailable Revenue – aid from other governmental agencies consists primarily of \$152 million in Federal Emergency Management Act funds, \$130.7 million in Short Doyle Medi-Cal award, \$99.3 million of TransNet one-half cent sales tax to be used for projects in the Road Fund, and \$9.2 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 million in Drug Medi-Cal administrative activities receivables, \$6.7 million in Medi-Cal administrative activities for public health services, and \$1.4 million in Epidemiology and Laboratory Capacity for Infectious Diseases receivable. The remaining \$600 thousand represents various other unavailable aid from other governmental agencies.

Of the \$62 million of Unavailable Revenue – other, approximately \$14.2 million are tobacco settlement receivables, \$22 million are low and moderate income housing assistance receivables, \$6.8 million are for the Sheriff Regional Communication System upgrade project, \$14.6 million are for Edgemoor development activities, approximately \$1.2 million for interest receivable, and \$3.1 million are for housing and community development activities. The remaining \$100 thousand represents various other unavailable revenues.

Of the \$57 million of Unavailable Revenue – charges for services, approximately \$56.5 million is opioid settlement receivable. The remaining \$500 thousand represents various charges for services unavailable revenues.

**NOTE 12****Lease Obligations**

As of June 30, 2024, the County's lease obligations totaled \$244 million - consisting of \$243 million in Real Property, (\$50 million in land, and \$193 million in buildings), and Personal Property - Equipment of \$1 million. The details of these leases are shown below.

**Real Property**

The land leases had original lease terms ranging from 14 years to 99 years, with remaining lease terms ranging from 1.5 years to 62.33 years; with interest rates ranging from 1.24% to 1.57%. The building leases had original lease terms ranging from 1.33 years to 49.75 years, with remaining lease terms ranging from 1 month to 25.5 years; with interest rates ranging from 0.51% to 3.14%. Interest rates on all leases are calculated using the appropriate rate under the Bloomberg Valuation Service (BVAL) Municipal AAA curve.

The annual future lease payments are presented below.

Table 26  
Real Property Leases  
Requirements To Maturity

Fiscal Year	Principal	Interest	Total
2025	\$ 43,961	3,440	47,401
2026	36,975	2,854	39,829
2027	28,382	2,384	30,766
2028	22,352	1,956	24,308
2029	17,366	1,563	18,929
2030-2034	37,763	5,524	43,287
2035-2039	13,247	3,655	16,902
2040-2044	3,870	3,249	7,119
2045-2049	3,813	2,933	6,746
2050-2054	3,622	2,647	6,269
2055-2059	3,918	2,351	6,269
2060-2064	4,237	2,032	6,269
2065-2069	4,584	1,685	6,269
2070-2074	4,958	1,311	6,269
2075-2079	5,363	906	6,269
2080-2084	5,800	468	6,268
2085-2087	2,971	59	3,030
<b>Total</b>	<b>\$ 243,182</b>	<b>39,017</b>	<b>282,199</b>

**Personal Property**

The equipment leases had original lease terms ranging from 4 years to 5 years, with remaining lease terms ranging from 1 month to 2.25 years; with interest rates ranging from 0.39% to 0.55%. Interest rates on all leases are calculated using the appropriate rate under the Bloomberg Valuation Service (BVAL) Municipal AAA curve.

The annual future lease payments are presented below.

Fiscal Year	Principal	Interest	Total
2025	\$ 376	4	380
2026	378	2	380
<b>Total</b>	<b>\$ 754</b>	<b>6</b>	<b>760</b>

**NOTE 13  
Subscription Obligations**

As of June 30, 2024, the County's subscription-based information technology arrangements totaled \$13.263 million - consisting of \$13.079 million governmental subscriptions and \$184 thousand business-type subscriptions. The details of these subscriptions are show below.

The governmental subscription-based information technology arrangements had original terms ranging from 8.5 months to 10.92 years, with remaining lease terms ranging from 2 months to 7 years; with interest rates ranging from 0.25% to 3.67%. Interest rates on all subscriptions are calculated using the appropriate rate under the Bloomberg Valuation Service (BVAL) Municipal AAA curve.

The annual future subscription payments are presented below.

Fiscal Year	Principal	Interest	Total
2025	\$ 4,396	351	4,747
2026	3,907	225	4,132
2027	3,472	116	3,588
2028	759	32	791
2029	281	14	295
2030-2031	264	7	271
<b>Total</b>	<b>\$ 13,079</b>	<b>745</b>	<b>13,824</b>

The business-type subscription-based information technology arrangement had an original term of 5 years, with remaining lease term of 3 years; with an interest rate of 2.03%. Interest rates on all subscriptions are calculated using the appropriate rate under the Bloomberg Valuation Service (BVAL) Municipal AAA curve.

The annual future subscription payments are presented below.

Fiscal Year	Principal	Interest	Total
2025	\$ 89	4	93
2026	95	2	97
<b>Total</b>	<b>\$ 184</b>	<b>6</b>	<b>190</b>

**NOTE 14  
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 lease 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 December 2023, \$160.910 million of Certificates of Participation titled "County of San Diego Certificates of Participation, Series 2023 (County Public Health Laboratory and Capital Improvements) (Green Bonds)" were executed and delivered pursuant to the trust agreement by and among the trustee bank, the County and SANCAL. The Certificates were issued with a 5.00% fixed interest rate with maturity dates ranging from October 1, 2027 to October 1, 2053. These Certificates were issued with a premium of \$18.781 million. Proceeds of \$179.691 million, along with Federal Grants totaling \$18.843 million, and County Contributions of \$112.282 million were distributed as follows: 1) \$288.618 million to fund the acquisition, construction, and installation costs on the County Public Health Laboratory and Capital Improvement projects; 2) \$21.162 million of proceeds were used to finance capitalized interest with respect to the Certificates through April 1, 2027; 3) \$738 thousand was set aside to pay certain costs of issuance, and 4) \$298 thousand was used to pay the underwriter's discount.

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 Lease Property regardless of whether or not the County has abandoned the Lease 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.

Details of the COPs and LRBs outstanding at June 30, 2024 are as follows:

**Table 30**  
Certificates of Participation (COP)  
and Lease Revenue Bonds (LRB)

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2024
2014 Edgemoor and RCS Refunding COP Series 2014A (Edgemoor)	\$ 91,675	2.00% - 5.00%	2030	44,360
2016 County Operations Center Refunding LRB	105,330	3.00% - 5.00%	2036	75,375
2019 Justice Facilities Refunding of 1997 Central Jail COP	15,635	5.00%	2026	4,905
2020A Waterfront Park Refunding COP (Tax-Exempt)	21,910	2.00% - 5.00%	2042	19,875
2020B Cedar and Kettner Refunding COP (Taxable)	23,815	0.45% - 3.125%	2042	20,885
2021 Youth Transition Campus COP	49,060	5.00%	2052	48,290
2023 County Public Health Laboratory and Capital Improvements COP	160,910	5.00%	2054	160,910
<b>Total</b>	<b>\$ 468,335</b>			<b>374,600</b>

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

**Table 31**  
Certificates of Participation and Lease Revenue Bonds -  
Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2025	\$ 16,765	17,283	34,048
2026	16,300	16,504	32,804
2027	15,115	15,773	30,888
2028	18,730	14,921	33,651
2029	19,665	13,986	33,651
2030-2034	75,995	58,238	134,233
2035-2039	58,460	42,345	100,805
2040-2044	46,960	31,474	78,434
2045-2049	49,625	20,077	69,702
2050-2054	56,985	6,219	63,204
<b>Subtotal</b>	<b>374,600</b>	<b>236,820</b>	<b>611,420</b>
Add:			
Unamortized issuance premium	53,336		
<b>Total</b>	<b>\$ 427,936</b>		

## Taxable Pension Obligation Bonds (POBs)

Taxable Pension Obligation Bonds (POBs) were 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.

Details of POBs outstanding at June 30, 2024 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2024
2004 Series B1-2	\$ 147,825	5.91%	2025	57,250
		3.33 -		
2008 Series A	343,515	6.03%	2027	153,975
Total	\$ 491,340			211,225

Annual debt service requirements to maturity for POBs are shown below.

Fiscal Year	Principal	Interest	Total
2025	\$ 70,855	8,988	79,843
2026	75,220	4,495	79,715
2027	65,150	491	65,641
Total	\$ 211,225	13,974	225,199

## 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.

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.

# Notes to the Basic Financial Statements

(Amounts expressed in thousands unless otherwise noted)

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

Details of the Bonds outstanding at June 30, 2024 are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2024
Series 2006B CABs	\$ 19,770	6.25%	2046	231,820
2006B unaccreted appreciation CABs				(171,645)
Series 2006C CABs	8,686	6.40%	2046	107,950
2006C unaccreted appreciation CABs				(80,808)
Series 2006D CABs	3,126	7.10%	2046	50,940
2006D unaccreted appreciation CABs				(39,898)
2019A (Class 1) Senior Current Interest Bonds	252,345	5.00%	2048	216,130
2019B-1 (Class 2) Senior Current Interest Bonds	109,000	5.00%	2048	78,595
2019B-2 (Class 2) Senior Capital Appreciation Bonds	33,619	5.63%	2054	228,795
2019B-2 (Class 2) Senior unaccreted appreciation CABs				(185,272)
<b>Total</b>	<b>\$ 426,546</b>			<b>436,607</b>

Annual debt service requirements to maturity are as follows:

As shown in **Table 35**, the unpaid accreted appreciation of the Bonds as of June 30, 2024 was \$76,681 which will continue to accrue and will be paid upon redemption.

Fiscal Year	Principal	Unaccreted Appreciation	Interest	Total
2025	\$ 7,630	8,865	14,704	31,199
2026	8,015	9,420	14,321	31,756
2027	8,355	10,013	13,919	32,287
2028	8,510	10,642	13,501	32,653
2029	8,605	11,310	13,075	32,990
2030-2034	43,030	68,154	58,891	170,075
2035-2039	50,985	92,473	47,606	191,064
2040-2044	45,000	125,523	35,211	205,734
2045-2049	146,177	86,615	19,742	252,534
2050-2054	33,619	54,608		88,227
<b>Subtotal</b>	<b>359,926</b>	<b>477,623</b>	<b>230,970</b>	<b>1,068,519</b>
Add:				
Accreted appreciation through June 30, 2024		76,681		
<b>Subtotal</b>	<b>436,607</b>			
Add:				
Unamortized Issuance Premium	47,387			
<b>Total</b>	<b>\$ 483,994</b>			

Pledged revenue related to the Bonds for the year ended June 30, 2024 was as follows:

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2024	
			Debt Principal & Interest Paid	Pledged Revenue Received
Series 2006 & 2019 Tobacco Settlement Asset-Backed Bonds	2054	\$ 1,145,200	\$ 32,309	\$ 28,474

### 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); 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, 2024, six OBF loans were outstanding, with remaining balances totaling \$268 thousand.

On July 1, 2023, the Borrego Springs Fire Protection District was formally dissolved and annexed to the San Diego County Fire Protection District. At the time of annexation, the County assumed the Borrego Springs Fire Protection District, Series 2020 Taxable Revenue Obligations (CalPERS UAL Prepayment Project), a Promissory Note, dated October 15, 2020. The proceeds of the note were used to fund a portion of the District's UAL to CalPERS for the benefit of the District employees and paid certain costs of issuance in association therewith. The rate of interest to be paid on the obligation is 4.50% annually and the note matures on October 1, 2040.

Upon the occurrence of an event of default on any of the aforementioned loans (as described in the Promissory Notes 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.

Details of loans outstanding at June 30, 2024 for governmental activities are as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2024
Loans - non internal service funds (ISF)				
Firebird Manor	\$ 4,486	1.00%	2028	611
SDCFPD CalPERS				
UAL				
Prepayment Project				
Sheriff RCS Land Purchase	1,717	4.50%	2041	1,651
	68	6.78%	2026	14
Total loans - non-ISF				
	6,271			2,276
Loans - ISF				
San Diego Gas and Electric On Bill Financing (Facilities ISF)				
	1,012	0.00%	2029	268
Total loans - ISF				
	1,012			268
Total				
	\$ 7,283			2,544

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

Fiscal Year	Principal	Interest	Total
2025	\$ 318	80	398
2026	298	75	373
2027	286	69	355
2028	258	64	322
2029	112	59	171
2030-2034	474	235	709
2035-2039	593	115	708
2040-2041	205	7	212
Total	\$ 2,544	704	3,248

### Financed Purchases

On June 30, 2016, the County entered into a \$23 million equipment financed 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 financed purchase obligation is reflected as a liability in that statement. The term of the financed purchase 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 financed purchase agreement) Motorola Solutions, Inc. may exercise any one or more of the following remedies: (i) all amounts then due under the financed purchase shall become immediately due and payable; (ii) the equipment shall be returned to Motorola Solutions; (iii) the equipment may be sold, leased or subleased, holding the County liable for all financed purchase 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 financed purchase may be terminated in the event the funds appropriated by the County's governing body (or otherwise available) are insufficient. In the event of such termination, the County agrees to peaceably surrender possession of the equipment to Motorola Solutions.

In fiscal year 2022, the County assumed a \$1.33 million financed purchase agreement with Municipal Finance Corporation for the Julian-Cuyamaca Fire Station. This building is classified as a capital asset in the Government-wide Statement of Net Position and the financed purchase obligation is reflected as a liability in that statement. The term of the financed purchase is 14 years, with an interest rate of 3.85%, maturing in July 2035. Upon the occurrence of an event of default (as described in the financed purchase agreement) Municipal Finance Corporation may exercise any and all remedies available pursuant to law or granted pursuant to the financed purchase agreement and, without terminating the agreement, may collect each installment of rent as it becomes due and enforce any other term or provision to be kept or performed by the County, regardless of whether or not the County has abandoned the leased property.

**Table 39**  
Financed Purchases - Governmental Activities

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2024
Julian-Cuyamaca Fire Station	\$ 1,331	3.85%	2036	\$ 1,142
Sheriff NEXTGEN RCS	23,000	2.79%	2027	7,585
<b>Total</b>	<b>\$ 24,331</b>			<b>\$ 8,727</b>

**Table 40**  
Financed Purchases - Governmental Activities  
Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2025	\$ 2,540	255	2,795
2026	2,611	183	2,794
2027	2,685	109	2,794
2028	90	33	123
2029	94	30	124
2030-2034	528	92	620
2035-2036	179	7	186
<b>Subtotal</b>	<b>8,727</b>	<b>709</b>	<b>9,436</b>
<b>Total</b>	<b>\$ 8,727</b>		

### 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, 2024, the probable arbitrage rebate was zero.

**NOTE 15**  
**Changes in Long-Term Liabilities**

Long-term liability activities for the year ended June 30, 2024 were as follows:

Table 41 Changes in Long-Term Liabilities						
	Beginning Balance at July 1, 2023	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2024	Amounts Due Within One Year
<b>Governmental Activities:</b>						
<b>COPs, bonds and loans</b>						
Certificates of participation and lease						
revenue bonds	\$ 229,680	160,910	(15,990)		374,600	16,765
Taxable pension obligation bonds	277,990		(66,765)		211,225	70,855
Tobacco settlement asset-backed bonds	445,045		(16,780)	8,342	436,607	7,630
Loans - non-internal service funds (ISF)	789	1,717	(230)		2,276	234
Loans - internal service funds	365		(97)		268	84
Unamortized issuance premiums	88,887	18,781	(6,945)		100,723	7,234
<b>Total COPs, bonds and loans</b>	<b>\$ 1,042,756</b>	<b>181,408</b>	<b>(106,807)</b>	<b>8,342</b>	<b>1,125,699</b>	<b>102,802</b>
<b>Other long-term liabilities:</b>						
Financed Purchases	\$ 11,158		(2,431)		8,727	2,540
Claims and judgments - ISF	341,102	11,485	(42,447)		310,140	60,573
Compensated absences - non-ISF	148,529	115,385	(100,519)		163,395	65,274
Compensated absences - ISF	4,355	3,015	(2,687)		4,683	1,815
Landfill postclosure	22,045		(10,626)		11,419	761
Leases - non-ISF (1)	243,958	45,498	(45,520)		243,936	44,337
Pollution remediation	1,355	308	(113)		1,550	345
Subscriptions - non-ISF (1)	15,544	3,099	(5,564)		13,079	4,396
<b>Total Other long-term liabilities</b>	<b>\$ 788,046</b>	<b>178,790</b>	<b>(209,907)</b>	<b>-</b>	<b>756,929</b>	<b>180,041</b>
<b>Total Governmental Activities</b>	<b>\$ 1,830,802</b>	<b>360,198</b>	<b>(316,714)</b>	<b>8,342</b>	<b>1,882,628</b>	<b>282,843</b>
<b>Business-type activities:</b>						
Compensated absences	541	438	(393)		586	227
Subscriptions (1)	266	1	(83)		184	89
<b>Total Business-type Activities</b>	<b>\$ 807</b>	<b>439</b>	<b>(476)</b>	<b>0</b>	<b>770</b>	<b>316</b>

(1) Includes lease modifications.

## NOTE 16 Funds Used to Liquidate Liabilities

The following funds presented in **Table 42** below have typically been used to liquidate other long-term obligations in prior years:

Table 42 Liquidated Liabilities	
Liability	Fund(s) Used to Liquidate in Prior Years
Claims and Judgments	Internal Service Funds - Employee Benefits and Public Liability Insurance
	General Fund; Special Revenue Funds - Road, 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 - Other
Compensated Absences	
Landfill Postclosure Pollution Remediation	Special Revenue Funds - Inactive Wastesites General Fund and Special Revenue Funds - Inactive Wastesites
	General Fund; Special Revenue Funds - Road, 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 - Other
Net Pension Liability	
	General Fund; Special Revenue Funds - Road, 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 - Other
Net Other Postemployment Benefits Liability	
	General Fund; Special Revenue Funds - Road, 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 - Other

## NOTE 17 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.

On September 28, 2023, the California Department of Resources, Recycling and Recovery (CalRecycle) reduced the postclosure maintenance cost estimate multiplier from 30 years to 15 years. The projected landfill postclosure care liability at June 30, 2024 for the San Marcos Landfill was \$11.419 million. This estimated amount is based on what it would cost to perform all postclosure maintenance over a 15 year period in calendar year 2024 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 \$660 thousand in 2021 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 \$3.342 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 \$3.462 million in fiscal year 2024). This pledged revenue will remain in the Environmental Trust 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 18

### 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, 2024, the County's estimated pollution remediation obligations totaled \$1.550 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 consists of vacant, mowed land, and a temporary asphalt parking lot. Historical agricultural and industrial uses of and adjacent to the site have left pollutant remnants detected at various concentrations, including organochlorine, pesticide chlordane, metals, hydrocarbons, and toluene. During fiscal year 2023-24 there were no projects on the parcel, therefore the County did not incur any remediation costs associated with the onsite contamination. Engineering design of redevelopment and infrastructure of the site's future phase is on hold and, therefore, the range of pollution remediation obligation is not reasonably estimable at this time. Upon finalization of the construction plans, a soil and sediment management plan will be implemented, if necessary, 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.

The County owns and manages a facility in Otay Mesa. Based on the findings from an inspection by the County of San Diego Department of Environmental Health and Quality (DEHQ) - Hazardous Material Division (HMD) performed in May of 2021, hazardous waste violations were issued on August 2, 2021, related to lead and brass contamination that conveyed to landscape in amounts that exceeded acceptable solid waste disposal levels. The HMD violations have been absolved through demonstration by the County's improved Best Management Practices (BMPs) and payment of \$15 thousand in penalties. Correspondence is ongoing with DEHQ - Site Assessment Mitigation (SAM) to determine if past contamination discharged beyond the designed containment. In February of 2023, the County and SAM entered into a Consent Agreement for further investigation and implementation of any corrective actions. Based on the investigative findings the consultant developed a work plan that is currently under review by DEHQ. The estimated financial obligation for remediation is approximately \$245,000 for the physical remediation work.

The property formerly known as the Triple S Horse Ranch in Otay Mesa, located at 1550 Sunset Ave., San Diego, CA 92154, was purchased by the County in 2002

and was incorporated into the Tijuana River Valley Regional Park managed by the Department of Parks and Recreation (DPR). At the time of the 2002 acquisition, DEHQ, Department of General Services (DGS), and DPR began the process to confirm potential clean-up requirements and associated costs for removing items thought to have existed on the property at the time of purchase including three trailers and septic tanks that serviced the trailers along with remediating any potential staining or spillage of diesel fuel or gasoline if present. Unfortunately, for reasons unknown, the paperwork for this process was not completed. DEHQ, DGS, and DPR are now actively collaborating to confirm if clean-up efforts were previously completed, if any clean-up remains to be needed, and if so, what the potential associated costs are. Considering this property was purchased 20 years ago and is now part of an active park site it is anticipated that all clean-up was previously completed. This site is being assessed (by DGS and DPR) to confirm if any remaining clean-up is required. Since the assessments are in the beginning stages, it is not yet known if any clean-up efforts are needed, therefore the financial obligation for potential remediation cannot be reasonably estimated at this time.

## **NOTE 19** **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 the following: 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, 2024, the aggregate conduit debt principal amount outstanding was \$41.525 million.

**NOTE 20**

**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 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. 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 21**

**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.

**NOTE 22****Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose**

At June 30, 2024, the fund balances restricted for laws or regulations of other governments: fund purpose are presented as follows:

Table 43 Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose At June 30, 2024			
Fund Type:	Purpose	Amount	
<b>Nonmajor Funds</b>			
Special Revenue Funds			
Asset Forfeiture Program Fund	Law enforcement	\$	16,583
	Fire protection and suppression, emergency response, operation and maintenance of facilities, and flood control services		5,805
Community Facilities District Funds - Other	Library services		13,465
County Library Fund	County housing activities		4,706
County Low and Moderate Income Housing Asset Fund	Road, park lighting maintenance, fire protection and ambulance services		31,726
County Service District Funds	Edgemoor development		3,493
Edgemoor Development Fund	Maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control services		2,020
Harmony Grove Community Facilities District Fund	Housing Authority housing activities		111
Housing Authority Low and Moderate income Housing Asset Fund	In home supportive services		45
In Home Supportive Services Public Authority Fund	Benefit, education, and welfare of wards and incarcerated persons		14,679
Incarcerated Peoples and Ward Welfare Program Fund	Street and road lighting maintenance		5,492
Lighting Maintenance District Fund	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		10,792
Other Special Revenue Funds	Developing new or rehabilitating existing neighborhood or community park or recreational facilities		34,589
Park Land Dedication Fund		\$	143,506
<b>Total Nonmajor Funds (Special Revenue Funds)</b>			

**NOTE 23**

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

At June 30, 2024, the fund balances restricted for laws or regulations of other governments: other purposes are presented as follows:

Table 44 Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes At June 30, 2024	
<b>Major Fund</b>	
General Fund	
IGT behavioral health services	\$ 35,870
Juvenile justice crime prevention	27,189
Parole revocation hearings	20,529
Teeter tax loss	19,187
Environmental health and quality	9,795
Fingerprinting equipment purchase and operation	8,149
Vector control	8,142
Probation Department activities	4,141
Juvenile probation camp	3,678
Emergency medical services, various construction costs	3,478
Probation community transition unit activities	3,362
Domestic violence and child abuse prevention	3,321
Real estate fraud prosecution	3,210
Reimburse District Attorney's Office for the reasonable costs of investigation and prosecution of cases related to fraud schemes targeting state dollars intended for K-12 education	3,127
Rehabilitative housing and supervision services for secure track youth population	2,388
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region	2,401
Parks and Recreation land acquisition, improvements, stewardship and other activities	1,967
Vehicle abatement activities	1,817
Improvement, maintenance and operation of the Waterfront Park	1,648
Pre-trial felony mental health diversion program	1,521
Sheriff law enforcement	1,408
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities	1,123
Sheriff automated warrant system	1,037
Disarming prohibited persons program	880
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles	513
Sheriff vehicle maintenance and replacement	280
Offset costs incurred to locate and notify victims to whom restitution is owed	139
Public Defender defense of indigent cases	44
Lease or purchase of California state approved voting systems, or components of voting systems	9
Sheriff corrections training	2
Total General Fund	\$ 170,355
<b>Nonmajor Funds</b>	
Special Revenue Funds	
Flood Control District Fund	
Flood control future drainage improvements	\$ 30,754
Housing Authority - Other Fund	
Housing repairs and improvements	1
Total Nonmajor Special Revenue Funds	\$ 30,755
Total Nonmajor Funds	\$ 30,755
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	\$ 201,110

**NOTE 24****Fund Balances Committed to Other Purposes**

At June 30, 2024, the fund balances committed to other purposes are presented as follows:

Table 45 Fund Balances Committed To Other Purposes At June 30, 2024	
Major Fund	
General Fund	
SB43 Program	\$ 15,000
Regional communication system infrastructure enhancements	12,322
San Diego behavioral health workforce	10,000
Sheriff's Department helicopter replacement	5,161
Department of Planning and Development Services activities	3,278
Parks and Recreation land acquisition	1,751
Future purchase of agricultural conservation easements	1,266
Parks and Recreation turf replacement Sweetwater Valley	192
Parks expansion and improvements	132
Management of conduit financing programs	55
South County Shelter capital improvements	51
Capital projects or major maintenance projects	47
Workplace Justice Fund	3
<b>Total General Fund</b>	<b>\$ 49,258</b>

**NOTE 25****Fund Balances Assigned to Other Purposes**

At June 30, 2024, the fund balances assigned to other purposes are presented as follows:

Table 46 Fund Balances Assigned to Other Purposes At June 30, 2024	
Major Fund	
General Fund	
Law enforcement, detention, legal and other protection services	\$ 114,254
Health, mental health and social services	112,819
Planning, land use, agriculture, watershed and other public services	68,714
Park and Recreation services	16,704
Assessor/Recorder/County Clerk services	9,122
Fire protection	3,661
Maintenance	2,683
One-time labor negotiation payments	2,039
Treasurer-Tax Collector services	1,724
Integrated property tax system mainframe integration	1,337
Registrar of Voters services	866
Animal Services	50
<b>Total General Fund</b>	<b>\$ 333,973</b>

**NOTE 26**

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

At June 30, 2024, the net position restricted for laws or regulations of other governments: other purposes is presented as follows:

Table 47 Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes At June 30, 2024	
IGT behavioral health services	\$ 35,870
Juvenile justice crime prevention	27,189
Developing new or rehabilitating existing neighborhood or community park or recreational facilities	34,589
Parole revocation hearings	20,529
Housing Authority housing activities	20,460
Edgemoor development	18,097
Law enforcement	16,583
Benefit, education, and welfare of wards and incarcerated persons	14,679
Library services	13,465
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	10,792
Sheriff law enforcement	10,608
Environmental health and quality	9,795
Fingerprinting equipment purchase and operation	8,149
County housing activities	5,896
Fire protection and suppression, emergency response, operation and maintenance of facilities, and flood control services	5,805
Street and road lighting maintenance	5,492
Probation Department activities	4,141
Juvenile probation camp	3,678
Emergency medical services, various construction costs	3,478
Probation community transition unit activities	3,362
Domestic violence and child abuse prevention	3,321
Real estate fraud prosecution	3,210
Reimburse District Attorney's Office for the reasonable costs of investigation and prosecution of cases related to fraud schemes targeting state dollars intended for K-12 education	3,127
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region	2,401
Rehabilitative housing and supervision services for secure track youth population	2,388
Maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control services	2,020
Parks and Recreation land acquisition, improvements, stewardship and other activities	1,967
Vehicle abatement activities	1,817
Improvement, maintenance and operation of the Waterfront Park	1,648
Pre-trial felony mental health diversion program	1,521
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities	1,123
Sheriff automated warrant system	1,037
Disarming prohibited persons program	880
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles	513
Sheriff vehicle maintenance and replacement	280
Offset costs incurred to locate and notify victims to whom restitution is owed	139
In home supportive services	45
Public Defender defense of indigent cases	44
Lease or purchase of California state approved voting systems, or components of voting systems	9
Sheriff's corrections training	2
Housing repairs and improvements	1
<b>Total Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes</b>	<b>\$ 300,150</b>

**NOTE 27****Risk Management**

The County operates a Risk Management Program, whereby it is partially self-insured for general liability (California Government Code Section 990), self-insured for 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 property losses, cyber liability, excess workers' compensation, excess general liability, 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, 2024, these liabilities discounted for anticipated investment return (public liability of 1.5% and workers' compensation of 2.5%), totaled \$310.1 million, including \$106.7 million in public liability and \$203.4 million in workers' compensation. Changes in the balances of claim liabilities for fiscal years 2024 and 2023 are shown in **Table 48**.

**Table 48****Risk Management - Changes in Claim Liabilities**

	2024	2023
<b>Employee Benefits Fund</b>		
Unpaid claims, July 1	\$ 203,813	198,093
Incurred claims	35,040	38,495
Claim payments	(35,453)	(32,775)
Unpaid claims, June 30	\$ 203,400	203,813
<b>Public Liability Insurance Fund</b>		
Unpaid claims, July 1	\$ 137,289	103,264
Incurred claims	(23,555)	85,968
Claim payments	(6,994)	(51,943)
Unpaid claims, June 30	\$ 106,740	137,289

**NOTE 28****Contingencies****Litigation**

As of June 30, 2024 the County has recorded a liability, based on the actuarial evaluation, 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 \$292 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 29

### Service Concession Agreement

The County has entered a Service Concession Arrangement (SCA) with Ace Parking III, LLC (Ace Parking) in which Ace Parking provides parking management services for two County owned parking structures, the County Administration Center underground parking garage and the Cedar/Kettner parking structure. Ace Parking is specially trained and possess certain skills, experience, education and competency to perform these services more economically and efficiently than the County. The County maintains ownership of the parking structures as well as the authority to determine what services Ace Parking is required to provide, to whom Ace Parking is required to provide the services, and the prices or rates that can be charged for the services. As of June 30, 2024, the County Administration Center underground parking garage's value was \$11.749 million, net of accumulated depreciation and generated \$325 thousand in revenues for the year ended June 30, 2024. The Cedar/Kettner parking structure's value was \$30.635 million, net of accumulated depreciation and generated \$530 thousand in revenues.

## NOTE 30

### 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 \$1.8 million contributed primarily by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported a decrease in net position of \$63 thousand and ending net position of \$664 thousand for the fiscal year ended June 30, 2023. The financial report may be obtained by writing to SanGIS at 5530 Overland Ave., Suite 410, San Diego CA 92123 or by calling (858) 874-7000 or by E-mail at [webmaster@sangis.org](mailto: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 a decrease in net position of \$61 thousand and ending net position of \$214 thousand for the fiscal year ended June 30, 2023. 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](mailto: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 fiscal year ended June 30, 2023, the Partnership reported an increase in net position of \$521 thousand and ending net position of \$2.7 million. 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 a decrease in net position of \$21 thousand and ending net position of \$1.3 million for the fiscal year ended June 30, 2023. 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 31**

### **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.

## Benefits Provided

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

**Table 49**  
**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	2.62% at 62; 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% and 120% of the 2013 Social Security taxable wage base limit for General members and Safety members, respectively. 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. PEPPRA 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.

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 ratio of the past two annual Consumer Price Indices 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, 2024 for fiscal year 2024 was 11.75% 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 for fiscal year 2024 was 50.71% (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 \$813,658 for the year ended June 30, 2024.

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

	Employer Contribution Rates	Employee Contribution Rates	Active Members
General Tier I	43.23%	10.28 - 18.26%	11
General Tier A	43.23%	12.24 - 20.13%	5,932
General Tier B	43.23%	8.75 - 15.56%	1,659
General Tier C	36.74%	9.97%	4,870
General Tier D	34.11%	7.09%	6,626
Safety Tier A	64.03%	16.62 - 23.00%	1,130
Safety Tier B	64.03%	13.21 - 18.31%	408
Safety Tier C	55.83%	16.58%	1,018
Safety Tier D	54.56%	15.58%	546

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, Unit 100, San Diego, California 92108-1685 or by calling (619) 515-6800 or via the following internet address <https://www.sdcera.org/about-sdcera/finance>.

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

At June 30, 2024, the County reported a liability of \$5,229,772 for its proportionate share of the collective Net Pension Liability (NPL). The NPL was measured as of June 30, 2023 and was determined by rolling forward the Total Pension Liability (TPL) as of the June

30, 2022 actuarial valuation date. The NPL is equal to the difference between the TPL and the Plan's Fiduciary Net Position.

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 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 2023; 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, 2023 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, 2023, the County's proportionate share of employer contributions was approximately 94.133%, (General 91.252%, Safety 100%), which was an increase of approximately 0.537% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of \$1.086 billion.

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**Table 51**  
Pension Deferred Outflows/Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions to the pension plan subsequent to the measurement date	\$ 813,658	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	23,848	6,235
Changes of assumptions or other inputs	587,654	
Net difference between projected and actual earnings on pension plan investments	372,869	
Differences between expected and actual experience in the total pension liability	336,371	102,369
	<u>\$ 2,134,400</u>	<u>108,604</u>

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. \$813,658 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, 2025.

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 52**  
Pension Expense

Year Ending June 30	Amount
2025	\$ 385,047
2026	228,701
2027	630,180
2028	(31,790)
Total	<u>\$ 1,212,138</u>

### 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, 2023 (the measurement date) are shown in the following table:

**Table 53**  
Actuarial Assumptions

Inflation	2.50%
	General: 3.90% to 10.50% and Safety: 4.10% to 11.75%, vary by service, including inflation and real across-the-board salary increases
Salary increases	6.50%, net of pension plan investment expense, including inflation
Discount rate	Maximum of 3% for Tiers I and A
Cost-of-living adjustment	Maximum 2% for Tiers B, C and D
Date of last experience study	July 1, 2018 through June 30, 2021

Mortality rates for General members and all beneficiaries not currently in pay status are based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021. Mortality rates for beneficiaries in pay status are based on the Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021. 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) with rates

increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021. 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) with rates decreased by 15%, projected generationally with the two-dimensional mortality improvement scale MP-2021. 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), projected generationally with the two-dimensional mortality improvement scale MP-2021.

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, 2022 actuarial valuation and rolled forward to the June 30, 2023 measurement period:

**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	19.00%	5.40%
Small Cap Equity	3.00%	6.17%
Developed International Equity	15.00%	6.13%
Global Equity	11.50%	6.20%
Emerging Markets Equity	5.00%	8.17%
High Yield Bonds	6.40%	2.76%
Bank Loan	0.60%	2.02%
Real Estate	7.40%	4.59%
Private Equity	5.00%	10.83%
Private Credit	1.00%	5.93%
Timberland	0.80%	4.44%
Farmland - Row crops	0.70%	5.62%
Infrastructure	1.50%	6.02%
Real Estate (Non-Core)	2.60%	7.94%
Intermediate Duration Bonds - Gov't	10.30%	-0.24%
Intermediate Duration Bonds -		
Credit	10.20%	0.70%
<b>Total</b>	<b>100%</b>	<b>4.80%</b>

### Discount Rate

The discount rate used to measure the total pension liability was 6.50% percent as of June 30, 2023. 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, 2023.

**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, 2023, calculated using the discount rate of 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50)	Current Discount Rate (6.50)	1% Increase (7.50)
County's proportionate share of the net pension plan liability	\$ 8,059,118	\$ 5,229,772	\$ 2,923,043

**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 32**

**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.

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, Unit 100, San Diego, California 92108-1685, by calling (619) 515-6800, or via the following internet address <https://www.sdccera.org/about-sdccera/finance>.

**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 of \$93.50 per month 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 56**  
Benefit Amount for Non-Disabled Retirees

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
14	280	allowance, up to
15	300	\$93.50 may be
16	320	reimbursed to use
		toward the cost of
		the monthly
		Medicare Part B
17	340	Premium.
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 an actuarial valuation, actuarially determined 20-year level dollar amortization schedule. The Actuarial Valuation of Other Postemployment Benefits (OPEB) as of June 30, 2022, established the fiscal year 2024 employer contribution rate of 1.24 percent of covered payroll which amounted to \$19,212 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.

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

At June 30, 2024, the County reported a liability of \$45,792 for its proportionate share of the collective Net Other Postemployment Benefits Liability (NOL). The NOL was measured as of June 30, 2023 (measurement date), and determined based upon the results of the actuarial valuation as of June 30, 2023. 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 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, 2022 through June 30, 2023 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, 2023 the County's proportionate share of the NOL was approximately 93.023%, which was an increase of approximately 0.110% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized OPEB income of \$5,211.

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Table 57**  
**OPEB Deferred Outflows/Inflows**

	Deferred Outflows of Resources
Contributions to the OPEB plan subsequent to the measurement date	\$ 19,212
Net difference between projected and actual earnings on OPEB plan investments	1,444
	<u>\$ 20,656</u>

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.

\$19,212 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, 2025.

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

**Table 58**  
**OPEB Expense**

Year Ending June 30	Amount
2025	\$ 414
2026	225
2027	1,040
2028	(235)
Total	<u>\$ 1,444</u>

**Actuarial Assumptions**

The TOL in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as shown in the table below:

**Table 59**  
**Actuarial Assumptions**

Inflation	2.50%
	General: 3.90% to 10.25%, including inflation and 0.50% across the board salary increases Safety: 4.10% to 11.75%, including inflation and 0.50% across the board salary increases
Salary increases	increases
Discount rate	6.50%
	Non-Medicare: 7.25% graded to ultimate 4.50% over 11 years; Medicare: 6.50% graded to ultimate 4.50% over 8 years.
Health care trend	
Health insurance allowance subsidy increases	0.00%

Changes in assumptions were made from the prior measurement period and included changes in Safety salary increases. Salary increases for the prior measurement period for Safety were not stated. Salary increases for the current measurement period for Safety members is 4.10% to 11.75% including inflation. The inflation rate, salary increases for General, discount rate, health care trend, and health insurance allowance subsidy increase did not change from the prior year.

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

Healthy Retirement. For General members mortality rates are based on Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality

improvement scale MP-2021. 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-2021.

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 85% for males and 85% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021. For Safety members, mortality rates are based on Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiary. For beneficiaries, mortality rates are based on Pub-2010 General Contingent Survivor Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

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), projected generationally with the two-dimensional mortality improvement scale MP-2021. For Safety members, mortality rates are based on Pub-2010 Safety Employee Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an experience study for the period from July 1, 2018 through June 30,

2021. They are the same as the assumptions used in the June 30, 2023 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 measurement class, after deducting inflation, but before deducting investment expenses, are summarized in the following table:

**Table 60**  
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	19.00%	5.40%
Small Cap Equity	3.00%	6.17%
Developed International Equity	15.00%	6.13%
Global Equity	11.50%	6.20%
Emerging Market Equity	5.00%	8.17%
High Yield Bonds	6.40%	2.76%
Bank Loan	0.60%	2.02%
Real Estate	7.40%	4.59%
Private Equity	5.00%	10.83%
Private Credit	1.00%	5.93%
Timberland	0.80%	4.44%
Farmland - Row Crops	0.70%	5.62%
Infrastructure	1.50%	6.02%
Real Estate (Non-Core)	2.60%	7.94%
Intermediate Duration Bonds - Gov't	10.30%	-0.24%
Intermediate Duration Bonds - Credit	10.20%	0.70%
<b>Total</b>	<b>100%</b>	<b>4.80%</b>

**Discount Rate**

The discount rate used to measure the TOL was 6.50% as of June 30, 2023. 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, 2023.

**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, 2023, calculated using the discount rate of 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate; and presents the County's proportionate share of the NOL as of June 30, 2023 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 61 County's Share of Net OPEB Liability			
	1% Decrease (5.50%)	Current Discount Rate 6.50%	1% Increase (7.50%)
County's proportionate share of the net OPEB plan liability	\$ 52,468	45,792	39,942
Healthcare Cost Trend Rate Sensitivity			
	1% Decrease *	Current TrendRates*	1% Increase *
County's proportionate share of the net OPEB plan liability	\$ 43,243	45,792	48,383

\* 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.

## NOTE 33 Fund Deficits

Table 62 Fund Deficits At June 30, 2024	
Internal Service Funds:	
Facilities Management Fund	\$ (35,710)
Public Liability Insurance Fund	(2,787)
Purchasing Fund	(689)

The Facilities Management and Purchasing Fund deficits of \$36 million and \$700 thousand respectively, 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 \$2.8 million resulted mainly from the higher than anticipated settlement payments in recent fiscal years. However, favorable resolutions in several litigation matters and the delayed resolution of several matters beyond fiscal year 2023-24 have reduced the deficit. The liability also decreased to \$106.7 million from the prior year's estimate of \$137.3 million. The County intends to reduce the existing deficit through increased rate charges to County departments over a 10-year period starting in fiscal year 2024-25, primarily based on the 5 year history of actual expenses by department.

## NOTE 34 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 (\$1.123 million), to the Airport Enterprise Fund (AEF) for the Airport Projects (\$2.737 million) and to the County Low and Moderate Income Housing Asset Fund (CLMIHAF) (\$328 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 Code 34191.4. As of June 30, 2024, 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 Private Purpose Trust Fund 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 35

#### 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 2030 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, 2024 were as follows:

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2024
Revenue Refunding Bonds		3.65 -		
Series 2005A	\$ 16,000	5.75%	2030	4,300
<b>Total</b>	<b>\$ 16,000</b>			<b>4,300</b>

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

Fiscal Year	Principal	Interest	Total
2025	\$ 715	222	937
2026	755	181	936
2027	795	136	931
2028	845	89	934
2029	890	39	929
2030	300	7	307
<b>Total</b>	<b>4,300</b>	<b>674</b>	<b>4,974</b>
Less:			
Unamortized issuance discount		(14)	
<b>Total</b>	<b>\$ 4,286</b>		

# Notes to the Basic Financial Statements

(Amounts expressed in thousands unless otherwise noted)

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SDCRA pledged revenue for the year ended June 30, 2024 was as follows:

Table 65  
SDCRA Revenue Refunding Bonds - Pledged Revenues

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2024	
			Debt Principal & Interest Paid	Pledged Revenue Received
Revenue Refunding Bonds Series 2005A	2030	\$ 4,974	\$ 1,529	1,545

## Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2024 were as follows:

Table 66  
SDCRA Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2023	Additions		Reductions		Ending Balance at June 30, 2024	Amounts Due Within One Year
Revenue Refunding Bonds Series 2005A	\$ 5,550			(1,250)		4,300	715
Unamortized issuance discounts		(16)		2		(14)	(2)
Total	\$ 5,534			(1,248)		4,286	713

### NOTE 36 Subsequent Events

#### San Diego County Capital Asset Leasing Corporation - "County of San Diego Refunding Certificates of Participation, Series 2024 (Edgemoor Refunding)"

In July 2024, the San Diego County Capital Asset Leasing Corporation issued \$31.090 million of fixed rate certificates of participation titled, "County of San Diego Refunding Certificates of Participation, Series 2024 (Edgemoor Refunding)." The 2024 Certificates were issued at a 5.00% fixed rate of interest and will mature on October 1, 2029.

The 2024 Certificates were issued with a premium of \$2.191 million. These certificates were issued to current refund and defease the entire outstanding County of San Diego Edgemoor and RCS Refunding Series 2014A certificates of participation.

### NOTE 37 New Governmental Accounting Standards Implementation Status

In April 2022, the GASB issued [Statement No. 99, Omnibus 2022](#). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during

implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

*In fiscal year 2023, the County determined that some of the requirements of this statement were effective for fiscal year 2023 and were implemented in fiscal year 2023. The remaining requirements of this statement were effective for fiscal year 2024, and the County has implemented the remaining requirements for the current fiscal year.*

In June 2022, the GASB issued [Statement No. 100, Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62](#). The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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

#### 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 2022, the GASB issued *Statement No. 101, Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

*The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.*

In December 2023, the GASB issued *Statement No. 102, Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

*The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.*

In April 2024, the GASB issued *Statement No. 103, Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

*The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.*

## **NOTE 38**

### **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 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.

**Mortgage Loans**

**Table 67** presents SDCERA’s mortgage loans payable associated with its real estate investments as of June 30, 2024. Principal includes amortization and terminal principal payments for the loan balance as of June 30, 2024, and interest includes interest payments on the forecasted loan balances, inclusive of additional draws after June 30, 2024.

Fiscal year	payable	Principal (1)	Interest (2)	Total
2025	\$	24,100	23,338	47,438
2026		55,991	21,467	77,458
2027		181,727	15,529	197,256
2028		114,633	8,041	122,674
2029		25,722	4,585	30,307
2030-2034		47,060	5,351	52,411
Total	\$	449,233	78,311	527,544

(1) Principal includes amortization and terminal principal payments for the loan balances as of June 30, 2024.

(2) Interest includes interest payments on the forecasted loan balances, inclusive of additional draws after June 30, 2024.

**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 provided 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 68** presents SDCERA’s derivative instruments as reported in the Statement of Fiduciary Net Position in the domestic equity, international equity, fixed income and private equity categories as of June 30, 2024.

Derivative Type	Changes in Fair Value (1)	Fair Value	Notional Value
Swaps	\$ (97,680)	25,276	3,824,838
Options	470	66	
Forwards	8,192	17,369	694,853
Futures	(20,995)	1,094	647,559
Total	\$ (110,013)	43,805	5,167,250

(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 69** presents SDCERA’s Swaps by Type as of June 30, 2024.

**Table 69**  
Swaps by Type  
As of June 30, 2024  
(In Thousands)

Type	Description/ Counterparty	Notional Value	Fair Value
Cleared Interest Rate Swaps	Chicago Mercantile Exchange Inc		5,372
Cleared Interest Rate Swaps	LCH Ltd		3,351
Cleared Zero Coupon Swaps	LCH Ltd		2,640
Total Return Swaps	BNP Paribas SA	\$ 53,460	(730)
Total Return Swaps	Bank of America NA	91,668	1,560
Total Return Swaps	Citibank NA	376,908	3,170
	Goldman Sachs		
Total Return Swaps	International	25,935	27
Total Return Swaps	HSBC Bank PLC	217,030	(5,432)
	JPMorgan Chase		
Total Return Swaps	Bank NA	366,067	950
	Morgan Stanley & Co		
Total Return Swaps	International PLC	541,532	(13,890)
	Nomura Securities		
Total Return Swaps	International PLC	132,499	4,160
	Royal Bank of		
Total Return Swaps	Canada	825,479	20,250
	TD Waterhouse Group		
Total Return Swaps	Inc	64,238	2,020
Total Return Swaps	UBS AG/London	661,027	(2,638)
	Undefined		
Total Return Swaps	Counterparty	468,995	4,466
<b>Total</b>		<b>\$ 3,824,838</b>	<b>25,276</b>

### 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 70** presents SDCERA's Options by Type as of June 30, 2024.

**Table 70**  
Options by Type  
As of June 30, 2024  
(In Thousands)

Type	Notional Value	Fair Value
Call		
Put	\$	66
<b>Total</b>	<b>\$</b>	<b>66</b>

### 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 71** presents SDCERA's Forward Contracts by Type as of June 30, 2024.

**Table 71**  
Forward Contracts by Type  
As of June 30, 2024  
(In Thousands)

Type	Notional Value	Fair Value
Foreign Currency Forwards	\$ 694,853	17,369
<b>Total</b>	<b>\$ 694,853</b>	<b>17,369</b>

### 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 72** presents a summary of SDCERA's Futures Contracts by Type as of June 30, 2024.

**Table 72**  
Futures Contracts by Type  
As of June 30, 2024  
(In Thousands)

Type	Notional Value	Fair Value
Equity Futures	\$ 741,851	1,441
Fixed Income Futures	(94,292)	(347)
<b>Total</b>	<b>\$ 647,559</b>	<b>1,094</b>

### 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 Plan assets.

SDCERA's Investment Philosophy is contained in the 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 (Investment Philosophy), III.E (Investment Manager Requirements), IV.F (Risk Measurement and Management) and G (Tracking Error), and VI.A (Asset Class Allocations, Ranges and Update Cycle) and B (Total Trust Fund Benchmarks) 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, 2024, SDCERA’s investments included collateralized mortgage obligations (CMO) and mortgage-backed securities totaling \$270.5 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 2024, the annual money-weighted rate of return for the Trust Fund, net of fees, was 11.2%. 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 11.3%, net of fees for FY 2024.

### Investment Risk

In accordance with Governmental 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 a change 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 monitored and managed by SDCERA’s investment managers in accordance with the interest rate risk parameters specified in each manager’s investment guidelines.

**Table 73** presents exposure to interest rate risk in terms of maturity as of June 30, 2024.

Investment Type	Investment Maturities (in years)				Totals
	Less than 1	1 - 5	6 - 10	More than 10	
Agency CMO or Mortgage-Backed	\$ 27,458	95,147		78,031	200,636
Asset Backed	132,123	356,597	25,627	238	514,585
Commingled Funds	341,201	710,550	268,232	745,364	2,065,347
Convertibles	6,244	104,418			110,662
Corporates	442,150	673,466	68,044	28,054	1,211,714
Municipal	63				63
Non-Agency CMO or Mortgage-Backed	5,405			64,507	69,912
Private Placements	1,164,958	1,353,576	370,238	319,882	3,208,654
US Government Debt	187,261	439,233	205,101	267,831	1,099,426
Totals	\$ 2,306,863	3,732,987	937,242	1,503,907	8,480,999



## 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.

## 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 76** presents counterparty credit ratings related to swaps and forward contracts in SDCERA's portfolio as of June 30, 2024. Credit ratings were issued by S&P Global Ratings.

**Table 76**  
Credit Risk of Derivatives at Fair Value  
As of June 30, 2024  
(In Thousands)

Credit Rating	Swaps	Forwards
A+	\$ (16,983)	15,233
A		1,194
A-		748
AA		192
AA-	31,614	2
Not Rated	10,645	
Total subject to credit risk	\$ 25,276	17,369

### 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, 2024, in conformance with GASB Statements No. 40 and No. 67, no single issuer exceeded 5% of SDCERA's total investments or represented 5% 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 a change in exchange rates will adversely impact the value of an investment. **Table 77** presents SDCERA's Net Exposure to Foreign Currency Risk. Foreign currency risk is monitored and managed by SDCERA's investment managers in accordance with the foreign currency exposure parameters specified in each manager's investment guidelines.

**Table 77**  
**Net Exposure to Foreign Currency Risk**  
**As of June 30, 2024**  
**(In Thousands)**

Currency Name	Equity	Fixed Income	Foreign Exchange Contracts	Cash & Cash Equivalents	Commingled Funds	Total
Euro Currency Unit	\$ 49,205	274,161	73	1,644	253,353	578,436
Japanese Yen			(17,171)	339,747	184,471	507,047
Pound Sterling		61,862	(195)	2,560	115,271	179,498
Hong Kong Dollar				23	125,312	125,335
Taiwan Dollar					116,783	116,783
Indian Rupee					115,783	115,783
Australian Dollar		20,659	135	383	67,304	88,481
Danish Krone		44,776	(3)	221	28,735	73,729
South Korean Won					71,463	71,463
Swiss Franc			(4)	788	67,319	68,103
Canadian Dollar		5,583	1	1,620	54,166	61,370
Swedish Krona					27,951	27,951
Brazilian Real				531	25,807	26,338
Saudi Riyal					22,505	22,505
Chinese Yuan Renminbi					22,023	22,023
South African Rand				2	17,055	17,057
Mexican Peso			(1)	37	12,344	12,380
Israeli Shekel				6,635	4,731	11,366
Singapore Dollar				63	10,112	10,175
Thailand Baht					9,051	9,051
Malaysian Ringgit					8,940	8,940
Indonesian Rupiah					8,930	8,930
Norwegian Krone				8	6,954	6,962
Uae Dirham					6,204	6,204
Polish Zloty				1	6,045	6,046
Turkish Lira					5,266	5,266
Qatar Rials					4,514	4,514
Chilean Peso					4,271	4,271
Philippines Peso					2,932	2,932
New Zealand Dollar			(1)	314	1,864	2,177
Other (Less Than \$2 Million Holdings)			(4)	2	2,244	2,242
<b>Total</b>	<b>\$ 49,205</b>	<b>407,041</b>	<b>(17,170)</b>	<b>354,579</b>	<b>1,409,703</b>	<b>2,203,358</b>

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, 2024, SDCERA's investment in this mutual fund totaled \$113.3 million. Detailed information about the fund is available at: [us.dimensional.com](http://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 and therefore not exposed to custodial credit risk.

### 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 between 102% or 110% 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, 2024, the SDCERA-PP had \$982.9 million in securities on loan and held cash and non-cash collateral of \$1.1 billion from borrowers.

**Table 78** presents SDCERA's Securities Lending Transactions as of June 30, 2024.

	SDCERA Securities Lent	Cash and Non-Cash Collateral
Lent for cash collateral:		
Domestic corporate	\$ 106,282	108,926
Domestic equities	2,904	2,987
U.S. government debt	8,166	8,337
Exchange Traded	2,640	2,694
Lent for securities collateral:		
Domestic corporate	44,880	50,206
Domestic equities	39,090	43,130
U.S. government debt	775,936	848,617
Exchange traded	3,022	3,199
Total	\$ 982,920	1,068,096

BNY Mellon invests the cash collateral for securities lending in a separately managed, short-term investment account. As shown in **Table 79**, at June 30, 2024, the short-term investment account consisted of 100.2% overnight repurchase agreements and (0.2%) asset-backed securities.

	Fair value	% of Total
Repurchase agreements	\$ 123,200	100.2%
Other (cash)	(256)	-0.2%
Total	\$ 122,944	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, 2024, SDCERA had no credit risk exposure to borrowers.

**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 80** presents a schedule of SDCERA's Fair Value Measurements as of June 30, 2024. 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 80

Fair Value Measurements  
As of June 30, 2024  
(In Thousands)

	Total as of 6/30/2024	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Equity Securities:				
Domestic Equity Securities	\$ 3,567,757	133,482	1,446,887	1,987,388
International Equity Securities	804,813	(54)	306,002	498,865
Total Equity Securities	<u>4,372,570</u>	<u>133,428</u>	<u>1,752,889</u>	<u>2,486,253</u>
Fixed Income Securities	9,145,288	1,392,406	7,428,739	324,143
Private Equity	192,584			192,584
Private Real Assets	77,728			77,728
Real Estate	500,174			500,174
Total Investments by Fair Value Level	<u>14,288,344</u>	<u>1,525,834</u>	<u>9,181,628</u>	<u>3,580,882</u>
Investments measured at Net Asset Value (NAV):				
Private Equity	178,877			
Private Real Assets	279,339			
Real Estate	695,899			
Total Investments measured at NAV	<u>1,154,115</u>			
Investments Derivative Instruments:				
Forwards	17,369		17,369	
Futures	1,094	1,094		
Options	66		66	
Swaps	25,276		25,276	
Total Investments Derivative Instruments	<u>43,805</u>	<u>1,094</u>	<u>42,711</u>	
Total investments Measured at Fair Value	<u>15,486,264</u>			
Investments Securities Lending Collateral:				
Collateral payable for securities lending	122,944		122,944	
Total Collateral from securities lending	<u>\$ 122,944</u>		<u>122,944</u>	
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.				

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:

**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 SDCERA-PP's ownership interest in partners' capital. Generally, these investments cannot be redeemed. Distributions from each fund are received when income is distributed or when the underlying investments in 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 dates other than

June 30, the value is obtained from the most recently available valuation combined with subsequent calls and distributions.

**Table 81** 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, 2024.

Table 81 Investments Measured at Net Assets Value (NAV) As of June 30, 2024 (In Thousands)					
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Private Equity Funds	\$ 178,877	101,631	Not Eligible	N/A	
Private Real Assets Funds	279,339	89,845	Variable	Variable	
Real Estate Funds	695,898	189,499	Variable	Variable	
<b>Total Investments measured at NAV</b>	<b>\$ 1,154,114</b>	<b>380,975</b>			

**Commitments And Contingencies**

**Derivative Instruments**

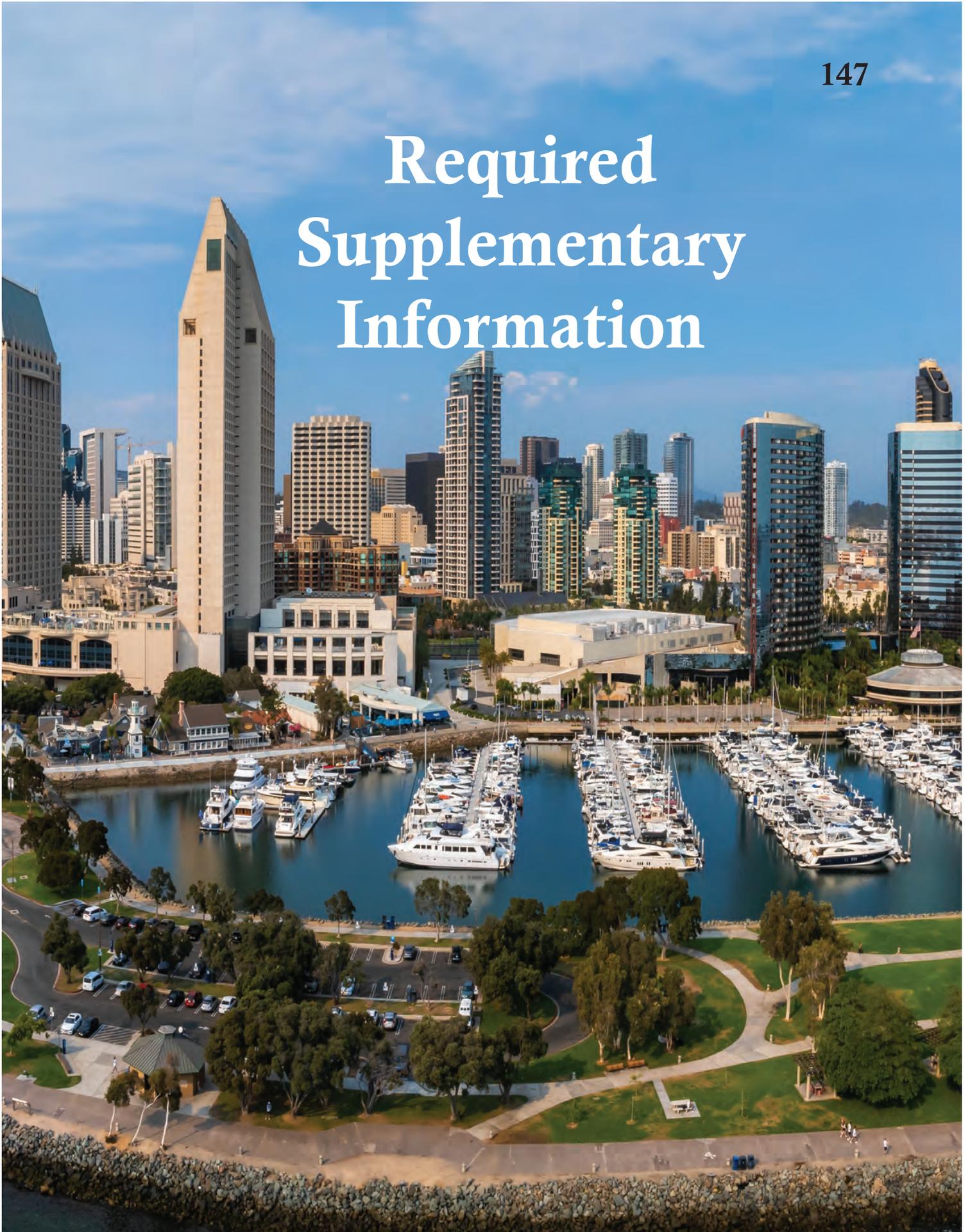
Through certain investment managers, SDCERA is a party to derivative financial instruments. Derivative instruments include but are not limited to contracts for delayed delivery of securities, commodities or currencies in which the seller agrees to make delivery at a specified future date of a specified 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 \$101.6 million, real estate funds in the amount of \$189.5 million and private real asset funds in the amount of \$89.8 million. SDCERA funds these commitments from SDCERA-PP assets over multiple fiscal years.



# Required Supplementary Information



County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

**Pension Plan**

The schedule (in thousands) of the County's proportionate share of the San Diego County Employees Retirement Association (SDCERA) pension plan collective Net Pension Liability is shown in the table below:

	Fiscal Year									
	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
County's proportion of the net pension liability	94.133%	93.596%	93.800%	93.014%	93.750%	94.119%	93.136%	92.898%	92.827%	92.292%
County's proportionate share of the net pension liability	\$ 5,229,769	5,314,913	2,246,673	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	\$ 1,444,698	1,339,194	1,307,845	1,267,790	1,190,184	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	361.997%	396.874%	171.784%	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	73.95%	71.86%	87.07%	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, 2023, June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014, respectively.

The schedule (in thousands) of County contributions to the SDCERA pension plan is shown in the table below:

	Fiscal Year									
	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Actuarial determined contributions	\$ 782,514	616,642	589,349	578,519	523,865	485,619	465,339	386,971	354,524	356,732
Contributions in relation to the actuarially determined contribution	813,657	625,412	589,349	578,519	533,885	499,451	487,841	386,971	354,524	356,732
Contribution deficiency (excess)**	(31,143)	(8,770)	-	-	(10,020)	(13,832)	(22,502)	-	-	-
County's covered payroll	\$ 1,601,398	1,444,698	1,339,194	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	50.81%	43.29%	44.01%	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, 2024, June 30, 2023, June 30, 2022, 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)

The 10-year schedule of annual money-weighted rate of return on pension plan investments is included in the SDCERA financial report at [https://www.sdcera.org/finance\\_Annual\\_Comprehensive\\_Financial\\_Reports.htm](https://www.sdcera.org/finance_Annual_Comprehensive_Financial_Reports.htm).

**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 10.00% and Safety: 5.00% to 12.00% 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
	Reporting Period: June 30, 2022	Reporting Period: June 30, 2023
Inflation	2.75%	2.50%
Salary increases	General: 4.15% to 10.50% and Safety: 4.25% to 12.00% vary by service, including inflation.	General: 3.90% to 10.50% and Safety: 4.10% to 11.75% vary by service, including inflation.
Discount rate	7.00%, net pension plan investment expense, including inflation.	6.50%, net pension plan investment expense, including inflation.
Date of last experience study	July 1, 2015 through June 30, 2018	July 1, 2018 through June 30, 2021

**OPEB Plan**

The schedule (in thousands) of the County's proportionate share of the SDCERA Retiree Health Plan (RHP) 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						
	2024*	2023*	2022*	2021*	2020*	2019*	2018*
County's proportion of the net OPEB liability	93.023%	92.913%	93.257%	92.670%	93.396%	93.227%	92.590%
County's proportionate share of the net OPEB liability	\$ 45,792	69,417	71,147	92,006	106,033	119,483	132,163
County's covered payroll	\$ 1,444,698	1,339,194	1,307,845	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	3.170%	5.183%	5.440%	7.257%	8.909%	10.428%	12.107%
Plan fiduciary net position as a percentage of the total OPEB liability	49.35%	32.73%	31.57%	19.70%	14.73%	10.12%	6.92%

\*Amounts presented above were based on the measurement period ending June 30, 2023, June 30, 2022, June 30, 2021, 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.

The schedule (in thousands) of County contributions to the SDCERA RHP is shown in the table below:

	Fiscal Year							
	2024*	2023*	2022*	2021*	2020*	2019*	2018*	
Actuarial determined contributions	\$ 19,212	17,116	17,008	17,611	18,472	18,892	18,229	
Contributions in relation to the actuarially determined contributions	19,212	17,116	17,008	17,611	18,472	18,892	18,229	
Contribution deficiency (excess)								
County's covered payroll	\$ 1,601,398	1,444,698	1,339,194	1,307,845	1,267,790	1,190,184	1,145,764	
Contributions as a percentage of covered payroll	1.20%	1.18%	1.27%	1.35%	1.46%	1.59%	1.59%	

\*Amounts presented above were based on the fiscal years ended June 30, 2024, June 30, 2023, June 30, 2022, 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.

The 10-year schedule of annual money-weighted rate of return on RHP investments is included in the SDCERA financial report at [https://www.sdcera.org/finance\\_Annual\\_Comprehensive\\_Financial\\_Reports.htm](https://www.sdcera.org/finance_Annual_Comprehensive_Financial_Reports.htm).

### Changes in Assumptions

The following assumptions used to determine the Total OPEB Liability have changed:

	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. Non-Medicare: 7.00% graded to ultimate 4.50% over 10 years; Medicare: 6.50% graded to ultimate 4.50% over 8 years.
Healthcare trend	6.50% graded to ultimate 4.50% over 8 years.	
Inflation	3.00%	2.75%
Salary increases	General: 4.25% to 10.25% including inflation.	Reporting Period: June 30, 2020 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.
Healthcare trend	Reporting Period: June 30, 2021 Non-Medicare: 6.75% graded to ultimate 4.50% over 9 years; Medicare: 6.25% graded to ultimate 4.50% over 7 years.	Reporting Period: June 30, 2022 Non-Medicare: 7.50% graded to ultimate 4.50% over 12 years; Medicare: 6.50% graded to ultimate 4.50% over 8 years.
Inflation	Reporting Period: June 30, 2022 2.75%	Reporting Period: June 30, 2023 2.50%
Salary increases	General: 4.15% to 10.50% including inflation.	General: 3.90% to 10.25% including inflation and 0.50% across the board salary increases.
Discount rate	7.00%	6.50%
Healthcare trend	Non-Medicare: 7.50% graded to ultimate 4.50% over 12 years; Medicare: 6.50% graded to ultimate 4.50% over 8 years.	Non-Medicare: 7.25% graded to ultimate 4.50% over 11 years; Medicare: 6.50% graded to ultimate 4.50% over 8 years.
Salary increases	Reporting Period: June 30, 2023 General: 3.90% to 10.25% including inflation and 0.50% across the board salary increases.	Reporting Period: June 30, 2024 General: 3.90% to 10.50% including inflation and 0.50% across the board salary increases. Safety: 4.10% to 11.75% including inflation and 0.50% across the board salary increases.

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

### BUDGET AND ACTUAL

#### GENERAL FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 1,562,653	1,593,709	1,648,557
Licenses, permits and franchise fees	57,819	57,819	54,123
Fines, forfeitures and penalties	47,969	47,969	47,871
Revenue from use of money and property	49,594	49,595	131,343
<b>Aid from other governmental agencies:</b>			
State	1,971,299	1,992,372	1,850,171
Federal	1,583,057	1,593,753	1,334,526
Other	217,102	218,001	210,577
Charges for current services	473,645	473,902	467,107
Other	156,497	160,300	72,954
<b>Total revenues</b>	<b>6,119,635</b>	<b>6,187,420</b>	<b>5,817,229</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Assessor/recorder/county clerk - finance	61,212	67,813	54,663
Auditor and controller	34,946	35,499	34,301
Auditor and controller - information technology management services	13,540	12,621	6,198
Board of supervisors district #1	3,240	3,196	2,825
Board of supervisors district #2	3,312	3,374	3,242
Board of supervisors district #3	3,547	3,571	3,321
Board of supervisors district #4	3,085	3,286	1,904
Board of supervisors district #5	3,129	3,338	2,930
Board of supervisors general office	613	614	560
Chief administrative office - legislative and administrative	13,445	17,081	12,462
Civil service commission	624	625	612
Clerk of the board of supervisors - legislative and administrative	5,470	5,498	5,125
Community enhancement	8,119	8,136	6,066
Community projects	11,964	12,173	7,455
County communications office	5,942	5,959	5,174
County counsel	43,203	43,319	40,027
County technology office	12,761	12,776	10,244
Countywide general expense	347,214	328,591	111,373
Finance and general government - legislative and administrative	10,642	12,066	431
Finance and general government - other general	6,176	8,751	2,134
Finance and general government group - CAC major maintenance	9,066	8,778	9,260
Finance and general government group - finance	7,580	7,023	5,069
Human resources - other general government	8,699	8,936	7,146
Human resources - personnel	28,846	28,701	28,745
Land use and environment - legislative and administrative	12,331	21,657	7,457
Lease payments - bonds	54	54	1
Office of evaluation, performance and analytics	2,313		
Public safety - legislative and administrative	29,670	29,612	17,708
Public works, dept of gen	1,342	1,342	771
Registrar of voters	42,220	41,923	34,166
Treasurer - tax collector	25,674	24,951	22,734
<b>Total general government</b>	<b>759,979</b>	<b>761,264</b>	<b>444,104</b>

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

## GENERAL FUND

For the Year Ended June 30, 2024

(In Thousands)

(Continued)

	Original Budget	Final Budget	Actual
Public protection:			
Agriculture, weights and measures	28,431	28,859	23,224
Agriculture, weights and measures - sealer	6,490	6,101	5,773
Assessor/recorder/county clerk - other protection	32,325	25,988	18,087
Child support	53,513	53,510	47,733
Citizens law enforcement review board	1,938	1,946	1,688
Contributions for trial courts	67,446	67,796	67,630
Department of animal services	9,745	10,691	10,521
District attorney - judicial	273,361	287,276	247,576
Fire protection, Office of emergency services	84,049	83,957	71,729
Grand jury	606	779	567
Health and human services agency - public administrator/public guardian	6,029	6,028	6,615
Local agency formation commission administration	582	582	581
Medical examiner	16,506	17,926	17,228
Office of emergency services	12,385	45,518	29,158
Penalty Assessment	3,129	3,129	
Planning and development services	104,863	110,145	50,484
Probation - detention and correction	195,626	205,750	168,183
Probation - juvenile detention	78,212	78,321	79,102
Public defender	129,451	133,199	127,768
Public safety - other protection	542	542	118
Public works, flood control, soil and water, general	12,301	11,823	15,476
Sheriff - adult detention	448,994	444,106	428,335
Sheriff - detention and correction	8,827	9,033	8,926
Sheriff - other protection	3,776	3,775	3,797
Sheriff - police protection	797,090	804,475	696,092
<b>Total public protection</b>	<b>2,376,217</b>	<b>2,441,255</b>	<b>2,126,391</b>
Public ways and facilities:			
Public works, general - public ways	8,163	8,163	6,353
<b>Total public ways and facilities</b>	<b>8,163</b>	<b>8,163</b>	<b>6,353</b>
Health and sanitation:			
Environmental health and quality	64,639	64,757	56,220
Health and human services agency - drug and alcohol abuse services	200,791	212,179	205,564
Health and human services agency - health	422,163	427,267	306,485
Health and human services agency - health administration	2,353	2,352	1,660
Health and human services agency - medical care	78,661	78,662	73,637
Health and human services agency - mental health	792,110	777,223	717,117
Public works, general - sanitation	1,595	1,595	
<b>Total health and sanitation</b>	<b>1,562,312</b>	<b>1,564,035</b>	<b>1,360,683</b>

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## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

### BUDGET AND ACTUAL

#### GENERAL FUND

For the Year Ended June 30, 2024

(In Thousands)

(Continued)

	Original Budget	Final Budget	Actual
Public assistance:			
Health and human services agency - medical services	5,464	4,750	4,823
Health and human services agency - other assistance	691,706	709,576	450,416
Health and human services agency - social administration	1,156,883	1,171,390	1,143,522
Health and human services agency - veterans' services	15,852	15,912	15,104
Probation - care of court wards	14,242	10,617	6,991
Total public assistance	1,884,147	1,912,245	1,620,856
Education:			
Agriculture, weights and measures	1,059	1,059	1,073
Total education	1,059	1,059	1,073
Recreation and cultural:			
Parks and recreation	81,642	84,486	61,887
Total recreation and cultural	81,642	84,486	61,887
Capital outlay	144,642	130,290	125,582
Debt service:			
Principal	68,730	68,431	68,095
Interest	14,546	14,456	14,456
Total expenditures	6,901,437	6,985,684	5,829,480
Excess (deficiency) of revenues over (under) expenditures	(781,802)	(798,264)	(12,251)
Other financing sources (uses):			
Sale of capital assets			228
Issuance and modifications of leases:			
Leases	366	366	45,498
Issuance of subscriptions:			
Subscriptions	3,099	3,099	3,099
Transfers in	543,054	543,056	465,592
Transfers out	(754,097)	(774,153)	(310,980)
Total other financing sources (uses)	(207,578)	(227,632)	203,437
Net change in fund balances	(989,380)	(1,025,896)	191,186
Fund balances at the beginning of year	2,817,915	2,817,915	2,817,915
Increase (decrease) in nonspendable inventories		(9,351)	(9,351)
Fund balances at end of year	\$ 1,828,535	1,782,668	2,999,750

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

## PUBLIC SAFETY FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		1,111
Aid from other governmental agencies:			
State	386,235	386,235	382,340
Total revenues	386,235	386,235	383,451
Expenditures:			
Current:			
Public protection:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	386,235	386,235	383,451
Other financing sources (uses):			
Transfers out	(504,662)	(504,662)	(433,464)
Total other financing sources (uses)	(504,662)	(504,662)	(433,464)
Net change in fund balances	(118,427)	(118,427)	(50,013)
Fund balances at beginning of year	158,053	158,053	158,053
Fund balances at end of year	\$ 39,626	39,626	108,040

▶ 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, 2024  
(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 1,900	1,900	4,503
Total revenues	1,900	1,900	4,503
Expenditures:			
Current:			
General government:			
Tobacco settlement	200	200	133
Total general government	200	200	133
Total expenditures	200	200	133
Excess (deficiency) of revenues over (under) expenditures	1,700	1,700	4,370
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)	(10,743)
Fund balances at beginning of year	248,066	248,066	248,066
Fund balances at end of year	\$ 234,653	234,653	237,323

## 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.

#### 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 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. IHSSPA 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.

#### **Incarcerated Peoples and Ward Welfare Program Fund**

This fund was established to receive telephone and other vending proceeds from stores operated in connection with the County jails and juvenile facilities. This fund is restricted by law, primarily for the benefit, education, and welfare of wards and incarcerated persons.

#### **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 these funds 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, recycling sustainability improvements, 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.

**SANCAL Non-Capital Fund**

This fund received proceeds from the sale of the Certificates of Participation, Series 2023. It was established to provide for non-capital project costs for the County Public Health Lab project and is restricted to this purpose.

**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 FUNDS**

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.

**SANCAL Fund**

This fund is used to account for the expenditures of the proceeds from the sale of certificates of participation of the San Diego Capital Asset Leasing Corporation (SANCAL) used to pay construction costs for the County's Youth Transition Campus. This fund is restricted for capital projects per various debt covenants.

## COMBINING BALANCE SHEET

## NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Pooled cash and investments	\$ 520,463	5,793	39,422	565,678
Receivables, net	186,691	70	17,259	204,020
Lease receivables	9,432			9,432
Property taxes receivables, net	1,106			1,106
Due from other funds	11,519	503	28,132	40,154
Inventories	1,477			1,477
Deposits with others	8			8
Prepaid items	432			432
Restricted assets:				
Cash with fiscal agents	246		1,444	1,690
Investments with fiscal agents	51,821	25,560	96,405	173,786
<b>Total assets</b>	<b>783,195</b>	<b>31,926</b>	<b>182,662</b>	<b>997,783</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	33,414	455	53,738	87,607
Accrued payroll	3,358			3,358
Due to other funds	20,375	29	31,194	51,598
Unearned revenue	9,742		1,746	11,488
<b>Total liabilities</b>	<b>66,889</b>	<b>484</b>	<b>86,678</b>	<b>154,051</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Non-pension:				
Leases	9,251			9,251
Property taxes received in advance	985			985
Unavailable revenue	152,417			152,417
<b>Total deferred inflows of resources</b>	<b>162,653</b>			<b>162,653</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Not in spendable form:				
Loans, due from other funds and				
prepays	432			432
Inventories and deposits with others	1,485			1,485
Restricted for:				
Creditors - Debt service	34,152	31,442		65,594
Creditors - Capital projects			95,984	95,984
Grantors - Housing assistance	11,623			11,623
Laws or regulations of other governments:				
Future road improvements	293,347			293,347
Fund purpose	143,506			143,506
Other purposes	30,755			30,755
Committed to:				
Landfill closure, postclosure and landfill				
maintenance	38,353			38,353
<b>Total fund balances</b>	<b>553,653</b>	<b>31,442</b>	<b>95,984</b>	<b>681,079</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 783,195</b>	<b>31,926</b>	<b>182,662</b>	<b>997,783</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
June 30, 2024  
(In Thousands)

	Asset Forfeiture Program Fund	Community Facilities District Funds - Other	County Library Fund	County Low and Moderate Income Housing Asset Fund
<b>ASSETS</b>				
Pooled cash and investments	\$ 16,428	7,619	16,942	486
Receivables, net	193	109	1,415	5,082
Lease receivables				
Property taxes receivables, net			731	
Due from other funds		10	11	328
Inventories	145		66	
Deposits with others				
Prepaid items				3
Restricted assets:				
Cash with fiscal agents				
Investments with fiscal agents				
<b>Total assets</b>	<b>16,766</b>	<b>7,738</b>	<b>19,165</b>	<b>5,899</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	38	7	1,674	
Accrued payroll			1,159	
Due to other funds		1,354	1,423	
Unearned revenue		572	37	
<b>Total liabilities</b>	<b>38</b>	<b>1,933</b>	<b>4,293</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Non-pension:				
Leases				
Property taxes received in advance			665	
Unavailable revenue			676	1,190
<b>Total deferred inflows of resources</b>			<b>1,341</b>	<b>1,190</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Not in spendable form:				
Loans, due from other funds and prepaids				3
Inventories and deposits with others	145		66	
Restricted for:				
Creditors - Debt service				
Grantors - Housing assistance				
Laws or regulations of other governments:				
Future road improvements				
Fund purpose	16,583	5,805	13,465	4,706
Other purposes				
Committed to:				
Landfill postclosure and landfill maintenance				
<b>Total fund balances</b>	<b>16,728</b>	<b>5,805</b>	<b>13,531</b>	<b>4,709</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 16,766</b>	<b>7,738</b>	<b>19,165</b>	<b>5,899</b>

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## COMBINING BALANCE SHEET

## NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

June 30, 2024

(In Thousands)

	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
(Continued)					
<b>ASSETS</b>					
Pooled cash and investments	\$ 34,176	2,535	33,699	1,989	663
Receivables, net	4,181	15,405	432	26	20,356
Lease receivables	705	8,498			
Property taxes receivables, net	264		89		
Due from other funds	5,948		43		
Inventories	81		2		
Deposits with others					
Prepaid items					
Restricted assets:					
Cash with fiscal agents					
Investments with fiscal agents				6	
<b>Total assets</b>	<b>45,355</b>	<b>26,438</b>	<b>34,265</b>	<b>2,021</b>	<b>21,019</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	6,430		2,395		
Accrued payroll					
Due to other funds	5,991	14	457	1	
Unearned revenue			490		559
<b>Total liabilities</b>	<b>12,421</b>	<b>14</b>	<b>3,342</b>	<b>1</b>	<b>559</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Non-pension:					
Leases	705	8,327			
Property taxes received in advance	206		92		
Unavailable revenue	216	14,604	75		20,349
<b>Total deferred inflows of resources</b>	<b>1,127</b>	<b>22,931</b>	<b>167</b>		<b>20,349</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids					
Inventories and deposits with others	81		2		
Restricted for:					
Creditors - Debt service					
Grantors - Housing assistance					
Laws or regulations of other governments:					
Future road improvements					
Fund purpose	31,726	3,493		2,020	111
Other purposes			30,754		
Committed to:					
Landfill postclosure and landfill maintenance					
<b>Total fund balances</b>	<b>31,807</b>	<b>3,493</b>	<b>30,756</b>	<b>2,020</b>	<b>111</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 45,355</b>	<b>26,438</b>	<b>34,265</b>	<b>2,021</b>	<b>21,019</b>

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# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS June 30, 2024 (In Thousands)					
(Continued)	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Incarcerated Peoples and Ward Welfare Program	Lighting Maintenance District Fund
<b>ASSETS</b>					
Pooled cash and investments	\$ 7,404	3,962	38,772	15,806	5,490
Receivables, net	8,177	90	495	195	66
Lease receivables			229		
Property taxes receivables, net					22
Due from other funds	1,313	698	11	1,517	
Inventories				286	3
Deposits with others	8				
Prepaid items	7				
Restricted assets:					
Cash with fiscal agents	246				
Investments with fiscal agents					
<b>Total assets</b>	<b>17,155</b>	<b>4,750</b>	<b>39,507</b>	<b>17,804</b>	<b>5,581</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	980	215	732	1,679	28
Accrued payroll		236	54		
Due to other funds	1,567	4,254	149	1,160	18
Unearned revenue	1,210				
<b>Total liabilities</b>	<b>3,757</b>	<b>4,705</b>	<b>935</b>	<b>2,839</b>	<b>46</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Non-pension:					
Leases			219		
Property taxes received in advance					22
Unavailable revenue	1,639				18
<b>Total deferred inflows of resources</b>	<b>1,639</b>		<b>219</b>		<b>40</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	7				
Inventories and deposits with others	8			286	3
Restricted for:					
Creditors - Debt service	120				
Grantors - Housing assistance	11,623				
Laws or regulations of other governments:					
Future road improvements					
Fund purpose		45		14,679	5,492
Other purposes	1				
Committed to:					
Landfill postclosure and landfill maintenance			38,353		
<b>Total fund balances</b>	<b>11,759</b>	<b>45</b>	<b>38,353</b>	<b>14,965</b>	<b>5,495</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 17,155</b>	<b>4,750</b>	<b>39,507</b>	<b>17,804</b>	<b>5,581</b>

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COMBINING BALANCE SHEET						
NONMAJOR GOVERNMENTAL FUNDS						
SPECIAL REVENUE FUNDS						
June 30, 2024						
(In Thousands)						
	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	SANCAL Non- Capital Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
(Continued)						
<b>ASSETS</b>						
Pooled cash and investments	\$	9,249	35,625	289,618		520,463
Receivables, net		2,073	442	113,599	14,355	186,691
Lease receivables						9,432
Property taxes receivables, net						1,106
Due from other funds		26	14	1,600		11,519
Inventories				894		1,477
Deposits with others						8
Prepaid items				422		432
Restricted assets:						
Cash with fiscal agents						246
Investments with fiscal agents				17,929	33,886	51,821
<b>Total assets</b>		<b>11,348</b>	<b>36,081</b>	<b>406,133</b>	<b>17,929</b>	<b>783,195</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND</b>						
<b>BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable		388	617	18,018	210	33,414
Accrued payroll		56		1,853		3,358
Due to other funds		111	875	3,001		20,375
Unearned revenue		1		6,873		9,742
<b>Total liabilities</b>		<b>556</b>	<b>1,492</b>	<b>29,745</b>	<b>210</b>	<b>66,889</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Non-pension:						
Leases						9,251
Property taxes received in advance						985
Unavailable revenue				99,444	14,206	152,417
<b>Total deferred inflows of resources</b>				<b>99,444</b>	<b>14,206</b>	<b>162,653</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids				422		432
Inventories and deposits with others				894		1,485
Restricted for:						
Creditors - Debt service					34,032	34,152
Grantors - Housing assistance						11,623
Laws or regulations of other governments:						
Future road improvements				275,628	17,719	293,347
Fund purpose	10,792	34,589				143,506
Other purposes						30,755
Committed to:						
Landfill postclosure and landfill maintenance						38,353
<b>Total fund balances</b>		<b>10,792</b>	<b>34,589</b>	<b>276,944</b>	<b>17,719</b>	<b>553,653</b>
<b>Total liabilities, deferred inflows of resources and fund</b>						
<b>balances</b>	\$	<b>11,348</b>	<b>36,081</b>	<b>406,133</b>	<b>17,929</b>	<b>783,195</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DEBT SERVICE FUNDS June 30, 2024 (In Thousands)					
	Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds	
<b>ASSETS</b>					
Pooled cash and investments	\$ 727	4,753	313	5,793	
Receivables, net	8	55	7	70	
Due from other funds	503			503	
Restricted assets:					
Investments with fiscal agents	669	361	24,530	25,560	
<b>Total assets</b>	<b>1,907</b>	<b>5,169</b>	<b>24,850</b>	<b>31,926</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable		455		455	
Due to other funds	29			29	
<b>Total liabilities</b>	<b>29</b>	<b>455</b>		<b>484</b>	
<b>FUND BALANCES</b>					
Restricted for:					
Creditors - Debt service	1,878	4,714	24,850	31,442	
<b>Total Fund Balance</b>	<b>1,878</b>	<b>4,714</b>	<b>24,850</b>	<b>31,442</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,907</b>	<b>5,169</b>	<b>24,850</b>	<b>31,926</b>	

## COMBINING BALANCE SHEET

## NONMAJOR GOVERNMENTAL FUNDS

## CAPITAL PROJECTS FUNDS

June 30, 2024

(In Thousands)

	Capital Outlay Fund	SANCAL Fund	Total Capital Projects Funds
<b>ASSETS</b>			
Pooled cash and investments	\$ 39,402	20	39,422
Receivables, net	17,259		17,259
Due from other funds	28,132		28,132
Restricted Assets:			
Cash with fiscal agents	1,444		1,444
Investment with fiscal agents		96,405	96,405
<b>Total assets</b>	<b>86,237</b>	<b>96,425</b>	<b>182,662</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	53,297	441	53,738
Due to other funds	31,194		31,194
Unearned revenue	1,746		1,746
<b>Total liabilities</b>	<b>86,237</b>	<b>441</b>	<b>86,678</b>
<b>FUND BALANCES</b>			
Restricted for:			
Creditors - Capital projects		95,984	95,984
<b>Total fund balances</b>		<b>95,984</b>	<b>95,984</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 86,237</b>	<b>96,425</b>	<b>182,662</b>

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 85,403			85,403
Licenses, permits and franchise fees	17,657			17,657
Fines, forfeitures and penalties	2,348			2,348
Revenue from use of money and property	30,156	7,924	1,319	39,399
Aid from other governmental agencies:				
State	138,413		13,011	151,424
Federal	242,003		7,461	249,464
Other	14,783		16,735	31,518
Charges for current services	50,704		5,990	56,694
Other	42,412	4,969	395	47,776
<b>Total revenues</b>	<b>623,879</b>	<b>12,893</b>	<b>44,911</b>	<b>681,683</b>
Expenditures:				
Current:				
General government	5,957	5,943	3,458	15,358
Public protection	34,300			34,300
Public ways and facilities	108,326		230	108,556
Health and sanitation	44,971			44,971
Public assistance	290,627			290,627
Education	62,978			62,978
Recreation and cultural	4,134			4,134
Capital outlay	58,759		258,239	316,998
Debt service:				
Principal	18,001	66,765		84,766
Interest	15,638	17,504		33,142
Bond issuance costs		993		993
<b>Total expenditures</b>	<b>643,691</b>	<b>91,205</b>	<b>261,927</b>	<b>996,823</b>
Excess (deficiency) of revenues over (under) expenditures	(19,812)	(78,312)	(217,016)	(315,140)
Other financing sources (uses):				
Sale of capital assets	5,010			5,010
Face value of loans issued	1,718			1,718
Face value of bonds issued	22,811	3,420	134,679	160,910
Premium on issuance of bonds		18,781		18,781
Transfers in	59,055	75,773	178,155	312,983
Transfers out	(23,996)			(23,996)
<b>Total other financing sources (uses)</b>	<b>64,598</b>	<b>97,974</b>	<b>312,834</b>	<b>475,406</b>
<b>Net change in fund balances</b>	<b>44,786</b>	<b>19,662</b>	<b>95,818</b>	<b>160,266</b>
Fund balances at beginning of year	508,830	11,780	166	520,776
Increase (decrease) in nonspendable inventories	37			37
<b>Fund balances at end of year</b>	<b>\$ 553,653</b>	<b>31,442</b>	<b>95,984</b>	<b>681,079</b>

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2024

(In thousands)

	Asset Forfeiture Program Fund	Community Facilities District Funds Other	County Library Fund	County Low and Moderate Income Housing Asset Fund
Revenues:				
Taxes	\$	3,981	50,547	
Licenses, permits and franchise fees				
Fines, forfeitures and penalties	1,825	9		
Revenue from use of money and property	699	395	787	39
Aid from other governmental agencies:				
State			433	
Federal	2,425		1,359	
Other			9,650	
Charges for current services			227	
Other			151	476
<b>Total revenues</b>	<b>4,949</b>	<b>4,385</b>	<b>63,154</b>	<b>515</b>
Expenditures:				
Current:				
General government				
Public protection	536	2,490		
Public ways and facilities				
Health and sanitation				
Public assistance				16
Education			62,978	
Recreation and cultural		596		
Capital outlay	57		326	
Debt service:				
Principal			647	
Interest			21	
<b>Total expenditures</b>	<b>593</b>	<b>3,086</b>	<b>63,972</b>	<b>16</b>
Excess (deficiency) of revenues over (under) expenditures	4,356	1,299	(818)	499
Other financing sources (uses):				
Sale of capital assets				
Face value of loans issued				
Face value of bonds issued				
Transfers in			3,014	
Transfers out	(33)	(1,320)	(1,471)	
<b>Total other financing sources (uses)</b>	<b>(33)</b>	<b>(1,320)</b>	<b>1,543</b>	
Net change in fund balances	4,323	(21)	725	499
Fund balances at beginning of year	12,419	5,826	12,805	4,210
Increase (decrease) in nonspendable inventories	(14)		1	
<b>Fund balances at end of year</b>	<b>\$ 16,728</b>	<b>5,805</b>	<b>13,531</b>	<b>4,709</b>

Continued on next page ►►►

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS For the Year Ended June 30, 2024 (In thousands)					
	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
(Continued)					
Revenues:					
Taxes	\$ 21,339		6,921	933	
Licenses, permits and franchise fees					
Fines, forfeitures and penalties				1	
Revenue from use of money and property	1,896	2,012	1,562	129	36
Aid from other governmental agencies:					
State	64		32		
Federal		809	14		
Other	53		48		
Charges for current services	18,019		1,138		
Other	3,117		150	60	
<b>Total revenues</b>	<b>44,488</b>	<b>2,821</b>	<b>9,865</b>	<b>1,123</b>	<b>36</b>
Expenditures:					
Current:					
General government	257	137			
Public protection	14,840		11,741		
Public ways and facilities	2,945			3,094	
Health and sanitation	23,164				
Public assistance					6
Education					
Recreation and cultural	2,820				
Capital outlay			4,847		
Debt service:					
Principal	66		36		
Interest	76				
<b>Total expenditures</b>	<b>44,168</b>	<b>137</b>	<b>16,624</b>	<b>3,094</b>	<b>6</b>
Excess (deficiency) of revenues over (under) expenditures	320	2,684	(6,759)	(1,971)	30
Other financing sources (uses):					
Sale of capital assets		5,010			
Face value of loans issued	1,718				
Face value of bonds issued					
Transfers in	7,412		20		
Transfers out	(5,271)	(8,511)			
<b>Total other financing sources (uses)</b>	<b>3,859</b>	<b>(3,501)</b>	<b>20</b>		
Net change in fund balances	4,179	(817)	(6,739)	(1,971)	30
Fund balances at beginning of year	27,627	4,310	37,497	3,991	81
Increase (decrease) in nonspendable inventories	1		(2)		
<b>Fund balances at end of year</b>	<b>\$ 31,807</b>	<b>3,493</b>	<b>30,756</b>	<b>2,020</b>	<b>111</b>

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, 2024

(In thousands)

(Continued)	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Incarcerated Peoples and Ward Welfare Program Fund	Lighting Maintenance District Fund
Revenues:					
Taxes	\$				1,682
Licenses, permits and franchise fees					
Fines, forfeitures and penalties					
Revenue from use of money and property	1,797	350	2,756	866	275
Aid from other governmental agencies:					
State					8
Federal	234,027		13		
Other	5,031				1
Charges for current services	5,915	2,372			299
Other	213		9,063	50	
<b>Total revenues</b>	<b>246,983</b>	<b>2,722</b>	<b>11,832</b>	<b>916</b>	<b>2,265</b>
Expenditures:					
Current:					
General government					
Public protection				4,644	
Public ways and facilities					1,767
Health and sanitation			17,694		
Public assistance	245,392	45,213			
Education					
Recreation and cultural					
Capital outlay				70	
Debt service:					
Principal	158	197			18
Interest	7	4			
<b>Total expenditures</b>	<b>245,557</b>	<b>45,414</b>	<b>17,694</b>	<b>4,714</b>	<b>1,785</b>
Excess (deficiency) of revenues over (under) expenditures	1,426	(42,692)	(5,862)	(3,798)	480
Other financing sources (uses):					
Sale of capital assets					
Face value of loans issued					
Face value of bonds issued					
Transfers in		42,724		4,501	
Transfers out	(143)		(173)	(972)	
<b>Total other financing sources (uses)</b>	<b>(143)</b>	<b>42,724</b>	<b>(173)</b>	<b>3,529</b>	
<b>Net change in fund balances</b>	<b>1,283</b>	<b>32</b>	<b>(6,035)</b>	<b>(269)</b>	<b>480</b>
Fund balances at beginning of year	10,476	13	44,388	15,174	5,087
Increase (decrease) in nonspendable inventories				60	(72)
<b>Fund balances at end of year</b>	<b>\$ 11,759</b>	<b>45</b>	<b>38,353</b>	<b>14,965</b>	<b>5,495</b>

Continued on next page ►►►

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES						
NONMAJOR GOVERNMENTAL FUNDS						
SPECIAL REVENUE FUNDS						
For the Year Ended June 30, 2024						
(In thousands)						
(Continued)	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	SANCAL Non-Capital Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
Revenues:						
Taxes	\$					85,403
Licenses, permits and franchise fees		4,381	13,276			17,657
Fines, forfeitures and penalties	513					2,348
Revenue from use of money and property	358	1,894	12,235	247	1,823	30,156
Aid from other governmental agencies:						
State	1,009		136,867			138,413
Federal	13		3,343			242,003
Other						14,783
Charges for current services	4,861		17,873			50,704
Other			434		28,698	42,412
<b>Total revenues</b>	<b>6,754</b>	<b>6,275</b>	<b>184,028</b>	<b>247</b>	<b>30,521</b>	<b>623,879</b>
Expenditures:						
Current:						
General government				5,339	224	5,957
Public protection	49					34,300
Public ways and facilities			100,520			108,326
Health and sanitation	4,113					44,971
Public assistance						290,627
Education						62,978
Recreation and cultural		718				4,134
Capital outlay	38		53,421			58,759
Debt service:						
Principal			99		16,780	18,001
Interest			1		15,529	15,638
<b>Total expenditures</b>	<b>4,200</b>	<b>718</b>	<b>154,041</b>	<b>5,339</b>	<b>32,533</b>	<b>643,691</b>
Excess (deficiency) of revenues over (under) expenditures	2,554	5,557	29,987	(5,092)	(2,012)	(19,812)
Other financing sources (uses):						
Sale of capital assets						5,010
Face value of loans issued						1,718
Face value of bonds issued				22,811		22,811
Transfers in	14		1,370			59,055
Transfers out	(93)	(4,562)	(1,447)			(23,996)
<b>Total other financing sources (uses)</b>	<b>(79)</b>	<b>(4,562)</b>	<b>(77)</b>	<b>22,811</b>		<b>64,598</b>
Net change in fund balances	2,475	995	29,910	17,719	(2,012)	44,786
Fund balances at beginning of year	8,317	33,594	246,971		36,044	508,830
Increase (decrease) in nonspendable inventories			63			37
<b>Fund balances at end of year</b>	<b>\$ 10,792</b>	<b>34,589</b>	<b>276,944</b>	<b>17,719</b>	<b>34,032</b>	<b>553,653</b>

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## NONMAJOR GOVERNMENTAL FUNDS

## DEBT SERVICE FUNDS

For the Year Ended June 30, 2024

(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	\$ 702	6,324	898	7,924
Other	4,969			4,969
Total revenues	5,671	6,324	898	12,893
Expenditures:				
Current:				
General government		5,916	27	5,943
Debt service:				
Principal	66,765			66,765
Interest	14,685	67	2,752	17,504
Bond issuance costs			993	993
Total expenditures	81,450	5,983	3,772	91,205
Excess (deficiency) of revenues over (under) expenditures	(75,779)	341	(2,874)	(78,312)
Other financing sources (uses):				
Face value of bonds issued			3,420	3,420
Premium on issuance of bonds			18,781	18,781
Transfers in	75,763	10		75,773
Total other financing sources (uses)	75,763	10	22,201	97,974
Net change in fund balances	(16)	351	19,327	19,662
Fund balances at beginning of year	1,894	4,363	5,523	11,780
Fund balances at end of year	\$ 1,878	4,714	24,850	31,442

Combining Financial Statements/Schedules -  
**Nonmajor Governmental Funds**

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS For the Year Ended June 30, 2024 (In Thousands)				
	Capital Outlay Fund	Harmony Grove Community Facilities District Fund	SANCAL Fund	Total Capital Projects Funds
Revenues:				
Revenue from use of money and property	\$	9	1,310	1,319
Aid from other governmental agencies:				
State	13,011			13,011
Federal	7,461			7,461
Other	16,735			16,735
Charges for current services	5,628	362		5,990
Other	314	54	27	395
<b>Total revenues</b>	<b>43,149</b>	<b>425</b>	<b>1,337</b>	<b>44,911</b>
Expenditures:				
Current:				
General government	3,458			3,458
Public Ways and Facilities		230		230
Capital outlay	217,846	361	40,032	258,239
<b>Total expenditures</b>	<b>221,304</b>	<b>591</b>	<b>40,032</b>	<b>261,927</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(178,155)</b>	<b>(166)</b>	<b>(38,695)</b>	<b>(217,016)</b>
Other financing sources (uses):				
Face value of bonds issued			134,679	134,679
Transfers in	178,155			178,155
<b>Total other financing sources (uses)</b>	<b>178,155</b>		<b>134,679</b>	<b>312,834</b>
<b>Net change in fund balances</b>		<b>(166)</b>	<b>95,984</b>	<b>95,818</b>
Fund balances at beginning of year		166		166
<b>Fund balances at end of year</b>	<b>\$</b>		<b>95,984</b>	<b>95,984</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

ASSET FORFEITURE PROGRAM FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$		1,825
Revenue from use of money and property			699
Aid from other governmental agencies:			
Federal			2,425
Total revenues			4,949
Expenditures:			
Current:			
Public protection:			
District attorney asset forfeiture program - federal	928	928	38
District attorney asset forfeiture program - state	100	100	36
District attorney asset forfeiture program - US Treasury	50	50	
Probation asset forfeiture program	100	100	
Sheriff's asset forfeiture program	1,368	1,368	90
Sheriff's asset forfeiture State	100	100	97
Sheriff's asset forfeiture US Treasury	1,000	963	275
Total public protection	3,646	3,609	536
Capital outlay	270	307	57
Total expenditures	3,916	3,916	593
Excess (deficiency) of revenues over (under) expenditures	(3,916)	(3,916)	4,356
Other financing sources (uses):			
Transfers out	(150)	(150)	(33)
Total other financing sources (uses)	(150)	(150)	(33)
Net change in fund balances	(4,066)	(4,066)	4,323
Fund balances at beginning of year	12,419	12,419	12,419
Increase (decrease) in nonspendable inventories		(14)	(14)
Fund balances at end of year	\$ 8,353	8,339	16,728

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
COMMUNITY FACILITIES DISTRICT FUNDS - OTHER  
For the Year Ended June 30, 2024  
(In Thousands)**

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 4,030	4,029	3,981
Fines, forfeitures and penalties	4	4	9
Revenue from use of money and property	60	60	395
Aid from other governmental agencies:			
Other	425	425	
<b>Total revenues</b>	<b>4,519</b>	<b>4,518</b>	<b>4,385</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public protection:</b>			
Horse Creek Ridge CFD 13-01 Special Tax C	368	397	15
Hillside Meadows Maint CFD17-01	68	69	
SDCFPD CFD 04-01 Special Tax A	5	5	
SDCFPD EOM CFD 09-01 Special Tax B	2,482	2,482	2,475
<b>Total public protection</b>	<b>2,923</b>	<b>2,953</b>	<b>2,490</b>
<b>Recreation and cultural:</b>			
Horse Creek Ridge CFD 13-01 Interim	574	574	220
Horse Creek Ridge CFD 13-01 Special Tax A	131	131	35
Sweetwater pl maint CFD 19-02 Special Tax	320	565	330
Piper Otay CFD 22-01 Tax A	41	41	11
<b>Total recreation and cultural</b>	<b>1,066</b>	<b>1,311</b>	<b>596</b>
<b>Total expenditures</b>	<b>3,989</b>	<b>4,264</b>	<b>3,086</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>530</b>	<b>254</b>	<b>1,299</b>
<b>Other financing sources (uses):</b>			
Transfers out	(1,666)	(1,667)	(1,320)
<b>Total other financing sources (uses)</b>	<b>(1,666)</b>	<b>(1,667)</b>	<b>(1,320)</b>
<b>Net change in fund balances</b>	<b>(1,136)</b>	<b>(1,413)</b>	<b>(21)</b>
<b>Fund balances at beginning of year</b>	<b>5,826</b>	<b>5,826</b>	<b>5,826</b>
<b>Fund balances at end of year</b>	<b>\$ 4,690</b>	<b>4,413</b>	<b>5,805</b>

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

## BUDGET AND ACTUAL

## COUNTY LIBRARY FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 46,726	46,726	50,547
Revenue from use of money and property	105	105	787
Aid from other governmental agencies:			
State	267	267	433
Federal	1,317	1,317	1,359
Other	7,010	7,010	9,650
Charges for current services	238	238	227
Other	294	294	151
<b>Total revenues</b>	<b>55,957</b>	<b>55,957</b>	<b>63,154</b>
Expenditures:			
Current:			
Education:			
County library	67,340	67,835	62,978
<b>Total education</b>	<b>67,340</b>	<b>67,835</b>	<b>62,978</b>
Capital outlay	615	365	326
Debt service:			
Principal	647	647	647
Interest	21	21	21
<b>Total expenditures</b>	<b>68,623</b>	<b>68,868</b>	<b>63,972</b>
Excess (deficiency) of revenues over (under) expenditures	(12,666)	(12,911)	(818)
Other financing sources (uses):			
Transfer In	2,827	3,014	3,014
Transfers out	(4,638)	(4,580)	(1,471)
<b>Total other financing sources (uses)</b>	<b>(1,811)</b>	<b>(1,566)</b>	<b>1,543</b>
Net change in fund balances	(14,477)	(14,477)	725
Fund balances at beginning of year	12,806	12,805	12,805
Increase (decrease) in nonspendable inventories		1	1
Fund balances at end of year	\$ (1,671)	(1,671)	13,531

# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

## 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, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 5	5	39
Aid from other governmental agencies:			
Other	22	22	476
<b>Total revenues</b>	<b>27</b>	<b>27</b>	<b>515</b>
Expenditures:			
Current:			
Public assistance:			
CSHAF Gillespie housing	25	25	15
CSHAF USDRIP housing	4	4	1
<b>Total public assistance</b>	<b>29</b>	<b>29</b>	<b>16</b>
<b>Total expenditures</b>	<b>29</b>	<b>29</b>	<b>16</b>
Excess (deficiency) of revenues over (under) expenditures	(2)	(2)	499
Net change in fund balances	(2)	(2)	499
Fund balances at beginning of year	4,210	4,210	4,210
Fund balances at end of year	\$ 4,208	4,208	4,709

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

## BUDGET AND ACTUAL

## COUNTY SERVICE DISTRICT FUNDS

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 16,713	16,713	21,339
Revenue from use of money and property	394	394	1,896
Aid from other governmental agencies:			
State	14	14	64
Other	35	35	53
Charges for current services	10,039	17,159	18,019
Other	131	131	3,117
<b>Total revenues</b>	<b>27,326</b>	<b>34,446</b>	<b>44,488</b>
Expenditures:			
Current:			
General government:			
CSA 135 Zone B Del Mar Regional Communication System	48	48	38
CSA 135 Zone F Poway Regional Communication System	166	165	161
CSA 135 Zone H Solana Beach Regional Communication System	50	50	50
CSA 135 Zone K Borrego Springs Regional Communication System	9	9	8
<b>Total general government</b>	<b>273</b>	<b>272</b>	<b>257</b>
Public protection:			
San Diego County Fire Protection District	10,103	10,059	11,283
SDCFPD Mt Laguna	23	23	20
SDCFPD Palomar	75	75	75
SDCFPD Descanso	66	66	60
SDCFPD Dulzura	13	13	13
SDCFPD Tecate	12	12	12
SDCFPD Potrero	16	16	16
SDCFPD Jacumba	20	20	20
SDCFPD Ramona	2,600	2,600	2,600
SDCFPD Rural West	590	590	577
SDCFPD Yuima	55	55	54
SDCFPD Julian	118	118	110
<b>Total public protection</b>	<b>\$ 13,691</b>	<b>13,647</b>	<b>14,840</b>

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# Combining Financial Statements/Schedules - Nonmajor Governmental Funds

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County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

### BUDGET AND ACTUAL

#### COUNTY SERVICE DISTRICT FUNDS

For the Year Ended June 30, 2024

(In Thousands)

(Continued)

	Original Budget	Final Budget	Actual
Public ways and facilities:			
PRD 6 Pauma Valley	\$ 243	383	247
PRD 8 Magee RD-PALA	365	414	374
PRD 9 B Santa Fe	210	210	9
PRD 10 Davis Dr	37	37	5
PRD 11 A Bernardo RD	89	89	7
PRD 11 C Bernardo RD	8	8	3
PRD 11 D Bernardo RD	39	39	4
PRD 12 Lomair	114	114	4
PRD 13 A Pala Mesa	690	690	288
PRD 13 B Stewart Canyon	115	115	6
PRD 16 Wynola	131	132	10
PRD 18 Harrison Park	108	108	37
PRD 20 Daily Road	242	320	151
PRD 21 Pauma Heights	1,096	1,096	369
PRD 22 W Dougherty St	4	4	3
PRD 23 Rock Terrace RD	50	50	39
PRD 24 MT Whitney RD	87	87	3
PRD 30 Royal Oaks-Carroll	53	53	7
PRD 38 Gay Rio Terrace	77	77	7
PRD 45 Rincon Springs	42	54	22
PRD 46 Rocosco Road	185	185	6
PRD 49 Sunset Knolls Road	64	64	6
PRD 50 Knoll Park Lane	46	46	3
PRD 53 Knoll Park Lane EX	175	175	3
PRD 54 Mt Helix	117	117	6
PRD 55 Rainbow Crest	319	345	32
PRD 60 River Drive	91	91	3
PRD 61 Green Meadow Way	261	261	19
PRD 63 Hillview Road	655	655	2
PRD 70 El Camino Corto	46	46	23
PRD 75 A Gay Rio Drive	87	87	7
PRD 75 B Gay Rio Drive	114	114	93
PRD 76 Kingford Ct	35	35	2
PRD 77 Montiel Truck Trail	200	200	15
PRD 78 Gardena Way	92	117	13
PRD 80 Harris Truck Trail	256	294	129
PRD 88 East Fifth St	38	38	3
PRD 90 South Cordoba	\$ 54	54	4

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, 2024

(In Thousands)

(Continued)

	Original Budget	Final Budget	Actual
PRD 94 Roble Grande Road	\$ 223	224	4
PRD 95 Valle Del Sol	380	380	11
PRD 99 Via Allondra Del Corvo	95	95	3
PRD 101 A Hi Ridge Rd	98	175	8
PRD 101 Johnson Lake	101	101	5
PRD 102 Mtn Meadow	328	328	163
PRD 103 Alto Drive	163	163	4
PRD 104 Artesian Rd	35	35	25
PRD 105 A Alta Loma Dr	105	146	14
PRD 105 Alta Loma Dr	99	164	14
PRD 106 Garrison Way ET AL	59	59	12
PRD 117 Legend Rock	614	614	344
PRD 123 Mizpah Lane	56	56	3
PRD 125 Wrightwood Road	40	40	4
PRD 126 Sandhurst Way	15	15	4
PRD 127 Singing Trails Dr	36	35	6
PRD 130 Wilkes Road	284	284	227
PRD 133 Ranch Creek Road	180	192	17
PRD 134 Kenora Lane	27	27	3
PRD 1003 Alamo Way	20	20	14
PRD 1005 Eden Valley Lane	107	107	8
PRD 1008 Canter	16	16	4
PRD 1010 Alpine Highlands	107	107	8
PRD 1011 La Cuesta	97	97	3
PRD 1012 Millar	88	88	7
PRD 1013 Singing Trails	73	73	12
PRD 1014 Lavender Pt Lane	30	30	2
PRD 1015 Landavo Drive ET AL	78	78	6
PRD 1016 El Sereno Way	137	137	29
PRD 1017 Kalbaugh-Haley-Toub St	40	40	17
Total public ways and facilities	10,366	10,930	2,945
Health and sanitation:			
CSA 17 San Dieguito Ambulance	7,849	7,819	7,502
CSA 69 Heartland Paramedics	756	1,956	1,625
PRD 122 Otay Mesa East	7	7	
PRD 136 Sundance Detention Basin	24	24	13
SDCFPD Ambulance Service Area		14,380	14,024
Total health and sanitation	\$ 8,636	24,186	23,164

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, 2024

(In Thousands)

(Continued)

	Original Budget	Final Budget	Actual
Recreation and cultural:			
CSA 26 LMD Zone 2 Julian	\$ 55	57	52
CSA 26 Rancho San Diego	258	257	176
CSA 26 San Diego landscape maintenance	140	140	134
CSA 81 Fallbrook Park	273	483	479
CSA 83 San Dieguito Local Park	736	736	365
CSA 83A 4S Ranch Park	682	682	530
CSA 128 San Miguel Park	460	680	531
CSA 138 Valley Center Park	327	327	285
PRD 26 A Cottonwood Village	324	324	148
PRD 26 B Monte Vista	163	213	120
Total recreation and cultural	3,418	3,899	2,820
Debt service:			
Principal	13	99	66
Interest		81	76
Total expenditures	36,397	53,114	44,168
Excess (deficiency) of revenues over (under) expenditures	(9,071)	(18,668)	320
Other financing sources (uses):			
Face value of loans issued			1,718
Transfer In	15	7,415	7,412
Transfers out	(8,502)	(8,340)	(5,271)
Total other financing sources (uses)	(8,487)	(925)	3,859
Net change in fund balances	(17,558)	(19,593)	4,179
Fund balances at beginning of year	27,628	27,627	27,627
Increase (decrease) in nonspendable inventories		1	1
Fund balances at end of year	\$ 10,070	8,035	31,807

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

## BUDGET AND ACTUAL

## EDGEMOOR DEVELOPMENT FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 389	389	2,012
Aid from other governmental agencies:			
Federal	798	798	809
Total revenues	1,187	1,187	2,821
Expenditures:			
Current:			
General government:			
Edgemoor development fund	311	311	137
Total general government	311	311	137
Total expenditures	311	311	137
Excess (deficiency) of revenues over (under) expenditures	876	876	2,684
Other financing sources (uses):			
Sale of capital assets	6,422	6,422	5,010
Transfers out	(8,521)	(8,521)	(8,511)
Total other financing sources (uses)	(2,099)	(2,099)	(3,501)
Net change in fund balances	(1,223)	(1,223)	(817)
Fund balances at beginning of year	4,310	4,310	4,310
Fund balances at end of year	\$ 3,087	3,087	3,493

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FLOOD CONTROL DISTRICT FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 6,184	6,184	6,921
Revenue from use of money and property	113	113	1,562
Aid from other governmental agencies:			
State			32
Federal			14
Other	160	160	48
Charges for current services	275	276	1,138
Other			150
<b>Total revenues</b>	<b>6,732</b>	<b>6,733</b>	<b>9,865</b>
Expenditures:			
Current:			
Public protection:			
Flood control district	11,306	18,058	11,644
Stormwater maintenance, Blackwolf	13	13	1
Stormwater maintenance, Lake Rancho Viejo	192	191	95
Stormwater maintenance, Ponderosa Estates	13	13	1
<b>Total public protection</b>	<b>11,524</b>	<b>18,275</b>	<b>11,741</b>
Capital outlay	4,847	4,847	4,847
Debt service:			
Principal	36	36	36
<b>Total expenditures</b>	<b>16,407</b>	<b>23,158</b>	<b>16,624</b>
Excess (deficiency) of revenues over (under) expenditures	(9,675)	(16,425)	(6,759)
Other financing sources (uses):			
Transfer In	2,140	2,140	20
<b>Total other financing sources (uses)</b>	<b>2,140</b>	<b>2,140</b>	<b>20</b>
Net change in fund balances	(7,535)	(14,285)	(6,739)
Fund balances at beginning of year	37,497	37,497	37,497
Increase (decrease) in nonspendable inventories		(2)	(2)
<b>Fund balances at end of year</b>	<b>\$ 29,962</b>	<b>23,210</b>	<b>30,756</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

HARMONY GROVE COMMUNITY FACILITIES DISTRICT FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 916	930	933
Fines, forfeitures and penalties			1
Revenue from use of money and property	13	52	129
Aid from other governmental agencies:			
Other		60	60
Total revenues	929	1,042	1,123
Expenditures:			
Current:			
Public protection:			
Harmony Grove CFD 08-01 flood control spec tax B	237	237	
Total public protection	237	237	
Public ways and facilities:			
Harmony Grove CFD 08-01 oth svcs spec tax B	385	385	64
Harmony Grove CFD 08-01 fire protection	474	492	489
Harmony Grove CFD 08-01 improvement	2,329	2,546	2,541
Total public ways and facilities	3,188	3,423	3,094
Total expenditures	3,425	3,660	3,094
Excess (deficiency) of revenues over (under) expenditures	(2,496)	(2,618)	(1,971)
Net change in fund balances	(2,496)	(2,618)	(1,971)
Fund balance at beginning of year	3,991	3,991	3,991
Fund balances at end of year	\$ 1,495	1,373	2,020

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, 2024 (In Thousands)				
		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	\$	15	15	36
Aid from other governmental agencies:				
Other		11	11	
<b>Total revenues</b>		<b>26</b>	<b>26</b>	<b>36</b>
Expenditures:				
Current:				
Public assistance:				
Other assistance - other budgetary entity		26	26	6
<b>Total public assistance</b>		<b>26</b>	<b>26</b>	<b>6</b>
<b>Total expenditures</b>		<b>26</b>	<b>26</b>	<b>6</b>
Excess (deficiency) of revenues over (under) expenditures				30
Net change in fund balances				30
Fund balances at beginning of year		81	81	81
Fund balances at end of year	\$	81	81	111

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

## HOUSING AUTHORITY - OTHER FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 1,300	1,441	1,797
Aid from other governmental agencies:			
Federal	222,285	233,857	234,027
Other	5,189	5,404	5,031
Charges for current services	6,539	6,539	5,915
Other	2,521	2,521	213
Total revenues	237,834	249,762	246,983
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	238,556	249,834	245,392
Total public assistance	238,556	249,834	245,392
Debt service:			
Principal	165	165	158
Interest	16	16	7
Total expenditures	238,737	250,015	245,557
Excess (deficiency) of revenues over (under) expenditures	(903)	(253)	1,426
Other financing sources (uses):			
Transfers out	(50)	(450)	(143)
Total other financing sources (uses)	(50)	(450)	(143)
Net change in fund balances	(953)	(703)	1,283
Fund balances at beginning of year	10,476	10,476	10,476
Fund balances at end of year	\$ 9,523	9,773	11,759

**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, 2024  
 (In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$		350
Aid from other governmental agencies:			
Charges for current services	2,053	2,053	2,372
<b>Total revenues</b>	<b>2,053</b>	<b>2,053</b>	<b>2,722</b>
Expenditures:			
Current:			
Public assistance:			
IHSS public authority	48,709	48,709	45,213
<b>Total public assistance</b>	<b>48,709</b>	<b>48,709</b>	<b>45,213</b>
Debt service:			
Principal	197	197	197
Interest	4	4	4
<b>Total expenditures</b>	<b>48,910</b>	<b>48,910</b>	<b>45,414</b>
Excess (deficiency) of revenues over (under) expenditures	(46,857)	(46,857)	(42,692)
Other financing sources (uses):			
Transfer In	46,852	46,852	42,724
<b>Total other financing sources (uses)</b>	<b>46,852</b>	<b>46,852</b>	<b>42,724</b>
Net change in fund balances	(5)	(5)	32
Fund balances at beginning of year	13	13	13
Fund balances at end of year	\$ 8	8	45

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

## BUDGET AND ACTUAL

## INACTIVE WASTESITES FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 283	283	2,756
Aid from other governmental agencies:			
Federal			13
Other	11,037	18,419	9,063
<b>Total revenues</b>	<b>11,320</b>	<b>18,702</b>	<b>11,832</b>
Expenditures:			
Current:			
Health and sanitation:			
Duck pond landfill cleanup	15	15	
Inactive waste site management	10,312	17,694	17,694
<b>Total health and sanitation</b>	<b>10,327</b>	<b>17,709</b>	<b>17,694</b>
<b>Total expenditures</b>	<b>10,327</b>	<b>17,709</b>	<b>17,694</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>993</b>	<b>993</b>	<b>(5,862)</b>
Other financing sources (uses):			
Transfers out	(174)	(174)	(173)
<b>Total other financing sources (uses)</b>	<b>(174)</b>	<b>(174)</b>	<b>(173)</b>
<b>Net change in fund balances</b>	<b>819</b>	<b>819</b>	<b>(6,035)</b>
<b>Fund balances at beginning of year</b>	<b>44,388</b>	<b>44,388</b>	<b>44,388</b>
<b>Fund balances at end of year</b>	<b>\$ 45,207</b>	<b>45,207</b>	<b>38,353</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL**

**Incarcerated Peoples and Ward Welfare Program Fund**  
**For the Year Ended June 30, 2024**  
**(In Thousands)**

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	\$ 150	150	866
Aid from other governmental agencies:			
Other	30	30	50
<b>Total revenues</b>	<b>180</b>	<b>180</b>	<b>916</b>
Expenditures:			
Current:			
Public protection:			
Probation inmate welfare	2	2	
Sheriff's inmate welfare - adult detention	5,895	8,532	4,644
<b>Total public protection</b>	<b>5,897</b>	<b>8,534</b>	<b>4,644</b>
Capital outlay		70	70
<b>Total expenditures</b>	<b>5,897</b>	<b>8,604</b>	<b>4,714</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(5,717)</b>	<b>(8,424)</b>	<b>(3,798)</b>
Other financing sources (uses):			
Transfer In	2,800	5,507	4,501
Transfers out	(1,290)	(1,290)	(972)
<b>Total other financing sources (uses)</b>	<b>1,510</b>	<b>4,217</b>	<b>3,529</b>
<b>Net change in fund balances</b>	<b>(4,207)</b>	<b>(4,207)</b>	<b>(269)</b>
Fund balances at beginning of year	15,174	15,174	15,174
Increase (decrease) in nonspendable inventories		60	60
<b>Fund balances at end of year</b>	<b>\$ 10,967</b>	<b>11,027</b>	<b>14,965</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

LIGHTING MAINTENANCE DISTRICT FUND

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 1,385	1,385	1,682
Revenue from use of money and property	50	50	275
Aid from other governmental agencies:			
State	8	8	8
Other			1
Charges for current services	281	281	299
<b>Total revenues</b>	<b>1,724</b>	<b>1,724</b>	<b>2,265</b>
Expenditures:			
Current:			
Public ways and facilities:			
San Diego lighting maintenance	2,654	2,654	1,767
<b>Total public ways and facilities</b>	<b>2,654</b>	<b>2,654</b>	<b>1,767</b>
Debt service:			
Principal	18	18	18
<b>Total expenditures</b>	<b>2,672</b>	<b>2,672</b>	<b>1,785</b>
Excess (deficiency) of revenues over (under) expenditures	(948)	(948)	480
Net change in fund balances	(948)	(948)	480
Fund balances at beginning of year	5,087	5,087	5,087
Increase (decrease) in nonspendable inventories		(72)	(72)
<b>Fund balances at end of year</b>	<b>\$ 4,139</b>	<b>4,067</b>	<b>5,495</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

OTHER SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Fines, forfeitures and penalties	\$ 96	96	513
Revenue from use of money and property			358
Aid from other governmental agencies:			
State	262	262	1,009
Federal	100	100	13
Charges for current services	4,988	4,988	4,861
<b>Total revenues</b>	<b>5,446</b>	<b>5,446</b>	<b>6,754</b>
Expenditures:			
Current:			
Public protection:			
Agriculture, weights and measures - fish and game	28	46	42
Public works, survey	270	270	7
<b>Total public protection</b>	<b>298</b>	<b>316</b>	<b>49</b>
Health and sanitation:			
Sanitation - waste planning and recycling	6,674	6,650	4,113
<b>Total health and sanitation</b>	<b>6,674</b>	<b>6,650</b>	<b>4,113</b>
Capital outlay		38	38
<b>Total expenditures</b>	<b>6,972</b>	<b>7,004</b>	<b>4,200</b>
Excess (deficiency) of revenues over (under) expenditures	(1,526)	(1,558)	2,554
Other financing sources (uses):			
Transfers in		14	14
Transfers out	(95)	(95)	(93)
<b>Total other financing sources (uses)</b>	<b>(95)</b>	<b>(81)</b>	<b>(79)</b>
Net change in fund balances	(1,621)	(1,639)	2,475
Fund balances at beginning of year	8,317	8,317	8,317
Fund balances at end of year	\$ 6,696	6,678	10,792

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

PARK LAND DEDICATION FUN

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 2,500	2,500	4,381
Revenue from use of money and property	301	301	1,894
Aid from other governmental agencies:			
Total revenues	2,801	2,801	6,275
Expenditures:			
Current:			
Recreation and cultural:			
PLD administrative fee	751	751	46
Local Park Planning Area 4 Lincoln Acres	2,014	2,014	
Local Park Planning Area 15 Sweetwater	2	2	
Local Park Planning Area 20 Spring Valley	1	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	12	912	669
Local Park Planning Area 29 Escondido	1	1	
Local Park Planning Area 30 San Marcos	2	2	
Local Park Planning Area 31 San Dieguito	2	2	
Local Park Planning Area 32 Carlsbad	2	2	
Local Park Planning Area 35 Fallbrook	11	11	
Local Park Planning Area 36 Bonsall	4	4	
Local Park Planning Area 37 Vista	1	1	
Local Park Planning Area 38 Valley Center	40	40	2
Local Park Planning Area 39 Pauma	1	1	
Local Park Planning Area 40 Palomar-Julian	332	332	
Local Park Planning Area 41 Mount Empire	1	1	
Local Park Planning Area 42 Anza-Borrego	1	1	1
Local Park Planning Area 45 Valle de Oro	1	1	
Total recreation and cultural	3,189	4,089	718
Total expenditures	3,189	4,089	718
Excess (deficiency) of revenues over (under) expenditures	(388)	(1,288)	5,557
Other financing sources (uses):			
Transfers out	(13,305)	(16,735)	(4,562)
Total other financing sources (uses)	(13,305)	(16,735)	(4,562)
Net change in fund balances	(13,693)	(18,023)	995
Fund balances at beginning of year	33,594	33,594	33,594
Fund balances at end of year	\$ 19,901	15,571	34,589

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL**

**ROAD FUND**

For the Year Ended June 30, 2024

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Licenses, permits and franchise fees	\$ 6,000	6,000	13,276
Revenue from use of money and property	1,565	1,565	12,235
Aid from other governmental agencies:			
State	166,808	166,809	136,867
Federal	21,402	23,476	3,343
Charges for current services	16,872	16,872	17,873
Other	269	269	434
<b>Total revenues</b>	<b>212,916</b>	<b>214,991</b>	<b>184,028</b>
Expenditures:			
Current:			
Public ways and facilities:			
Public works, road	314,806	324,252	100,520
<b>Total public ways and facilities</b>	<b>314,806</b>	<b>324,252</b>	<b>100,520</b>
Capital outlay	52,932	53,547	53,421
Debt Service:			
Principal			99
Interest			1
<b>Total expenditures</b>	<b>367,738</b>	<b>377,799</b>	<b>154,041</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(154,822)</b>	<b>(162,808)</b>	<b>29,987</b>
Other financing sources (uses):			
Transfer In	7,966	8,238	1,370
Transfers out	(1,453)	(1,453)	(1,447)
<b>Total other financing sources (uses)</b>	<b>6,513</b>	<b>6,785</b>	<b>(77)</b>
<b>Net change in fund balances</b>	<b>(148,309)</b>	<b>(156,023)</b>	<b>29,910</b>
Fund Balances at the beginning of year	246,971	246,971	246,971
Increase (decrease) in nonspendable inventories		63	63
<b>Fund balances at end of year</b>	<b>\$ 98,662</b>	<b>91,011</b>	<b>276,944</b>



## **NONMAJOR ENTERPRISE FUNDS**

### **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  
NONMAJOR ENTERPRISE FUNDS

June 30, 2024

(In Thousands)

	Jail Stores Commissary Fund	San Diego County Sanitation District Fund	Sanitation District - Other Fund	Total Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 1,086	73,131	8,528	82,745
Receivables, net	894	1,386	146	2,426
Due from other funds	166	23	339	528
Inventories	311		1	312
<b>Total current assets</b>	<b>2,457</b>	<b>74,540</b>	<b>9,014</b>	<b>86,011</b>
Noncurrent assets:				
Capital assets:				
Land		1,069	171	1,240
Construction in progress		7,559	2,466	10,025
Buildings and improvements		18,527	721	19,248
Equipment	155	3,731	673	4,559
Sewer infrastructure		115,891		115,891
Subscription Assets		342		342
Accumulated depreciation/amortization	(155)	(67,471)	(928)	(68,554)
<b>Total noncurrent assets</b>		<b>79,648</b>	<b>3,103</b>	<b>82,751</b>
<b>Total assets</b>	<b>2,457</b>	<b>154,188</b>	<b>12,117</b>	<b>168,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension:				
Contributions to the pension plan subsequent to the measurement date			1,562	1,562
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions			49	49
Changes of assumptions or other inputs			1,248	1,248
Net difference between projected and actual earnings on pension plan investments			748	748
Difference between expected and actual experience in the total pension liability			686	686
OPEB:				
Contributions to OPEB subsequent to the measurement date			51	51
<b>Total deferred outflows of resources</b>	<b>\$</b>		<b>4,344</b>	<b>4,344</b>

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COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS June 30, 2024 (In Thousands)				
(Continued)	Jail Stores Commissary Fund	San Diego County Sanitation District Fund	Sanitation District - Other Fund	Total Enterprise Funds
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 366	1,351	314	2,031
Accrued payroll			234	234
Due to other funds	1,816	377	316	2,509
Subscription payable		89		89
Compensated absences			125	125
<b>Total current liabilities</b>	<b>2,182</b>	<b>1,817</b>	<b>989</b>	<b>4,988</b>
Noncurrent liabilities:				
Subscription payable		95		95
Compensated absences			198	198
Net pension liability			11,228	11,228
Net OPEB liability			134	134
<b>Total noncurrent liabilities</b>		<b>95</b>	<b>11,560</b>	<b>11,655</b>
<b>Total liabilities</b>	<b>2,182</b>	<b>1,912</b>	<b>12,549</b>	<b>16,643</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions			11	11
Differences between expected and actual experience in the total pension liability			196	196
OPEB:				
Net difference between projected and actual earnings on OPEB investments			3	3
<b>Total deferred inflows of resources</b>			<b>210</b>	<b>210</b>
<b>NET POSITION</b>				
Net investment in capital assets		79,117	2,949	82,066
Unrestricted net position	275	73,159	753	74,187
<b>Total net position</b>	<b>\$ 275</b>	<b>152,276</b>	<b>3,702</b>	<b>156,253</b>

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2024

(In Thousands)

	Jail Stores Commissary Fund	San Diego County Sanitation District Fund	Sanitation District - Other Fund	Total Enterprise Funds
Operating revenues:				
Charges for current services	\$ 7,869	30,804	10,024	48,697
Total operating revenues	7,869	30,804	10,024	48,697
Operating expenses:				
Salaries and employee benefits			7,286	7,286
Repairs and maintenance	15	5,413	763	6,191
Equipment rental	6		1,205	1,211
Sewage processing		19,786		19,786
Contracted services	395		981	1,376
Depreciation		2,880	64	2,944
Amortization		70		70
Utilities			42	42
Cost of material	3,363			3,363
Fuel	10			10
Other	187	2,198	779	3,164
Total operating expenses	3,976	30,347	11,120	45,443
Operating income (loss)	3,893	457	(1,096)	3,254
Nonoperating revenues (expenses):				
Grants			53	53
Investment earnings	72	3,680	655	4,407
Gain (loss) on disposal of assets	1		(6)	(5)
Total nonoperating revenues (expenses)	73	3,680	702	4,455
Income (loss) before capital contributions and transfers	3,966	4,137	(394)	7,709
Transfers in		99	759	858
Transfers out	(5,358)		(156)	(5,514)
Change in net position	(1,392)	4,236	209	3,053
Net position (deficits) at beginning of year	1,667	148,040	3,493	153,200
Net position (deficits) at end of year	\$ 275	152,276	3,702	156,253

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUND

For the Year Ended June 30, 2024

(In Thousands)

	Jail Stores Commissary Fund	San Diego County Sanitation District Fund	Sanitation District - Other Funds	Total Other Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 7,431	31,842	435	39,708
Cash received from other funds			9,561	9,561
Cash payments to suppliers	(2,327)	(26,376)	(2,385)	(31,088)
Cash payments to employees			(6,770)	(6,770)
Cash payments to other funds	(198)	(272)	(1,415)	(1,885)
Net cash provided (used) by operating activities	4,906	5,194	(574)	9,526
Cash flows from noncapital financing activities:				
Operating grants			53	53
Transfers from other funds		99	759	858
Transfers to other funds	(5,358)		(156)	(5,514)
Net cash provided (used) by noncapital financing activities	(5,358)	99	656	(4,603)
Cash flows from capital and related financing activities:				
Acquisition of capital assets		(2,718)	(1,432)	(4,150)
Principal paid on subscription		(83)		(83)
Proceeds from sale of assets	1			1
Net cash provided (used) by capital and related financing activities	1	(2,801)	(1,432)	(4,232)
Cash flows from investing activities:				
Investment earnings	69	3,419	633	4,121
Net increase (decrease) in cash and cash equivalents	(382)	5,911	(717)	4,812
Cash and cash equivalents - beginning of year	1,468	67,220	9,245	77,933
Cash and cash equivalents - end of year	1,086	73,131	8,528	82,745
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	3,893	457	(1,096)	3,254
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivable	(438)	1,039	(11)	590
Decrease (increase) in due from other funds	(166)	(1)	(17)	(184)
Decrease (increase) in inventory	(22)			(22)
Increase (decrease) in accounts payable	34	721	(67)	688
Increase (decrease) in accrued payroll			47	47
Increase (decrease) in due to other funds	1,605	28	37	1,670
Increase (decrease) in compensated absences			10	10
Pension expense			514	514
OPEB expense			(55)	(55)
Depreciation / amortization		2,950	64	3,014
Total adjustments	1,013	4,737	522	6,272
Net cash provided (used) by operating activities	4,906	5,194	(574)	9,526
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	\$	347	154	501



## **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, 2024

(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 228,267	23,272	51,334	38,718
Receivables, net	2,787	719	858	28
Lease receivables		587		
Due from other funds	1,900	14,060	4,452	16,867
Inventories		852	1,528	
<b>Total current assets</b>	<b>232,954</b>	<b>39,490</b>	<b>58,172</b>	<b>55,613</b>
Noncurrent assets:				
Lease receivables		2,185		
Due from other funds				
Capital assets:				
Construction in progress				
Buildings and improvements			2,963	
Equipment		6,623	158,002	
Software		448	213	9,594
Accumulated depreciation/amortization		(4,197)	(101,236)	(9,326)
<b>Total noncurrent assets</b>		<b>5,059</b>	<b>59,942</b>	<b>268</b>
<b>Total assets</b>	<b>232,954</b>	<b>44,549</b>	<b>118,114</b>	<b>55,881</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension:				
Contributions to the pension plan subsequent to the measurement date		12,663	2,168	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		378	68	
Changes of assumptions or other inputs		9,713	2,026	
Net difference between projected and actual earnings on pension plan investments		6,603	1,867	
Difference between expected and actual experience in the total pension liability		5,091	855	
OPEB:				
Contributions to OPEB subsequent to the measurement date		394	67	
<b>Total deferred outflow of resources</b>	<b>\$</b>	<b>34,842</b>	<b>7,051</b>	

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COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

June 30, 2024

(In Thousands)

(Continued)	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 7,378	19,657	5,665	48,556
Accrued payroll		1,733	274	
Due to other funds	1,769	1,864	659	105
Unearned revenue		907		
Loans payable		84		
Compensated absences		1,249	151	
Claims and judgments	28,723			
<b>Total current liabilities</b>	<b>37,870</b>	<b>25,494</b>	<b>6,749</b>	<b>48,661</b>
Noncurrent liabilities:				
Loans payable		184		
Compensated absences		1,972	238	
Claims and judgments	174,677			
Net pension liability		82,411	15,976	
Net OPEB liability		749	173	
<b>Total noncurrent liabilities</b>	<b>174,677</b>	<b>85,316</b>	<b>16,387</b>	
<b>Total liabilities</b>	<b>212,547</b>	<b>110,810</b>	<b>23,136</b>	<b>48,661</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases		2,714		
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		88	19	
Differences between expected and actual experience in the total pension liability		1,459	364	
OPEB:				
Net difference between projected and actual earnings on OPEB investments		30	5	
<b>Total deferred inflows of resources</b>		<b>4,291</b>	<b>388</b>	
<b>NET POSITION</b>				
Net investment in capital assets		2,874	58,262	268
Unrestricted net position	20,407	(38,584)	43,379	6,952
<b>Total net position (deficits)</b>	<b>\$ 20,407</b>	<b>(35,710)</b>	<b>101,641</b>	<b>7,220</b>

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## COMBINING STATEMENT OF NET POSITION

## INTERNAL SERVICE FUNDS

June 30, 2024

(In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Pooled cash and investments	\$ 107,419	8,737	30,167	256	488,170
Receivables, net	1,302	98	365		6,157
Lease receivables					587
Due from other funds		1,844	889	84	40,096
Inventories		6			2,386
<b>Total current assets</b>	<b>108,721</b>	<b>10,685</b>	<b>31,421</b>	<b>340</b>	<b>537,396</b>
Noncurrent assets:					
Lease receivables					2,185
Due from other funds				157	157
Capital assets:					
Construction in progress		939			939
Buildings and improvements					2,963
Equipment			51,187		215,812
Software		4,173	14		14,442
Accumulated depreciation/amortization		(3,194)	(32,564)		(150,517)
<b>Total noncurrent assets</b>		<b>1,918</b>	<b>18,637</b>	<b>157</b>	<b>85,981</b>
<b>Total assets</b>	<b>108,721</b>	<b>12,603</b>	<b>50,058</b>	<b>497</b>	<b>623,377</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension:					
Contributions to the pension plan subsequent to the measurement date		3,009			17,840
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		78			524
Changes of assumptions or other inputs		2,347			14,086
Net difference between projected and actual earnings on pension plan investments		1,812			10,282
Difference between expected and actual experience in the total pension liability		1,232			7,178
OPEB:					
Contributions to OPEB subsequent to the measurement date		92			553
<b>Total deferred outflow of resources</b>	<b>\$</b>	<b>8,570</b>			<b>50,463</b>

Continued on next page 

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

June 30, 2024

(In Thousands)

(Continued)	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 1,730	151	948		84,085
Accrued payroll		391			2,398
Due to other funds	3,038	675	467		8,577
Unearned revenue					907
Loans payable					84
Compensated absences		415			1,815
Claims and judgments	31,850				60,573
<b>Total current liabilities</b>	<b>36,618</b>	<b>1,632</b>	<b>1,415</b>		<b>158,439</b>
Noncurrent liabilities:					
Loans payable					184
Compensated absences		658			2,868
Claims and judgments	74,890				249,567
Net pension liability		19,013			117,400
Net OPEB liability		154			1,076
<b>Total noncurrent liabilities</b>	<b>74,890</b>	<b>19,825</b>			<b>371,095</b>
<b>Total liabilities</b>	<b>111,508</b>	<b>21,457</b>	<b>1,415</b>		<b>529,534</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Leases					2,714
Pension:					
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		22			129
Differences between expected and actual experience in the total pension liability		376			2,199
OPEB:					
Net difference between projected and actual earnings on OPEB investments		7			42
<b>Total deferred inflows of resources</b>		<b>405</b>			<b>5,084</b>
<b>NET POSITION</b>					
Net investment in capital assets		1,918	17,691		81,013
Unrestricted net position	(2,787)	(2,607)	30,952	497	58,209
<b>Total net position (deficits)</b>	<b>\$ (2,787)</b>	<b>(689)</b>	<b>48,643</b>	<b>497</b>	<b>139,222</b>

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2024

(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
Operating revenues:				
Charges for current services	\$ 53,006	215,041	53,453	207,108
Other	2,330	1,829	887	
Total operating revenues	55,336	216,870	54,340	207,108
Operating expenses:				
Salaries and employee benefits		58,344	9,412	
Repairs and maintenance		50,877	12,508	
Equipment rental		214	3	
Contracted services	18,731	68,051	3,024	213,246
Depreciation		219	12,870	3,177
Utilities		36,571	546	
Cost of material		6,150	253	
Claims and judgments	35,040			
Fuel		479	12,387	
Other		6,407	2,301	
Total operating expenses	53,771	227,312	53,304	216,423
Operating income (loss)	1,565	(10,442)	1,036	(9,315)
Nonoperating revenues (expenses):				
Grants	3	5,998	60	
Investment earnings	11,835	249	2,992	
Gain (loss) on disposal of assets		3	1,171	(32)
Total nonoperating revenues (expenses)	11,838	6,250	4,223	(32)
Income (loss) before capital contributions and transfers	13,403	(4,192)	5,259	(9,347)
Capital contributions			1,467	
Transfers in	50	3,964	403	7,159
Transfers out		(1,514)	(212)	
Change in net position	13,453	(1,742)	6,917	(2,188)
Net position (deficits) at beginning of year	6,954	(33,968)	94,724	9,408
Net position (deficits) at end of year	\$ 20,407	(35,710)	101,641	7,220

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COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2024

(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	\$ 73,645	19,155	10,502		631,910
Other	1,687	994			7,727
<b>Total operating revenues</b>	<b>75,332</b>	<b>20,149</b>	<b>10,502</b>		<b>639,637</b>
Operating expenses:					
Salaries and employee benefits		12,912			80,668
Repairs and maintenance		88	4,313		67,786
Equipment rental		8			225
Contracted services	31,113	2,322	426		336,913
Depreciation		755	3,592		20,613
Utilities		93			37,210
Cost of material			83		6,486
Claims and judgments	(23,557)				11,483
Fuel			1,709		14,575
Other	1	2,321			11,030
<b>Total operating expenses</b>	<b>7,557</b>	<b>18,499</b>	<b>10,123</b>		<b>586,989</b>
<b>Operating income (loss)</b>	<b>67,775</b>	<b>1,650</b>	<b>379</b>		<b>52,648</b>
Nonoperating revenues (expenses):					
Grants		34			6,095
Investment earnings	4,010	336	1,549	9	20,980
Gain (loss) on disposal of assets			83		1,225
<b>Total nonoperating revenues (expenses)</b>	<b>4,010</b>	<b>370</b>	<b>1,632</b>	<b>9</b>	<b>28,300</b>
Income (loss) before capital contributions and transfers	71,785	2,020	2,011	9	80,948
Capital contributions					1,467
Transfers in			135		11,711
Transfers out		(297)			(2,023)
Change in net position	71,785	1,723	2,146	9	92,103
Net position (deficits) at beginning of year	(74,572)	(2,412)	46,497	488	47,119
Net position (deficits) at end of year	\$ (2,787)	(689)	48,643	497	139,222

## COMBINING STATEMENT OF CASH FLOWS

## INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2024

(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund
Cash flows from operating activities:				
Cash received from customers	\$ 2,483	7,285	2,171	2,395
Cash received from other funds	52,944	204,590	51,391	209,154
Cash payments to suppliers	(5,567)	(158,553)	(24,933)	(217,355)
Cash payments to employees		(54,356)	(8,802)	
Cash payments to other funds	(13,692)	(5,524)	(4,880)	(3,825)
Cash paid for claims and judgments	(35,453)			
Net cash provided (used) by operating activities	715	(6,558)	14,947	(9,631)
Cash flows from noncapital financing activities:				
Operating grants	3	6,361	60	
Transfers from other funds	50	3,964	403	7,159
Transfer to other funds		(1,514)	(212)	
Principal paid on long-term debt		(102)		
Other noncapital (decreases)				
Net cash provided (used) by noncapital financing activities	53	8,709	251	7,159
Cash flows from capital and related financing activities:				
Capital contributions			1,465	
Acquisition of capital assets			(23,921)	
Lease payments received		1,474		
Proceeds from sale of assets		3	1,530	
Net cash provided (used) by capital and related financing activities		1,477	(20,926)	
Cash flows from investing activities:				
Investment earnings	10,966	249	2,799	
Net increase (decrease) in cash and cash equivalents	11,734	3,877	(2,929)	(2,472)
Cash and cash equivalents - beginning of year	216,533	19,395	54,263	41,190
Cash and cash equivalents - end of year	\$ 228,267	23,272	51,334	38,718

Continued on next page ►►►

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2024

(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)	\$ 1,565	(10,442)	1,036	(9,315)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Decrease (increase) in accounts receivable		(1,531)	(64)	(4)
Decrease (increase) in due from other funds	91	(3,258)	(713)	4,445
Decrease (increase) in inventory		72	(96)	
Increase (decrease) in accounts payable	(973)	3,975	892	(4,194)
Increase (decrease) in accrued payroll		147	8	
Increase (decrease) in due to other funds	445	563	409	(3,740)
Increase (decrease) in unearned revenue		(206)	(1)	
Increase (decrease) in compensated absences		212	(13)	
Increase (decrease) in claims and judgments	(413)			
Pension expense		4,144	693	
OPEB expense		(453)	(74)	
Depreciation / amortization		219	12,870	3,177
Total adjustments	(850)	3,884	13,911	(316)
Net cash provided (used) by operating activities	\$ 715	(6,558)	14,947	(9,631)
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable			1,680	
Governmental contributions capital assets	\$		2	

Continued on next page ►►►

## COMBINING STATEMENT OF CASH FLOWS

## INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2024

(In Thousands)

	Public Liability Insurance Fund	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Funds	Total Internal Service Funds
(Continued)					
Cash flows from operating activities:					
Cash received from customers	\$ 1,687	1,017			17,038
Cash received from other funds	73,645	18,335	10,536		620,595
Cash payments to suppliers	(21,088)	(440)	(544)		(428,480)
Cash payments to employees		(11,892)			(75,050)
Cash payments to other funds	(11,486)	(4,018)	(6,424)		(49,849)
Cash paid for claims and judgments	(6,992)				(42,445)
<b>Net cash provided (used) by operating activities</b>	<b>35,766</b>	<b>3,002</b>	<b>3,568</b>		<b>41,809</b>
Cash flows from noncapital financing activities:					
Operating grants		34			6,458
Transfers from other funds			135		11,711
Transfer to other funds		(297)			(2,023)
Principal paid on long-term debt					(102)
Other noncapital (decreases)				(107)	(107)
<b>Net cash provided (used) by noncapital financing activities</b>		<b>(263)</b>	<b>135</b>	<b>(107)</b>	<b>15,937</b>
Cash flows from capital and related financing activities:					
Capital contributions					1,465
Acquisition of capital assets		(450)	(3,221)		(27,592)
Lease payments received					1,474
Proceeds from sale of assets			99		1,632
<b>Net cash provided (used) by capital and related financing activities</b>		<b>(450)</b>	<b>(3,122)</b>		<b>(23,021)</b>
Cash flows from investing activities:					
Investment earnings	3,362	294	1,420	(75)	19,015
Net increase (decrease) in cash and cash equivalents	39,128	2,583	2,001	(182)	53,740
Cash and cash equivalents - beginning of year	68,291	6,154	28,166	438	434,430
Cash and cash equivalents - end of year	\$ 107,419	8,737	30,167	256	488,170

Continued on next page ►►►

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2024

(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)	\$ 67,775	1,650	379		52,648
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Decrease (increase) in accounts receivable					(1,599)
Decrease (increase) in due from other funds		(797)	34		(198)
Decrease (increase) in inventory					(24)
Increase (decrease) in accounts payable	(1,706)	30	(417)		(2,393)
Increase (decrease) in accrued payroll		30			185
Increase (decrease) in due to other funds	246	314	(20)		(1,783)
Increase (decrease) in unearned revenue					(207)
Increase (decrease) in compensated absences		129			328
Increase (decrease) in claims and judgments	(30,549)				(30,962)
Pension expense		996			5,833
OPEB expense		(105)			(632)
Depreciation / amortization		755	3,592		20,613
Total adjustments	(32,009)	1,352	3,189		(10,839)
Net cash provided (used) by operating activities	\$ 35,766	3,002	3,568		41,809
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable			946		2,626
Governmental contributions capital assets	\$				2



## **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 POSTEMPLOYMENT 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 POST EMPLOYMENT BENEFITS

For the Year Ended June 30, 2024

(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
<b>ASSETS</b>			
Pooled cash and investments	\$ 1,229		1,229
Cash with fiscal agents	2,300,442	8,541	2,308,983
Securities lending cash collateral	122,489	455	122,944
Receivables:			
Contributions	10,498		10,498
Accrued interest and dividends	52,602	195	52,797
Settlement of investments sold	1,488,468	5,563	1,494,031
Investments at fair value:			
Domestic equity securities	3,564,496	13,228	3,577,724
International equity securities	809,981	3,006	812,987
Fixed income securities	9,111,863	33,814	9,145,677
Cash and securities for swaps	25,183	93	25,276
Private Equity	370,088	1,373	371,461
Private real estates	355,747	1,320	357,067
Real Estate	1,191,650	4,422	1,196,072
Capital assets, net	2,364	9	2,373
<b>Total assets</b>	<b>19,407,100</b>	<b>72,019</b>	<b>19,479,119</b>
<b>LIABILITIES</b>			
Collateral payable for securities lending	122,489	455	122,944
Settlement of investments purchased	1,628,310	6,043	1,634,353
Professional services	14,508	54	14,562
Death benefits	2,178		2,178
Retirement and health benefits	1,897		1,897
Refunds to members	2,099		2,099
County advance contribution	1,911	7	1,918
Other liabilities	14,344	76	14,420
<b>Total liabilities</b>	<b>1,787,736</b>	<b>6,635</b>	<b>1,794,371</b>
<b>NET POSITION</b>			
Restricted for:			
Pension	17,619,364		17,619,364
OPEB		65,384	65,384
<b>Total net position</b>	<b>\$ 17,619,364</b>	<b>65,384</b>	<b>17,684,748</b>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PENSION AND OTHER POST EMPLOYMENT BENEFITS

For the Year Ended June 30, 2024

(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
<b>ADDITIONS</b>			
Contributions:			
Employer contributions	\$ 864,558	20,626	885,184
Plan member contributions	201,782		201,782
<b>Total contributions</b>	<b>1,066,340</b>	<b>20,626</b>	<b>1,086,966</b>
Investment earnings:			
Net appreciation/(depreciation) in fair value of investments:			
Equity securities	869,015	2,963	871,978
Fixed income	225,829	770	226,599
Foreign currency	21,460	73	21,533
Real estate & private equity	(248,536)	(847)	(249,383)
Private real assets	(17,836)	(61)	(17,897)
Futures	112,469	383	112,852
Swaps	511,885	1,745	513,630
Net increase (decrease) in fair value of investments	1,474,286	5,026	1,479,312
Interest Income:			
Fixed income	165,284	564	165,848
Cash	11,114	38	11,152
<b>Total interest income</b>	<b>176,398</b>	<b>602</b>	<b>177,000</b>
Other Additions:			
Dividends	81,073	276	81,349
Real estate income	74,539	254	74,793
Private equity income	3,830	13	3,843
Private real assets income	24,566	84	24,650
<b>Total Other</b>	<b>184,008</b>	<b>627</b>	<b>184,635</b>
Less: Investment expenses	(23,476)	(80)	(23,556)
<b>Net investment income, before securities lending</b>	<b>1,811,216</b>	<b>6,175</b>	<b>1,817,391</b>
Securities lending income	7,935	27	7,962
Securities lending rebates and bank charges	(5,942)	(20)	(5,962)
Net securities lending	1,993	7	2,000
<b>Total investment earnings</b>	<b>1,813,209</b>	<b>6,182</b>	<b>1,819,391</b>
<b>Total additions</b>	<b>2,879,549</b>	<b>26,808</b>	<b>2,906,357</b>
<b>DEDUCTIONS</b>			
Benefits:			
Retirement benefits	1,001,331		1,001,331
Death benefits	2,012		2,012
Health benefits		9,108	9,108
<b>Total Benefits</b>	<b>1,003,343</b>	<b>9,108</b>	<b>1,012,451</b>
Member refunds	8,904		8,904
Administrative expenses	19,271	273	19,544
<b>Total deductions</b>	<b>1,031,518</b>	<b>9,381</b>	<b>1,040,899</b>
<b>Change in net position</b>	<b>1,848,031</b>	<b>17,427</b>	<b>1,865,458</b>
Net position at beginning of year	15,771,333	47,957	15,819,290
<b>Net position (deficit) at end of year</b>	<b>\$ 17,619,364</b>	<b>65,384</b>	<b>17,684,748</b>

## COMBINING STATEMENT OF FIDUCIARY NET POSITION

## CUSTODIAL FUNDS

For the Year Ended June 30, 2024

(In Thousands)

	Property Tax Collection Funds	Other Custodial Fund	Total Custodial Funds
<b>ASSETS</b>			
Pooled cash and investments	\$ 138,721	305,548	444,269
Cash with fiscal agents		8,539	8,539
Investments with fiscal agents		6,561	6,561
Receivables:			
Accounts receivable		4,276	4,276
Investment earnings receivable	10,198	181,321	191,519
Taxes receivable, net	106,444		106,444
Other receivables		287	287
Total assets	255,363	506,532	761,895
<b>LIABILITIES</b>			
Accounts payable	43,706	242,397	286,103
Warrants outstanding		6,642	6,642
Accrued payroll		859	859
Noncurrent liabilities:			
Due to other governments	106,444	83,234	189,678
Total liabilities	150,150	333,132	483,282
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	105,213	173,400	278,613
Total net position	\$ 105,213	173,400	278,613

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**CUSTODIAL FUNDS**

For the Year Ended June 30, 2024

(In Thousands)

	Property Tax Collection Funds	Other Custodial Fund	Total Custodial Funds
<b>ADDITIONS</b>			
Contributions:			
Property taxes collected for other governments	\$ 15,422,552		15,422,552
Contributions to Investments		3,578,562	3,578,562
<b>Total contributions</b>	<b>15,422,552</b>	<b>3,578,562</b>	<b>19,001,114</b>
Investment earnings:			
Investment earnings	34,036	12,778	46,814
<b>Total additions</b>	<b>15,456,588</b>	<b>3,591,340</b>	<b>19,047,928</b>
<b>DEDUCTIONS</b>			
Distributions from investments		3,564,368	3,564,368
Property taxes distributed to other governments	15,475,996		15,475,996
<b>Total deductions</b>	<b>15,475,996</b>	<b>3,564,368</b>	<b>19,040,364</b>
Change in net position	(19,408)	26,972	7,564
Net position at beginning of year	124,621	146,428	271,049
Net position (deficit) at end of year	\$ 105,213	173,400	278,613





**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.

**Financial Trends ..... 222**

These Tables contain information to help the reader understand how the County's financial performance and well-being have changed over time.

**Revenue Capacity ..... 230**

These Tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

**Debt Capacity ..... 234**

These Tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

**Demographic and Economic Information ..... 238**

These Tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

**Operating Information ..... 240**

These Tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**Sources:**

Unless otherwise noted, the information in the following tables is derived from the annual comprehensive financial reports for the relevant year.

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

**Table 1**  
**County of San Diego**  
**Net Position by Component**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (In Thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>Net position</b>					
<b>Governmental activities</b>					
Net investment in capital assets	\$ 3,042,782	3,124,804	3,130,429	3,229,874	3,336,893
Restricted	619,565	604,917	596,862	666,597	1,012,829
Unrestricted (1)	(1,268,029)	(1,090,381)	(1,151,817)	(1,250,068)	(1,380,605)
Total governmental activities net position	<u>2,394,318</u>	<u>2,639,340</u>	<u>2,575,474</u>	<u>2,646,403</u>	<u>2,969,117</u>
<b>Business-type activities</b>					
Net investment in capital assets	167,453	167,282	174,044	176,909	174,226
Restricted					
Unrestricted (1)	67,948	68,586	71,119	60,216	62,247
Total business-type activities net position	<u>235,401</u>	<u>235,868</u>	<u>245,163</u>	<u>237,125</u>	<u>236,473</u>
<b>Primary government</b>					
Net investment in capital assets	3,210,235	3,292,086	3,304,473	3,406,783	3,511,119
Restricted	619,565	604,917	596,862	666,597	1,012,829
Unrestricted (1)	(1,200,081)	(1,021,795)	(1,080,698)	(1,189,852)	(1,318,358)
Total primary government net position	<u>\$ 2,629,719</u>	<u>2,875,208</u>	<u>2,820,637</u>	<u>2,883,528</u>	<u>3,205,590</u>
<b>Net position</b>					
<b>Governmental activities</b>					
Net investment in capital assets	\$ 3,477,320	3,643,504	3,695,884	3,797,631	3,971,462
Restricted	1,158,944	1,404,546	1,281,257	1,804,904	2,160,973
Unrestricted (1)	(1,551,714)	(1,924,481)	(1,186,927)	(1,483,193)	(1,548,450)
Total governmental activities net position	<u>3,084,550</u>	<u>3,123,569</u>	<u>3,790,214</u>	<u>4,119,342</u>	<u>4,583,985</u>
<b>Business-type activities</b>					
Net investment in capital assets	183,553	188,831	187,343	185,874	186,621
Restricted					
Unrestricted (1)	66,551	66,629	87,711	102,969	109,897
Total business-type activities net position	<u>250,104</u>	<u>255,460</u>	<u>275,054</u>	<u>288,843</u>	<u>296,518</u>
<b>Primary government</b>					
Net investment in capital assets	3,660,873	3,832,335	3,883,227	3,983,505	4,158,083
Restricted	1,158,944	1,404,546	1,281,257	1,804,905	2,160,973
Unrestricted (1)	(1,485,163)	(1,857,852)	(1,099,216)	(1,380,224)	(1,438,553)
Total primary government net position	<u>\$ 3,334,654</u>	<u>3,379,029</u>	<u>4,065,268</u>	<u>4,408,186</u>	<u>4,880,503</u>

(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				
	2015	2016	2017	2018	2019
<b>Expenses</b>					
Governmental activities					
General government	\$ 258,169	257,887	637,532	621,987	709,150
Public protection	1,309,087	1,359,423	1,455,462	1,435,847	1,479,542
Public ways and facilities	161,341	140,245	140,366	160,615	149,776
Health and sanitation	640,020	675,077	723,508	777,383	835,771
Public assistance	1,327,664	1,421,851	1,179,180	1,158,563	1,187,343
Education	37,686	41,086	38,477	39,107	40,020
Recreation and cultural	42,748	44,883	37,727	38,081	43,701
Interest on long-term debt	86,816	81,665	79,152	78,217	74,355
Total governmental activities expenses	3,863,531	4,022,117	4,291,404	4,309,800	4,519,658
Business-type activities					
Airport	14,664	14,439	14,518	18,399	15,178
Wastewater management					
Sanitation district	30,745	28,693	25,185	32,660	32,335
Sanitation district - Other					
Jail Stores Commissary	4,506	5,362	6,007	6,050	5,836
Total business-type activities expenses	49,915	48,494	45,710	57,109	53,349
Total primary government expenses	3,913,446	4,070,611	4,337,114	4,366,909	4,573,007
<b>Program revenues</b>					
Governmental activities					
Charges for services:					
General government	92,109	99,531	111,389	105,676	108,724
Public protection	250,054	252,303	270,345	257,797	252,906
Other activities	162,578	164,721	165,846	189,520	182,793
Operating grants and contributions	2,467,817	2,543,749	2,407,522	2,589,141	2,716,354
Capital grants and contributions	39,224	12,947	16,296	9,360	121,425
Total governmental activities program revenues	3,011,782	3,073,251	2,971,398	3,151,494	3,382,202
Business-type activities					
Charges for services:					
Airport	11,984	12,044	14,302	13,783	14,281
Wastewater management					
Sanitation district	26,831	26,719	29,063	28,475	32,382
Sanitation district - Other					
Jail Stores Commissary	4,538		7,141	7,426	6,978
Operating grants and contributions	702	3,513	5,659	329	20
Capital grants and contributions					
Total business-type program revenues	44,055	42,276	56,165	50,013	53,661
Total primary government program revenues	3,055,837	3,115,527	3,027,563	3,201,507	3,435,863
<b>Net (Expense) Revenue</b>					
Governmental activities	(851,749)	(948,866)	(1,320,006)	(1,158,306)	(1,137,456)
Business-type activities	(5,860)	(6,218)	10,455	(7,096)	312
Total primary government net (expense) revenue \$	(857,609)	(955,084)	(1,309,551)	(1,165,402)	(1,137,144)

Continued on next page ►►

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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				
	2020	2021	2022	2023	2024
<b>Expenses</b>					
Governmental activities					
General government	\$ 788,228	465,464	414,187	549,078	493,388
Public protection	1,677,645	1,823,535	1,586,324	2,075,386	2,358,743
Public ways and facilities	199,679	163,809	164,262	175,511	196,395
Health and sanitation	964,251	1,363,772	1,167,816	1,314,789	1,455,094
Public assistance	1,378,281	1,838,270	1,785,733	1,838,733	1,987,689
Education	41,124	56,272	55,787	64,249	70,743
Recreation and cultural	49,543	57,617	60,611	74,036	79,134
Principal	0	0	0	0	0
Interest	47,689	57,386	53,971	50,694	51,257
Total governmental activities expenses	5,146,440	5,826,125	5,288,691	6,142,476	6,692,443
Business-type activities					
Airport	14,889	15,586	15,545	17,183	17,576
Wastewater management					
Sanitation district	28,385	31,716	25,035	23,591	30,225
Sanitation district - Other	9,504	10,923	8,712	10,452	10,928
Jail Stores Commissary	5,776	5,222	3,010	3,409	3,959
Total business-type activities expenses	58,554	63,447	52,302	54,635	62,688
Total primary government expenses	5,204,994	5,889,572	5,340,993	6,197,111	6,755,131
<b>Program revenues</b>					
Governmental activities					
Charges for services:					
General government	116,282	119,713	128,540	139,251	153,652
Public protection	247,887	252,958	288,901	245,233	263,608
Other activities	225,893	201,777	202,358	226,785	303,729
Operating grants and contributions	3,062,586	3,751,844	3,736,703	3,812,579	4,301,033
Capital grants and contributions	28,608	21,142	109,343	33,948	46,821
Total governmental activities program revenues	3,681,256	4,347,434	4,465,845	4,457,796	5,068,843
Business-type activities					
Charges for services:					
Airport	13,903	14,243	14,200	14,794	14,318
Wastewater management					
Sanitation district	25,672	26,625	29,367	30,046	30,804
Sanitation district - Other	10,188	10,089	8,119	8,489	10,024
Jail Stores Commissary	7,019	5,412	6,476	7,377	7,869
Operating grants and contributions	4,018	6,679	1,295	1,439	2,380
Capital grants and contributions	1,220	3,100	0	151	
Total business-type program revenues	62,020	66,148	59,457	62,296	65,395
Total primary government program revenues	3,743,276	4,413,582	4,525,302	4,520,092	5,134,238
<b>Net (Expense) Revenue</b>					
Governmental activities	(1,465,184)	(1,478,691)	(822,846)	(1,684,680)	(1,623,600)
Business-type activities	3,466	2,701	7,155	7,661	2,707
Total primary government net (expense) revenue	\$ (1,461,718)	(1,475,990)	(815,691)	(1,677,019)	(1,620,893)

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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				
	2015	2016	2017	2018	2019
<b>General revenues and other changes in net position</b>					
Governmental activities					
Taxes:					
Property taxes	\$ 648,974	680,434	720,645	758,427	797,838
Other taxes					
Transient occupancy tax	4,166	4,128	4,889	5,105	5,785
Real property transfer tax	21,049	24,589	23,960	25,910	26,521
Miscellaneous taxes	15	38	10	6	6
Property taxes in lieu of VLF	332,928	351,524	371,105	393,824	417,601
Sales and use taxes	27,847	28,898	27,779	30,744	32,332
Investment earnings	12,250	17,818	15,315	38,057	84,335
Other general revenues	93,889	82,745	88,038	93,604	90,041
Total governmental general revenues	1,141,118	1,190,174	1,251,741	1,345,677	1,454,459
Transfers	2,693	3,714	4,399	4,421	5,711
Total governmental activities	1,143,811	1,193,888	1,256,140	1,350,098	1,460,170
Business-type activities					
Investment earnings	336	1,622	523	1,159	2,013
Other general revenues	3,055	8,777	2,716	2,892	2,734
Total business-type general revenues	3,391	10,399	3,239	4,051	4,747
Transfers	(2,693)	(3,714)	(4,399)	(4,421)	(5,711)
Total business-type activities	698	6,685	(1,160)	(370)	(964)
Total primary government	1,144,509	1,200,573	1,254,980	1,349,728	1,459,206
<b>Change in net position</b>					
Governmental activities	292,062	245,022	(63,866)	191,792	322,714
Business-type activities	(5,162)	467	9,295	(7,466)	(652)
Total change in net position	\$ 286,900	245,489	(54,571)	184,326	322,062

Continued on next page ►►►

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

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				
	2020	2021	2022	2023	2024
<b>General revenues and other changes in net position</b>					
Governmental activities					
Taxes:					
Property taxes	\$ 851,473	881,605	928,022	1,014,193	1,077,968
Transient occupancy tax	4,173	5,386	7,225	7,472	7,285
Real property transfer tax	25,138	35,608	43,635	28,653	26,170
Miscellaneous taxes	3	8	5	5	120
Property taxes in lieu of VLF	441,609	465,076	481,289	521,678	558,665
Sales and use taxes	30,967	37,810	43,268	56,626	67,133
Investment earnings	102,116	(2,922)	(96,987)	82,390	185,999
Other general revenues	102,310	95,224	94,015	302,605	160,192
Total governmental general revenues	1,557,789	1,517,795	1,500,472	2,013,622	2,083,532
Transfers	(5,172)	(85)	(10,981)	187	4,710
Total governmental activities	1,552,617	1,517,710	1,489,491	2,013,809	2,088,242
Business-type activities					
Investment earnings	2,565	(76)	1,307	6,144	9,546
Other general revenues	2,428	2,646	151	171	132
Total business-type general revenues	4,993	2,570	1,458	6,315	9,678
Transfers	5,172	85	10,981	(187)	(4,710)
Total business-type activities	10,165	2,655	12,439	6,128	4,968
Total primary government	1,562,782	1,520,365	1,501,930	2,019,937	2,093,210
<b>Change in net position</b>					
Governmental activities	115,443	39,019	666,645	329,129	464,642
Business-type activities	13,631	5,356	19,594	13,789	7,675
Total change in net position	\$ 129,074	44,375	686,239	342,918	472,317

**Table 3**  
**County of San Diego**  
**Fund Balances Governmental Funds**  
 Last Ten Fiscal Years  
 (In Thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>General Fund</b>					
Nonspendable	\$ 13,379	13,489	19,894	22,747	47,019
Restricted	269,294	272,500	266,904	319,782	608,729
Committed	478,980	591,941	677,058	796,086	637,450
Assigned	328,588	381,202	483,464	480,063	418,718
Unassigned	798,135	747,277	697,293	688,449	712,149
<b>Total general fund</b>	<b>1,888,376</b>	<b>2,006,409</b>	<b>2,144,613</b>	<b>2,307,127</b>	<b>2,424,065</b>
<b>All Other Governmental Funds</b>					
Nonspendable	5,149	5,981	6,062	5,993	5,634
Restricted	427,703	398,385	396,063	413,626	471,464
Committed	379,711	371,622	376,179	367,515	365,450
Assigned	228	917	1,478	2,066	2,865
<b>Total other governmental funds</b>	<b>\$ 812,791</b>	<b>776,905</b>	<b>779,782</b>	<b>789,200</b>	<b>845,413</b>
	Fiscal Year				
	2020	2021	2022	2023	2024
<b>General Fund</b>					
Nonspendable	\$ 23,244	22,900	48,415	59,839	50,711
Restricted	696,261	692,270	674,465	928,457	1,051,899
Committed	626,470	500,256	617,159	616,549	570,514
Assigned	414,650	405,739	393,493	415,618	634,858
Unassigned	707,871	661,270	616,477	797,452	691,768
<b>Total general fund</b>	<b>2,468,496</b>	<b>2,282,435</b>	<b>2,350,009</b>	<b>2,817,915</b>	<b>2,999,750</b>
<b>All Other Governmental Funds</b>					
Nonspendable	5,759	5,513	1,500	5,656	1,917
Restricted	496,757	544,367	656,606	621,384	748,849
Committed	395,784	367,294	318,415	299,855	275,676
Assigned	3,672	-	-	-	-
<b>Total other governmental funds</b>	<b>\$ 901,972</b>	<b>917,174</b>	<b>976,521</b>	<b>926,895</b>	<b>1,026,442</b>

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

**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				
	2015	2016	2017	2018	2019
<b>Revenues:</b>					
Taxes	\$ 1,038,552	1,090,722	1,148,655	1,214,066	1,276,584
Licenses, permits and franchise fees	54,181	57,375	57,066	62,189	62,951
Fines, forfeitures and penalties	49,200	46,295	44,146	42,417	43,589
Revenue from use of money and property	23,033	28,396	23,079	43,407	87,604
Aid from other governmental agencies:					
State	1,490,603	1,487,655	1,482,536	1,644,254	1,631,528
Federal	917,901	959,399	796,594	828,693	909,211
Other	106,691	110,816	122,767	132,652	142,822
Charges for current services	387,788	398,705	411,488	433,325	424,365
Other	91,903	75,264	77,429	79,977	78,501
<b>Total revenues</b>	<b>4,159,852</b>	<b>4,254,627</b>	<b>4,163,760</b>	<b>4,480,980</b>	<b>4,657,155</b>
<b>Expenditures:</b>					
General government	237,875	233,180	260,005	270,469	282,021
Public protection	1,353,710	1,343,281	1,434,323	1,486,679	1,569,507
Public ways and facilities	73,991	70,946	75,901	100,322	89,184
Health and sanitation	644,865	670,871	731,034	801,370	875,337
Public assistance	1,346,078	1,426,134	1,184,697	1,195,090	1,263,184
Education	37,095	39,592	39,687	41,238	45,707
Recreation and cultural	36,838	37,800	39,325	39,668	42,856
<b>Total governmental functions</b>	<b>3,730,452</b>	<b>3,821,804</b>	<b>3,764,972</b>	<b>3,934,836</b>	<b>4,167,796</b>
Capital outlay	160,474	185,065	120,509	267,685	183,654
Debt service:					
Principal	67,542	65,929	66,284	76,181	82,766
Interest	85,673	88,502	75,153	73,637	69,381
Bond issuance costs	583	761			
Payment to refunded bond escrow agent	8,461	12,481			
<b>Total expenditures</b>	<b>4,053,185</b>	<b>4,174,542</b>	<b>4,026,918</b>	<b>4,352,339</b>	<b>4,503,597</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>106,667</b>	<b>80,085</b>	<b>136,842</b>	<b>128,641</b>	<b>153,558</b>
<b>Other financing sources (uses)</b>					
Sale of capital assets	984	2,319	240	126	25,213
Issuance of leases:					
Leases					
Issuance of bonds, loans, capital lease, and financed purchases:					
Face value of financed purchases					
Face value of bonds issued	732				
Face value of loans issued		690			
Face value of capital lease			6,122	45,495	
Premium on issuance of bonds	15,070	22,163			
Refunding bonds issued:	93,750	105,330			
Payment to refunded bond escrow agent	(103,771)	(122,533)			
Transfers in	434,541	470,175	474,286	527,620	527,914
Transfers (out)	(439,657)	(476,484)	(478,540)	(532,605)	(533,891)
<b>Total other financing sources (uses)</b>	<b>1,649</b>	<b>1,660</b>	<b>2,108</b>	<b>40,636</b>	<b>19,236</b>
<b>Net change in fund balances</b>	<b>\$ 108,316</b>	<b>81,745</b>	<b>138,950</b>	<b>169,277</b>	<b>172,794</b>
Debt service as a percentage of noncapital expenditures	3.94%	3.87%	3.62%	3.67%	3.52%

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**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				
	2020	2021	2022	2023	2024
<b>Revenues:</b>					
Taxes	\$ 1,344,469	1,427,167	1,498,315	1,620,010	1,733,960
Licenses, permits and franchise fees	59,663	58,792	54,977	66,439	71,780
Fines, forfeitures and penalties	44,409	40,248	80,033	40,780	50,219
Revenue from use of money and property	97,867	6,097	(77,354)	83,456	176,356
Aid from other governmental agencies:					
State	1,894,281	1,820,507	1,951,675	2,226,959	2,383,935
Federal	1,029,342	1,527,626	1,584,959	1,429,763	1,583,990
Other	157,984	188,112	182,046	209,071	242,095
Charges for current services	462,718	463,591	468,669	489,610	523,801
Other	85,613	79,189	78,164	282,592	120,730
<b>Total revenues</b>	<b>5,176,346</b>	<b>5,611,329</b>	<b>5,821,484</b>	<b>6,448,680</b>	<b>6,886,866</b>
<b>Expenditures:</b>					
General government	353,496	388,139	413,950	391,390	459,595
Public protection	1,652,858	1,633,731	1,730,017	1,885,685	2,160,691
Public ways and facilities	136,703	83,436	96,316	94,718	114,909
Health and sanitation	973,884	1,304,255	1,199,308	1,265,372	1,405,654
Public assistance	1,424,290	1,782,216	1,770,939	1,764,328	1,911,483
Education	46,571	50,551	56,464	57,781	64,051
Recreation and cultural	46,081	44,751	52,646	59,941	66,021
<b>Total governmental functions</b>	<b>4,633,883</b>	<b>5,287,079</b>	<b>5,319,640</b>	<b>5,519,215</b>	<b>6,182,404</b>
Capital outlay	272,524	387,163	253,330	329,993	442,580
Debt service:					
Principal	98,544	91,999	139,176	143,494	152,861
Interest	72,761	56,728	52,089	49,188	47,598
Bond issuance costs	3,415	807	588		993
Payment to refunded bond escrow agent	30,543	6,036			
<b>Total expenditures</b>	<b>5,111,670</b>	<b>5,829,812</b>	<b>5,764,823</b>	<b>6,041,890</b>	<b>6,826,436</b>
Excess (deficiency) of revenues over (under) expenditures	64,676	(218,483)	56,661	406,790	60,430
<b>Other financing sources (uses)</b>					
Sale of capital assets	11,557	235	198	1,306	5,238
Issuance and modifications of leases:					
Leases			1,171	2,553	45,498
Issuance of subscriptions:					
Subscriptions			1,171	12,330	3,099
Issuance of bonds, loans, capital lease, and financed purchases:					
Face value of financed purchases			1,331		
Face value of bonds issued		57,554	49,060		160,910
Face value of loans issued					1,718
Face value of capital lease	217				
Premium on issuance of bonds	66,047	3,432	14,831		18,781
Refunding bonds issued	425,414	45,725			
Payment to refunded bond escrow agent	(450,127)	(48,344)			
Transfers in	578,503	643,479	616,739	663,738	778,575
Transfers (out)	(595,710)	(654,122)	(638,354)	(675,216)	(783,553)
<b>Total other financing sources (uses)</b>	<b>35,901</b>	<b>47,959</b>	<b>44,976</b>	<b>4,711</b>	<b>230,266</b>
<b>Net change in fund balances</b>	<b>\$ 100,577</b>	<b>(170,524)</b>	<b>101,637</b>	<b>411,501</b>	<b>290,696</b>
Debt service as a percentage of noncapital expenditures	3.54%	2.73%	3.47%	3.37%	3.14%

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Table 5  
County of San Diego  
Assessed Value of Taxable Property  
Last Ten Fiscal Years (1)  
(In Thousands)

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured		
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
2022	618,617,563	4,515,314	3,989,147	13,315,174	19,654,928	2,235,803	618,546,467	1.00000
2023	666,724,585	5,930,234	4,471,825	16,015,491	20,645,815	2,256,612	670,239,708	1.00000
2024	\$ 712,744,127	6,625,322	4,597,421	18,327,058	22,201,182	2,432,952	717,659,794	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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Direct Rates (1)</b>										
County of San Diego	0.140	0.139	0.139	0.139	0.138	0.138	0.138	0.138	0.138	0.137
Cities (3)	0.233	0.235	0.238	0.238	0.242	0.242	0.245	0.247	0.247	0.248
Schools (4)	0.593	0.592	0.590	0.590	0.587	0.587	0.585	0.583	0.583	0.582
Special Districts	0.034	0.034	0.033	0.033	0.033	0.033	0.032	0.032	0.032	0.033
<b>Total Direct Rates</b>	<b>1.000</b>									
<b>Overlapping Rates (2)</b>										
Cities (3)	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Schools	0.102	0.105	0.103	0.109	0.110	0.140	0.139	0.141	0.134	0.135
Special Districts	0.009	0.009	0.009	0.009	0.009	0.011	0.012	0.013	0.012	0.012
<b>Total Overlapping Rates</b>	<b>0.115</b>	<b>0.118</b>	<b>0.116</b>	<b>0.122</b>	<b>0.123</b>	<b>0.155</b>	<b>0.155</b>	<b>0.158</b>	<b>0.15</b>	<b>0.151</b>
<b>Total Direct and Overlapping Rates</b>	<b>1.115</b>	<b>1.118</b>	<b>1.116</b>	<b>1.122</b>	<b>1.123</b>	<b>1.155</b>	<b>1.155</b>	<b>1.158</b>	<b>1.150</b>	<b>1.151</b>

(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

County of San Diego / Annual Comprehensive Financial Report / For the year ended June 30, 2024

Table 7  
County of San Diego  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(In Thousands)

Taxpayer	2024			2015		
	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	\$ 12,590,619	1	1.81%	\$ 6,736,977	1	1.62%
Qualcomm Inc	2,738,517	2	0.39%	2,002,918	2	0.48%
U T C Venture LLC	895,863	3	0.13%			
Host Hotels and Resorts LP	862,963	4	0.12%	781,292	6	0.19%
Kilroy Realty LP	840,402	5	0.12%	1,280,663	5	0.31%
Apple Inc	795,167	6	0.11%			
B S K Del Partners LLC	770,700	7	0.11%	587,672	9	0.14%
Irvine Co LLC	674,220	8	0.10%	1,720,791	3	0.41%
Sorrento West Properties Inc	673,342	9	0.10%			
IQHQ Pacifiq I LLC	608,292	10	0.09%			
Southern California Edison Company				1,587,999	4	0.38%
Pacific Bell Telephone Company				728,065	7	0.18%
O C/S D Holdings LLC				612,096	8	0.15%
La Mirage Apartments LLC				496,808	10	0.12%
Totals	\$ 21,450,085		3.08%	\$ 16,535,281		3.98%

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)

Fiscal Year	Collections within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
	Total Tax Levy for Fiscal Year (1)	Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 4,292,407	4,241,271	98.81%	32,730	4,274,001	99.57%
2016	4,533,155	4,489,098	99.03%	30,024	4,519,122	99.69%
2017	4,776,510	4,738,515	99.20%	32,372	4,770,887	99.88%
2018	5,068,261	5,019,394	99.04%	33,751	5,053,145	99.70%
2019	5,368,888	5,318,210	99.06%	37,812	5,356,022	99.76%
2020	5,671,954	5,590,625	98.57%	64,838	5,655,463	99.71%
2021	5,982,555	5,903,354	98.68%	46,565	5,949,919	99.45%
2022	6,185,465	6,118,910	98.92%	38,368	6,157,278	99.54%
2023	6,702,397	6,635,293	99.00%	42,692	6,677,985	99.64%
2024	\$ 7,176,598	7,095,448	98.87%	NA	7,095,448	98.87%

(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

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Table 9  
County of San Diego  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>Governmental Activities:</b>					
Certificates of Participation & Lease Revenue					
Bonds	\$ 376,955	351,179	330,956	309,388	\$ 287,889
Tobacco Settlement Asset-Backed Bonds	542,883	546,110	548,832	546,113	544,069
Pension Obligation Bonds	692,338	649,860	605,520	558,525	508,765
Capital and Retrofit loans	5,188	6,020	5,249	4,282	3,610
Capitalized Leases (2)	84	51	6,084	47,691	43,593
Leases (2)					
Financed Purchases (2)					
<b>Business-type Activities:</b>					
Capital Loans	475	171			
Total Primary Government	\$ 1,617,923	\$1,553,391	\$1,496,641	\$1,465,999	\$1,387,926
Percentage of Personal Income (1)	0.90%	0.83%	0.78%	0.75%	0.72%
Per Capita (1)	\$ 501	472	451	439	\$ 414
	Fiscal Year				
	2020	2021	2022	2023	2024
<b>Governmental Activities:</b>					
Certificates of Participation & Lease Revenue					
Bonds	\$ 260,352	241,030	286,568	267,729	427,936
Tobacco Settlement Asset-Backed Bonds	533,851	520,925	506,574	495,883	483,994
Pension Obligation Bonds	456,040	400,125	340,825	277,990	211,225
Capital and Retrofit loans	3,201	2,551	1,700	1,154	2,544
Capitalized Leases (2)	39,300	90,595			
Leases (2)			256,124	243,958	243,936
Financed Purchases (2)			13,599	11,158	8,727
Subscriptions				15,544	13,079
<b>Business-type Activities:</b>					
Capital Loans					
Subscriptions				266	184
Total Primary Government	\$ 1,292,744	\$1,255,226	\$1,405,390	1,313,682	1,391,625
Percentage of Personal Income (1)	0.75%	0.76%	0.84%	0.55%	0.57%
Per Capita (1)	\$ 387	379	428	402	423

(1) See Table 13 Demographic and Economic Statistics

(2) Effective fiscal year 2021-2022 capital leases no longer apply pursuant to GASB 87, Leases.

Table 10  
 County of San Diego  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 (In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2015	2016	2017	2018	2019
Certificates of Participation & Lease Revenue Bonds	\$ 376,955	351,179	330,956	309,388	287,889
Less: Amounts Available in Debt Service Fund	28,798	20,107	19,992	20,455	20,634
Net Certificates of Participation & Lease Revenue Bonds	348,157	331,072	310,964	288,933	267,255
Pension Obligation Bonds	692,338	649,860	605,520	558,525	508,765
Less: Amounts Available in Debt Service Fund	877	375	574	993	1,526
Net Pension Obligation Bonds	691,461	649,485	604,946	557,532	507,239
Total Net Bonded Debt	\$ 1,039,618	980,557	915,910	846,465	774,494
Percentage of Actual Taxable Value of Property (1)	0.24%	0.22%	0.19%	0.17%	0.14%
Per Capita (2)	322	298	\$ 276	254	231

	Fiscal Year				
	2020	2021	2022	2023	2024
Certificates of Participation & Lease Revenue Bonds	\$ 260,352	241,030	286,568	267,729	427,936
Less: Amounts Available in Debt Service Fund	13,773	9,143			29,564
Net Certificates of Participation & Lease Revenue Bonds	246,579	231,887	286,568	267,729	398,372
Pension Obligation Bonds	456,040	400,125	340,825	277,990	211,225
Less: Amounts Available in Debt Service Fund	1,345	724			1,878
Net Pension Obligation Bonds	454,695	399,401	340,825	277,990	209,347
Total Net Bonded Debt	\$ 701,274	631,288	627,393	545,719	607,719
Percentage of Actual Taxable Value of Property (1)	0.12%	0.11%	0.10%	0.08%	0.08%
Per Capita (2)	\$ 212	190	191	167	185

(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
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%
2022	7,731,831		7,731,831	100%
2023	8,377,996		8,377,996	100%
2024	\$ 8,970,747		8,970,747	100%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed value	\$ 717,659,794
Debt limit (1.25% of total assessed value) (2)	8,970,747
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	\$ 8,970,747

(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)

Fiscal Year	Tobacco Settlement Asset-Backed Bonds						Coverage
	Tobacco Settlement Revenues	Less: Operating Expenses (1)	Net Available Revenue	Principal (2)	Interest		
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	0.51	
2021	34,364	226	34,138	16,425	17,890	0.99	
2022	35,470	228	35,242	18,285	17,244	0.99	
2023	32,180	227	31,953	15,090	16,330	1.02	
2024	\$ 28,698	224	28,474	16,780	15,529	0.88	

(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) (5)	School Enrollment (3)	Unemployment Rate (4)
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
2022	3,287,306	167,801,000	51,045	481,102	3.2
2023	3,269,755	237,505,000	72,637	476,760	4.0
2024	3,291,101	\$ 242,163,000	73,581	478,175	4.5

## Sources:

(1) California Department of Finance

(2) County of COSD Estimate Worksheet

(3) California Department of Education

(4) U.S. Department of Labor, Bureau of Labor Statistics

(5) U.S. Department of Commerce, Bureau of Economic Analysis, 2022

Employer	2024				2015		
	Employees	Rank	Rank	Percentage of Total County Employment (2)	Employees	Rank	Percentage of Total County Employment (3)
U.C. San Diego	35,802	(1)	1	2.37%	29,287	1	1.97%
Sharp Healthcare	19,468	(1)	2	1.29%	16,896	3	1.14%
County Of San Diego	17,954	(1)	3	1.19%	17,044	2	1.15%
City Of San Diego	11,820	(1)	4	0.78%	N/A	N/A	N/A
General Atomics (and affiliated companies)	6,745	(1)	5	0.45%	5,088	10	0.34%
San Diego State University	6,454	(1)	6	0.43%	N/A	N/A	N/A
Rady Children's Hospital-San Diego	5,711	(1)	7	0.38%	5,122	9	0.34%
San Diego Community College District	5,400	(1)	8	0.36%	N/A	N/A	N/A
Sempra Energy	5,063	(1)	9	0.34%	N/A	N/A	N/A
YMCA of San Diego County	5,057	(1)	10	0.33%	5,487	8	0.37%
<b>Total</b>	<b>119,474</b>			<b>7.92%</b>	<b>78,924</b>		<b>5.31%</b>

Sources:

(1) Adopted Operational Plan Fiscal Years 2022–23 and 2023–24, page 25.

Note: The Naval Base San Diego was excluded. 2021 San Diego County's Largest Employers List was discontinued by the San Diego Business Journal.

(2) California Labor Market Info ([www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov))

Percentage is calculated by dividing employees by total county employment of 1,510,700 as of June 2024

(3) Fiscal Year 2014-2015 ACFR Table 14

**Table 15**  
**County of San Diego**  
**Full-time Equivalent County Government Employees by Function**  
 Last Ten Fiscal Years

Function	Fiscal Year				
	2015	2016	2017	2018	2019
General	1,485	1,529	1,515	1,531	1,552
Public protection	7,923	7,882	7,942	7,899	7,917
Public ways and facilities	356	370	388	385	391
Health and sanitation	1,994	1,987	2,059	2,092	2,194
Public assistance	4,368	4,462	4,552	4,583	4,660
Education	259	267	269	271	268
Recreation and cultural	166	171	172	177	190
<b>Total</b>	<b>16,551</b>	<b>16,668</b>	<b>16,897</b>	<b>16,938</b>	<b>17,172</b>

Function	Fiscal Year				
	2020	2021	2022	2023	2024
General	1,553	1,571	1,614	1,722	1,794
Public protection	7,883	7,595	7,484	7,722	8,007
Public ways and facilities	374	377	387	413	431
Health and sanitation	2,311	2,227	2,359	2,657	2,864
Public assistance	4,817	4,873	4,847	5,033	5,399
Education	262	254	264	271	282
Recreation and cultural	224	226	240	263	283
<b>Total</b>	<b>17,424</b>	<b>17,123</b>	<b>17,195</b>	<b>18,081</b>	<b>19,060</b>

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				
	2015	2016	2017	2018	2019
<b>General</b>					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	98.00%	75.00%	59.00%	93.00%	71.00%
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)	99.10%	99.30%	99.20%	98.50%	99.20%
<b>Public protection</b>					
Child Support Services: Percent of current support collected (federal performance measure #3)	71.00%	72.00%	73.00%	72.00%	71.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	82,702	81,975	80,177	81,412	80,257
Sheriff: Calls for service	289,631	288,975	228,036	239,998	226,935
District Attorney: Felony defendants received	22,302	21,281	21,656	20,676	21,308
District Attorney: Misdemeanor defendants received	31,242	31,684	30,101	32,383	33,220
Planning and Development Services: Percent of building inspections completed next day	98.00%	-100.00%	(1)	(1)	(1)
Planning and Development Services: Average permit center counter wait time (in minutes)	25	25	23	23	21
Animal Services: Percent of euthanized animals that were treatable	12.80%	0.00%	0.00%	0.00%	0.00%
<b>Public ways and facilities</b>					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	27,010	22,152	20,586	19,290	24,636
<b>Health and sanitation</b>					
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	99.00%	100.00%	100.00%	99.00%	100.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	-1	(1)	(1)	(1)	(1)
<b>Public assistance</b>					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	97.00%	96.00%	96.00%	97.00%	98.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	-100.00%	(1)	(1)	(1)	(1)
Child Welfare Services: Family participation in joint case planning and meetings quarterly	1	77.00%	76.00%	79.00%	80.00%
Self-Sufficiency Services: CalWORKs applications processed timely to help eligible families become more self-sufficient	1	97.00%	97.00%	97.00%	98.00%
<b>Education</b>					
County Library: Annual average circulation per item	7.47	7.82	7.82	7.51	7.74
<b>Recreation and cultural</b>					
Parks and Recreation: Number of parkland acres owned and effectively managed	48,098	48,565	48,836	49,800	51,721
Parks and Recreation: Number of miles of trails managed in the County trails program	359	363	363	364	368

(1) Trend data not available

Source: Various County departments

Continued on next page 

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**Table 16**  
**County of San Diego**  
**Operating Indicators by Function**  
 Last Ten Fiscal Years

(Continued)

Function	Fiscal Year				
	2020	2021	2022	2023	2024
<b>General</b>					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	97.00%	99.00%	92.00%	100.00%	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%	(1)
Treasurer-Tax Collector: Secured taxes collected (% of total)	98.70%	99.00%	98.50%	98.90%	98.90%
<b>Public protection</b>					
Child Support Services: Percent of current support collected (federal performance measure #3)	71.00%	71.00%	67.00%	66.00%	66.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	63,728	45,186	50,944	50,705	51,152
Sheriff: Calls for service	223,562	224,478	222,358	210,871	200,758
District Attorney: Felony defendants received	19,193	21,219	23,464	21,171	21,824
District Attorney: Misdemeanor defendants received	27,120	26,950	29,178	24,446	25,630
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)	22	(1)	23	26	26
Animal Services: Percent of euthanized animals that were treatable	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Public ways and facilities</b>					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	22,150	18,790	17,512	28,101	27,335
<b>Health and sanitation</b>					
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%	100.00%	100.00%	99.70%	99.90%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	(1)	(1)	(1)	(1)	(1)
<b>Public assistance</b>					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	97.00%	98.00%	99.00%	99.00%	97.00%
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	-100.00%	-100.00%	(1)	(1)	(1)
Self-Sufficiency Services: CalWORKs applications processed timely to help eligible families become more self-sufficient	97.00%	99.00%	99.00%	96.00%	97.00%
<b>Education</b>					
County Library: Annual average circulation per item	8.10	4.20	6.03	6.69	6.73
<b>Recreation and cultural</b>					
Parks and Recreation: Number of parkland acres owned and effectively managed	53,475	56,131	56,956	57,518	58,459
Parks and Recreation: Number of miles of trails managed in the County trails program	375	380	384	385	389

(1) Trend data not available

Source: Various County departments

Table 17  
 County of San Diego  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General government</b>										
Fleet vehicles	1,825	1,814	1,801	2,010	1,919	1,758	1,728	1,681	1,826	1,862
Buildings	1,114	1,123	1,153	1,092	1,069	1,092	1,114	1,120	1,130	1,172
Land	1,136	1,146	1,177	1,290	1,330	1,362	1,393	1,416	1,439	1,445
<b>Public protection</b>										
Building - sub stations	16	16	16	16	17	16	16	14	7	7
Patrol units	1,448	1,520	1,511	1,604	1,837	1,620	1,628	1,699	1,749	1,881
Detention facilities	10	10	11	9	9	9	9	9	9	9
<b>Public ways and facilities</b>										
Road miles	1,940.48	1,953.71	1,941.91	1,942.98	1,942.59	1,944.25	1,945.50	1,945.46	1,947.10	1,947.44
Bridges	201	201	204	208	208	208	208	208	208	208
Airports	7	7	7	7	7	7	7	7	7	7
Road stations	13	13	13	13	13	13	13	13	13	13
<b>Health and sanitation</b>										
Inactive landfills	23	23	23	23	23	23	23	23	23	22
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	1	1	1	1	1	1	1	1	1	1
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Wastewater pump stations	8	8	8	8	8	8	8	8	8	8
<b>Public assistance</b>										
Administration building	1	1	1	1	1	1	1	1	1	1
Housing facilities	6	5	5	5	5	5	5	5	5	5
<b>Education</b>										
Libraries	20	20	21	21	22	22	22	22	22	22
<b>Recreation and cultural</b>										
Parks/open space area	109	109	109	118	125	130	152	156	156	157
Campgrounds	8	8	8	8	8	8	9	9	9	9

Source: Various County departments

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*Photo credits:*

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**Pg IV:** Burning Sunset, San Elijo State Beach Encinitas, CA/Marcel Fuentes, Shutterstock.com.

**Pgs 46-47:** Aerial of Coronado Golf course during sunset with a view of Coronado beach and Pacific ocean/Creative Family, Shutterstock.com.

**Pg 70:** This is the San Diego River in the Mission Trails Regional Park, Santee, California. The picture was taken in Summer./Gary L. Quay, Shutterstock.com.

**Pgs 146-147:** Aerial view of San Diego's skyline featuring high rise buildings, the Marriott Marquis, Manchester Grand Hyatt, a marina, and San Diego Bay./Aerial Film Studio, Shutterstock.com.

**Pg 157:** A group of flamingos near lake/Ozan Alkan, Shutterstock.com.

**Pg 196:** Desert Wildflowers blooming in the Anza Borrego Desert, the largest state park in California/Rachel Blaser, Shutterstock.com.

**Pg 202:** San Diego, California, USA park and square./Sean Pavone, Shutterstock.com.

**Pg 214:** Wave cliffs in San Diego at Point Loma Tidepools/Denys Akulov, Shutterstock.com.

**Pg 220:** The historic Mission Alcalá located in San Diego/RCPHOTO, Shutterstock.com.

**Pg 244:** Sailboat at sunset in San Diego/Urban Bark Collective, Shutterstock.com.

**Back Cover:** San Diego, California, USA park and square./Sean Pavone, Shutterstock.com.

# County of San Diego, California

County Operations Center  
5530 Overland Avenue, Suite 410, San Diego CA 92123  
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## APPENDIX C

### SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

*The following summary discussion of selected provisions of the Site Lease, the Facility Lease, the Assignment Agreement and the Trust Agreement are made subject to all of the provisions of such documents. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Series 2025 Certificates are referred to the complete texts of said documents, copies of which are available upon request sent to the Trustee.*

#### **Definitions**

**“Additional Payments”** means all amounts payable by the County pursuant to the Facility Lease as summarized herein under the caption “FACILITY LEASE – Rental Payments – *Additional Payments*.”

**“Administrative Expense Fund”** means the fund by that name established in accordance with the Trust Agreement.

**“Assignment Agreement”** means that certain Assignment Agreement, executed and entered into as of July 1, 2025, by and between the Corporation and the Trustee, as it may from time to time be amended.

**“Authority”** means the San Diego Regional Building Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California.

**“Authorized Denominations”** means \$5,000 or any integral multiple thereof.

**“Base Rental Payment Date”** means 15th day of the month preceding each Interest Payment Date, subject to the terms of the Facility Lease, as summarized herein under the caption “FACILITY LEASE – Rental Payments – *Base Rental*.”

**“Base Rental Payment Fund”** means the fund by that name established in accordance with the Trust Agreement.

**“Base Rental Payments”** means all amounts payable to the Corporation by the County as Base Rental Payments under and pursuant to the Facility Lease, as summarized herein under the caption “FACILITY LEASE – Rental Payments – *Base Rental*.”

**“Beneficial Owner”** shall have the meaning set forth in the Continuing Disclosure Agreement.

**“Business Day”** means a day other than (i) Saturday or Sunday or (ii) a day on which banking institutions in Los Angeles, California, New York, New York, or the city or cities in which the principal corporate trust office of the Trustee are closed or (iii) a day on which the New York Stock Exchange is closed. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Trust Agreement, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Trust Agreement, and, unless otherwise specifically provided in the Trust Agreement, no interest shall accrue for the period from and after such nominal date.

**“Certificate, Statement, Written Request or Requisition of the Corporation or the County”** means, respectively, a written certificate, statement, request or requisition signed in the name of the Corporation by its Chair, Vice Chair, Secretary or Assistant Secretary, or any other person designated and authorized to sign for the Corporation in writing to the Trustee, and with respect to the County means the

Chief Administrative Officer, Assistant Chief Administrative Officer, Chief Financial Officer, Auditor and Controller, Treasurer-Tax Collector, Chief Deputy Treasurer, Chief Investment Officer, Financial Policy and Planning Director, Debt Finance Manager, Debt and Capital Finance Officer or such other person as may be designated and authorized to sign for the County in writing to the Trustee. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

**“Certificates”** means the County of San Diego Refunding Certificates of Participation, Series 2025 (County Operations Center) executed and delivered by the Trustee pursuant to the Trust Agreement.

**“Closing Date”** means the date on which the Certificates are initially delivered to the initial purchasers thereof.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

**“Continuing Disclosure Agreement”** means, as the context requires, that certain Continuing Disclosure Agreement executed and delivered by the County and acknowledged and agreed to by Digital Assurance Certification, L.L.C., as dissemination agent, dated the date of execution and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**“Corporation”** means the San Diego County Capital Asset Leasing Corporation, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California and its successors and assigns.

**“Costs of Issuance Fund”** means the fund by that name established in accordance with the Trust Agreement.

**“Costs of Issuance”** means all the costs of executing and delivering the Certificates, including, but not limited to: all printing and document preparation expenses in connection with the Trust Agreement, the Site Lease, the Facility Lease, the Assignment Agreement, the Certificates, and the preliminary official statement and final official statement pertaining to the Certificates; posting and publication costs; filing and recording fees, rating agency fees; title report and title insurance fees and premium; CUSIP Service Bureau charges; market study fees; initial fees, expenses and charges of the Trustee and any prior trustee and escrow bank, including fees and expenses of their respective counsel; legal fees and expenses of counsel, including with respect to the lease of the Leased Property, any termination of the Prior Facility Lease and related property interests, any correction to the record of title, and the refunding of the Prior Obligations; fees, charges and disbursements of attorneys, municipal advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Certificates; any premium for a bond insurance policy securing payment of the Certificates, any premium for a reserve policy or facility and any other cost, charge, fee or expense in connection with the original execution of the Certificates or the implementation of the refunding of prior obligations, to the extent such fees and expenses are approved by the County.

**“County”** means the County of San Diego, a political subdivision duly organized and existing under the Constitution and laws of the State of California.

**“Custodial Agreement”** means the Good Faith Deposit Custodial Agreement, by and between the County and Zions Bancorporation, National Association, with respect to the deposit of the good faith deposit from the Purchaser.

**“Defeasance Securities”** means any of the following:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation),
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
  - U.S. treasury obligations;
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association (GNMA); and
  - State and Local Government Series

**“DTC”** means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for some or all of the Certificates as specified in the Trust Agreement including any such successor appointed pursuant to the Trust Agreement.

**“Earnings Fund”** means the fund by that name established in accordance with the Trust Agreement.

**“Escrow Agent”** means Zions Bancorporation, National Association, acting as the escrow agent under the Escrow Agreement.

**“Escrow Agreement”** means that certain Escrow Agreement dated as of July 1, 2025, by and between the County and the Prior Trustee as Escrow Agent providing for prepayment in accordance with the Prior Facility Lease and the defeasance and prepayment of the Prior Obligations.

**“Event of Default”** means (1) with respect to any Event of Default under the Trust Agreement, any occurrence or event specified in and defined by the provisions of the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Default and Limitations of Liability – Events of Default” below, and (2) with respect to any Event of Default under the Facility Lease, any occurrence or event specified in and defined by the provisions of the Facility Lease as summarized herein under the caption “FACILITY LEASE – Default and Remedies” below.

**“Excess Earnings Account”** means the account by that name established in accordance with the Trust Agreement.

**“Expiry Date”** means October 1, 2035 with respect to the Certificates and otherwise as it may from time to time be amended in accordance with the Facility Lease.

**“Facility Lease”** means the Facility Lease, executed and entered into as of July 1, 2025, by and between the Corporation and the County, as originally executed and entered into and as it may from time to time be amended.

**“Fiscal Year”** means the fiscal year of the County which, as of the Closing Date, is the period from July 1 to and including the following June 30.

**“Hazardous Substances”** means any substances, pollutants, wastes and contaminants now or hereafter included in such (or similar term) term under any federal state or local statute, ordinance, code or regulation now existing or hereafter enacted or amended.

**“Insurance Proceeds and Condemnation Awards Fund”** means the fund by that name established in accordance with the Trust Agreement.

**“Interest Account”** means the account by that name established within the Base Rental Payment Fund in accordance with the Trust Agreement.

**“Interest Payment Date”** means October 1, 2025 and each April 1 and October thereafter.

**“Investment Earnings Account”** means the account by that name established in accordance with the Trust Agreement.

**“Lease Year”** means the period from each July 1 to and including the following June 30 during the term of the Facility Lease; provided that the final Lease Year shall terminate on the Expiry Date.

**“Leased Property”** means the real property more particularly described in the Facility Lease (as the same may be changed from time to time by Removal or Substitution), together with the improvements thereon or to be located thereon, and as may be provided in an amendment thereof or supplement thereto.

**“Opinion of Counsel”** means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County.

**“Outstanding”** when used as of any particular time with reference to Certificates, means all Certificates, including, but not limited to, the Certificates as described in the Trust Agreement as summarized herein in paragraph (b) under the caption “TRUST AGREEMENT – Defeasance – Discharge of Certificates and Trust Agreement,” except:

- (1) Certificates previously canceled by the Trustee or delivered to the Trustee for cancellation;
- (2) Certificates which pursuant to the Trust Agreement are not deemed outstanding as summarized herein under the caption “TRUST AGREEMENT – Amendment of or Supplement to Trust Agreement – Disqualified Certificates”;
- (3) Certificates paid or deemed to have been paid within the meaning of the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Defeasance – Discharge of Certificates and Trust Agreement”; and
- (4) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Terms and Conditions of Certificates – Certificates Mutilated, Lost, Destroyed or Stolen.”

**“Owner”** means any person who shall be the registered owner of any Outstanding Certificates as indicated in the registration books of the Trustee.

**“Permitted Encumbrances”** means, with respect to the Facility Lease, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to the Facility Lease, permit to remain unpaid; (ii) the Assignment Agreement, as it may be amended from time to time; (iii) the Facility Lease, as it may be amended from time to time; (iv) the Site Lease, as it may be amended from time to time; (v) the Trust Agreement, as it may be amended from time to time; (vi) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (vii) any license with respect to the use of, or lease agreement for, telecommunications equipment, or solar equipment, or similar financing program as may be entered into by the County in support of a loan by the State of California Energy Commission or similar loan or grant by an agency or instrumentality of the State, with respect to the footprint thereof, that the County certifies in writing does not affect the intended use of the Leased Property or impair the security granted to the Trustee for the benefit of the Owners of the Certificates by the Trust Agreement or adversely affect the exclusion from gross income of interest payable with respect to the Certificates; (viii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Facility Lease in the office of the County Recorder of the County of San Diego; (ix) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, established following the date of recordation of the Facility Lease and to which the Corporation and the County consent in writing and certify to the Trustee will not materially impair the interests of the Corporation or use of the facilities by the County; and (x) subleases and assignments of the County which will not adversely affect the exclusion from gross income of interest payable with respect to the Certificates.

**“Permitted Investments”** means any of the following to the extent then permitted by applicable laws and any investment policies of the County:

(1) Defeasance Securities;

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank;
- Rural Economic Community Development Administration;
- U.S. Maritime Administration;
- Small Business Administration;
- U.S. Department of Housing & Urban Development (PHAs);
- Federal Housing Administration; and
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
- Obligations of the Resolution Funding Corporation (REFCORP);
- Senior debt obligations of the Federal Home Loan Bank System; and
- Senior debt obligations of other Government Sponsored Agencies.

(4) U.S. dollar denominated deposit accounts, negotiable certificates of deposit, federal funds and bankers’ acceptances with domestic commercial banks which have the highest short-term rating category (without regard to qualification of such rating symbol such as “+” or “-”) by at least one nationally recognized statistical rating organization (the “NRSRO”) and maturing not more than 360

calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the highest short-term rating category (without regard to qualification of such rating symbol such as “+” or “-”) by at least one NRSRO and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market funds must be in the highest rating category by at least two NRSROs and managed to maintain a stable net asset value (NAV), which may include those administered by the Trustee or an affiliate thereof provided that ownership is in the name of the County;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of at least one NRSRO; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (2) of the definition of “Defeasance Securities” contained in the Trust Agreement, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal Obligations rated in the top two rating categories or higher by at least one NRSRO;

(9) Investment Agreements rated in the top two rating categories or higher by at least one NRSRO (supported, as may be required, by appropriate opinions of counsel);

(10) Any investment authorized by California Government Code Section 53601;

(11) The Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to the Trust Agreement;

(12) The San Diego County Investment Pool, managed by the Treasurer-Tax Collector of the County of San Diego, California; and

(13) Other forms of investments rated in the top two rating categories or higher by at least one NRSRO.

Any references to long-term rating categories in the definition of “Permitted Investments” shall not take into account any plus or minus sign or numerical modifiers.

“**Prepayment Fund**” means the fund by that name established in accordance with the Trust Agreement.

**“Principal Corporate Trust Office”** means the corporate trust office of the Trustee at the address set forth in the Trust Agreement, except for purposes of payment, registration, transfer, exchange and surrender of Certificates, means the corporate trust office of the Trustee in Los Angeles, California, or such other office specified by the Trustee.

**“Principal Account”** means the account by that name established within the Base Rental Payment Fund in accordance with the Trust Agreement.

**“Principal Payment”** means the principal amount of Certificates required to be paid on each Principal Payment Date.

**“Principal Payment Date”** means October 1 of each year, commencing October 1, 2026.

**“Prior Facility Lease”** means the Facility Lease, dated as of March 1, 2016, as amended, by and among the County and the Authority.

**“Prior Indenture”** means the Indenture, dated as of March 1, 2016, by and among the Prior Trustee, the County and the Authority.

**“Prior Obligations”** means the San Diego Regional Building Authority Lease Revenue Refunding Bonds (County Operations Center), Series 2016A.

**“Prior Trustee”** means Zions Bancorporation, National Association (formerly known as Zions Bank, a Division of ZB, National Association), as trustee under the Prior Indenture.

**“Purchaser”** means the purchaser of the Certificates.

**“Rebate Requirement”** means the Rebate Requirement as defined in the Tax Certificate.

**“Record Date”** means the close of business on the 15th day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

**“Removal”** means the release of all or a portion of the Leased Property from the leasehold of the Facility Lease and the Site Lease as provided in the Facility Lease.

**“Rental Payments”** means, collectively, the Base Rental Payments and the Additional Payments.

**“Representation Letter”** means the Letter of Representations from the County and the Trustee to DTC, or any successor securities depository for the Certificates, in which the County and the Trustee make certain representations with respect to such Certificates, the payment with respect thereto and delivery of notices with respect thereto.

**“Site Lease”** means that certain Site Lease, executed and entered into as of July 1, 2025, by and between the County and the Corporation, as originally executed and entered into and as it may from time to time be amended.

**“Substitution”** means the release of all or a portion of the Leased Property from the leasehold of the Facility Lease and of the Site Lease, and the lease of substituted real property and improvements under the Facility Lease and under the Site Lease as provided in the Facility Lease.

**“Supplemental Trust Agreement”** means an agreement amending or supplementing the terms of the Trust Agreement entered into pursuant to the terms of the Trust Agreement.

“**Tax Certificate**” means that tax certificate executed by the County at the time of execution and delivery of the Certificates relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended and/or supplemented in accordance with the provisions thereof.

“**Trust Agreement**” means the Trust Agreement by and among the Trustee, the County and the Corporation, dated as of July 1, 2025, as originally executed and as it may from time to time be amended or supplemented in accordance with the Trust Agreement.

“**Trustee**” means Zions Bancorporation, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and having a principal corporate trust office located at Los Angeles, California, or any other bank or trust company which may at any time be substituted in its place as provided in the Trust Agreement.

## **FACILITY LEASE**

### **The Leased Property**

Lease of the Leased Property. The Corporation leases to the County, and the County rents and hires from the Corporation, the Leased Property on the conditions and terms set forth in the Facility Lease. The County agrees and covenants that during the term of the Facility Lease, except as provided in the Facility Lease, it will use the Leased Property for public purposes so as to afford the public the benefits contemplated by the Facility Lease and so as to permit the Corporation to carry out its agreements and covenants contained in the Facility Lease and in the Trust Agreement, and the County further agrees and covenants that during the term of the Facility Lease that it will not abandon or vacate the Leased Property.

Quiet Enjoyment. The parties to the Facility Lease mutually covenant that the County, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained in the Facility Lease and is not in default under the Facility Lease, shall at all times during the term of the Facility Lease peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Corporation.

Right of Entry and Inspection. The Corporation shall have the right to enter the Leased Property and inspect the Leased Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Corporation’s rights or obligations under the Facility Lease and for all other lawful purposes.

Prohibition Against Encumbrance or Sale. The County and the Corporation will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Leased Property, except Permitted Encumbrances. The County and the Corporation will not sell or otherwise dispose of the Leased Property or any property essential to the proper operation of the Leased Property, except as otherwise provided in the Facility Lease. Notwithstanding anything to the contrary contained in the Facility Lease, the County may assign, transfer or sublease any and all of the Leased Property or its other rights under the Facility Lease, provided that (a) the rights of any assignee, transferee or sublessee shall be subordinate to all rights of the Corporation under the Facility Lease, (b) no such assignment, transfer or sublease shall relieve the County of any of its obligations under the Facility Lease, (c) the assignment, transfer or sublease shall not result in a breach of any covenant of the County contained in the Facility Lease, (d) any such assignment, transfer or sublease shall by its terms expressly provide that the fair rental value of the Leased Property for all purposes shall be first allocated to the Facility Lease, as the same may be amended from time to time before or after any such assignment, transfer or sublease and (e) no such assignment, transfer or sublease shall confer upon the parties thereto any remedy which

allows reentry upon the Leased Property unless concurrently with granting such remedy the same shall be also granted under the Facility Lease by an amendment to the Facility Lease which shall in all instances be prior to and superior to any such assignment, transfer or sublease.

Liens. In the event the County shall at any time during the term of the Facility Lease cause any improvements to the Leased Property to be constructed or materials to be supplied in or upon or attached to the Leased Property, the County shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon, about or relating to the Leased Property and shall keep the Leased Property free of any and all liens against the Leased Property or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Corporation's interest therein, and the enforcement thereof is not stayed or if so stayed such stay thereafter expires, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the County shall forthwith pay and discharge or cause to be paid and discharged such judgment. The County shall, to the maximum extent permitted by law, indemnify and hold the Corporation and its assignee and its directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Leased Property or the Corporation's interest therein.

Additions to the Leased Property; Substitution or Removal of the Leased Property.

(a) The County may amend the Facility Lease and the Site Lease, and the Corporation and the Trustee may amend the Assignment Agreement, to substitute alternate real property and/or improvements (the "Substituted Property") for any portion of the existing Leased Property, and/or to release real property (including undivided interests therein) and/or improvements by Removal from the Facility Lease and the definition of Leased Property, upon compliance with all of the conditions set forth in subsection (b) below. After a Substitution or Removal, the part of the Leased Property for which the Substitution or Removal has been effected shall be evidenced by an amendment to the leasehold under the Facility Lease and under the Site Lease and the assignment of rights related thereto under the Assignment Agreement. All costs and expenses incurred in connection with such addition, substitution or release shall be borne by the County. Notwithstanding any Substitution or Removal as described in this paragraph, there shall be no reduction in or abatement of the Base Rental Payments due from the County under the Facility Lease as a result of such Substitution or Removal.

(b) No Substitution or Removal shall take place under the Facility Lease until the County delivers to the Corporation and the Trustee the following:

(1) A Certificate of the County containing a description of all or part of the Leased Property to be released by Removal and, in the event of a Substitution, a description of the Substituted Property to be substituted in its place;

(2) A Certificate of the County (A) stating that the annual fair rental value of the Leased Property after a Substitution or Removal, in each year during the remaining term of the Facility Lease, is at least equal to the maximum annual Base Rental Payments payable under the Facility Lease attributable to the Leased Property prior to said Substitution or Removal, as determined by the County on the basis of commercially reasonable evidence of the fair rental value of the Leased Property after said Substitution or Removal; and (B) demonstrating that the useful life of the Leased Property after Substitution or Removal equals or exceeds the remaining term of the Facility Lease;

(3) An Opinion of Counsel to the effect that the amendments to the Facility Lease and to the Site Lease contemplating Substitution or Removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the County and the Corporation enforceable in accordance with their terms;

(4) (A) In the event of a Substitution, a policy of title insurance in an amount equal to the same proportion of the principal amount as the principal portion of the Base Rental Payments for the Substituted Property bears to the total principal portion of the Base Rental Payments payable under the Facility Lease, insuring the County's leasehold interest in the Substituted Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Trustee for the benefit of the Owners of the Certificates, and (B) in the event of a partial Removal, evidence that the title insurance in effect immediately prior thereto is not affected;

(5) In the event of a Substitution, an opinion of the County Counsel of the County to the effect that the exceptions, if any, contained in the title insurance policy referred to in (4) above do not interfere with the beneficial use and occupancy of the Substituted Property described in such policy by the County for the purposes of leasing or using the Substituted Property;

(6) An Opinion of Counsel that the Substitution or Removal does not cause the interest with respect to the Certificates to be includable in gross income of the Owners thereof for federal income tax purposes; and

(7) Evidence that the County has complied with the covenants contained in the Facility Lease as summarized herein in clauses (1) and (2) under the caption "FACILITY LEASE – Maintenance; Taxes; Insurance and Other Charges – Insurance," regarding insurance requirements with respect to the Substituted Property.

### **Term of the Facility Lease**

Commencement of the Facility Lease. The effective date of the Facility Lease is the Closing Date, and the term of the Facility Lease shall end on the Expiry Date, unless such term is extended or sooner terminated as provided in the Facility Lease. If on the Expiry Date, the rental payable under the Facility Lease shall not be fully paid and all Certificates shall not be fully paid and retired, or if the rental payable under the Facility Lease shall have been abated at any time and for any reason, then the term of the Facility Lease shall be automatically extended until the date upon which all Certificates shall be fully paid, or provision therefor made in accordance with the Trust Agreement as summarized herein under the caption "TRUST AGREEMENT – Defeasance," and the Trust Agreement shall be discharged by its terms, except that the term of the Facility Lease shall in no event be extended more than ten years by such provision. If prior to the Expiry Date, the rental payable under the Facility Lease shall be fully paid and all Certificates shall have been fully paid, or deemed fully paid, in accordance with the Trust Agreement, the term of the Facility Lease shall end immediately.

### **Use of Proceeds; Tax Covenants**

Use of Proceeds. The parties to the Facility Lease agree that the proceeds of the Certificates, together with funds transferred from the Prior Indenture, will be used to prepay base rental payments, in full, in accordance with the Prior Facility Lease and to refund and defease the Prior Obligations as provided in the Trust Agreement and to pay the costs associated with delivering the Certificates and incidental and related expenses.

## Tax Covenants.

(a) The County will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest evidenced and represented by the Certificates pursuant to Section 103 of the Code, and specifically the County will not directly or indirectly use or make any use of the proceeds of the Certificates or any other funds of the County or take or omit to take any action that would cause the Certificates to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code or “private activity bonds” subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are “federally guaranteed” as provided in Section 149(b) of the Code; and to that end the County, with respect to the proceeds of the Certificates and such other funds, will comply with all requirements of such sections of the Code to the extent that such requirements are, at the time, applicable and in effect; provided, that if the County shall obtain an Opinion of Counsel to the effect that any action required under the Facility Lease as summarized under this heading is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest evidenced and represented by the Certificates pursuant to Section 103 of the Code, the County may rely conclusively on such opinion in complying with the applicable provisions of the Facility Lease. In the event that at any time the County is of the opinion that for purposes of the Facility Lease as summarized under this heading it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement or otherwise the County shall so instruct the Trustee in writing, and the Trustee shall take such action in accordance with such instructions.

(b) To the ends covenanted in the Facility Lease as summarized under this heading, the County specifically agrees to ensure that the following requirements are met:

(1) The County will not invest or allow to be invested proceeds of the Certificates at a yield in excess of the yield on the Certificates, except to the extent allowed under the Tax Certificate.

(2) The County will rebate or cause to be rebated any amounts due to the federal government, as provided in the Tax Certificate.

## **Rental Payments**

The County agrees to pay to the Corporation, its successors or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the Leased Property, the following amounts at the following times:

(a) *Base Rental.* The County shall pay to the Corporation rental under the Facility Lease, for the use and occupancy of the Leased Property for each Lease Year or portion thereof, the Base Rental Payments, at the times and in the amounts set forth in the Facility Lease. The County shall make an initial transfer and deposit to the Base Rental Payment Fund on July 23, 2025. Thereafter, notwithstanding the dates designated as the Base Rental Payment Dates, all Base Rental Payments shall be due and payable in one sum, and thereafter on July 5 of each year (the “Prepayment Amount”), commencing on July 5, 2026. The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the County under the Facility Lease. If the term of the Facility Lease shall have been extended pursuant to the Facility Lease, installments of Base Rental Payments shall continue to be payable on the Base Rental Payment Dates, continuing to and including the date of termination of the Facility Lease. Upon such extension of the Facility Lease, the County shall deliver to the Trustee a Certificate setting forth

the extended rental payment schedule, which schedule shall establish the Base Rental Payments at an amount sufficient to pay all unpaid principal and interest evidenced by the Certificates.

(b) *Additional Payments.* The County shall also pay, as rental under the Facility Lease in addition to the Base Rental Payments, to the Corporation or the Trustee, as provided in the Facility Lease, such amounts (“Additional Payments”) in each year as shall be required for the payment of all costs and expenses incurred by the Corporation in connection with the execution, performance or enforcement of the Facility Lease or the assignment of the Facility Lease, the Trust Agreement or the respective interests in the Leased Property and the lease of the Leased Property by the Corporation to the County under the Facility Lease, including but not limited to all fees, costs and expenses and all administrative costs of the Corporation relating to the Leased Property including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee (to the extent not paid or otherwise provided for out of the proceeds of the sale of the Certificates), fees of auditors, accountants, attorneys or engineers, insurance premiums, and all other reasonable and necessary administrative costs of the Corporation or charges required to be paid by it to comply with the terms of the Certificates or the Trust Agreement.

The foregoing Additional Payments shall be billed to the County by the appropriate party from time to time, together with a statement certifying that the amount billed has been incurred or paid for one or more of the items above described, or that such amount is then so payable for such items. Amounts so billed shall be paid by the County not later than the latest time as such amounts may be paid without penalty or, if no penalty is associated with a late payment of such amounts, within 30 days after receipt of a bill by the County for such amounts.

The Corporation may enter into leases to finance facilities other than the Leased Property. The administrative costs of the Corporation shall be allocated among said facilities and the Leased Property, as summarized in this paragraph. Any taxes levied against the Corporation with respect to the Leased Property, the fees of the Trustee, and any other expenses directly attributable to the Leased Property shall be included in the Additional Payments payable under the Facility Lease. Any taxes levied against the Corporation with respect to real property other than the Leased Property, the fees of any trustee or paying agent under any resolution securing bonds of the Corporation or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Leased Property shall not be included in the administrative costs of the Leased Property and shall not be paid from the Additional Payments payable under the Facility Lease. Any expenses of the Corporation not directly attributable to any particular project of the Corporation shall be equitably allocated among all such projects, including the Leased Property, in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Corporation to consider the question and render an opinion thereon, shall be final and conclusive determination as to such allocation. The Trustee may conclusively rely upon a Certificate of the Corporation in making any determination that costs are payable as Additional Payments under the Facility Lease, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Leased Property.

(c) *Consideration.* Such payments of Base Rental Payments for each Lease Year or portion thereof during the term of the Facility Lease shall constitute, together with Additional Payments, the total amount due for such Lease Year or portion thereof and shall be paid or payable by the County for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property. On the Closing Date, the County

shall deliver a certificate to the Corporation and the Trustee, which shall set forth the annual fair rental value of the Leased Property. The parties to the Facility Lease have agreed and determined that the annual fair rental value of the Leased Property is not less than the maximum Base Rental Payments payable under the Facility Lease in any year. In making such determinations of annual fair rental value, consideration has been given to a variety of factors including the replacement costs of the existing improvements on the Leased Property, other obligations of the parties under the Facility Lease, the uses and purposes which may be served by the improvements on the Leased Property and the benefits therefrom which will accrue to the County and the general public.

(d) *Payment; Credit.* Each installment of Base Rental Payments payable under the Facility Lease shall be paid in lawful money of the United States of America to or upon the order of the Corporation at the principal corporate trust office of the Trustee in Los Angeles, California, or such other place as the Corporation shall designate. Any such installment of rental accruing under the Facility Lease which shall not be paid when due shall remain due and payable until received by the Trustee, except as provided in the Facility Lease as summarized herein under the caption "FACILITY LEASE – Rental Payments – Rental Abatement," and to the extent permitted by law shall bear interest at the rate of ten percent per annum from the date when the same is due under the Facility Lease until the same shall be paid. Notwithstanding any dispute between the County and the Corporation, the County shall make all rental payments when due, without deduction or offset of any kind, and shall not withhold any rental payments pending the final resolution of any such dispute. In the event of a determination that the County was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of the County, be credited against subsequent rental payments due under the Facility Lease or be refunded at the time of such determination. Amounts required to be deposited by the County with the Trustee as summarized in this paragraph on any date shall be reduced to the extent of available amounts on deposit on such date in the Base Rental Payment Fund and the Interest Account or the Principal Account therein. Any payment scheduled to be made on a date which is not a Business Day shall be made on the next succeeding Business Day.

Annual Budgets; Reporting Requirements. The County covenants to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Facility Lease in its operating budget for each fiscal year commencing after the date of the Facility Lease (an "Operating Budget") and to make all necessary appropriations for such Base Rental Payments and Additional Payments.

Application of Rental Payments. All Base Rental Payments received shall be applied first to the interest components of the Base Rental Payments due under the Facility Lease, then to the principal components (including any prepayment premium components, if any) of the Base Rental Payments due under the Facility Lease and thereafter to all Additional Payments due under the Facility Lease, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default under the Facility Lease.

Rental Abatement. Except to the extent of (a) amounts held by the Trustee in the Base Rental Payment Fund, (b) amounts received in respect of rental interruption insurance, and (c) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Certificates, during any period in which, by reason of material damage, destruction, title defect, or condemnation, there is substantial interference with the use and possession by the County of any portion of the Leased Property, Base Rental Payments due under the Facility Lease with respect to the Leased Property shall be abated to the extent that the annual fair rental value of the portion of the Leased Property in respect of which there is no substantial interference is less than the annual Base Rental Payments, in which case rental payments shall be abated only by an amount equal to the difference. In the event the County shall assign, transfer or

sublease any or all of the Leased Property or other rights under the Facility Lease, as permitted by the Facility Lease as summarized herein under the caption “FACILITY LEASE – The Leased Property – Prohibition Against Encumbrance or Sale,” for purposes of determining the annual fair rental value available to pay Base Rental Payments, annual fair rental value of the Leased Property shall first be allocated to the Facility Lease as provided in the Facility Lease. Any abatement of Base Rental Payments pursuant to the Facility Lease shall not be considered an Event of Default as defined in the Facility Lease. The County waives the benefits of Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate the Facility Lease by virtue of any such interference and the Facility Lease shall continue in full force and effect. Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and ending with the substantial completion of the work of repair or replacement of the portions of the Leased Property so damaged, destroyed, defective or condemned.

In the event that rental is abated, in whole or in part, pursuant to the Facility Lease due to damage, destruction, title defect or condemnation of any part of the Leased Property and the County is unable to repair, replace or rebuild the Leased Property from the proceeds of insurance, if any, the County agrees to apply for and to use its best efforts to obtain any appropriate state and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the Leased Property.

Prepayment of Rental Payments. The County may prepay, from eminent domain proceeds or net insurance proceeds received by it pursuant to the Facility Lease, all or any portion of the components of Base Rental Payments payable under the Facility Lease relating to any portion of the Leased Property then unpaid, in whole on any date, or in part on any date in integral multiples of an Authorized Denomination so that the aggregate annual amounts of principal components of Base Rental Payments payable under the Facility Lease represented by the Certificates which shall be payable after such prepayment date shall each be in an integral multiple of an Authorized Denomination and shall be as nearly proportional as practicable to the aggregate annual amounts of principal components of Base Rental Payments payable under the Facility Lease represented by the Certificates.

Before making any prepayment pursuant to the Facility Lease as summarized under this heading, at least 45 days before the prepayment date the County shall give written notice to the Corporation and the Trustee describing such event, specifying the order of Principal Payment Dates and specifying the date on which the prepayment will be made, which date shall be not less than 30 nor more than 60 days from the date such written notice is given to the Corporation and the Trustee.

Obligation to Make Rental Payments. The agreements and covenants on the part of the County contained in the Facility Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the agreements and covenants contained in the Facility Lease agreed to be carried out and performed by the County.

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2025 CERTIFICATES NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS AND TO MAKE ADDITIONAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

## **Maintenance; Taxes; Insurance and other Charges**

Maintenance of the Leased Property by the County. The County agrees that, at all times during the term of the Facility Lease, it will, at its own cost and expense, maintain, preserve and keep the Leased Property and every portion thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. The Corporation shall have no responsibility in any of these matters or for the making of additions or improvements to the Leased Property.

Taxes, Other Governmental Charges and Utility Charges. The parties to the Facility Lease contemplate that the Leased Property will be used for public purposes by the County and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. In the event that the use, possession or acquisition by the County or the Corporation of the Leased Property is found to be subject to taxation in any form, the County will pay during the term of the Facility Lease, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other property acquired by the County in substitution for, as a renewal or replacement of, or a modification, improvement or addition to, the Leased Property, as well as all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Leased Property; *provided*, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are accrued during such time as the Facility Lease is in effect.

Insurance. The County shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, all coverage on the Leased Property required by the Facility Lease. Such insurance shall consist of :

(1) A policy or policies of insurance against loss or damage to the Leased Property known as "all risk," including flood, but excluding earthquake, which shall be maintained at any time in an amount per occurrence at least equal to the lesser of (i) the cumulative replacement values of the Leased Property and, in the case of a policy covering more than the Leased Property, as permitted by the next succeeding sentence, any other property which is the subject of a lease, installment purchase agreement or other financing arrangement for which bonds, certificates of participation or other obligations shall have been issued ("Obligations") or (ii) the aggregate amount of the principal component of all then-remaining Base Rental Payments payable under the Facility Lease; *provided* that the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant provides written advice to the County and the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of a major conflagration, windstorm, explosion, riot, flood or similar event, a specified smaller amount is believed to be reasonable given the nature of the risks insured and the proximity of the insured properties to each other. Such insurance may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County which may be limited in an amount per occurrence in the aggregate to the amount required by the preceding sentence. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss (except for flood, in which case the deductible may not exceed \$250,000 for any one loss). The County may obtain such coverage as a joint insured with one or more other public agencies located within or without the County of San Diego which may be limited in an amount per occurrence in the aggregate for all insureds as described in the first sentence of this paragraph (1) and which may be limited in a cumulative amount of claims during a 12-month period in the aggregate for all insureds in an amount not less than \$500,000,000. Otherwise conforming policies satisfying the requirements

as summarized in this paragraph (1) may provide that amounts payable as coverage as summarized in this paragraph (1) may be reduced by amounts payable under paragraph (3) for the same occurrence, and vice versa. The County is, however, under no obligation to provide insurance against loss or damage occasioned by the perils of earthquake.

(2) In the event that such coverage is not included in paragraph (1) above, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Property in an amount not less than \$75,000,000 per accident; *provided, however*, that the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant provides written advice to the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of loss or damage by steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Property, a specified smaller amount is believed to be reasonable. Such insurance may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County which may be limited in amount to \$75,000,000 per accident. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss. The County may obtain such coverage as a joint insured with one or more public agencies located within or without the County of San Diego which may be limited in amount to \$75,000,000 per accident. Otherwise conforming policies satisfying the requirements as summarized in this paragraph (2) may provide that amounts payable as coverage as summarized in this paragraph (2) may be reduced by amounts payable under paragraph (3) for the same occurrence, and *vice versa*.

(3) Rental interruption insurance to cover loss, total or partial, of the use of any part of the Leased Property as a result of any of the hazards covered by the insurance required pursuant to paragraph (1) or (2) above, as the case may be, in an amount sufficient at all times to pay the total rent payable under the Facility Lease for a period of not less than two years' Base Rental Payments for the Leased Property; provided that such rental interruption insurance may be included in the policy or policies provided pursuant to paragraph (1) or (2) without increasing the aggregate limits for coverage with respect to any hazard covered thereby. Such insurance also may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County. The County also may obtain an otherwise conforming policy required by this paragraph (3) as a joint insured with one or more other public agencies within or without the County of San Diego which may, with respect to any hazard, be limited in aggregate amount for all insureds to the amount of the policy or policies required pursuant to paragraph (1) or (2) above, as the case may be, which insures against such hazard. Otherwise conforming policies satisfying the requirements as summarized in this paragraph (3) may provide that amounts payable as coverage as summarized in this paragraph (3) may be reduced by amounts payable under paragraph (1) or (2), as the case may be, for the same occurrence, and *vice versa*.

The County shall collect, adjust and receive all moneys which may become due and payable under any policies contemplated by paragraphs (1) and (2) above, and, may compromise any and all claims thereunder and shall transfer the net proceeds of such insurance as provided in the Facility Lease or in the Trust Agreement. The Trustee shall not be responsible for the sufficiency of any insurance required in the Facility Lease. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the County.

Any insurance policy issued pursuant to paragraph (1) or (2) above shall be so written or endorsed as to make losses, if any, payable to the County, the Corporation and the Trustee as their respective interests may appear and the net proceeds of the insurance required by paragraphs (1) or (2) above shall be applied as provided in the Facility Lease as summarized herein under the caption

“FACILITY LEASE – Damage, Destruction, Title Defect and Condemnation – Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds.” The net proceeds, if any, of the insurance policy described in paragraphs (1) and (2) above shall be payable to the County for deposit in the Insurance Proceeds and Condemnation Awards Fund. The net proceeds, if any, of the insurance policy described in paragraph (3) above shall be payable to the Trustee and deposited in the Base Rental Payment Fund. Each insurance policy provided for in the Facility Lease shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Corporation or the Trustee without first giving written notice thereof to the Corporation and the Trustee at least 30 days in advance of such intended cancellation or modification.

The County shall file a Certificate of the County with the Trustee not later than January 31 of each year certifying that the insurance policies required by the Facility Lease are in full force and effect and that the Corporation and/or the Trustee is named as a loss payee on each insurance policy which the Facility Lease requires to be so endorsed. The Trustee shall have no responsibility whatsoever for determining the adequacy of any insurance required under the Facility Lease.

Advances. In the event the County shall fail to maintain the full insurance coverage required by the Facility Lease or shall fail to keep the Leased Property in good repair and operating condition, the Corporation may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Corporation shall become Additional Payments, which amounts the County agrees to pay within 30 days of a written request therefor, together with interest thereon at the maximum rate allowed by law.

Title Insurance. The County covenants and agrees to deliver or cause to be delivered to the Trustee on the Closing Date a CLTA leasehold owner’s policy or policies, or a commitment for such policy or policies, with respect to the Leased Property with liability in the aggregate amount of the principal component of all Base Rental Payments payable under the Facility Lease. Such policy or policies, when issued, shall name the Trustee as the insured and shall insure the leasehold estate of the County in the Leased Property subject only to such exceptions as do not materially affect the County’s right to the use and occupancy of the Leased Property.

### **Damage, Destruction, Title Defect and Condemnation**

Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds. If prior to the termination of the term of the Facility Lease (a) the Leased Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Leased Property or any portion thereof or the estate of the County or the Corporation in the Leased Property or any portion thereof is defective or shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or corporation acting under governmental authority, then the County and the Corporation will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, defective or condemned portion of the Leased Property, and any balance of the net proceeds remaining after such work has been completed shall be paid to the County; *provided*, that the County, at its option and provided the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay the aggregate annual amounts of the principal and interest components of the Base Rental Payments due under the Facility Lease attributable to the portion of the Leased Property so destroyed, damaged, defective or condemned (determined by reference to the proportion which the annual fair rental value of the destroyed, damaged, defective or condemned portion thereof bears to the annual fair rental value of the Leased Property), may elect not to repair, reconstruct or replace the damaged, destroyed, defective or condemned portion of the Leased Property and thereupon shall cause said proceeds to be used for the

prepayment of Outstanding Certificates pursuant to the provisions of the Trust Agreement as described in this Official Statement under the caption “THE SERIES 2025 CERTIFICATES – Prepayment – Extraordinary Prepayment” from the net proceeds of any insurance or condemnation award with respect to the Leased Property or portions thereof. Notwithstanding any other provision in the Facility Lease, the County shall only prepay less than all of the principal component of the then-remaining Base Rental Payments if the annual fair rental value of the Leased Property after such damage, destruction, title defect or condemnation is at least equal to the aggregate annual amount of the principal and interest components of the Base Rental Payments not being prepaid.

In the event that the proceeds, if any, of said insurance or condemnation award are insufficient either to (i) repair, rebuild or replace the Leased Property so that the fair rental value of the Leased Property would be at least equal to the Base Rental Payments or (ii) to prepay all the Outstanding Certificates, both as provided in the preceding paragraph, then the County may, in its sole discretion, budget and appropriate an amount necessary, to effect such repair, rebuilding or replacement or prepayment; provided that the failure of the County to so budget and/or appropriate shall not be a breach of or default under the Facility Lease.

### **Disclaimer of Warranties; Vendor’s Warranties; Use of the Leased Property**

Disclaimer of Warranties. NEITHER THE TRUSTEE NOR THE CORPORATION MAKES ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT NEITHER THE TRUSTEE NOR THE CORPORATION IS A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event shall the Corporation or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Facility Lease or the existence, furnishing, functioning or the County’s use of the Leased Property as provided by the Facility Lease.

Use of the Leased Property; Improvements. The County will not use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Facility Lease. The County shall provide all permits and licenses, if any, necessary for the use of the Leased Property. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each portion of the Leased Property) with all laws of the jurisdictions in which its operations involving any portion of the Leased Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property; *provided*, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the County adversely affect the estate of the Corporation in and to the Leased Property or its interest or rights under the Facility Lease.

### **Assignment and Indemnification**

Assignment by Corporation. The parties understand that certain of the rights of the Corporation under the Facility Lease and under the Site Lease will be assigned to the Trustee pursuant to the Assignment Agreement, and accordingly the County agrees to make all payments due under the Facility Lease to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of the Facility Lease or otherwise) that the County may from time to time have against the Corporation. The County agrees to execute all documents, including notices of assignment

and chattel mortgages or financing statements, which may be reasonably requested by the Corporation or the Trustee to protect their interests in the Leased Property during the term of the Facility Lease.

Assignment by County. The Facility Lease and the interest of the County in the Leased Property may not be assigned or encumbered by the County except as permitted by the Facility Lease as summarized herein under the caption “FACILITY LEASE – The Leased Property – Prohibition Against Encumbrance or Sale.”

Indemnification. The County shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Corporation and the Trustee and their respective directors, officers and employees from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of the Facility Lease, the acquisition, construction, installation and use of the Leased Property and each portion thereof or any accident in connection with the operation, use, condition or possession of the Leased Property or any portion thereof resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the County or the Corporation; any claim arising out of the use, presence, storage, disposal or release of any Hazardous Substances on or about the Leased Property; any claim for patent, trademark or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under the Facility Lease as summarized herein under the caption “FACILITY LEASE – Assignment and Indemnification – Indemnification” shall continue in full force and effect notwithstanding the full payment of all obligations under the Facility Lease or the termination of the Facility Lease for any reason. The County, the Trustee and the Corporation mutually agree to promptly give notice to each other of any claim or liability indemnified against by the Facility Lease following the learning thereof by such party.

## **Default and Remedies**

Default and Remedies. (a) The following events shall be “Events of Default” under the Facility Lease and the terms “Event of Default” and “Default” shall mean, whenever they are used in the Facility Lease, any one or more of the following events:

(1) The County shall fail to deposit with the Trustee any Base Rental Payments required to be so deposited by the close of business on the day such deposit is required pursuant to the Facility Lease, provided, that the failure to deposit any Base Rental Payments abated pursuant to the Facility Lease as summarized herein under the caption “FACILITY LEASE – Rental Abatement” shall not constitute an Event of Default;

(2) The County shall fail to pay any item of Additional Payments when the same shall become due and payable pursuant to the Facility Lease; or

(3) The County shall breach any other terms, covenants or conditions contained in the Facility Lease or in the Trust Agreement, and shall fail to remedy any such breach with all reasonable dispatch within a period of 30 days after written notice thereof from the Corporation to the County; *provided, however*, that if the failure stated in the notice cannot be corrected within such period, then the Corporation shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within such period and is diligently pursued until the default is corrected.

(b) Upon the happening of any of the Events of Default specified in the Facility Lease as summarized herein in subsection (a) or (e) under the caption “FACILITY LEASE – Default and Remedies – Default,” it shall be lawful for the Corporation or its assignee, subject to the terms of the

Facility Lease, to exercise any and all remedies available or granted to it pursuant to law or under the Facility Lease.

(c) Upon the occurrence of an Event of Default, the Corporation or its assignee 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; **THIS SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE AGAINST THE COUNTY UNDER THE FACILITY LEASE OR OTHERWISE.** In such event, the County shall remain liable and agrees to keep or perform all covenants and conditions in the Facility Lease contained to be kept or performed by the County and, to pay the rent to the end of the term of the Facility Lease and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as provided in the Facility Lease for the payment of rent under the Facility Lease (without acceleration).

(d) The Corporation expressly waives the right to receive any amount from the County pursuant to Section 1951.2(a)(3) of the California Civil Code.

(e) In addition to any Event of Default resulting from breach by the County of any agreement, condition, covenant or term of the Facility Lease, if the County's interest in the Facility Lease or any part thereof assigned, sublet or transferred without the written consent of the Corporation (except as otherwise permitted by the Facility Lease as summarized herein under the caption "FACILITY LEASE – The Leased Property – Prohibition Against Encumbrance or Sale"), either voluntarily or by operation of law; or the County or any assignee shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the County shall make a general or any assignment for the benefit of its creditors; or the County shall abandon or vacate the Leased Property or any portion thereof (except as permitted by the Facility Lease as summarized herein under the caption "FACILITY LEASE – The Leased Property – Prohibition Against Encumbrance or Sale"); then in each and every such case the County shall be deemed to be in default under the Facility Lease.

(f) Neither the County nor the Corporation shall be in default in the performance of any of its obligations under the Facility Lease (except for the obligation to make Base Rental Payments pursuant to the Facility Lease as summarized herein under the caption "FACILITY LEASE – Rental Payments") unless and until it shall have failed to perform such obligation within 30 days after notice by the County or the Corporation, as the case may be, to the other party properly specifying wherein it has failed to perform such obligation.

The County and Corporation and its successors and assigns shall honor the exclusive rights of the County to use the Leased Property.

Waiver. Failure of the Corporation to take advantage of any default on the part of the Corporation shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering the Facility Lease be construed to waive or to lessen the right of the Corporation to insist upon performance by the Corporation of any term, covenant or condition of the Facility Lease, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same

default subsequently occurring. The acceptance of Rental Payments under the Facility Lease shall not be, or be construed to be, a waiver of any term, covenant or condition of the Facility Lease.

### **Miscellaneous**

Trustee as Third Party Beneficiary. The Trustee is designated a third party beneficiary under the Facility Lease for the purpose of enforcing any of the rights under the Facility Lease assigned to the Trustee under the Assignment Agreement.

Net Lease. It is the purpose and intent of the Corporation and the County that lease payments under the Facility Lease shall be absolutely net to the Corporation so that the Facility Lease shall yield to the Corporation the lease payments, free of any charges, assessments or impositions of any kind charged, assessed or imposed on or against the Leased Property, and without counterclaim, deduction, defense, deferment or set-off by the County except as specifically otherwise provided in the Facility Lease. The Corporation shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability under the Facility Lease except as expressly set forth in the Facility Lease, and all costs, expenses and obligations of any kind relating to the maintenance and operation of the Leased Property which may arise or become due during the term of the Facility Lease shall be paid by the County.

Amendments. The Facility Lease may be amended in writing as may be mutually agreed by the Corporation and the County, subject to the written approval of the Trustee; *provided*, that no such amendment which materially adversely affects the rights of the Owners shall be effective unless it shall have been consented to by the Owners of more than 50% in principal amount of the Certificates Outstanding, and provided further, that no such amendment shall (a) extend the payment date of any Base Rental Payment, or reduce the interest, principal or prepayment premium component of any Base Rental Payment, without the prior written consent of the Owner of each Certificate so affected, or (b) reduce the percentage of the principal amount of the Certificates Outstanding the consent of the Owners of which is required for the execution of any amendment of the Facility Lease.

The Facility Lease, the Site Lease and the Assignment Agreement and the rights and obligations of the Corporation and the County under the Facility Lease may also be amended or supplemented at any time by an amendment or supplement thereto which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms required by the Corporation or the County to be observed or performed in the Facility Lease and other agreements, conditions, covenants and terms thereafter to be observed or performed by the Corporation or the County, or to surrender any right or power reserved in the Facility Lease to or conferred in the Facility Lease on the Corporation or the County, and which in either case shall not materially adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Facility Lease or in regard to questions arising under the Facility Lease which the Corporation or the County may deem desirable or necessary and not inconsistent with the Facility Lease, and which shall not materially adversely affect the interests of the Owners;

(c) to effect the addition of real property to the Leased Property or a Substitution or Removal in accordance with the Facility Lease as summarized herein under the caption

“FACILITY LEASE – The Leased Property – Additions to the Leased Property; Substitution or Removal of the Leased Property”; or

(d) to make any other addition, amendment or deletion which does not materially adversely affect the interests of the Owners.

Supplements and amendments for the purposes of subsections (c) and (d) summarized above are deemed to not materially adversely affects the rights of the Owners.

Discharge of County. Upon the payment of all Base Rental Payments and Additional Payments payable under the Facility Lease, all of the obligations of the County under the Facility Lease shall thereupon cease, terminate and become void and shall be discharged and satisfied; *provided, however*, if any Outstanding Certificates shall be deemed to have been paid by virtue of a deposit of Base Rental Payments under the Facility Lease pursuant to the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Defeasance,” then the obligation of the County under the Facility Lease to make Rental Payments under the Facility Lease shall continue in full force and effect until the Outstanding Certificates so deemed paid have in fact been paid, but such payments shall be made solely and exclusively from moneys and securities deposited with the Trustee as contemplated by the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Defeasance,” and that shall be the sole source of satisfaction of the County’s obligation to make Base Rental Payments. The time period for giving notice by the County to the Corporation and the Trustee specified in the Facility Lease as summarized herein in the second paragraph under the caption “FACILITY LEASE – Rental Payments – Prepayment of Rental Payments” shall not apply incident to the payment to the Owners of all Outstanding Certificates in accordance with the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Defeasance.”

California Law. The Facility Lease shall be governed by and construed and interpreted in accordance with the laws of the State of California.

## **SITE LEASE**

Leased Property. The County leases to the Corporation and the Corporation rents and hires from the County, on the terms and conditions set forth in the Site Lease, the Leased Property.

### Term.

(a) The term of the Site Lease will commence on the Closing Date and shall end on the Expiry Date (as defined in the Facility Lease) unless such term is sooner terminated or is extended as provided in the Site Lease. If prior to the Expiry Date all Base Rental Payments under the Facility Lease shall have been paid, or provision therefor has been made in accordance with the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Defeasance,” the term of the Site Lease shall end simultaneously with the term of the Facility Lease.

(b) If the Facility Lease is extended beyond the Expiry Date pursuant to the terms thereof, the Site Lease shall also be extended to the day following the date of termination of the Facility Lease.

Rent. The Corporation shall pay to the County as and for rental under the Site Lease the net proceeds of the Certificates applied to prepay base rental payments, in full, in accordance with the Prior Facility Lease and thereby refund and defease the Prior Obligations, each as defined and provided in the Trust Agreement, which, together with the execution and delivery of the Facility Lease, shall constitute full consideration for the Site Lease over its term. The Corporation waives any right that it may have under the laws of the State of California to receive a rebate of such rent in full or in part in the event there

is a substantial interference with the use and right of possession by the Corporation of the Leased Property or portion thereof as a result of material damage, destruction or condemnation.

Purpose. The Corporation shall use the Leased Property solely for the purpose of subleasing the same to the County; *provided*, that in the event of default by the County under the Facility Lease, the Corporation may exercise the remedies provided in the Facility Lease.

Owner in Fee. The County covenants that it is the owner of the Leased Property free and clear of all liens, claims or encumbrances which affect marketability.

Assignment and Facility Lease. Unless the County shall be in default under the Facility Lease, the Corporation may not, without the prior written consent of the County, assign its rights under the Site Lease or sublet the Leased Property except that the County expressly approves and consents to the assignment and transfer, without recourse, of the Corporation's right, title and interest in the Site Lease to the Trustee pursuant to the Assignment Agreement.

Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Termination. The Corporation agrees, upon the termination of the Site Lease, to quit and surrender the Leased Property in the same good order and condition as the same was in at the time of commencement of the terms under the Site Lease, reasonable wear and tear excepted, and agrees that any permanent improvements to the Leased Property at the time of the termination of the Site Lease shall remain thereon and title thereto shall vest in the County.

Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the County may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Facility Lease shall be deemed to occur as a result thereof; *provided*, that so long as the Certificates executed and delivered pursuant to the Trust Agreement are Outstanding, the County shall have no power to terminate the Site Lease by reason of any default on the part of the Corporation, if such termination would affect or impair any assignment of the Facility Lease then in effect between the Corporation and the Trustee that executes and delivers the Certificates.

Eminent Domain. In the event the whole or any portion of the Leased Property is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is determined to be the amount of the then unpaid Base Rental Payments payable under the Facility Lease, and the amount of the unpaid Additional Rental due under the Facility Lease, and the balance of the award, if any, shall be paid to the County.

Amendments. The Site Lease may be amended, supplemented, changed, modified, altered or terminated only in accordance with the provisions of the Facility Lease, as further described in the Facility Lease. The County shall have the right to effect a Substitution and/or Removal (as defined in the Facility Lease) of all or portions of the Leased Property, all as provided in and in accordance with the Facility Lease.

Governing Law. The Site Lease is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

## ASSIGNMENT AGREEMENT

Assignment. The Corporation, for good and valuable consideration, the receipt of which is acknowledged, does unconditionally grant, transfer and assign to the Trustee without recourse (a) all right, title and interest of the Corporation as lessee under the Site Lease; (b) all rights of the Corporation to receive the portion of the rental payments scheduled to be paid by the County under and pursuant to the Facility Lease for the benefit of the Owners of the Certificates; (c) all rents, profits and products from the Leased Property to which the Corporation has any right or claim whatsoever under the Facility Lease; (d) the right to take all actions and give all consents under the Facility Lease; (e) the right of access more particularly described in the Facility Lease; and (f) any and all other rights and remedies of the Corporation in the Facility Lease as lessor thereunder for the purpose of (i) paying all sums due and owing to the Owners of the Certificates under the terms of the Trust Agreement, and (ii) performing and discharging each agreement, covenant and obligation of the County contained in the Facility Lease and in the Trust Agreement.

Acceptance. The Trustee accepts the foregoing assignment for the benefit of the Owners of the Certificates, subject to the conditions and terms of the Trust Agreement, and all such rental payments payable under the Facility Lease shall be applied and all such rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

Payment of Rentals. Upon payment or provision for payment to the Trustee in full of all rental payments under the Facility Lease and of all other amounts, including any additional rental or other amounts owed by the County under the Facility Lease or the Trust Agreement, the Assignment Agreement shall become and be void and of no effect with respect to the Facility Lease and the Site Lease with respect to which such payments have been made and the Trustee shall execute any and all documents or certificates reasonably requested by the Corporation to evidence the termination of the Assignment Agreement with respect to the Facility Lease and the Site Lease with respect to which all such payments have been made.

Amendments. The Assignment Agreement may be amended, supplemented, changed, modified, altered or terminated only in accordance with the provisions of the Facility Lease, as further described in the Facility Lease including, without limitation, in connection with a determination by the County to effect a Substitution and/or Removal (as defined therein) of all or portions of the Leased Property, all as provided in and in accordance with the Facility Lease.

Governing Law. The Assignment Agreement is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

## TRUST AGREEMENT

### Terms and Conditions of Certificates

Dating of Certificates. The Certificates shall be dated their date of delivery. Each Certificate shall represent interest from the Interest Payment Date to which interest has been paid or duly provided for next preceding its date of execution, unless such date of execution shall be (i) prior to the close of business on September 15, 2025, in which case such Certificate shall represent interest from its date of delivery, (ii) subsequent to a Record Date but before the related Interest Payment Date, in which case such Certificate shall represent interest from such Interest Payment Date, or (iii) an Interest Payment Date to which interest has been paid in full or duly provided for, in which case such Certificate shall represent interest from such date of execution; *provided, however*, that if, as shown by the records of the Trustee, interest shall be in default, each Certificate shall represent interest from the last Interest Payment Date to which such interest has been paid in full or duly provided for.

There shall be no reserve account established for the Certificates.

Method and Place of Payment. Except as otherwise provided in the Representation Letter or in a Supplemental Trust Agreement, the interest represented by the Certificates shall be payable on each Interest Payment Date by check sent by first class mail by the Trustee to the respective Owners of the Certificates as of the Record Date for such Interest Payment Date at their addresses shown on the books required to be kept by the Trustee pursuant to the provisions of the Trust Agreement. Payments of defaulted interest with respect to any Certificate shall be paid by check to the Owner as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the Owner of the Certificate not less than ten days prior thereto. The principal and premium, if any, represented by the Certificates shall be payable upon presentation and surrender thereof on maturity or on prepayment prior thereto at the Principal Corporate Trust Office of the Trustee.

The Owner of \$1,000,000 or more in aggregate principal amount represented by the Certificates may request in writing that the Trustee pay the interest represented by such Certificates by wire transfer to an account in the United States of America and the Trustee shall comply with such request for all Interest Payment Dates following the 15th day after receipt of such request.

Transfer and Payment of Certificates; Exchange of Certificates. All Certificates may be presented for transfer by the Owner thereof, in person or by their attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, on the books required to be kept by the Trustee pursuant to the provisions of the Trust Agreement, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not such Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal represented by such Certificate shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability represented by such Certificate to the extent of the sum or sums so paid.

Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates representing the same principal amount in Authorized Denominations. The Trustee shall require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Certificates may be presented for exchange at the Principal Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be required to transfer or exchange any Certificate during the period in which the Trustee is selecting Certificates for prepayment, nor shall the Trustee be required to transfer or exchange any Certificate or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

Certificate Registration Books. The Trustee will keep sufficient books for the registration and transfer of the Certificates, which books shall be available for inspection by the Corporation and the County at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Certificates on such books as provided in the Trust Agreement. The Trustee will, upon written request, make copies of the foregoing available to any Owner of at least five percent in aggregate principal amount of Outstanding Certificates or their agent duly authorized in writing.

Temporary Certificates. The Certificates may be initially delivered in temporary form exchangeable for definitive Certificates when ready for delivery, which temporary Certificates shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions of the Trust Agreement as may be appropriate. Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Certificates. If the Trustee executes and delivers temporary Certificates, it will execute definitive Certificates without delay, and thereupon the temporary Certificates may be surrendered at the Principal Corporate Trust Office of the Trustee, in exchange for such definitive Certificates, and until so exchanged such temporary Certificates shall be entitled to the same benefits under the Trust Agreement as definitive Certificates executed and delivered under the Trust Agreement.

Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Certificate of like tenor, payment date in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Certificate of like tenor, numbered as the Trustee shall determine, in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee shall require payment of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered by it under the Trust Agreement as summarized in this paragraph and of the expenses which may be incurred by it under the Trust Agreement as summarized in this paragraph. Any Certificate executed and delivered under the provisions of the Trust Agreement as summarized in this paragraph in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Trust Agreement with all other Certificates secured by the Trust Agreement, and the Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the amount of Certificates which may be executed and delivered under the Trust Agreement or for the purpose of determining any percentage of Certificates Outstanding under the Trust Agreement, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of the Trust Agreement as summarized in this paragraph, in lieu of executing and delivering a new Certificate for a Certificate which has been lost, destroyed or stolen and which has matured or will mature within 30 days after the Trustee has received all required indemnity and payments on account of a lost, destroyed or stolen Certificate, the Trustee may make payment of such Certificate to the Owner thereof on or after the maturity date.

## **Funds**

Costs of Issuance Fund. (a) There is established in trust under the Trust Agreement a special fund designated as the "Costs of Issuance Fund" which shall be held by the Trustee and which shall be kept separate and apart from all other funds held by the Trustee. Within the Costs of Issuance Fund, the Trustee may establish and maintain separate accounts as may be directed in a Supplemental Trust Agreement. The moneys in such accounts of the Costs of Issuance Fund shall be applied to the payment of Costs of Issuance of the Certificates, upon a Written Requisition of the County. All payments from the Costs of Issuance Fund shall be reflected in the Trustee's regular accounting statements.

(b) On the date that is six months after the Closing Date, the Trustee shall transfer any amounts then remaining in the Costs of Issuance Fund first to the Administrative Expense Fund to the extent that the amount on deposit therein is less than \$20,000, and thereafter to the Base Rental Payment Fund, and upon such transfer the Costs of Issuance Fund shall be closed.

### Administrative Expense Fund.

(a) There is established in trust under the Trust Agreement a special fund designated as the “Administrative Expense Fund” which shall be held by the Trustee and which shall be kept separate and apart from all other funds held by the Trustee.

(b) Amounts in the Administrative Expense Fund shall be paid out from time to time by the Trustee at the direction of the County for Administrative Fees and Expenses, upon a Written Requisition of the County.

(c) Amounts in the Administrative Expense Fund in excess of \$20,000 shall be transferred by the Trustee to the Base Rental Payment Fund.

Earnings Fund. There is established in trust under the Trust Agreement a special fund designated as the “Earnings Fund,” which shall be held by the Trustee and which shall be kept separate and apart from all other funds held by the Trustee. The Trustee shall administer the Earnings Fund as provided in the Trust Agreement including as summarized herein under the caption “TRUST AGREEMENT – Covenants – Excess Earnings Account of the Earnings Fund; Tax Covenants.”

The Trustee shall establish and maintain in the Earnings Fund a separate account designated as the “Investment Earnings Account,” and a separate account designated as the “Excess Earnings Account.” All moneys in the Investment Earnings Account and the Excess Earnings Account shall be held by the Trustee in trust and shall be kept separate and apart from all other funds and money held by the Trustee. All investment earnings on the funds and accounts established under the Trust Agreement (other than the Excess Earnings Account) shall be transferred and deposited into the Investment Earnings Account. There shall be deposited in the Investment Earnings Account such amounts set forth in a written direction from the County to the Trustee as the County determines as not to be inconsistent with the Trust Agreement and the Tax Certificate. Amounts on deposit in the Investment Earnings Account shall be transferred to the Excess Earnings Account upon receipt by the Trustee of written instructions from the County given in accordance with the provisions of the Tax Certificate.

Transfers of amounts in the Investment Earnings Account or any amount on deposit in the Excess Earnings Account which the County determines and informs the Trustee in writing exceeds the amount required to be maintained therein pursuant to the provision of the Tax Certificate, shall be transferred on June 1 of each year or any other date or dates the County may direct, to the Base Rental Payment Fund. Except as set forth in the preceding sentence, amounts on deposit in the Excess Earnings Account shall only be applied to payments made to the United States in accordance with written instructions of the County.

### **Rental Payments, Deposits and Reserve Fund**

#### Pledge of Base Rental Payments and Additional Payments; Base Rental Payment Fund.

(a) There is established in trust under the Trust Agreement a special fund designated as the “Base Rental Payment Fund” which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. Within the Base Rental Payment Fund, the Trustee shall establish and maintain separate accounts designated the “Interest Account” and the “Principal Account.” The County irrevocably pledges and transfers to the Trustee, for the benefit of the Owners, all of its pledges and grants to the Trustee, for the benefit of the Owners, a lien on and a security interest in all right, title and interest of the amounts held in the funds and accounts established under the Trust Agreement (other than the Excess Earnings Account), including the Base Rental Payment Fund, whether now owned or hereafter arising as security for the payment of the interest and principal

represented by the Certificates in accordance with their terms, the provisions of the Trust Agreement, subject to provisions of the Trust Agreement permitting the disbursement thereof for the purposes and on the conditions and terms set forth in the Trust Agreement, and in and to the Base Rental Payments, which shall be used for the punctual payment of the interest and principal represented by the Certificates and the Base Rental Payments shall not be used for any other purpose while any of the Certificates remain Outstanding. In the event, however, that it should be determined that the Corporation has any right, title or interest in or to the Base Rental Payments, then the Corporation irrevocably pledges and grants to the Trustee, for the benefit of the Owners, a lien on and a security interest in all right, title and interest of the amounts held in the funds and accounts established under the Trust Agreement (other than the Excess Earnings Account), including the Base Rental Payment Fund, whether now owned or hereafter arising as security for the payment of the interest and principal represented by the Certificates in accordance with their terms, the provisions of the Trust Agreement, subject to provisions of the Trust Agreement permitting the disbursement thereof for the purposes and on the conditions and terms set forth in the Trust Agreement, and in and to the Base Rental Payments, which shall be used for the punctual payment of the interest and principal represented by the Certificates and the Base Rental Payments shall not be used for any other purpose while any of the Certificates remain Outstanding. These pledges shall constitute a first and exclusive lien on the funds established under the Trust Agreement and the Base Rental Payments in accordance with the terms of the Trust Agreement.

(b) All Base Rental Payments shall be paid directly by the County to the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation, as the case may be, with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments, the proceeds of rental interruption insurance and liquidated damages, if any, shall be deposited by the Trustee in the Base Rental Payment Fund and all amounts on deposit therein shall be held in trust by the Trustee, which fund the Trustee agrees to establish and maintain for the benefit of the Owners until all required Base Rental Payments are paid in full pursuant to the Facility Lease or until such date as the Certificates are no longer Outstanding; *provided, however*, and notwithstanding the foregoing, if the Trustee receives a Base Rental Payment amount in excess of the amount necessary to pay the amount due and owing on the next Interest Payment Date or Principal Payment Date, as the case may be, after giving effect to the funds then on deposit in the Base Rental Payment Fund not needed for any other purpose under the Trust Agreement, and there exists no Event of Default under the Trust Agreement, then amounts in the Base Rental Payment Fund not needed to make such payments may be utilized by the Trustee, as directed in writing by the County, for any other purpose.

Deposit of Base Rental Payments. Except as otherwise provided below, the Trustee shall deposit the amounts in the Base Rental Payment Fund at the time and in the priority and manner provided in the Trust Agreement in the following respective accounts and subaccounts, each of which the Trustee agrees to establish and maintain until all required Base Rental Payments are paid in full pursuant to the Facility Lease or until such date as the Certificates are no longer Outstanding, and the moneys in each of such funds shall be disbursed only for the purposes and uses authorized in the Trust Agreement.

(a) *Interest Account.* The Trustee, on each Interest Payment Date, shall transfer from the Base Rental Payment Fund to each Interest Account an amount equal to the portion of the Base Rental Payments designated as the interest component coming due on such date and evidenced by the Certificates. Moneys in each Interest Account shall be withdrawn and used by the Trustee for the purpose of paying interest on or evidenced by the Certificates as and when due and payable. Moneys in the Interest Account shall be used by the Trustee for the purpose of paying the interest evidenced by the Certificates when due and payable.

(b) *Principal Account.* The Trustee, on each Principal Payment Date, shall transfer from the Base Rental Payment Fund to each Principal Account an amount equal to the portion of the Base Rental Payments designated as the principal component coming due on such date and

evidenced by the Certificates. Moneys in each Principal Account shall be withdrawn and used by the Trustee for the purpose of paying principal with respect to the Certificates, as and when due and payable.

(c) *Prepayment Fund.* The Trustee, on the prepayment date specified in the Written Request of the County filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Facility Lease, shall deposit in the Prepayment Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Monies in the Prepayment Fund shall be used and withdrawn by the Trustee for the purpose of paying the principal, premium, if any, and interest represented by the Certificates to be prepaid.

Application of Insurance Proceeds and Condemnation Awards. The Trustee shall not be responsible for the sufficiency of any insurance required by the Facility Lease and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the County or the Corporation. Delivery to the Trustee of the schedule of insurance policies under the Facility Lease shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies.

Except as provided in the Trust Agreement, in the event of any damage to or destruction of any part of the Leased Property, caused by the perils covered by the policies of insurance required to be maintained by the County pursuant to the Facility Lease as summarized herein under the caption "FACILITY LEASE – Maintenance; Taxes; Insurance and Other Charges – Insurance," the County and the Corporation shall cause the proceeds of such insurance (other than rental interruption insurance which is to be placed in the Base Rental Payment Fund) to be used in accordance with the Facility Lease as summarized herein under the caption "FACILITY LEASE – Damage, Destruction, Title Defect and Condemnation – Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds." The Trustee shall hold said proceeds in a separate fund to be established and maintained under the Trust Agreement by the Trustee and designated the "Insurance Proceeds and Condemnation Awards Fund." The Trustee shall only make disbursements from the Insurance Proceeds and Condemnation Awards Fund upon receipt of a Written Request of the County on behalf of the Corporation which (i) states with respect to each disbursement to be made: (A) the requisition number, (B) the name and address of the person, firm or authority to whom payment is due, (C) the amount to be disbursed, and (D) that each obligation therein has been properly incurred for the purpose of repair, reconstruction or replacement of the Leased Property to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds and is a proper charge against the Insurance Proceeds and Condemnation Awards Fund and has not been the basis of any previous disbursement; (ii) specifies in reasonable detail the nature of the obligation; and (iii) is accompanied by a bill or statement of account for each obligation. Any balance of said proceeds not required for such repair, reconstruction or replacement as evidenced by a Certificate of the County to the effect that such repair, reconstruction or replacement has been completed and all amounts owing therefor have been paid or provision for the payment therefor has been made shall be transferred by the Trustee to Prepayment Fund and applied in the manner provided by the Trust Agreement as described in this Official Statement under the caption "THE SERIES 2025 CERTIFICATES – Prepayment – Extraordinary Prepayment" from the net proceeds of any insurance or condemnation award with respect to the Leased Property or portions thereof. Alternatively, the County, at its option, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to prepay all Outstanding Certificates, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property and thereupon shall cause said proceeds to be transferred to the Prepayment Fund and used for the prepayment of Outstanding Certificates pursuant to the Trust Agreement as described in this Official Statement under the caption "THE SERIES 2025 CERTIFICATES – Prepayment – Extraordinary Prepayment" from the net proceeds of any insurance or

condemnation award with respect to the Leased Property or portions thereof; provided, that if the County elects to so prepay the Outstanding Certificates, then the County shall make said election within 45 days after the damage to or destruction of the Leased Property. Notwithstanding any other provision in the Trust Agreement, the County shall only prepay less than all of the Outstanding Certificates if the annual fair rental value of the Leased Property after such damage, destruction or condemnation is at least equal to the aggregate annual amount of principal and interest represented by the Outstanding Certificates not being prepaid.

Any proceeds of any insurance (other than rental interruption insurance which is to be placed in the Base Rental Payment Fund), including the proceeds of any self-insurance remaining after the portion of the Leased Property which was damaged or destroyed is restored to and made available to the County in substantially the same condition and annual fair rental value as that which existed prior to the damage or destruction, or the prepayment of Certificates, each as determined and applied in accordance with the Facility Lease as summarized herein under the caption "FACILITY LEASE – Damage, Destruction, Title Defect and Condemnation – Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds," shall be remitted to the County and used for any lawful purpose thereof, if there is first delivered to the Trustee a Written Certificate of the County to the effect that the annual fair rental value of the Leased Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Facility Lease in the then current Lease Year or any subsequent Lease Year and the fair replacement value of the Leased Property after such damage or destruction is at least equal to the sum of the then unpaid principal components of Base Rental Payments.

The proceeds of any award in eminent domain shall be transferred by the County to the Trustee for deposit in the Prepayment Fund and applied to the prepayment of Outstanding Certificates pursuant to the Trust Agreement as described in this Official Statement under the caption "THE SERIES 2025 CERTIFICATES – Prepayment – Extraordinary Prepayment."

Title Insurance. Proceeds of any policy of title insurance received by the County, the Corporation or the Trustee in respect of the Leased Property shall be applied and disbursed by the County, the Corporation or the Trustee as follows:

(a) If the County determines that the title defect giving rise to such proceeds has not materially affected the operation of the Leased Property and will not result in an abatement of Base Rental Payments payable by the County under the Facility Lease, such proceeds shall be deposited first in the Excess Earnings Account to the extent the amount on deposit therein is less than the Rebate Requirement, then in the Administrative Expense Fund to the extent needed to pay reasonable and necessary operating expenses of the County with respect to the Certificates, and thereafter amounts not required to be so deposited shall be remitted to the County and used for any lawful purpose thereof; or

(b) If any portion of the Leased Property has been affected by such title defect, and if the County determines that such title defect will result in an abatement of Base Rental Payments payable by the County under the Facility Lease, then the County, the Corporation or the Trustee shall immediately deposit such proceeds in the Prepayment Fund and such proceeds shall be applied to the prepayment of Certificates in the manner provided in the Trust Agreement as described in this Official Statement under the caption "THE SERIES 2025 CERTIFICATES – Prepayment – Extraordinary Prepayment."

## **Covenants**

Compliance with Trust Agreement. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions of the Trust Agreement, and neither of the County or the Corporation will suffer or permit any default by them to occur under the Trust Agreement,

but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms of the Trust Agreement required to be complied with, kept, observed and performed by them.

Compliance with Site Lease and Facility Lease. The County and the Corporation will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Site Lease and the Facility Lease required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Site Lease and the Facility Lease against the other party thereto in accordance with their respective terms.

Observance of Laws and Regulations. The Trustee, the County and the Corporation will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Other Liens. The County will keep the Leased Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, other than Permitted Encumbrances (with respect to the Leased Property, as such term is defined in the Facility Lease) and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Leased Property, and the Trustee at its option (after first giving the County ten days' written notice to comply therewith and failure of the County to take any necessary steps to defend against or to so comply within such ten-day period) may defend against any and all actions or proceedings in which the validity of the Trust Agreement is or might be questioned, or may pay or compromise any claim or demand asserted in any such actions or proceedings; *provided, however*, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the County from liability for or on account of any of its agreements and covenants contained in the Trust Agreement, or from its liability under the Trust Agreement to defend the validity of the Trust Agreement and to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

So long as any Certificates are Outstanding, neither the County nor the Corporation will create or suffer to be created any pledge of or lien on the Base Rental Payments other than as provided or permitted under the Trust Agreement as summarized herein under the caption "TRUST AGREEMENT – Rental Payments, Deposits and Reserve Fund – Pledge of Base Rental Payments and Additional Payments; Base Rental Payment Fund."

Prosecution and Defense of Suits. The County will promptly take such action from time to time as may be necessary or proper, in its reasonable discretion, to remedy or cure any known cloud upon or defect in the title to the Leased Property or any portion thereof, whether now existing or hereafter developing, and will prosecute all actions, suits or other proceedings as may be appropriate for such purpose.

Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions made by it relating to the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records shall be available for inspection by the County or the Corporation at reasonable hours, under reasonable conditions and with reasonable notice.

Recordation and Filing. The Corporation will record, or cause to be recorded, with the appropriate county recorder, the Site Lease, Facility Lease, and Assignment Agreement or memoranda thereof.

Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the County and the Corporation will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by the Trust Agreement or by the Assignment Agreement, the Facility Lease or the Site Lease under their respective terms.

Excess Earnings Account of the Earnings Fund; Tax Covenants. The County shall establish and maintain with the Trustee an account separate from any other fund or account established and maintained under the Trust Agreement designated as the "Excess Earnings Account." There shall be deposited in the Excess Earnings Account such amounts set forth in a written direction from the County to the Trustee as the County determines are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Excess Earnings Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. The Trustee shall disburse such funds upon receipt of written direction from the County. Notwithstanding defeasance of the Certificates pursuant to the Trust Agreement or anything to the contrary contained in the Trust Agreement, all amounts required to be deposited into or on deposit in the Excess Earnings Account shall be governed exclusively by the provisions of the Trust Agreement as summarized under this heading and by the Tax Certificate (which is incorporated in the Trust Agreement by reference). The Trustee shall have no duty or obligation to monitor the compliance by the County with the requirements of the Tax Certificate and shall be determined to have complied with its obligations with respect to the Excess Earnings Account if it follows the written directions of the County.

Any funds remaining in the Excess Earnings Account after payment in full of all of the interest and principal represented by all Outstanding Certificates and after payment of any amounts described in the provisions of the Trust Agreement as summarized under this heading, shall be transferred to the County to be used for any lawful purpose.

Continuing Disclosure. The County covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Trust Agreement, failure of the County to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of the Purchaser or the Owners of at least 25% aggregate principal amount of Outstanding Certificates, shall) or any Owner or Beneficial Owner of Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under the Trust Agreement as summarized in this paragraph; *provided*, that the Trustee shall only be required to take an action under the Trust Agreement as summarized in this paragraph to the extent funds have been provided to it or it has been otherwise indemnified to its reasonable satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys.

## **Default and Limitations of Liability**

Events of Default. The following events shall be Events of Default:

- (a) default in the due and punctual payment of the principal or premium, if any, on or evidenced by any Certificate when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for prepayment, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on or evidenced by any Certificate when and as such interest installment shall become due and payable;

(c) default by the County in the observance of any of the covenants, agreements or conditions on its part in the Trust Agreement contained, if such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the County and the Corporation by the Trustee, or to the County, the Corporation and the Trustee by the Owners of not less than 25% in aggregate principal amount represented by the Certificates at the time Outstanding; *provided, however*, that if such default can be remedied but not within such 30-day period and if the County has taken all action reasonably possible to remedy such default within such 30-day period, such default shall not become an Event of Default for so long as the County shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time reasonably established by the Trustee; or

(d) an event of default shall have occurred and be continuing under the Facility Lease.

Action on Default. In each and every case during the continuance of an Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount represented by the Certificates at the time Outstanding (subject to the provisions of the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Default and Limitations of Liability – Limitation on Suits”) shall be entitled, upon notice in writing to the County and the Corporation to exercise any of the remedies granted to the County under the Site Lease, to the Corporation under the Facility Lease, and in addition, to take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by the Trust Agreement or by the Certificates, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the applicable remedies set forth in the Trust Agreement as summarized in subsections (a), (b) or (c) directly below.

Other Remedies of the Trustee. The Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the County, the Corporation or any director, officer or employee thereof, and to compel the County or the Corporation or any such director, officer or employee to perform or carry out their duties under law and the agreements and covenants required to be performed by them contained in the Trust Agreement;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default under the Trust Agreement to require the County and the Corporation to account as the trustee of an express trust.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by the Trust

Agreement may be enforced and exercised from time to time and as often the Trustee shall deem expedient.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner or Owners, then subject to any adverse determination, the Trustee or such Owner or Owners and the County and the Corporation shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee in the Trust Agreement is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Trust Agreement, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No Liability by the Corporation or the County to the Owners. Except as expressly provided in the Trust Agreement, the Corporation shall have no obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of the other agreements and covenants required to be performed by it contained in the Facility Lease or in the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

No Liability by the County to the Owners. Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Facility Lease or in the Trust Agreement, the County shall not have any obligation or liability to the Owners with respect to the Trust Agreement or the preparation, execution, delivery or transfer of the Certificates or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

No Liability by the Trustee to the Owners. Except as expressly provided in the Trust Agreement, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County or the Corporation of the other agreements and covenants required to be performed by them, respectively contained in the Site Lease or the Facility Lease or in the Trust Agreement.

Application of Amounts After Default. Notwithstanding anything to the contrary contained in the Trust Agreement, after a default by the County, all funds and accounts held by the Trustee and all payments received by the Trustee with respect to the rental of the Leased Property after a default by the County pursuant to the Facility Lease as summarized herein under the caption "FACILITY LEASE – Default and Remedies – Default," and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under the Facility Lease as summarized herein under the caption "FACILITY LEASE – Default and Remedies – Default," shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied:

(a) to the payment of all amounts due the Trustee under the Trust Agreement as summarized herein under the caption "TRUST AGREEMENT – The Trustee – Compensation and Indemnification of the Trustee"; and

(b) to the payment of all amounts then due as interest with respect to the Certificates, and thereafter to the payment of all amounts due as principal with respect to the Certificates, in

respect of which or for the benefit of which, money has been collected (other than Certificates which have matured or otherwise become payable prior to such Event of Default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts due and payable with respect to such Certificates.

Trustee May Enforce Claims Without Possession of Certificates. All rights of action and claims under the Trust Agreement or the Certificates may be prosecuted and enforced by the Trustee without the possession of any of the Certificates or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Certificates in respect of which such judgment has been recovered.

Limitation on Suits. No Owner of any Certificate shall have any right to institute any proceeding, judicial or otherwise, with respect to the Trust Agreement, or for the appointment of a receiver or trustee, or for any other remedy under the Trust Agreement, unless such Owner has previously given written notice to the Trustee of a continuing Event of Default; the Owners of not less than 25% in principal amount of the Outstanding Certificates shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Trust Agreement; such Owner or Owners have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in principal amount of the Outstanding Certificates; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Trust Agreement to affect, disturb or prejudice the rights of any other Owner of Certificates, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under the Trust Agreement, except in the manner provided in the Trust Agreement and for the equal and ratable benefit of all the Owners of Certificates. Nothing in the Trust Agreement contained shall, however, affect or impair the right of any Owner to enforce the payment of the principal component of or the prepayment price of and the interest component of the Base Rental Payments represented by any Certificates at and after the maturity or earlier prepayment.

## **The Trustee**

Employment of the Trustee. The County and the Corporation appoint and employ the Trustee to receive, deposit and disburse the Rental Payments, to prepare, execute, deliver and transfer the Certificates and to perform the other functions contained in the Trust Agreement; all in the manner provided in the Trust Agreement and subject to the conditions and terms of the Trust Agreement. By executing and delivering the Trust Agreement, the Trustee accepts the appointment and employment referred to in the Trust Agreement and accepts the rights and obligations of the Trustee provided in the Trust Agreement, subject to the conditions and terms of the Trust Agreement. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement, and no implied covenants or obligations shall be read into the Trust Agreement against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs.

Duties, Removal and Resignation of the Trustee. The County and the Corporation may, by an instrument in writing and upon 30 days written notice remove the Trustee initially a party to the Trust Agreement and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Trust Agreement and any successor

thereto if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority in aggregate principal amount represented by the Certificates at the time Outstanding (or their attorneys duly authorized in writing), but any such successor Trustee shall be a bank with trust powers or trust company doing business and having a principal corporate trust office in California or New York, having (or if such bank or trust company is a member of a bank holding company system, its bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the County, the Corporation and by mailing notice, first class, postage prepaid, of such resignation to the Owners at their addresses appearing on the books required to be kept by the Trustee pursuant to the provisions of the Trust Agreement. Upon receiving such notice of resignation, the County and the Corporation shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the County and the Corporation do not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the County, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

Compensation and Indemnification of the Trustee. The County shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered under the Trust Agreement and reimburse the Trustee for all its advances and expenditures under the Trust Agreement, including but not limited to payments, advances to and fees and expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations under the Trust Agreement; *provided, however*, that the Trustee shall not have any lien for such compensation or reimbursement against any moneys held by it in any of the funds or accounts established under the Trust Agreement or under the Facility Lease (except that such compensation or reimbursement may be made from the Costs of Issuance Fund to the extent provided in the Trust Agreement or as provided in the Trust Agreement as summarized herein under the caption "TRUST AGREEMENT – Default and Limitations of Liability – Application of Amounts After Default"). The Trustee may take whatever legal actions are lawfully available to it directly against the County or the Corporation. The rights of the Trustee under the Trust Agreement are in addition to the rights granted to the Trustee pursuant to the Facility Lease as summarized herein under the caption "TRUST AGREEMENT – Assignment and Indemnification – Indemnification."

Except as otherwise expressly provided in the Trust Agreement, no provision of the Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement or in the exercise of any of its rights or powers under the Trust Agreement.

The County covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties under the Trust Agreement, including the costs of expenses of defending against any claim of liability including, without limitation, any claim arising out of the use, presence, storage, disposal or release of any Hazardous Substances on or about the Leased Property, but excluding any and all losses, expenses and liabilities which are due to the negligence

or intentional misconduct of the Trustee, its officers, directors, agents or employees. Such indemnity shall survive the discharge of the Trust Agreement or the resignation or removal of the Trustee.

Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, opinion, notice, request, requisition, resolution, direction, instruction, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of the Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at the request of any such person unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request or direction of any of the Owners of the Certificates pursuant to the Trust Agreement, unless such Owners shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee, against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the County or the Corporation, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it under the Trust Agreement in good faith in accordance therewith. If requested by the County, counsel to the Trustee shall be of recognized national standing in the field of law relating to municipal bonds.

The Trustee shall not be responsible for the sufficiency or adequacy of the Certificates, the Site Lease, the Facility Lease, or of the assignment made to it by the Assignment Agreement, or for statements made in the preliminary or final official statement relating to the Certificates, or of the title to or value of the Leased Property.

The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default under the Trust Agreement or an Event of Default under the Trust Agreement, except failure of any of the payments to be made to the Trustee required to be made under the Trust Agreement unless the Trustee shall be specifically notified in writing of such default or Event of Default by the County, the Corporation or by the Owners of not less than 25% in aggregate principal amount represented by the Certificates then Outstanding.

Whenever in the administration of its rights and obligations under the Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Trust Agreement) may be deemed to be conclusively proved and established by a Certificate of the County, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Certificates and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Trust Agreement. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the County or the Corporation, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Corporation or the County as freely as if it were not the Trustee under the Trust Agreement.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers of the Trust Agreement and perform any rights and obligations required of it under the Trust Agreement by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations under the Trust Agreement, and the Trustee shall not be answerable for the default or misconduct of any such agent, attorney or receiver selected by it with reasonable care. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers under the Trust Agreement or for anything whatsoever in connection with the funds established under the Trust Agreement, except only for its own willful misconduct or negligence.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority (or other percentage provided for in the Trust Agreement) in aggregate principal amount represented by the Certificates at the time Outstanding relating to the exercise of any right or remedy available to the Trustee under the Trust Agreement.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County of the Leased Property. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Facility Lease, the Site Lease or the Trust Agreement for the existence, furnishing or use of the Leased Property.

Every provision of the Trust Agreement, the Site Lease, the Facility Lease and the Assignment Agreement relating to the conduct or liability of the Trustee shall be subject to the provisions of the Trust Agreement.

In acting as Trustee under the Trust Agreement, the Trustee acts solely in its capacity as Trustee for the Owners and not in its individual or personal capacity, and all persons, including without limitation, the Owners, the County and the Corporation, having any claim against the Trustee shall look only to the funds and accounts held by the Trustee under the Trust Agreement for payment, except as otherwise specifically provided in the Trust Agreement. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

The recitals of facts, covenants and agreements in the Trust Agreement and in the Certificates shall be taken as statements, covenants and agreements of the County or the Corporation, as the case may be, and the Trustee assumes no responsibility for the correctness of the same.

### **Amendment of or Supplement to Trust Agreement**

Amendment or Supplement. The Trust Agreement and the rights and obligations of the County, the Corporation, the Owners and the Trustee under the Trust Agreement may be amended or supplemented at any time by an amendment of the Trust Agreement or supplement to the Trust Agreement which shall become binding when the written consents of the Owners of a majority in aggregate principal amount represented by the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement as summarized herein under the caption "TRUST AGREEMENT – Amendment of or Supplement to Trust Agreement – Disqualified Certificates," are filed with the Trustee. No such amendment or supplement shall (1) extend the Principal Payment Date of any Certificate or reduce the rate of interest represented thereby or extend the time of payment of such interest or reduce the amount of principal represented thereby without the prior written consent of the Owner of

each Certificate so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment of the Trust Agreement or supplement to the Trust Agreement without the prior written consent of the Owners of all Certificates then Outstanding, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto, or (4) amend the provisions of the Trust Agreement as summarized herein under the above caption “Amendment of or Supplement to Trust Agreement” without the prior written consent of the Owners of all Certificates then Outstanding.

The Trust Agreement and the rights and obligations of the County, the Corporation, the Owners and the Trustee under the Trust Agreement may also be amended or supplemented at any time by an amendment of the Trust Agreement or supplement to the Trust Agreement which shall become binding upon execution, but without the written consents of any Owners, but only to the extent permitted by law and after receipt of an unqualified approving Opinion of Counsel and only for any one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms required to be observed or performed in the Trust Agreement by the County or the Corporation, or to surrender any right or power reserved in the Trust Agreement to or conferred in the Trust Agreement on the County or the Corporation, and which in either case shall not materially adversely affect the interests of the Owners; or

(b) to provide for additional or substitute Leased Property as may be requested from time to time by the County in accordance with the Facility Lease; or

(c) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement which the County or the Corporation may deem desirable or necessary and not inconsistent with the Trust Agreement, and which shall not materially adversely affect the interests of the Owners; or

(d) for any other reason, provided such amendment or supplement does not materially adversely affect the interests of the Owners, provided further that the County, the Corporation and the Trustee may rely in entering into any such amendment or supplement upon an Opinion of Counsel stating that the requirements as summarized in this paragraph (d) have been met with respect to such amendment or supplement.

Disqualified Certificates. Certificates actually known by the Trustee to be owned or held by or for the account of the County (but excluding Certificates held in any pension or retirement fund of the County) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided in the Trust Agreement, and shall not be entitled to consent to or take any other action provided in the Trust Agreement as summarized herein under the caption “TRUST AGREEMENT – Amendment of or Supplement to Trust Agreement,” and the Trustee may adopt appropriate regulations to require each Owner, before their consent provided for in the Trust Agreement shall be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified as provided in the Trust Agreement as summarized in this paragraph.

Endorsement or Replacement of Certificates After Amendment or Supplement. After the effective date of any action taken as provided in the Trust Agreement, the Trustee may determine that the Certificates may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Certificates and presentation of such Certificates for such purpose at the Principal Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Certificates. If the Trustee shall receive an Opinion of Counsel advising that new Certificates modified to conform to such action are necessary, modified Certificates shall be

prepared, and in that case upon demand of the Owner of any Outstanding Certificates such new Certificates shall be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Owner for Certificates then Outstanding upon surrender of such Outstanding Certificates.

Amendment by Mutual Consent. The amendment provisions of the Trust Agreement shall not prevent any Owner from accepting any amendment as to the particular Certificates owned by it, provided that due notation thereof is made on such Certificates.

Opinion of Counsel. In executing any amendment or supplement to the Trust Agreement, the Trustee may conclusively rely upon an Opinion of Counsel to the effect that all conditions precedent for the execution of an amendment or supplement to the Trust Agreement have been satisfied.

## **Defeasance**

Discharge of Certificates and Trust Agreement. (a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the interest and principal represented thereby at the times and in the manner stipulated therein, then such Owners shall cease to be entitled to the pledge, grant, lien on, and security interest in all right, title and interest of the amounts held in the funds and accounts established under the Trust Agreement, including the Base Rental Payment Fund, as provided in the Trust Agreement, and all agreements and covenants of the County, the Corporation and the Trustee to such Owners under the Trust Agreement shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Certificates shall, prior to the maturity or prepayment date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Trust Agreement as summarized under this caption "Defeasance" if (i) in case said Certificates are to be prepaid on any date prior to their maturity, the County shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, in accordance with the provisions of the Trust Agreement, notice of prepayment of such Certificates on said prepayment date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities which are not callable or subject to prepayment prior to their respective maturity dates, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as verified by a report of an independent certified public accountant or other independent financial consultant), to pay when due the principal or prepayment price (if applicable) of, and interest due and to become due on, said Certificates on and prior to the prepayment date or maturity date thereof, as the case may be, and (iii) in the event any of said Certificates are not to be prepaid within the next succeeding 60 days, the County shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of prepayment is mailed pursuant to the Trust Agreement, a notice to the Owners of such Certificates and to the securities depositories and information services specified in the Trust Agreement that the deposit required by (ii) above has been made with the Trustee and that said Certificates are deemed to have been paid in accordance with this subsection (b) and stating such maturity or prepayment dates upon which moneys are to be available for the payment of the principal or prepayment price (if applicable) of said Certificates. Neither the securities nor moneys deposited with the Trustee pursuant to this subsection (b) nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or prepayment price (if applicable) of, and interest on or evidenced by said Certificates; provided that Defeasance Securities deposited with the Trustee pursuant to this subsection (b) may be sold upon the written request of the County and the proceeds concurrently reinvested in other Defeasance Securities which satisfy the conditions of (ii) above provided that the Trustee receives an Opinion of Counsel to the effect that such sale and reinvestment does not adversely affect the exclusion of interest evidenced by the Certificates from federal income taxes, and provided further that any cash

received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, and at the direction of the County, be reinvested in Defeasance Securities maturing at times and in amounts, together with the other moneys and payments with respect to securities then held by the Trustee pursuant to this section, sufficient to pay when due the principal or prepayment price (if applicable) of, and interest to become due with respect to said Certificates on and prior to such prepayment date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Request of the County, be paid over to the County, as received by the Trustee, free and clear of any trust, lien or pledge. Nothing in this paragraph shall preclude prepayments pursuant to the Trust Agreement.

Any release under the Trust Agreement as summarized in this subsection (b) shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it under the Trust Agreement and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts by the Trust Agreement created and the performance of its powers and duties under the Trust Agreement; provided however, that the Trustee shall have no right, title or interest in, or lien on, any moneys or securities deposited pursuant to the Trust Agreement as summarized herein under the caption "TRUST AGREEMENT – Defeasance."

(c) After the payment or deemed payment of all the interest and principal represented by all Outstanding Certificates as provided in the Trust Agreement, the Trustee shall execute and deliver to the Corporation and the County all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the Trust Agreement, and the Trustee shall pay over or deliver to the County all moneys or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest and principal represented by such Certificates. Notwithstanding the discharge and satisfaction of the Trust Agreement, Owners of Certificates shall thereafter be entitled to payments due under the Certificates pursuant to the Facility Lease, but only from amounts deposited pursuant to the Trust Agreement as summarized in paragraph (a) immediately above and from no other source.

Unclaimed Moneys. Anything contained in the Trust Agreement to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the interest or principal and premium, if any, represented by any of the Certificates which remain unclaimed for two years after the date when the payments represented by such Certificates have become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when the interest and principal, and premium, if any, represented by such Certificates have become payable, shall be repaid by the Trustee to the County as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the County for the payment of the interest and principal and premium, if any, represented by such Certificates; *provided, however*, that before being required to make any such payment to the County, the Trustee shall mail a notice to the Owner that such unclaimed funds shall be returned to the County within 30 days.

## **Miscellaneous**

Benefits of Trust Agreement Limited to Parties. Nothing contained in the Trust Agreement, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity other than the County, the Corporation, the Trustee and the Owners, any right, remedy or claim under or by reason of the Trust Agreement or any covenant, condition or stipulation of the Trust Agreement, and all covenants, stipulations, promises and agreements in the Trust Agreement contained by and on behalf of the County or the Corporation shall be for the sole and exclusive benefit of the County, the Corporation, the Trustee and the Owners.

Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required in the Trust Agreement to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or their attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to them the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Certificate and the amount, payment date, number and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of the Trust Agreement.

Any declaration, consent, request or other instrument in writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the County, the Corporation or the Trustee in good faith and in accordance therewith.

Waiver of Personal Liability. Notwithstanding anything contained in the Trust Agreement to the contrary, no member, officer, employee or agent of the County, the Corporation or the Trustee shall be individually or personally liable for the payment of any moneys, including without limitation, the interest or principal represented by the Certificates, but nothing contained in the Trust Agreement shall relieve any member, officer, employee or agent of the County from the performance of any official duty provided by any applicable provisions of law or by the Site Lease, the Facility Lease or the Trust Agreement.

Acquisition of Certificates by County. All Certificates acquired by the County, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Content of Certificates. Every Certificate of the County or Corporation with respect to compliance with any agreement, condition, covenant or term contained in the Trust Agreement shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or term and the definitions in the Trust Agreement relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of the County or the Corporation may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon information with respect to which is in the possession of the County upon a representation by an officer or officers of the County, unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which their opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Funds. Any fund required to be established and maintained in the Trust Agreement by the County or the Trustee may be established and maintained in the accounting records of the County or the

Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Certificates then Outstanding and the rights of the Owners. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations under the Trust Agreement.

The County and the Trustee may commingle any of the moneys held by it under the Trust Agreement for investment purposes only; *provided, however*, that the County and the Trustee shall account separately for the moneys in each fund or account established pursuant to the Trust Agreement.

Investments. Any moneys held by the Trustee in the funds and accounts established under the Trust Agreement shall be invested by the Trustee upon the written request of the County Treasurer or the Chief Investment Officer of the County only in Permitted Investments. In the absence of such direction, moneys shall be invested by the Trustee solely in Permitted Investments set forth in clause (6) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the County specifying a specific money market fund that satisfies the requirements of said paragraph in which such investment is to be made and, if no such Written Request of the County is so received, the Trustee shall hold such moneys uninvested. Subject to the provisions of the Trust Agreement as summarized herein under the caption "TRUST AGREEMENT – Covenants – Excess Earnings Account of the Earnings Fund; Tax Covenants," any interest or profits received with respect to investments held in any of the funds or accounts established under the Trust Agreement (other than the Excess Earnings Account) shall be transferred and deposited into the Investment Earnings Account.

Investments (except investment agreements) in any fund or account established under the Trust Agreement shall be valued, exclusive of accrued interest not less often than annually nor more often than monthly. All investments of amounts deposited in any fund or account established under the Trust Agreement shall be valued at the market value thereof. For purposes of determining the amount on deposit in any fund or account under the Trust Agreement, all investments shall be valued annually at the amortized cost thereof (exclusive of accrued but unpaid interest, but inclusive of commissions). Any Permitted Investments that are registrable securities shall be registered in the name of the Trustee, as trustee under the Trust Agreement.

The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with the Trust Agreement. The Trustee shall sell or present for prepayment any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for prepayment.

The Trustee may make any investments under the Trust Agreement through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manage in connection with any investments made by the Trustee under the Trust Agreement. The Trustee or an affiliate thereof may act as principal or agent in the acquisition or disposition of any such Permitted Investment and shall be entitled to a customary and reasonable fee therefor.

The County or the Corporation acknowledges that to the extent that regulations of the Comptroller of the Currency grant the County or the Corporation the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, to the extent permitted by law, the County or the Corporation specifically waives receipt of such confirmations. The Trustee shall

furnish the County or the Corporation periodic transaction statements that include detail for all investment transactions made by the Trustee under the Trust Agreement.

California Law. The Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

## **APPENDIX D**

### **BOOK-ENTRY SYSTEM**

THE INFORMATION IN THIS APPENDIX D CONCERNING THE DEPOSITORY TRUST COMPANY, JERSEY CITY, NEW JERSEY AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY, THE CORPORATION AND THE INITIAL PURCHASER BELIEVE TO BE RELIABLE, BUT THE COUNTY, THE CORPORATION AND THE INITIAL PURCHASER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”) will act as securities depository for the Series 2025 Certificates. The Series 2025 Certificates will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be executed and delivered for each maturity of the Series 2025 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information set forth on such website is not incorporated by reference into this Official Statement.

Purchases of the Series 2025 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Certificates on DTC’s records. The ownership interest of each actual purchaser of each Series 2025 Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Certificates, except in the event that use of the book-entry system for the Series 2025 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2025 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The County and the Corporation will not have any responsibility or obligation to such Direct Participants and Indirect Participants or the persons for whom they act as nominees with respect to the Series 2025 Certificates. Beneficial Owners of the Series 2025 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Trust Agreement and the Facility Lease. For example, Beneficial Owners of the Series 2025 Certificates may wish to ascertain that the nominee holding the Series 2025 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2025 Certificates of a particular maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2025 Certificates of such maturity to be prepaid. None of the Corporation, the County or the Trustee can provide any assurance that DTC, the Direct Participants or the Indirect Participants will allocate prepayments of the Series 2025 Certificates of a particular maturity among Beneficial Owners on such a proportional basis.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds, distributions, and dividend payments on the Series 2025 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory, or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE CORPORATION, THE COUNTY AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2025 CERTIFICATES (i) PAYMENTS OF PRINCIPAL AND INTEREST EVIDENCED BY THE SERIES 2025 CERTIFICATES, (ii) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2025 CERTIFICATES OR (iii) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2025 CERTIFICATES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NONE OF THE COUNTY, THE CORPORATION OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR INTEREST EVIDENCED BY THE SERIES 2025 CERTIFICATES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE TRUST AGREEMENT; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2025 CERTIFICATES.

DTC may discontinue providing its services as depository with respect to the Series 2025 Certificates at any time by giving reasonable notice to the County, the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2025 Certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2025 Certificates will be printed and delivered to DTC.

The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County and the Corporation believe to be reliable, but the County and the Corporation take no responsibility for the accuracy thereof.

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**APPENDIX E**

**FORM OF SPECIAL COUNSEL OPINION**

*Upon execution and delivery of the Series 2025 Certificates, Orrick, Herrington & Sutcliffe LLP, Special Counsel, proposes to render its final approving opinion with respect to the Series 2025 Certificates in substantially the following form:*

[Date of Delivery]

County of San Diego  
San Diego, California

County of San Diego  
Refunding Certificates of Participation  
Series 2025 (County Operations Center)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as special counsel to the County of San Diego (the “County”) in connection with the execution and delivery of County of San Diego Refunding Certificates of Participation, Series 2025 (County Operations Center) evidencing principal in the aggregate amount of \$54,760,000 (the “Series 2025 Certificates”), executed and delivered pursuant to the trust agreement, dated as of July 1, 2025 (the “Trust Agreement”), by and among Zions Bancorporation, National Association, as trustee (the “Trustee”), the County and the San Diego County Capital Asset Leasing Corporation (the “Corporation”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the site lease, dated as of July 1, 2025 (the “Site Lease”), by and between the County and the Corporation, the facility lease, dated as of July 1, 2025 (the “Facility Lease”), by and between the Corporation and the County, the assignment agreement, dated as of July 1, 2025 (the “Assignment Agreement”), by and between the Corporation and the Trustee, and the tax certificate, dated the date hereof (the “Tax Certificate”), executed by the County, opinions of counsel to the County, the Corporation and the Trustee, certificates of the County, the Corporation, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2025 Certificates on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2025 Certificates on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2025 Certificates has concluded with their execution and delivery, and we disclaim any obligation to update this letter. We

have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the County and the Corporation and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Site Lease, the Facility Lease, the Assignment Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest evidenced by the Series 2025 Certificates to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2025 Certificates, the Trust Agreement, the Site Lease, the Facility Lease, the Assignment Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in the Site Lease or the Facility Lease or as subject to the lien of the Site Lease, the Facility Lease or the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2025 Certificates and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Trust Agreement, the Site Lease and the Facility Lease have been duly executed and delivered by, and constitute the valid and binding agreements of, the County and the Corporation.
2. Assuming due authorization, execution and delivery of the Trust Agreement and the Series 2025 Certificates by the Trustee, the Series 2025 Certificates are entitled to the benefits of the Trust Agreement.
3. The portion of each Base Rental Payment designated as and constituting interest paid by the County under the Facility Lease and received by the registered owners of the Series 2025 Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest evidenced by the Series 2025 Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest evidenced by the Series 2025 Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest evidenced by the Series 2025 Certificates.

Faithfully yours,

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the County of San Diego, California (the “County”) and acknowledged and agreed to by Digital Assurance Certification, L.L.C., as dissemination agent (the “Dissemination Agent”) in connection with the execution and delivery of its Refunding Certificates of Participation, Series 2025 (County Operations Center) (the “Series 2025 Certificates”). The Series 2025 Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of July 1, 2025 (the “Trust Agreement”), by and among Zions Bancorporation, National Association, as trustee, the County and the San Diego County Capital Asset Leasing Corporation. The County covenants and agrees as follows:

**Section 1.** Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Series 2025 Certificates and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**Section 2.** Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Certificates (including persons holding Series 2025 Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2025 Certificates for federal income tax purposes.

“CUSIP Numbers” shall mean the Committee on Uniform Security Identification Procedure’s unique identification number for each public issue of a security.

“Dissemination Agent” shall mean Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“Disclosure Counsel” shall mean an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the disclosure obligations under the Rule, duly admitted to the practice of law before the highest court of any state of the United States of America.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system, the current internet address of which is <http://emma.msrb.org>.

“Financial Obligation” shall mean “financial obligation” as defined in the Rule.

“Listed Events” shall mean any of the events listed in Section 6(b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

“Official Statement” shall mean the Official Statement dated July 8, 2025 with respect to the Series 2025 Certificates.

“Owner” shall mean either the registered owners of the Series 2025 Certificates, or if the Series 2025 Certificates are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Participating Underwriter” shall mean the original Purchaser of the Series 2025 Certificates required to comply with the Rule in connection with offering of the Series 2025 Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Section 3.** Transmission of Notices, Documents and Information. Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the EMMA System. All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB.

**Section 4.** Provision of Annual Reports. (a) The County shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the County’s fiscal year (currently ending June 30), commencing with the report for the 2024-25 fiscal year, provide to the MSRB through its EMMA System an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement. If the County’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 6(c).

(b) Not later than thirty (30) days (not more than sixty (60) days) prior to the date on which the Annual Report is to be provided pursuant to subsection (a), the Dissemination Agent shall give notice to the County that the Annual Report is so required to be filed in accordance with the terms of this Disclosure Agreement. Not later than fifteen (15) days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB through its EMMA System an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a timely notice of such fact to the MSRB through its EMMA System.

(c) The Dissemination Agent shall (i) determine each year prior to the date for providing the Annual Report to the EMMA System the date on which such Annual Report shall be due and notify the County of such date; and (ii) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was provided to the MSRB through the EMMA System.

**Section 5.** Content of Annual Reports. The County’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the County’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 4 hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the County, the Annual Report shall also include the following information provided in the Official Statement in the tables with the following headings in the Appendix A to the Official Statement for the most current fiscal year available:

Total County Employees

Assessment Appeals

Assessed Valuation of Property Subject to Ad Valorem Taxation

Ten Largest Taxpayers

Secured Tax Roll Statistics

County of San Diego General Fund Balance Sheet

County of San Diego General Fund Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund Adopted and Amended Budgets

Pension Plan Historical Funding Status and Employer Contributions

Historical Funding Status for Post-Retirement Healthcare Benefits

Payments for Post-Retirement Healthcare Benefits

County of San Diego Summary of Long-Term Bonded Obligations Payable from the General Fund

County of San Diego Summary of Outstanding Principal and Interest Payments Attributable to Long-Term Obligations Payable from the General Fund

An update of the financial and operating data relating solely to the County contained under the heading "SAN DIEGO COUNTY INVESTMENT POOL" in the Official Statement.

(c) It shall be sufficient for purposes of Section 4 hereof if the County provides annual financial information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, [www.emma.msrb.org](http://www.emma.msrb.org)) or (ii) filed with the Securities and Exchange Commission. The County shall clearly identify each such other document so included by reference. The provisions of this Section 5(c) shall not apply to notices of Listed Events pursuant to Section 6 hereof.

(d) The descriptions contained in clause (b) above of financial information and operating data constituting to be included in the Annual Report are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

**Section 6.** Reporting of Listed Events. (a) If a Listed Event occurs, the County shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, notice of such Listed Event to (i) the EMMA System of the MSRB and (ii) the Dissemination Agent.

(b) Pursuant to the provisions of this Section 6, the County shall give, or cause to be given, notice of the occurrence of any of the following events (each, a “Listed Event”) with respect to the Series 2025 Certificates:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) modifications to rights of Owners, if material;
- (iv) bond calls, if material and tender offers;
- (v) defeasances;
- (vi) rating changes;

(vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2025 Certificates, or other material events affecting the tax status of the Series 2025 Certificates;

(viii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(ix) unscheduled draws on the credit enhancements reflecting financial difficulties;

(x) release, substitution or sale of property securing repayment of the Series 2025 Certificates, if material;

(xi) bankruptcy, insolvency, receivership or similar event of the County (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County);

(xii) substitution of credit or liquidity providers, or their failure to perform;

(xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material;

(xv) incurrence of a Financial Obligation (as defined in the Rule) of the County, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security Owners, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

(c) If the County determines that a Listed Event has occurred, the County shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 3 hereof.

(d) If the Dissemination Agent has been instructed by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its EMMA System.

(e) Notwithstanding the foregoing, notice of Listed Events described in subsections (b)(iv) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Series 2025 Certificates pursuant to the Trust Agreement.

**Section 7.** CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Listed Events, the County shall indicate the full name of the Series 2025 Certificates and the 9-digit CUSIP numbers for the Series 2025 Certificates as to which the provided information relates.

**Section 8.** Termination of Reporting Obligation. (a) The County's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Series 2025 Certificates. If such termination occurs prior to the final maturity of the Series 2025 Certificates, the County shall give notice of such termination in the same manner as for a Listed Event under Section 6(c).

(b) This Disclosure Agreement, or any provision hereof, shall cease to be effective in the event that the County (1) delivers to the Dissemination Agent an opinion of Disclosure Counsel, addressed to the County and the Dissemination Agent, to the effect that those portions of the Rule which require this Disclosure Agreement, or such provision, as the case may be, do not or no longer apply to the Series 2025 Certificates, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

**Section 9.** Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. If at any time there is no designated Dissemination Agent appointed by the County, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the County shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent (other than the County) shall not be responsible in any manner for the content of any notice or report required to be delivered by the County pursuant to this Disclosure Agreement.

**Section 10.** Amendment; Waiver. (a) This Disclosure Agreement may be amended by the County without the consent of the Owners of the Series 2025 Certificates (except to the extent required under clause (a)(iv)(2) below), if all of the following conditions are satisfied:

(i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or

regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby;

(ii) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) the County shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the same effect as set forth in (a)(ii) above;

(iv) either (1) the County shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the effect that the amendment does not materially impair the interests of the Owners of the Series 2025 Certificates or (2) is approved by the Owners of the Series 2025 Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners; and

(v) the County shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 10(a) above, this Disclosure Agreement may be amended and any provision of this Disclosure Agreement may be waived, by written certificate of the County, without the consent of the Owners of the Series 2025 Certificates, if all of the following conditions are satisfied:

(i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Disclosure Agreement which is applicable to this Disclosure Agreement;

(ii) the County shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the County, to the effect that performance by the County under this Disclosure Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(iii) the County shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 11. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this

Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 12.** Default. In the event of a failure of the County to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners or Beneficial Owners of at least 25% of aggregate principal amount of the Series 2025 Certificates then outstanding, shall) or any Owners or Beneficial Owners of the Series 2025 Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Agreement; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of San Diego or in the U.S. District Court in the County of San Diego. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply with this Disclosure Agreement shall be an action to compel performance.

**Section 13.** Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2025 Certificates.

**Section 14.** Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Series 2025 Certificates, and shall create no rights in any other person or entity.

Dated: July 23, 2025

COUNTY OF SAN DIEGO

By: \_\_\_\_\_  
Authorized Signatory

ACKNOWLEDGED AND AGREED TO BY:

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,  
as Dissemination Agent

By: \_\_\_\_\_  
Dissemination Agent

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