County of San Diego

Annual Filing of Continuing Disclosure
Fiscal Year 2018-19

Relating to

$19,450,000 County of San Diego Certificate of Participation, Series 2019, Justice Facilities Refunding

$105,330,000 San Diego Regional Building Authority Lease Revenue Refunding Bonds,
(County Operations Center), Series 2016A

$93,750,000 County of San Diego Certificates of Participation, (Edgemoor and RCS Refunding)
Series 2014A and Series 2014B (Taxable)

$29,335,000 County of San Diego Certificates of Participation
(2012 Cedar and Kettner Development Project)

$32,665,000 County of San Diego Certificates of Participation
(2011 County Administration Center Waterfront Park)
and
$19,260,000 County of San Diego Certificates of Participation
(2011 MTS Tower Refunding)

Prepared by

County of San Diego
Finance and General Government Group
1600 Pacific Highway, Room 166 • San Diego, California 92101
(619) 531-5413

CUSIPs

Listed below are the CUSIPs for each outstanding maturity of the obligations referenced in this report.

$19,450,000 Justice Facilities Refunding, Series 2019

Maturity Date October 1	CUSIP Number	Maturity Date October 1	CUSIP Number
2020	7973912E8	2023	7973912H1
2021	7973912F5	2024	7973912J7
2022	7973912G3	2025	7973912K4

$105,330,000 County Operations Center Project Refunding LRBs, Series 2016A

Maturity Date October 15	CUSIP Number	Maturity Date October 15	CUSIP Number
2020	79730EEY2	2028	79730EFG0
2021	79730EEZ9	2029	79730EFH8
2022	79730EFA3	2030	79730EFJ4
2023	79730EFB1	2031	79730EFK1
2024	79730EFC9	2032	79730EFM7
2025	79730EFD7	2033	79730EFN5
2026	79730EFE5	2034	79730EFL9
2027	79730EFF2	2035	79730EFP0

$93,750,000 Edgemoor and RCS Refunding COPs, 2014 A & B

Maturity Date October 15	CUSIP Number	Maturity Date October 15	CUSIP Number
2020	797391Y86	2025	797391Z51
2021	797391Y94	2026	797391Z69
2022	797391Z28	2027	797391Z77
2023	797391Z36	2028	797391Z85
2024	797391Z44	2029	797391Z93

$29,335,000 Cedar and Kettner Development Project COPs, 2012

Maturity Date February 1	CUSIP Number	Maturity Date February 1	CUSIP Number
2020	797391W47	2028	797391X46
2021	797391W54	2029	797391X53
2022	797391W62	2030	797391X61
2023	797391W70	2031	797391X79
2024	797391W88	2032	797391X87
2025	797391W96	2037	797391X95
2026	797391X20	2042	797391Y29
2027	797391X38		

$32,665,000 County Administration Center Waterfront Park COPs, 2011

Maturity Date February 1	CUSIP Number	Maturity Date February 1	CUSIP Number
2020	797391T66	2027	797391U49
2021	797391T74	2028	797391U56
2022	797391T82; 797391V48	2029	797391U64
2023	797391V55	2030	797391U72
2024	797391T90	2031	797391U80
2025	797391U23	2036	797391U98
2026	797391U31	2042	797391V22

$19,260,000 MTS Tower Refunding COPs, 2011

Maturity Date November 1	CUSIP Number
2019	797391S67

Table of Contents

Section I Annual Report Certification

Section II County of San Diego Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019

Section III Updates on Certain Information Pursuant to the Continuing Disclosure Agreements

Section IIIA Continuing Disclosure Requirement Matrix

Section IIIB Select Pages of the County of San Diego Adopted Operational Plan for Fiscal Year 2019-20 & Fiscal Year 2020-21

Section IIIC Updates Pursuant to the Continuing Disclosure Agreements

1. Assessment Appeals
2. Assessed Valuation of Property Subject to Ad Valorem Taxation
3. Ten Largest Taxpayers
4. Secured Tax Roll Statistics
5. General Fund Balance Sheet
6. General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
7. Adopted (and Amended) General Fund Budget
8. Historical Funding Status and Employer Contributions
9. Transfers of Investment Earnings to Non-Valuation Reserves
10. Historical Funding Status for Post-Retirement Healthcare Benefits
11. Payments for Post-Retirement Health Care Benefits
12. Total County Employees
13. Summary of Long-Term Obligations Payable from the General Fund
14. Summary of Outstanding Long-Term Obligation Payments from the General Fund
15. San Diego County Investment Pool Update

Section IV Reporting of Enumerated Events

Section I:

ANNUAL REPORT CERTIFICATION

Annual Report Certification of the County of San Diego

Relating to

$19,450,000 County of San Diego Certificate of Participation, Series 2019, Justice Facilities Refunding

$105,330,000 San Diego Regional Building Authority Lease Revenue Refunding Bonds,
(2016 County Operations Center), Series 2016A

$93,750,000 County of San Diego Certificates of Participation, (2014 Edgemoor and RCS Refunding),
Series 2014A and Series 2014B (Taxable)

$29,335,000 County of San Diego Certificates of Participation
(2012 Cedar and Kettner Development Project)

$32,665,000 County of San Diego Certificates of Participation
(2011 County Administration Center Waterfront Park)

$19,260,000 County of San Diego Certificates of Participation
(2011 MTS Tower Refunding)

For the fiscal year ended June 30, 2019

The attached information is being provided by the County of San Diego (the "County") pursuant to Sections 3 (Provision of Annual Reports) and 4 (Content of Annual Report) of the Continuing Disclosure Agreement of the above issues.

The annual report is being submitted as separate documents comprising a single package. A matrix has been included to reference the location of the required information to be provided in the "Content of Annual Report," as per Sections 3 and 4 of the Continuing Disclosure Agreement.

Any subsequent statements regarding the above named issues, other than a statement made by Digital Assurance Certification, L.L.C. ("DAC") or the County of San Diego in an official release or subsequent notice or annual report, published in a financial newspaper or general circulation and/or filed with the Municipal Securities Rulemaking Board, are not authorized by the County. Neither the County nor DAC shall be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

THIS REPORT IS BEING FILED PURSUANT TO THE CONTINUING DISCLOSURE AGREEMENT AND DOES NOT PURPORT TO CONTAIN ALL MATERIAL INFORMATION WITH RESPECT TO THE HEREIN REFERENCED CERTIFICATES AND BONDS, OR THE FINANCIAL CONDITION OF THE COUNTY. NEITHER THE COUNTY NOR THE TRUSTEE HAS ANY OBLIGATION TO UPDATE THIS REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE CONTINUING DISCLOSURE AGREEMENT.

DATED: December 18, 2019

COUNTY OF SAN DIEGO

By: _____

TRACY M. SANDOVAL
Deputy Chief Administrative Officer / Chief Financial Officer

Section II:

COUNTY OF SAN DIEGO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

County of San Diego, California

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2019

Photo Credits

Front Cover
Anza Borrego Desert
San Diego California
Irina Sitnikova
Shutterstock.com

Title page
View of the San Diego skyline and the USS Midway Museum as seen from the Coronado Ferry
Gloria V Moeller
Shutterstock.com

County of San Diego, California

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2019

Board of Supervisors

Greg Cox	- District 1
Dianne Jacob	- District 2
Kristin Gaspar	- District 3
Nathan Fletcher	- District 4
Jim Desmond	- District 5

Helen N. Robbins-Meyer
Chief Administrative Officer
(CAO)

Donald F. Steuer
Assistant CAO/
Chief Operating Officer

Compiled under the direction of:
Tracy M. Sandoval
Deputy CAO/
Auditor & Controller

Introductory Section

Letter of Transmittal 1
GFOA Certificate of Achievement 19
Board of Supervisors 20
Organizational Chart 21
Other Elected and Appointed Officials 22

Financial Section

Independent Auditor's Report 23
Management's Discussion and Analysis 26
Basic Financial Statements 43
Government-wide Financial Statements:
Statement of Net Position 44
Statement of Activities 46
Fund Financial Statements:
Balance Sheet - Governmental Funds 48
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position 50
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 51
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities 52
Statement of Net Position - Proprietary Funds 53
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds 55
Statement of Cash Flows - Proprietary Funds 56
Statement of Fiduciary Net Position - Fiduciary Funds 57
Statement of Changes in Fiduciary Net Position - Fiduciary Funds 58
Contents - Notes to the Basic Financial Statements 59
Notes to the Basic Financial Statements 60
Required Supplementary Information 123
Pension Plan 124
OPEB Plan 125
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:
General Fund 127
Public Safety Fund 130
Tobacco Endowment Fund 131
Note to the Required Supplementary Information – Budgetary Information 132
Combining and Individual Fund Information and Other Supplementary Information 133
Combining Balance Sheet:
Nonmajor Governmental Funds 137
Special Revenue Funds 138
Debt Service Funds 142
Capital Projects Fund 143
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:
Nonmajor Governmental Funds 144
Special Revenue Funds 145
Debt Service Funds 149
Capital Projects Fund 150
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:
Air Pollution Fund 151
Asset Forfeiture Program Fund 152
Community Facilities District Funds - Other 153
County Library Fund 154
County Low and Moderate Income Housing Asset Fund 155
County Service District Funds 156
Edgemoor Development Fund 159

Flood Control District Fund 160
Harmony Grove Community Facilities District Fund 161
Housing Authority - Low and Moderate Income Housing Asset Fund 162
Housing Authority - Other Fund 163
In Home Supportive Services Public Authority Fund 164
Inactive Wastesites Fund 165
Inmate Welfare Program Fund 166
Lighting Maintenance District Fund 167
Other Special Revenue Funds 168
Park Land Dedication Fund 169
Road Fund 170
Combining Financial Statements – Nonmajor Enterprise Funds 171
Combining Statement of Net Position 172
Combining Statement of Revenues, Expenses, and Changes in Net Position 174
Combining Statement of Cash Flows 175
Combining Financial Statements – Internal Service Funds 177
Combining Statement of Net Position 178
Combining Statement of Revenues, Expenses, and Changes in Net Position 182
Combining Statement of Cash Flows 184
Combining Financial Statements – Agency Funds 187
Combining Statement of Changes in Assets and Liabilities 188

Statistical Section

Introduction 189
Net Position by Component 190
Changes in Net Position 191
Fund Balances - Governmental Funds 195
Changes in Fund Balances - Governmental Funds 196
Assessed Value of Taxable Property 198
Property Tax Rates - Direct and Overlapping Governments 199
Principal Property Taxpayers 200
Property Tax Levies and Collections 201
Ratios of Outstanding Debt by Type 202
Ratios of General Bonded Debt Outstanding 203
Legal Debt Margin Information 204
Pledged-Revenue Coverage 205
Demographic and Economic Statistics 206
Principal Employers 207
Full-time Equivalent County Government Employees by Function 208
Operating Indicators by Function 209
Capital Asset Statistics by Function 211

Introductory Section

County of San Diego

TRACY DRAGER
AUDITOR AND CONTROLLER
(858) 694-2176
FAX: (858) 694-2296

AUDITOR AND CONTROLLER
5530 OVERLAND AVE, SUITE 410, SAN DIEGO, CA 92123-1261

November 15, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the County of San Diego (County) for the fiscal year ended June 30, 2019, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

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

Macias Gini & O'Connell LLP, has issued an unmodified ("clean") opinion on the County of San Diego's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

County Profile

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

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

According to the State of California Department of Finance (DOF) as of May 2018, the County's population estimate for January 1, 2018 was 3.34 million, which grew 0.8 percent from 3.31 million as of the January 1, 2017 estimate. San Diego is the second largest county by population in California according to the DOF, and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau based on 2017 population estimates. There are 18 incorporated cities in the County; the City of San Diego being the largest, with a population of approximately 1.42 million; and

the City of Del Mar the smallest, at approximately 4,322 people, according to DOF population estimates as of January 1, 2018.

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

County Government, Economy and Outlook

County Government

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

The Board of Supervisors sets priorities and approves the County's two-year budget. The County may exercise its powers only through the Board of Supervisors or through agents and officers acting under the authority of the Board or authority conferred by law. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. All other non-elected 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 five business Groups (Community Services, Public Safety, the Health and Human Services Agency, Land Use and Environment, and Finance and General Government), each headed by a General Manager who reports to the CAO.

Economy and Outlook

U.S. Economy

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

Calendar year 2018 saw some growth in real GDP, closing the year with 2.9 percent annual growth over the previous year, compared to an increase of 2.2 percent seen in 2017, according to the U.S. Department of Commerce Bureau of Economic Analysis (BEA) (GDP Increases In Fourth Quarter, February 28, 2019, <https://www.bea.gov/system/files/2019-02/gdp4q18_ini_fax.pdf>, accessed on March 25, 2019). According to the BEA, "The increase in real GDP in 2018 reflected increases in consumer spending, business investment, exports, government spending, and inventory investment. These contributions were partly offset by a small decrease in housing investment. Imports increased." (ibid).

According to the minutes of the January 29-30, 2019 meeting of the Federal Open Market Committee (FOMC) of the Federal Reserve Board ("the Fed"), "growth in real GDP was solid in the fourth quarter of [2018], although the availability of data was more limited than usual because of the partial federal government shut-down that extended from December 22 to January 25," (February 20, 2019,

<https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20190130.pdf>, accessed on March 26, 2019, p. 16). "Real GDP growth was expected to slow but remain solid in the first half of [2019], with the effects of the partial federal government shutdown modestly restraining GDP growth in the first quarter and those effects being reversed in the second quarter. In the medium term, real GDP growth in 2019 was forecast to be at a rate above the staff's estimate of potential output growth, step down to the growth rate of potential output [in 2020] and then slow further to a pace below potential output growth in 2021," projected the FOMC (ibid).

Looking at 2018, "the U.S. economy [was] marked by strong fundamentals. Private residential investment, private non-residential investment and industrial production have all increased since at least 2016 on an annual basis… Personal consumption also rose again last year, continuing a trend since 2009. Over the long term, the S&P 500 remains at record levels…" explained the Institute for Applied Economics, Los Angeles County Economic Development Corporation (LAEDC) (Economic Forecast & Industry Outlook, February 20, 2019, <https://laedc.org/wp-content/uploads/2019/02/LAEDC - 2019 - Economic - Forecast - Report.pdf>, accessed on March 26, 2019, p. 3). The LAEDC continued, "The U.S. economy is predicted to grow steadily with 2.2 percent real GDP growth projected in 2019 and 2.4 percent in 2020 (ibid, p. 6).

Looking more critically at 2018, the UCLA Anderson Forecast March 2019 Report concluded, "the 3% growth in 2018 was a one-off based on the fiscal stimulus coming from the tax cuts and spending increases, especially for defense enacted in late 2017 and the lagged effects of the extraordinarily easy monetary policy pursued by the Federal Reserve," (The UCLA Anderson Forecast for the Nation and California: March 2019 Report, p. 14). UCLA Anderson projects, "real GDP growth will slow to below 2% in 2019 and around 1% in 2020 with a modest rebound in 2021. The jolt from the very expansionary fiscal policies of the Trump Administration will soon exhaust itself and there is a very real risk of a recession in late 2020" (ibid, p. 18).

Commenting on the length of the current economic expansion, UCLA Anderson notes, "If this expansion survives the winter and spring quarters of 2019 it will tie the Bush/Clinton expansion of the 1990's for the longest ever" (ibid, p. 20) but that, "The age of the expansion is not a significant factor for assessing the recession risk one year into the future, but does play a significant role in forecasting the second year and the combined two years" (ibid, p. 25). Nonetheless, "The probability of a recession beginning in one of the twelve months after December 2018 is 17%… The probability of a recession beginning in the twelve months of 2020 is 28%," UCLA concluded (ibid).

Calendar year 2018 also saw volatility in the stock market, with "Market gyrations [that] were largely driven by tech stocks that failed to perform to investor expectations" according to the LAEDC (LAEDC, p. 5). "Federal monetary policy has also given cause for greater market turbulence over the last four quarters. As expected, the [FOMC] voted to raise the Federal Funds Target by 100 basis points by the end of 2018, the last rate hike incurring some political rancor" concluded the LAEDC (ibid). Looking toward the Fed's future for interest rates, the LAEDC projects, "two additional rate hikes totaling a 50-basis point increase by the end of [2019], though the first of these hikes are likely to be later in 2019 than originally anticipated," (ibid). Discussing this as a, "fundamental shift in Fed policy," UCLA Anderson stated, "Instead of penciling three or four rate hikes [in 2019], it now looks like it will be zero or one… However, because we are more pessimistic on the real economy than the Fed, we are forecasting that there will be three rate cuts of 25 basis points each in 2020" (UCLA Anderson, p. 14-15).

The end of 2018 brought some positive news in terms of jobs. According to the FOMC, "Total nonfarm payroll employment expanded strongly in December. The national unemployment rate edged up but was still at a low level of 3.9 percent," (FOMC, p. 13). Looking toward the future, "The unemployment rate was projected to decline somewhat further below the staff's estimate of its longer-run natural rate but to bottom out by the end of [2019] and begin to edge up in 2021," states the FOMC (ibid, p. 16), noting also that, "labor market conditions [are] judged to already be tight" (ibid). Nonetheless, the LAEDC projects the, "creation of almost 3 million additional jobs by 2020; further declines in unemployment to 3.5 percent in

2019 and 3.1 percent in 2020" (LAEDC, p. 3). However, UCLA Anderson sees 2019 unemployment at, "3.6% later in the year and then gradually rise to 4.2% in early 2021" (UCLA Anderson, p. 13).

The past year was marked with, "continued weakness in the housing sector," according to the FOMC, "attributed in part to concerns about affordability among potential homebuyers" (FOMC, p. 16). UCLA Anderson explained, "There are number of explanation[s] for the housing's failure to launch. They include the after effects of the Great Recession, high levels of student loan debt, the aging in place of baby boomers that is keeping housing units off the market, the concentration of job growth in high cost metropolitan areas and environmental/zoning restrictions that are restricting supply" (UCLA Anderson, p. 17). Nonetheless, housing starts are projected to increase nationally from 1.26 million units in 2018 to 1.27 million and 1.29 million in 2019 and 2020, respectively (ibid, p. 42), UCLA Anderson estimates, "the underlying demographic demand for housing starts to be around 1.4 million - 1.5 million units a year" and notes that "We have yet to achieve that level for over a decade" (ibid, p. 17).

On the housing front, the number of building permits is seen as an indicator of future recession risk. "It is declining permits that tells us the recession is imminent," states UCLA Anderson (ibid, p. 25). The UCLA economists project, "For the first-year ahead forecast, the recession risk elevates if permits are high and declining," and that, "For the second-year ahead forecast, the recession risk elevates if permits are high and growing higher" (ibid).

Commenting on the overall economic outlook, the LAEDC concludes, "The U.S. macroeconomy faces many challenges in the several years ahead. Policy uncertainty, political gridlock, systemic vulnerabilities and the proliferation of debt all present risks to continued economic health both nationally and internationally. However, these issues should be cause for concern, not panic," (LAEDC, p. 6).

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 in current dollars which is, by far, the largest of any state according to the BEA (Gross Domestic Product by State: Third Quarter 2018, February 26, 2019, https://www.bea.gov/system/files/2019-02/qgdpstate0219.pdf>, accessed on March 27, 2019).

In 2018, California's economy grew at an estimated rate of 3.4 percent according to the LAEDC, with a, "trend of Californian economic growth exceeding national growth" (LAEDC, p. 7). "These good expectations are forecast to include 3.0 percent gross state product growth in both 2019 and 2020," continued the LAEDC (ibid). These projections for Statewide economic expansion include, "employment growth of roughly 320,000 jobs in both 2019 and 2020 with associated declines in unemployment to 3.7 and 3.4 in the respective forecast years. These job gains are estimated to occur across all sectors with the largest gains in construction, logistics, utilities, business services, education, health and tourism," (ibid).

UCLA Anderson reports California's unemployment rate at 4.2 percent in 2018 (UCLA Anderson, p. 77) and expects, "California's average unemployment rate to rise slightly to an average of 4.5% in 2019. For 2020 and 2021 we expect… average unemployment rates of 4.3%" (ibid, p. 62). More optimistically, the LAEDC projects, "declines in unemployment to 3.7 and 3.4" in 2019 and 2020, respectively, bolstered by, "additional employment growth of roughly 320,000 jobs in both 2019 and 2020" with, "job gains… estimated to occur across all sectors with the largest gains in construction, logistics, utilities, business services, education, health and tourism" (LAEDC, p. 7). The UCLA Anderson, "forecast for 2019, 2020 and 2021 total employment growth is 1.3%, 0.6% and 0.5%… Payroll jobs are expected to grow at a 1.8%, 0.6% and 0.3% rate respectively. Real personal income growth is forecast to be 3.2%, 1.8% and 1.6% 2019, 2020 and 2021 respectively. The continued growth in real personal income in 2020 is reflective of the changing mix of employment in California and tight labor markets in high wage occupations" (UCLA Anderson, p. 62).

A strong employment sector can support continued consumer spending and taxable sales, with positive results for sales tax revenue. UCLA Anderson reports that real taxable sales in California grew 2.9 percent in 2018, and will continue to grow by 2.5 percent in 2019, slowing to 1.4 percent in 2020 (UCLA Anderson, p. 77).

The projected job growth and wage gains may be positive news for some California residents. Yet, even with ongoing growth in the California economy, many residents face challenges from the State's high cost of living. "Economic hardship remains high in most parts of the state, even nearly a decade after the end of the Great Recession," notes the California Budget & Policy Center, which continued, "...the recovery remains uneven and elusive for many Californians" as evidenced by the State's poverty rates, high housing costs and continued income disparity ("California Budget Perspective 2019-20," March 2019, <https://calbudgetcenter.org/wp-content/uploads/2019/03/California-Budget-Perspective-2019-20_03.2019.pdf>, accessed on March 27, 2019, p. 4).

In terms of housing, "The demand..., especially in coastal California, is also predicted to continue to motivate additional supply gains, with an over 8,000 year-over-year increase in permits in both 2019 and 2020. Despite these additions, home values are also expected to rise through 2020 to an average state value of over $593,000 by the end of 2020" (LAEDC, p. 7). Despite these gains, experts continue to see weakness in California's ability to meet its housing demand. "Estimates vary regarding total housing stock shortfall; however, all estimates agree on the need for a significant acceleration of construction over the average of 100,000 units added per year between 2014 and 2018," comments the LAEDC (ibid). UCLA Anderson concludes, "even though there is a concerted effort to increase home construction in the State, in the near term it is likely to fail, and as a consequence our forecast for the California economy is weaker for 2019 and 2020..." (UCLA Anderson, p. 57). In fact, UCLA Anderson projects, "weaker housing markets into 2020," with, "housing starts in 2019 and 2020... revised downward... with a recovery in building beginning in 2021" (ibid, p. 61).

Housing affordability continues to challenge the State's growth. "Urban planners recommend that cities make every effort to keep the ratio of median household income to median house price under 4 to 1 to ensure a healthy economy and an undistorted housing market," cautions the LAEDC, which continued, "Currently no county in Southern California does so, and indeed the entire Southern California region averages a ratio of nearly 8 to 1, with the state not far behind" (LAEDC, p. 9). In fact, "more than half of California's renters and over a third of homeowners with mortgages have high housing costs," defined as shelter costs that exceed 30 percent of household income, according to the California Budget & Policy Center (California Budget & Policy Center, p. 10).

Continued lack of affordable housing presents near-term and longer-range economic constraints. The LAEDC comments, "In addition to its short-term social considerations, the paucity of affordable housing in California arguably serves as the strongest short- and long-term structural economic headwind in the state. In the short-term, housing unaffordability hampers household formation, limits mobility and incentivizes talent to relocate out-of-state. Over the longer-term, the bifurcation of income distribution will worsen inequality; firms will relocate or select other states in the interest of their employees and labor costs; and economic growth will decelerate, decline or disappear" (LAEDC, p. 9).

San Diego Economy

As of 2017, the San Diego region was home to more than 3.3 million residents, the second largest county in California in terms of population according to the U.S. Census Bureau ("Annual Estimates of the Resident Population for Counties: April 1, 2010 to July 1, 2017: 2017 Population Estimates," July 1, 2017, <https://factfinder.census.gov/rest/dnldController/deliver?_ts=5 71917319874>, accessed on March 29, 2019). In 2017 the San Diego metropolitan region accounted for more than $231.8 billion, or 8.3 percent of California's GDP, based on data from the BEA and 8.5 percent of the State's population, based on U.S. Census Bureau data.

The San Diego region includes the largest concentration of U.S. military in the world, making the military presence an important driver of the region's economy. In addition, San Diego is a thriving hub for

the life sciences/biomedical and technology-oriented industries and a popular travel destination. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which contribute to local consumer spending.

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

In 2018, San Diego County saw 3.0 percent growth in real Gross County Product, the county-level equivalent to GDP (LAEDC, p. 24). Gross County Product is anticipated to grow 2.9 percent and 2.8 percent in 2019 and 2020, respectively (ibid). Ray Major, Chief Economist for the San Diego Association of Governments (SANDAG) notes, "2019 is going to be [a] slower year than 2018. It's going to be a little bit rough especially when it comes to things like the stock market" ("What's In Store for San Diego's Economy In 2019?" KPBS Midday Edition, December 26, 2018, <https://www.kpbs.org/audioclips/42872/#transcript>, accessed on March 29, 2019).

Slower growth could result in a slowdown of sales tax collection. According to the State's Legislative Analyst's Office, Sales and Use Tax generated an estimated $25.9 billion Statewide in Fiscal Year 2018-19, an increase of 3.5 percent from the prior year, and is expected to grow by 3.7 in Fiscal Year 2019-20, slowing to 3.5 percent in Fiscal Year 2020-21 ("California's Fiscal Outlook," November 14, 2018, <https://lao.ca.gov/reports/2018/3896/fiscal - outlook - 111418.pdf>, accessed on March 29, 2019, p. 23). Slowing economic conditions could constrain sales tax revenue growth from consumer spending. Alan Gin, Associate Professor of Economics at the University of San Diego noted a, "reverse wealth effect" (San Diego Business Journal). Gin explained, "Just as consumers feel more comfortable spending money when home values go up and the value of the market goes up (the wealth effect), they might restrain spending as they see the values of their homes decline, and the stock market decline" (ibid).

In terms of jobs, the region's employment showed positive results in 2018 with an unemployment rate of 3.3 percent, according to the California Employment Development Department. In the fourth quarter of 2018, "San Diego's unemployment rate remained below the state and national rates," according to the San Diego Regional Economic Development Corporation (EDC), which also noted, "When compared to its regional neighbors, San Diego's unemployment rate continued to fare better than both Riverside… and Los Angeles…" ("Unemployment," San Diego's Quarterly Economic Snapshot, March 2019, p. 1). Beacon Economics reported, "…nonfarm jobs in San Diego County grew at a year-over-year pace of 2.4%. Still, San Diego County's job growth over the past year slightly outpaced the state as a whole, where nonfarm jobs grew by 1.4%. Moreover, in absolute terms, San Diego County added 21,600 jobs from January 2018 to January 2019, outpacing other major metros including Orange County (+16,200 jobs) and the East Bay in Northern California (+15,500 jobs)" (The Regional Outlook San Diego, Spring 2019, <https://beaconecon.com/publications/regional - outlook/regional - outlook - san-diego/>, accessed on March 29, 2019). Looking toward the future, "Beacon Economics is forecasting the unemployment rate in San Diego County to remain in a narrow range around its current reading through the end of 2019. Total nonfarm employment in the County is expected to grow by 2.0% this year" (ibid).

Coupled with the region's low unemployment, local residents have experienced some growth in wages and personal income. Economist Major predicts, "… wages are going to improve [in 2019]… not necessarily

because the minimum wage goes up but because employers are fighting harder for qualified employees. So after about ten years of no increase in real dollar terms in wages we're starting to see increases... I think in 2019 we're going to continue to see wage inflation" (KPBS). Of concern is the changing distribution of personal income gains across income levels. Major noted that, "in the past we have seen higher increases in the top 25 percent of wage earners" (ibid).

Inflation can have a dampening effect on the region's wage gains. SANDAG comments, "Real hourly wages (hourly wages that have been adjusted for inflation) have been flat in San Diego for a decade, while costs, primarily housing costs, have risen precipitously. This stagnation produces circumstances where despite an economy with low unemployment and generally excellent health, many San Diego residents are not able to participate in the prosperity. (Economic Prosperity, February 23, 2018, <http://sdforward.com/docs / default-source / default - document - library/economic-prosperity-white-paper_march-2-2018.pdf?sfvrsn=ded4f965_0>, accessed on March 29, 2018, p. 6). Price inflation in the San Diego region, as measured by the U.S. Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U), increased 3.4 percent from 2017 to 2018. UCLA Anderson projects that California's consumer prices will grow by 2.6 percent annually in both 2019 and 2020 (UCLA Anderson, p. 77).

San Diego housing is among the least affordable. The median price of a home in the region reached $626,000 in the fourth quarter of 2018, keeping San Diego's housing market as the second most expensive in the nation according to the San Diego Regional EDC (San Diego Regional EDC, p. 3). "Median home price appreciation has been strong and consistent since 2015, with a compound annual growth rate of 6.7 percent," states the San Diego Regional EDC, which also noted, "... price growth accelerated in 2018, ending the year up 2.2 percent compared to last year" (ibid). As of February 2018, it is estimated that a salary of more than $131,600 would be needed to afford the principal, interest, taxes and insurance payments on a local median priced home of $626,000 in the San Diego-Carlsbad metropolitan region ("The Salary You Must Earn to Buy a Home in the 50 Largest Metros," February 25, 2019, <https://www.hsh.com/finance/mortgage/salary - home - buying - 25 -cities.html#san - diego>, accessed on March 29, 2019).

Nonetheless, in the coming year the region's home prices are anticipated to continue increasing, and generating associated property tax revenue. Accordingly, "Beacon Economics expects the median price of an existing single-family home in San Diego to increase in 2019, but at a slower pace compared to the last few years" (Beacon).

While home sale prices have increased, overall sales activity has remained essentially unchanged. The San Diego Business Journal states, "If there is a weak spot in the real estate market heading into 2019, it is in single family home sales (San Diego Business Journal). According to Steve Fraioli, President of the San Diego Association of Realtors, "Personally, I expect we'll have a relatively flat year next year. It won't be great, it won't be bad" (ibid).

Looking to construction as an indicator of future activity in the residential real estate market, the San Diego Regional EDC reports that in 2018, "Housing permits slightly decreased year-over-year in San Diego, largely due to single-family housing declining by 13.5 percent," (San Diego Regional EDC, p. 3). However, the LAEDC projects that the region's housing permits will increase 7.1 percent in 2019, slowing to a 1.9 percent increase in 2020, citing, "... plans to eliminate barriers to housing construction [which] should help to ameliorate the housing crisis, although prices will remain high in the short term" (LAEDC, p. 24).

Outside of the single family home sector, according to the San Diego Business Journal, "Commercial real estate is expected to continue the strong pace it set in 2018" (San Diego Business Journal). "The outlook for 2019 is good with little likelihood of a slowdown, although rising interest rates could temper things" commented Tim Olson, Market Lead and Managing Director of the San Diego office of Jones Lang LaSalle, a commercial real estate firm (ibid).

Another measure of the housing market is the rate of foreclosures, as well as the companion indices of notices of loan default and deeds recorded (changes in ownership). According to the Assessor/Recorder/County Clerk, foreclosures compared to total deeds

recorded averaged 0.3 percent over the three-year period of 2003 through 2005, then rose significantly reaching 16.9 percent in 2008 and has declined to 0.6 percent in 2018. Total deeds recorded in 2018 were 111,382, a decrease of 9.9 percent from the previous year. Notices from lenders to property owners that they were in default on their mortgage loans peaked at 38,308 in 2009, and foreclosures reached a high of 19,577 in 2008. In comparison, San Diego County saw 3,239 Notices of Default in 2018, down 7.3 percent from the 2017 level. The percentage of properties with delinquent mortgage loans that went into foreclosure averaged at approximately 11.6 percent from 2003 through 2005. During the recession this indicator peaked at 57.5 percent in 2008 but since has declined to 21.1 percent in 2018, a decrease of 2.1 percent from 2017.

The visitor industry is the region's second largest export industry and, "employs 194,000 residents in fields directly related to the hospitality industry, including lodging, food service, attractions, and transportation," according to the San Diego Tourism Authority ("San Diego County 2019 Visitor Industry General Facts," <https://www.sandiego.org/-media/files/research/facts/2019 - general - facts.pdf?la=en>, accessed on March 29, 2019). San Diego welcomes 35.8 million visitors annually who spend more than $11.5 billion at local businesses (ibid). The San Diego Travel Forecast indicates that total visits to the region are anticipated to grow 2.0 percent annually in both 2019 and 2020, noting that, "for now, economic fundamentals and consumer confidence remain strong and are staving off the worst effects of persisting trade tensions. We expect visitation to continue to be supported both by day and overnight visitors through 2019" (Tourism Economics, San Diego Travel Forecast: December 2018, San Diego Tourism Authority, <https://www.sandiego.org/ - /media/files/research/forecast/sdcvb - forecast - final - draft - 12 - 2018.pdf?la=en>, accessed on March 29, 2019, p. 6). Nonetheless, total spending by visitors to the region is projected, "... to cool in 2019..., reflecting the similar cooling of economic conditions" (ibid, p.8). Looking further out, "... we expect expenditure growth to peak in 2020 before moderating over the outer years" (ibid).

Changing economic conditions impact the County's revenue and workload, along with the strategies used to manage the public's resources.

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 2019 data from the California Employment Development Department Labor Market Information Division are listed below:

- Non-farm industry employment totals 1.5 million jobs. This represents a gain of nearly 30,000 jobs from July 2018. Agriculture includes 9,000 jobs, or 0.6 percent of all industries in the region.
- Goods-producing industries make up 13.7 percent of non-farm employment or 206,300 jobs. The most significant sectors include manufacturing, which accounted for 7.7 percent of non-farm employment or 117,000 jobs; and construction, which accounted for 5.9 percent of total non-farm employment or 88,900 jobs.
- Private (non-government) services industries constitute the largest share of employment in the region and accounted for 70.3 percent of total non-farm employment, with more than 1.0 million employed.
- Of these, professional and business services make up the largest non-government sector, comprising 17.1 percent of total non-farm employment, totaling 258,600 jobs. Other large non-government sectors in the private services industry category include: trade, transportation and utilities (221,200 jobs); educational and health services (213,300 jobs); and leisure and hospitality (210,600 jobs).
- Government accounted for 16.0 percent of total non-farm employment, or 242,300 jobs. San Diego's local governments, including education, contribute significantly to this sector.

County revenues that are affected by the state of the local economy include property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by

interest rates and employment levels. Short and long-term interest rates remain low by historical standards.

General Management System

The General Management System (GMS) is the County of San Diego's ("County") foundation that guides operations and service delivery to residents, businesses and visitors. The GMS outlines the County's strategic intent, prioritizes its goals and use of resources, describes how it monitors progress on performance, ensures collaboration and recognizes accomplishments in a structured, coordinated way. By communicating and adhering to this business model, the County of San Diego is able to maintain an organizational culture that values transparency, accountability, innovation, and fiscal discipline and that provides focused, meaningful public services.

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

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

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

Context for Strategic and Operational Planning

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

Vision:

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

Mission:

To efficiently provide public services that build strong and sustainable communities

Values:

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

- Integrity - Character First
  - We maintain the public's trust through honest and fair behavior
  - We exhibit the courage to do the right thing for the right reason
  - We are dedicated to the highest ethical standards
- Stewardship - Service Before Self
  - We are accountable to each other and the public for providing service and value
  - We uphold the law and effectively manage the County's public facilities, resources and natural environment
  - We accept personal responsibility for our conduct and obligations
  - We will ensure responsible stewardship of all that is entrusted to us
- Commitment - Excellence in all that we do
  - We work with professionalism and purpose
  - We make a positive difference in the lives of the residents we serve
  - We support a diverse workforce and inclusive culture by embracing our differences
  - We practice civility by fostering an environment of courteous and appropriate treatment of all employees and the residents we serve
  - We promote innovation and open communication

Strategic and Operational Planning (Budgetary) Process

The County ensures operations are strategically aligned across the organization by developing a five year Strategic Plan that sets forth priorities the County will accomplish with public resources. The Strategic Plan is developed by the Chief Administrative Officer (CAO) and the County Executive Team, based on the policies and initiatives set by the Board of Supervisors,

an enterprise review of the issues, risks and opportunities facing the region and reflects the changing environment, economy and community needs. All County programs support at least one of these four Strategic Initiatives through Audacious Visions, Enterprise-Wide Goals and departmental objectives that make achievement of the initiatives possible. The Strategic Initiatives include:

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

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

State law permits modifications to the adopted budget during the year with approval by the Board of Supervisors, or in certain instances, by the Deputy Chief Administrative Officer/Auditor and Controller. The Chief Administrative Officer reviews the status of the County's performance against the budget, and requests adjustments as needed, in a quarterly status report to the Board of Supervisors.

Financial (Budgetary) Policies

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

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

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

The County has the following financial policies that serve as guidelines for the budget process:

Board of Supervisors Policies

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

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

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

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

B-63 Competitive Determination of Optimum Service Delivery Method: Provides that selected departments

analyze services, either County-operated or contracted, to determine if the quality, economy and productivity are equal to that of an alternative delivery method, including other government agencies, and to determine how the revenues can be maximized so the highest level or volume of services can be provided.

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

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

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

M-13 Legislative Policy: State-Mandated Local Program Costs: Calls on the State and Federal Legislatures to encourage equitable reimbursement of mandated program costs.

Administrative Manual

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

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

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

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

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

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

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

Strategic Initiatives and Achievements

Strategic planning communicates the County's strategic direction for the next five years. The Strategic Plan explains the County's four strategic initiatives, in addition to its vision, mission and values. The four strategic initiatives focus on how the County achieves the vision of a region that is Building Better Health, Living Safely and Thriving.

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

The four strategic initiatives are:

- **Building Better Health** - ensure every resident has the opportunity to make positive healthy choices, that San Diego County has fully optimized

its health and social service delivery system and makes health, safety and thriving a focus of all policies and programs.

- **Living Safely** - make San Diego the safest and most resilient community in the nation, where youth are protected and the criminal justice system is balanced between accountability and rehabilitation.
- **Sustainable Environments/Thriving** - strengthen the local economy through planning, development and infrastructure, protect San Diego's natural and agricultural resources and promote opportunities for residents to engage in community life and civic activities.
- **Operational Excellence** - promote continuous improvement in the organization through problem solving, teamwork and leadership, focus on customers' needs and keep employees positive and empowered.

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

County *EWGs* for each Initiative include:

Building Better Health

- Promote the implementation of a service delivery system that is sensitive to individuals' needs
- Strengthen the local food system and support the availability of healthy foods, nutrition education and nutrition assistance for those who need it

Living Safely

- Encourage and promote residents to take important and meaningful steps to protect themselves and their families for the first 72 hours during a disaster
- Plan, build and maintain safe communities to improve the quality of life for all residents
- Expand data-driven crime prevention strategies and utilize current technologies to reduce crime at the local and regional level
- Strengthen our prevention and enforcement strategies to protect our children, youth and older adults from neglect and abuse
- Fully implement a balanced-approach model that reduces crime by holding offenders accountable while providing them access to rehabilitation
- Use evidence-based prevention and intervention strategies to prevent youth from entering the juvenile justice system or progressing in delinquency or crime

Sustainable Environments/Thriving

- Provide and promote services that increase the well-being of our residents and increase consumer and business confidence
- Enhance the quality of the environment by focusing on sustainability, pollution prevention and strategic planning
- Foster an environment where residents engage in recreational interests by enjoying parks, open spaces and outdoor experiences
- Create and promote diverse opportunities for residents to exercise their right to be civically engaged and find solutions to current and future challenges

Operational Excellence

- Promote a culture of ethical leadership and decision making across the enterprise
- Align services to available resources to maintain fiscal stability
- Provide modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers
- Strengthen our customer service culture to ensure a positive customer experience
- Develop, maintain and attract a skilled, adaptable and diverse workforce by providing opportunities for our employees to feel valued, engaged and trusted
- Pursue policy and program change for healthy, safe and thriving environments to positively impact residents
- Leverage internal communication resources, resource groups and social media to enhance employee understanding of the County's vision, *Live Well San Diego*.

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

Building Better Health

- The County increased opportunities for the public to recreate by constructing 11 new park and park improvement projects, including: Steele Canyon Synthetic Turf, Lamar Park Playground Improvements, Lamar Park Off Leash Area, Borrego Springs Park, San Dieguito Playground Replacement project, Dos Picos Cabins, San Dieguito Park ADA Improvements, Lindo Lake ADA Improvements, Glen Abbey Trail, Sweetwater Community Garden, and Clemmens Lane Soccer Improvements.
- Trauma-Informed System Integration: Recognized by the National Association of Counties (NACo) for implementing an innovative comprehensive approach to building resilience in customers and staff. HHSA integrated trauma-informed principles into its policies, practices, environments and services to improve the wellbeing of the community and staff. This was done through various employee training programs and discussions and building an interior design that is sensitive to the populations served.

Living Safely

- The Office of the District Attorney convened a Mental Health Summit with justice partners, the Health and Human Services Agency, the defense bar, mental health consumers, service providers and other community-based organizations. The summit resulted in the creation of the "Blueprint for Mental Health Reform - Transforming Criminal Justice Responses to Individuals Living with Mental Illness." The Blueprint represents a strategy for identifying early interventions for offenders living with mental illness to receive supportive services and lessen their involvement with the justice system.
- The County Communications Office received a national award for video content from the National Association of Telecommunications Officers and Advisors (NATOA). A County News Center video public service announcement on earthquake preparedness took top honors in the Public Safety category.
- The Department of the Public Defender established a Youth Council comprised of high school students representing six high schools. Attorney advisors from the Public Defender trained and guided this diverse group of students as they built a collective and positive voice on issues that had an immediate effect on their community. Youth Council members gained skills to impact their own lives and the lives of others as they learned to work together toward a common goal.
- Implemented the enterprise wide "Stop the Bleed" program at the direction of the Board of Supervisors. This nationwide initiative encourages bystanders to become trained, equipped, and empowered to help in a bleeding emergency before professional help arrives. The Stop the Bleed program includes the placement of bleeding control kits co-located with existing Automatic External Defibrillators (AEDs) in County facilities and ensuring County employees have access to training and education regarding the use of bleeding control kits as an added component of the County's existing safety initiatives.

Sustainable Environments/Thriving

- The County Communications Office received a national award for video content from the National Association of Telecommunications Officers and Advisors (NATOA). A County News Center video on Parks and Recreation's Discovery Program won first place in the Children's category.
- A Climate Action Plan approved by the Board of Supervisors on February 14, 2018 lays out how the County will reduce greenhouse gas emissions for the unincorporated areas of the region. The plan encourages installing solar photovoltaic panels on existing homes and on County facilities; increasing renewable energy overall; diverting more trash away from landfills; and installing electric vehicle charging stations throughout the region. As part of a $2 million tree-planting program, the County planted more than 6,518 trees on public lands. County inspectors inspected 9,579 detection traps for invasive pests last year that could have damaged our $1.77 billion agriculture industry. South county beach water monitoring was increased from four to nine water-sampling locations to monitor health standards at the region's beaches and increased the frequency of testing in all south county locations to twice weekly. In addition, County programs are in place to remove high-polluting vehicles and engines from service throughout the region.

- The County of San Diego has become the first county in California and the second in the nation to receive the US Green Building Council's highest distinction of Platinum LEED for Communities certification. This certification evaluates overall community performance in sustainability and quality of life, and recognizes the County as a national leader and innovator in sustainability. The certification process measured the County's performance on energy, waste, transportation, education, health, safety, prosperity and equitability.

Operational Excellence

- Opened the new North Coastal Live Well Health Center in Oceanside in December 2018, offering behavioral health treatment and recovery services and resources for military and veterans. The center is located on the site of a former County facility and will eventually house a public health clinic. Three mental health programs will be located on site. The North Coastal Mental Health Clinic will provide counseling, case management, employment services and outpatient mental health medication management for those 18 years and older with a serious mental illness. The Mariposa Clubhouse provides member-driven social, rehabilitative, recovery and vocational services for adults with a serious mental illness. The North Coastal Regional Recovery Center provides outpatient substance use disorder treatment services for adults. The mental health center and clubhouse are operated by Mental Health Systems, Inc. and the recovery center is operated by the McAlister Institute. The center also includes a Military and Veterans Resource Center that will connect veterans with resources and benefits. It will also host several community-based organizations dedicated to assisting veteran and active duty military.
- The Office of Emergency Services led the regional development of a post-disaster interim housing plan for the region. Coordinated with local emergency managers, building officials, social services, non-governmental organizations (NGOs) and others in the development of a plan that is consistent with the National Disaster Housing Strategy, which incorporated nationwide best practices and lessons learned. The final plan included strategies to respond to immense housing loss, expedite the consolidation and closure of emergency shelters, and transition to intermediate housing options and long-term housing solutions.
- The Department of Purchasing & Contracting received the Outstanding Agency Accreditation Achievement Award from the National Institute for Public Procurement (NIGP). NIGP recognizes agencies that are leaders in the public procurement sector. The County of San Diego is the first county in California to receive such accreditation and is among 61 other accredited agencies nationwide.
- The County's land use and environment departments also implemented a new Un-piloted Aerial System program to collect data for improved management of agricultural pests, monitor biological preserve areas, map and manage public improvement projects, conduct damage assessment and monitor aging infrastructure.
- Won a national award as the 2018 Public Passport Acceptance Facility of the Year by the United States Department of State for the implementation of an online appointment system that greatly enhanced the ability to serve customers efficiently and conveniently.

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 comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 comprehensive annual 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 44 Achievement Awards from the National Association of Counties (NACo) for its innovative programs. Some of the award-winning programs include:
  - The San Diego Sheriff's Department PROGRESS Program. The San Diego Sheriff's Department and the County are committed to reducing the number of people with mental illnesses in jails. Programming for Reentry, Support and Stability is an alternative custody program for men with non-violent charges who have mild to moderate mental illness. They serve their custody time at a community-based location, rather than jail, while participating in psycho/social, educational/ vocational and wellness programs.
  - Conversion to Dynamic Paperless Workflow (*County Assessor's Office*): The County of San Diego's Assessor's Office created a digital workflow to process records associated with property ownership transfer. This has eliminated on average the printing and storage of 145,000 documents annually, an improved work item turnaround time and enhanced office staff's ability to provide more timely information to County customers.
  - Planning & Development Services Mobile Wildfire Damage Assessment App: The department developed a custom mobile application to collect critical damage assessment information with a GPS location for damaged and destroyed structures and vehicles to support the fire recovery process. The app allows damage assessment teams to get real-time detailed results to office recovery staff for analysis and evaluation while the teams are still in the field.
  - The Department of Child Support Services' College Savings Program. The Parents Invest in Education program helps more families open and contribute to college savings plans for their children. The San Diego County Department of Child Support Services strives to eliminate intergenerational poverty and encourage family self-sufficiency. A major driver towards overcoming poverty is education. And this program enables more children in Child Support caseload to obtain higher education.
  - Unclaimed Property Tax Refund Notification Program (*Treasurer/Tax Collector*): The office did a makeover on its unclaimed property tax refund notices that were mailed to the public. The new notices use graphics, simplified language and state that "We May Have Your Money, Claim It Now!" This has resulted in 30 percent more claims for a refund.
  - Library Rural Arts Program: The program was launched to bring quality art education and experiences to residents of all ages including those living in rural communities. A rotating series of art classes are offered for children, teens and adults and are funded by a grant from the California State Library.
  - The Land Use Environment Group Disaster Recovery Standard Operating Framework: A framework was developed to document institutional knowledge in recovery processes and procedures and provide training for each identified recovery function. It includes an organizational chart identifying positions and areas with checklists and procedures.
  - The Probation Department's Urban Camp (UC)/ Girls Rehabilitation Facility (GRF), Tender Loving Canines Training Program (TLC). The goal of the program is to provide at-risk girls at Probation facilities with skills to prevent adult incarceration through the experience of training service dogs. The intervention and life skills taught give girls between the ages of 13-18 the opportunity to alter their life paths at this critical age. TLC at UC/ GRF encourages girls to envision new lives for themselves and gives them the skill set to achieve change.
  - Unconscious Bias in Hiring (*Human Resources*): An online course was designed for employees who participate in hiring panels. The course identifies and addresses unconscious bias for better professional relationships and communication. The County strives to attract the best and brightest employees who reflect the region's diversity.

- The San Diego County Fire Authority Community Risk Reduction Program. The goal of the program is to enhance community resilience by helping citizens anticipate and prepare for emergencies. The program also works to lessen the burdens of fire-related disasters through education, fire protection engineering and enforcement. The program encourages preparedness with the help of Community Emergency Response Teams (CERT), which mobilize community volunteers to safely respond to manmade and natural hazards that impact their community. To do this, CERT teams use basic disaster response skills, such as light search and rescue, fire suppression strategies and first aid.
- Parks and Recreation SD Nights: The program provides teenagers with a safe place for recreation and enrichment during critical hours and reduces gang and criminal activity. Parks staff engage teens, mentor them, and equip them with the tools they need to make better decisions, build strong character and improve their quality of life.

- The South Region of the Health and Human Services Agency is part of the first group of communities to receive the Communities of Excellence "Journey to Community Excellence" recognition. The Communities of Excellence 2026 Framework, based on the Baldrige Framework for organizational performance excellence, is a systematic approach for community leaders, residents and collaborative partners to strengthen the effectiveness of their efforts towards healthy and thriving residents and safe communities. Using this framework, communities can achieve better results faster, in areas that really matter such as educational attainment, jobs, health status and safety. The South Region was recognized as one of four "Journey to Community Excellence" recipients. The other communities include Brookfield/ Marceline, Missouri; Kanawha County, West Virginia; and West Kendall, Florida.
- The National Association of Area Agencies on Aging (n4a) recognized Aging & Independence Services with an Aging Achievement Award for the Adult Protective Services (APS) Training Academy at its Annual Conference & Tradeshow in Chicago. The Academy provides year-long training and strengths-based coaching, as well as serving as a support group for new APS specialists. After completing the curriculum successfully, attendees are eligible for the nationally recognized National Adult Protective Services Association (NAPSA) Certificate. Currently, San Diego APS has more NAPSA certificate candidates than any other county in California. Ninety-five percent of participants pass probation successfully and are eligible to obtain the certificate.
- The Chronic Disease and Health Equity Unit of Public Health Services received the 2018 Promising Practice Award from the National Association of County and City Health Officials (NACCHO) for the Eat Well Practices. County representatives received the award at the NACCHO Annual Grand Awards Ceremony in New Orleans, July 10-12. As part of the NACCHO Model Practices Program, award recognizes outstanding local public health practices. The practices were approved by the County Board of Supervisors in December 2016 and are the County of San Diego's comprehensive food and beverage guidelines for all County food service operations. They symbolize the County's commitment to making healthy food choices readily available to all, using public funds responsibly, and supporting a more environmentally sustainable and economically viable region for all of San Diego County's residents. NACCHO's recognition as a Promising Practice recognizes the County's leadership in the work to improve nutrition through system level approaches that address health equity, the environment, and support the local economy.

Acknowledgments

We would like to express our appreciation to the accounting staff of County departments and the staff of the Auditor and Controller's department whose coordination, dedication and professionalism are responsible for the preparation of this report. We would also like to thank Macias Gini & O'Connell LLP for their professional support in the preparation of the CAFR. 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,

TRACY M. SANDOVAL
Deputy CAO/
Chief Financial Officer

TRACY DRAGER
Auditor and Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Diego

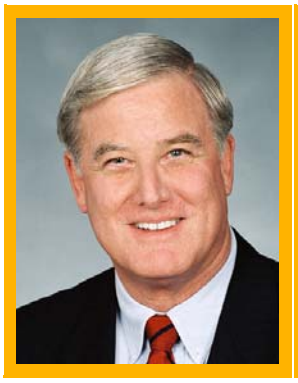
California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



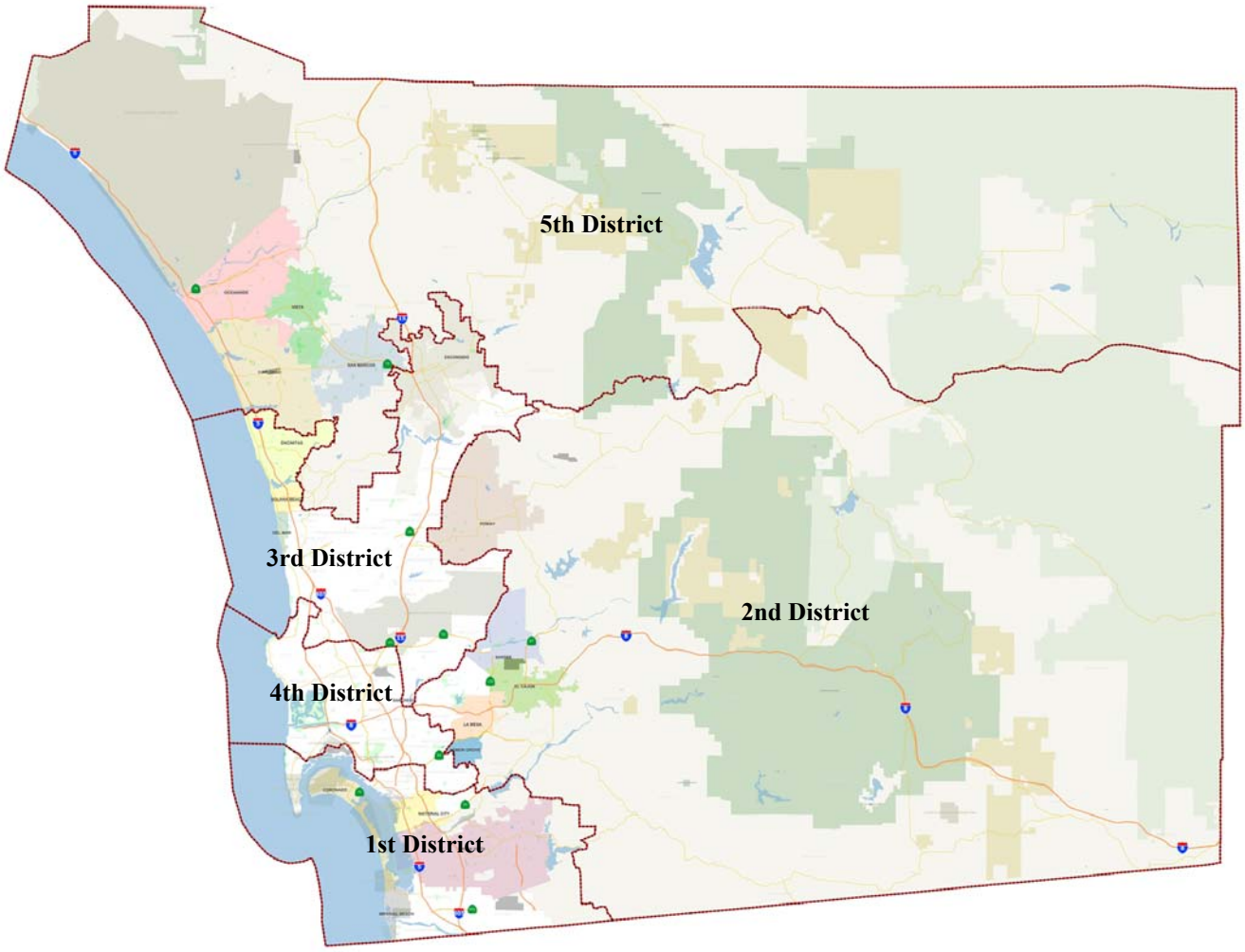
Greg Cox
District 1
Vice Chair

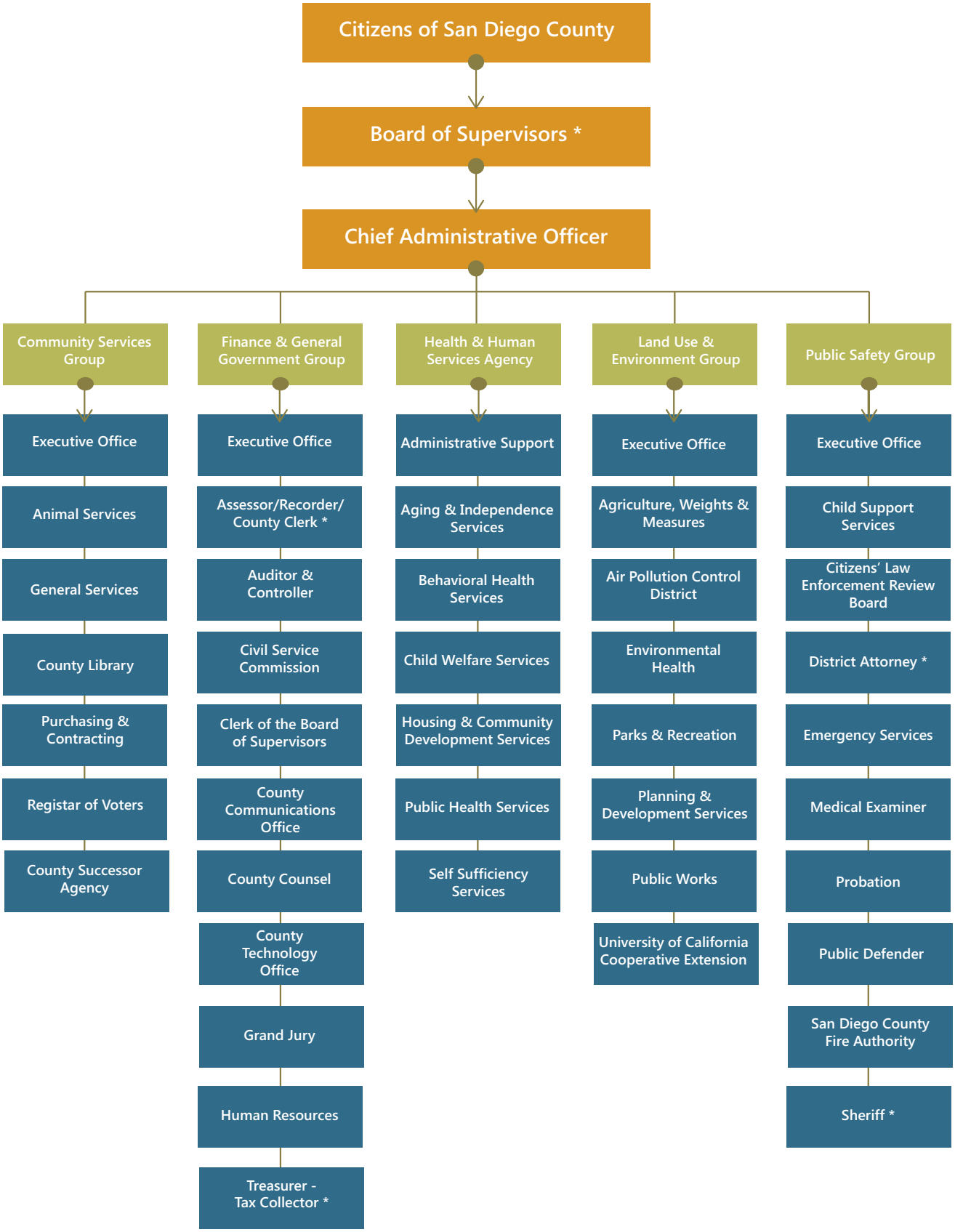
Dianne Jacob
District 2
Chair

Kristin Gaspar
District 3

Nathan Fletcher
District 4

Jim Desmond
District 5





* Elected official(s)

Chief Administrative Office

Chief Administrative Officer	Helen N. Robbins-Meyer
Assistant Chief Administrative Officer/Chief Operating Officer	Donald F. Steuer

Elected Officials

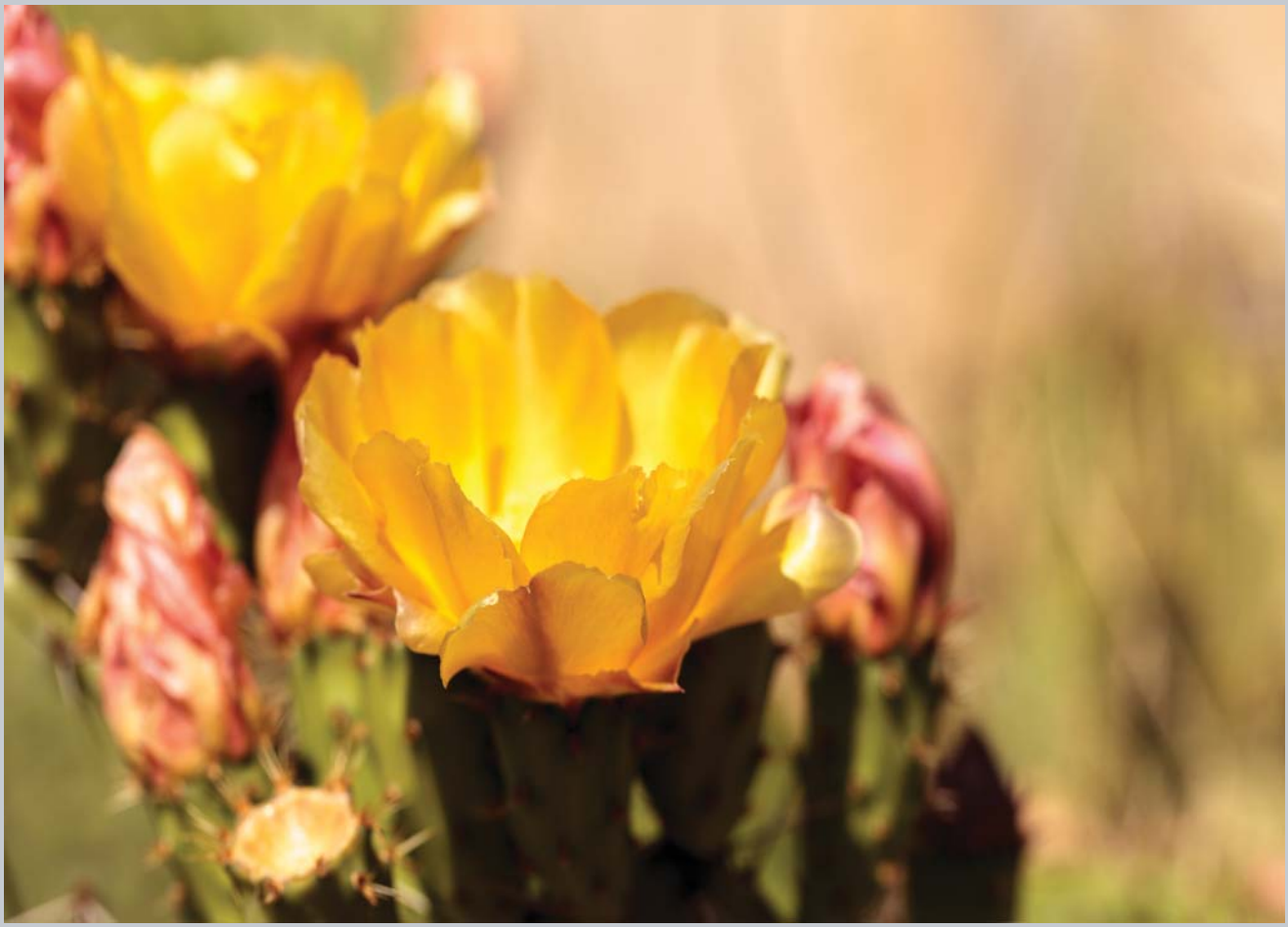
Assessor/Recorder/County Clerk	Ernest Dronenburg
District Attorney	Summer Stephan
Treasurer/Tax Collector	Dan McAllister
Sheriff	Bill Gore

General Managers

Community Services Group	April Heinze
Finance & General Government Group	Tracy Sandoval
Health & Human Services Agency	Nick Macchione
Land Use & Environment Group	Sarah Aghassi
Public Safety Group	Ron Lane

Department Heads

Agriculture, Weights & Measures	Ha Dang
Air Pollution Control District	Bob Kard
Animal Services	Dan DeSousa
Auditor & Controller	Tracy Sandoval
Behavioral Health Services	Luke Bergmann
Chief of Staff/CAO	Andrew Strong
Child Support Services	Jeff Grissom
Child Welfare Services	Kimberly Giardina
Civil Service Commission	Todd Adams
Clerk of the Board of Supervisors	Andrew Potter
County Communications Office	Michael Workman
County Counsel	Tom Montgomery
County Technology Office	Mikel D. Haas
Emergency Services	Holly Porter
Environmental Health	Elise Rothschild
Ethics & Compliance	Claudia Silva
General Services	Marko Medved
Health & Human Services Agency (HHSA) Operations	Dean Arabatzis
HHSA - Aging & Independent Services	Kimberly Gallo
HHSA - Central & South Regions/ACCESS	Barbara Jimenez
HHSA - East & North Central Regions	Petros Alemeselassie
HHSA - Housing & Community Development Services	David Estrella
HHSA - Integrative Services	Omar Passons
HHSA - North Inland & North Coastal Regions	Chuck Matthews
HHSA - Public Health Services	Wilma Wooten, M.D.
HHSA - Strategy & Innovation	Carey N. Riccitelli
Human Resources	Susan Brazeau
Library	Migell Acosta
Medical Examiner	Glenn Wagner
Parks & Recreation	Brian Albright
Planning & Development Services	Mark Wardlaw
Probation	Adolfo Gonzales
Public Administrator/Guardian/Conservator	Mark Sellers
Public Defender	Randy Mize
Public Works	Rich Crompton
Purchasing & Contracting	Jack Pellegrino
Registrar of Voters	Michael Vu
Strategy & Intergovernmental Affairs	Geoff Patnoe
University of California Cooperative Extension	Laurent Ahiablame



Financial Section

Independent Auditor's Report

To the Board of Supervisors
County of San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Diego, California (County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the First 5 Commission of San Diego (Commission), the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 26-41, the schedule of the County's proportionate share of the net pension liability and schedule of the County's contributions – pension on page 124-125, the schedule of the County's proportionate share of the net OPEB liability and schedule of the County's contributions – OPEB on page 125-126, 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 on pages 127-131, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

San Diego, California
November 15, 2019

This section of the County of San Diego's (County) Comprehensive Annual 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, 2019.

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 2019 by $3.21 billion (net position). Of this amount, $3.51 billion represents net investment in capital assets; $1.02 billion is restricted for specific purposes (restricted net position); and the remaining portion represents negative unrestricted net position of $(1.32) billion.
- Total net position increased by $322.1 million as follows:
  - Governmental activities net position increased by $322.7 million. The current and other assets and capital assets increases of $201.6 million and $83.2 million, respectively; coupled with decreases in the following long-term liabilities - net pension liability, net OPEB liability and other long-term liabilities of $235.1 million, $12.6 million, and $47.4 million, respectively; and a $34.7 million decrease in other liabilities all had the effect of increasing net position; while the decreases to net position included a $287.6 million decrease in deferred outflows of resources, coupled with an increase in deferred inflows of resources of $4.3 million.
  - Business-type activities net position decreased by approximately $600 thousand. The current and other assets and capital assets decreases of $990 thousand and $2.68 million, respectively; coupled with a decrease in the deferred outflows of resources of $1.16 million and an increase in the deferred inflows of resources of $10 thousand, all had the effect of decreasing net position; while the decreases in the following long-term liabilities - net pension liability, net OPEB liability and other long-term liabilities of $1 million, $50 thousand, and $20 thousand, respectively; and a $3.17 million increase in other liabilities all had the effect of increasing net position.
- Program revenues for governmental activities were approximately $3.38 billion. Of this amount, $2.8 billion or 84% was attributable to operating grants and contributions coupled with capital grants and contributions, while charges for services accounted for $544 million or 16%.
- General revenues for governmental activities were $1.45 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for approximately $1.22 billion or 84%; while transient occupancy tax, real property transfer tax, miscellaneous taxes, sales and use taxes, investment earnings and other general revenues accounted for $239 million or 16%.
- Total expenses for governmental activities were $4.52 billion. Public protection accounted for $1.48 billion or 33%, while public assistance accounted for $1.19 billion or 26% of this amount. Additionally, health and sanitation accounted for $836 million or 18%.

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

Overview of the Financial Statements

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

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

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

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

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

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable

resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

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

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

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

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

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

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

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

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

Required supplementary information (RSI) is also presented. It provides budgetary comparisons for the General Fund, Public Safety Special Revenue Fund, and the Tobacco Endowment Special Revenue Fund (all major funds) in separate Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual. It also provides information about the County's proportionate share of the San Diego County Employees Retirement Association (SDCERA) pension

plan (SDCERA-PP) collective net pension liability, and the SDCERA retiree health plan (SDCERA-RHP) collective net other postemployment benefits liability; and information regarding the County's contributions to the SDCERA-PP and SDCERA-RHP.

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

Government-wide Financial Analysis

Table 1

Net Position

June 30, 2019 and 2018
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	$ 4,398,800	4,197,194	75,912	76,906	4,474,712	4,274,100
Capital assets	3,636,858	3,553,695	174,226	176,909	3,811,084	3,730,604
Total assets	8,035,658	7,750,889	250,138	253,815	8,285,796	8,004,704
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	913,807	1,201,372	4,260	5,423	918,067	1,206,795
LIABILITIES						
Long-term liabilities	5,100,066	5,395,146	15,317	16,342	5,115,383	5,411,488
Other liabilities	635,773	670,504	1,599	4,777	637,372	675,281
Total liabilities	5,735,839	6,065,650	16,916	21,119	5,752,755	6,086,769
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources	244,509	240,208	1,009	994	245,518	241,202
NET POSITION						
Net investment in capital assets	3,336,893	3,229,874	174,226	176,909	3,511,119	3,406,783
Restricted	1,012,829	666,597			1,012,829	666,597
Unrestricted	(1,380,605)	(1,250,068)	62,247	60,216	(1,318,358)	(1,189,852)
Total net position	$ 2,969,117	2,646,403	236,473	237,125	3,205,590	2,883,528

Analysis of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources by $3.21 billion at the close of fiscal year 2019, an increase of $322.1 million or 11.2% over fiscal year 2018. This included a $104.4 million increase in net investment in capital assets, (a 3.1% increase over fiscal year 2018), and an increase of approximately $346.2 million in the County's restricted net position (a 51.9% increase over fiscal year 2018). Additionally, unrestricted net position decreased by $128.5 million (a 10.8% decrease over fiscal year 2018).

The aforementioned increase of $322.1 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 $281.1 million. This included increases in current and other assets and capital assets of $200.6 million and $80.5 million, respectively. The net increase of $200.6 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 $155.4 million, and a $42.4 million increase in receivables, net; while

the net increase in capital assets consisted primarily of a $109.4 million increase in other capital assets, net of accumulated depreciation and amortization, offset by a $28.9 million decrease in land, easements and construction in progress.

- Deferred outflows of resources decreased by $288.7 million, principally attributable to a net decrease in pension related deferrals including a $208.4 million decrease in changes of assumptions or other inputs and a $107.9 million decrease in net difference between projected and actual earnings on pension plan investments, offset by an $18.6 million increase in changes in proportionate share and differences between employer's contributions and proportionate share of contributions, and an $11.6 million increase in contributions to the pension plan subsequent to the measurement date.
- Total liabilities decreased by approximately $334 million, principally due to a $236.1 million decrease in the net pension liability, a decrease in non-net pension, non-net OPEB long-term liabilities of $47.4 million, coupled with decreases in unearned revenue and the net OPEB liability and of $35.1 million and $12.7 million, respectively.
- Deferred inflows of resources increased by $4.3 million chiefly attributable to an approximately $800 thousand increase in property taxes received in advance, coupled with an increase in pension related deferred inflows of resources, including a $4.7 million increase in the difference between expected and actual experience in the total pension liability, offset by a $1.2 million decrease in the changes in proportionate share and differences between employer's contributions and proportionate share of contributions.

The largest portion of the County's net position reflects its net investment in capital assets of $3.51 billion (land, easements, buildings and improvements, equipment, software and infrastructure; less any related outstanding debt used to acquire those assets). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the County's net position (restricted net position), equaled $1.01 billion and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws and/or regulations of other governments.

The remaining portion of the County's net position includes $(1.32) billion in net negative unrestricted net position. The majority of this balance represents the negative unrestricted net position attributable to the County's outstanding Net Pension Liability and Net OPEB Liability. This negative portion of the unrestricted net position is offset by a positive portion of unrestricted net position of approximately $1.05 billion, predominantly attributed to the County's General Fund.

Table 2

Changes in Net Position

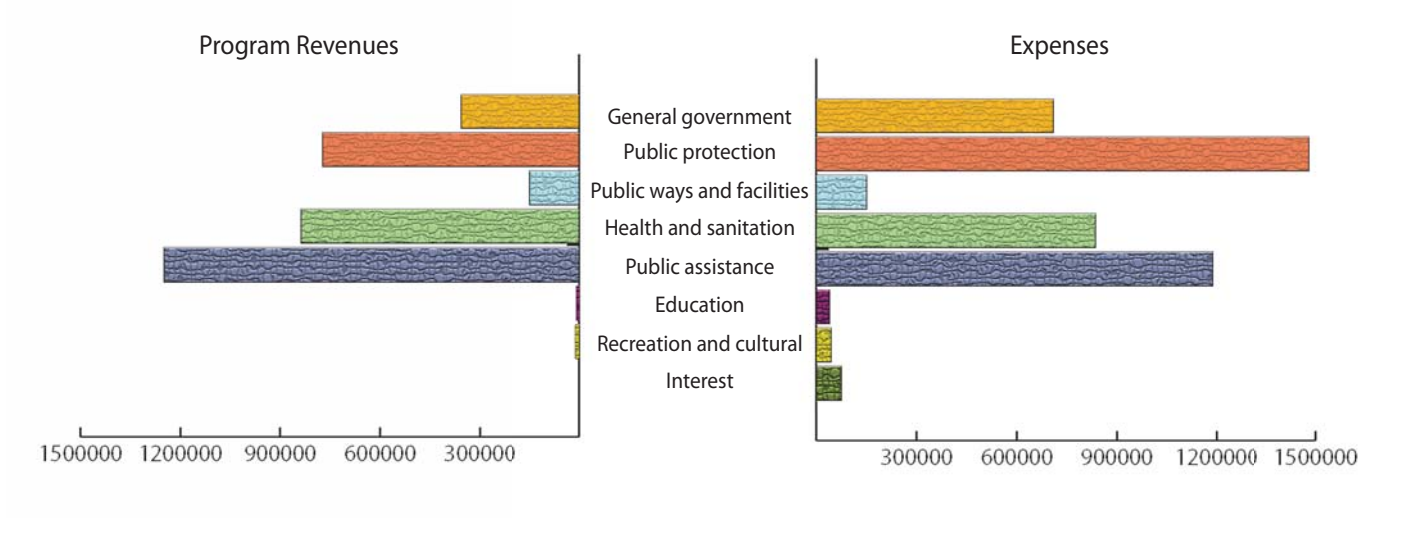
For the years ended June 30, 2019 and 2018
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for services	$ 544,423	552,993	53,641	49,684	598,064	602,677
Operating grants and contributions	2,716,354	2,589,141	20	329	2,716,374	2,589,470
Capital grants and contributions	121,425	9,360			121,425	9,360
General Revenues						
Property taxes	797,838	758,427			797,838	758,427
Transient occupancy tax	5,785	5,105			5,785	5,105
Real property transfer tax	26,521	25,910			26,521	25,910
Miscellaneous taxes	6	6			6	6
Property taxes in lieu of vehicle license fees	417,601	393,824			417,601	393,824
Sales and use taxes	32,332	30,744			32,332	30,744
Investment earnings	84,335	38,057	2,013	1,159	86,348	39,216
Other	90,041	93,604	2,734	2,892	92,775	96,496
Total revenues	4,836,661	4,497,171	58,408	54,064	4,895,069	4,551,235
Expenses:						
Governmental Activities:						
General government	709,150	621,987			709,150	621,987
Public protection	1,479,542	1,435,847			1,479,542	1,435,847
Public ways and facilities	149,776	160,615			149,776	160,615
Health and sanitation	835,771	777,383			835,771	777,383
Public assistance	1,187,343	1,158,563			1,187,343	1,158,563
Education	40,020	39,107			40,020	39,107
Recreation and cultural	43,701	38,081			43,701	38,081
Interest	74,355	78,217			74,355	78,217
Business-type Activities:						
Airport			15,178	18,399	15,178	18,399
Jail Stores Commissary			5,836	6,050	5,836	6,050
Sanitation District			32,335	32,660	32,335	32,660
Total expenses	4,519,658	4,309,800	53,349	57,109	4,573,007	4,366,909
Changes in net position before transfers	317,003	187,371	5,059	(3,045)	322,062	184,326
Transfers	5,711	4,421	(5,711)	(4,421)		
Change in net position	322,714	191,792	(652)	(7,466)	322,062	184,326
Net position at beginning of year	2,646,403	2,454,611	237,125	244,591	2,883,528	2,699,202
Net position at end of year	$ 2,969,117	2,646,403	236,473	237,125	3,205,590	2,883,528

Analysis of Changes in Net Position

At June 30, 2019, changes in net position before transfers equaled $322.1 million, a $137.8 million or 75% increase from the previous year. Principal revenue sources contributing to the change in net position were operating grants and contributions of $2.72 billion and property taxes and property taxes in lieu of vehicle license fees totaling of $1.22 billion. These revenue categories accounted for 80% of total revenues. Principal expenses were in the following areas: public protection, $1.48 billion; public assistance, $1.19 billion; and health and sanitation, $836 million. These expense categories accounted for 77% of total expenses.

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



Governmental activities

At the end of fiscal year 2019, total revenues for the governmental activities were $4.84 billion, while total expenses were $4.52 billion. Governmental activities increased the County's net position by $322.7 million, while the business-type activities' change in net position equaled $(600) thousand.

Expenses:

Total expenses for governmental activities were $4.52 billion, an increase of $210 million or 4.9% ($214 million increase in functional expenses and $4 million decrease in interest expense). Public protection (33%) and public assistance (27%) were the largest functional expenses, followed by health and sanitation (19%).

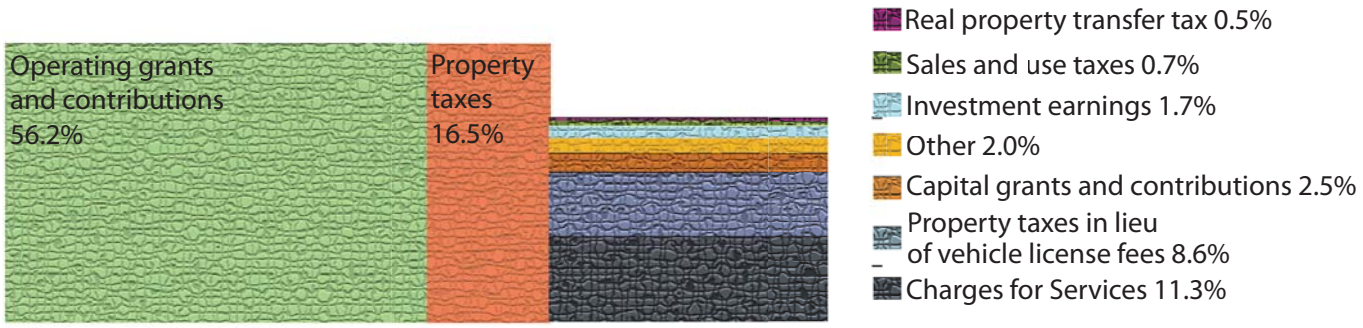
The $214 million net increase in functional expenses mainly consisted of the following:

- $80 million increase in overall salaries and benefit costs;
- $55.2 million increase in expansion of contracted community services;
- $23.8 million increase in Health and Human Services Agency one-time costs incurred for information technology projects;
- $19 million increase in claims and judgments;
- $16.4 million decrease in repairs and maintenance;
- $14 million increase in various other information technology related contracted services;
- $14 million increase in depreciation and amortization expense;
- $12 million increase in negotiated costs associated with home care workers;
- $7 million increase in contracted services for the In Home Supportive Services Public Authority;
- $6 million increase in costs associated with the implementation of victim services programs,

recidivism reduction programs, and a renovation project;

- $5.2 million decrease in Support & Care of Person costs related to a change to the process for recording the State Hospital offset for Inpatient fee for service costs; and,
- $5.3 million decrease in OPEB related expenses.

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



Revenues:

Total revenues for governmental activities were $4.84 billion, an increase of 7.6% or $340 million from the previous year. This increase consisted of an increase in program revenue of $231 million; coupled with an increase in general revenues of $109 million as follows:

The $231 million net increase in program revenue was primarily due to of the following:

- $112 million increase in capital grants and contributions predominantly due to an increase in donated assets such as land.
- $56.3 million increase in federal revenues primarily tied to expansion of behavioral health, mental health and substance abuse programs;
- $37.2 million increase in federal revenues for social services programs primarily associated with increased expenditures and updated administrative allocations;
- $24.8 million increase in aid from State monies from the Road Maintenance and Rehabilitation Account established by the Road Repair and Accountability Act of 2017; and,
- $9.3 million decrease in federal revenues in assistance programs chiefly due to reduced caseload levels.

General revenues increased overall by approximately $109 million, principally due to increases of $39 million in property taxes and $24 million in property taxes in lieu of vehicle license fees, both attributable to the county-wide growth in assessed valuation; coupled with a $46 million increase in investment earnings, of which $17 million is attributable to the increase in fair value of investments compared to book value, and $29 million in other revenues.

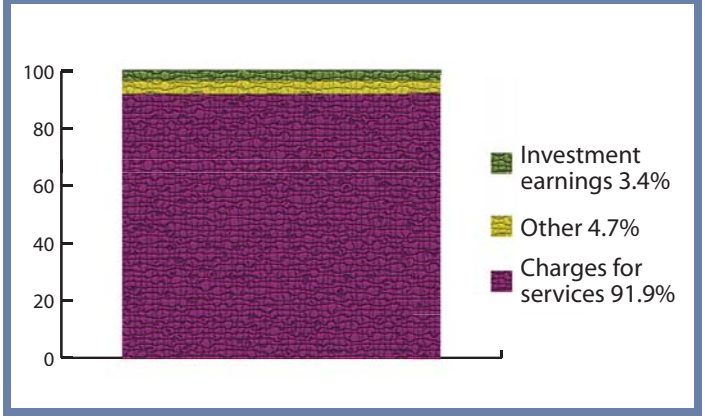
The County's governmental activities rely on several sources of revenue to finance ongoing operations. As shown in Chart 2, operating grants and contributions of $2.72 billion accounted for 56.2%, the largest share of this revenue. These monies are received from parties outside the County and are generally 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 $1.22 billion and accounted for 25.1% of

governmental activities. Additionally, charges for services were $544 million and accounted for 11.3% of revenues applicable to governmental activities.

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

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



Business-type Activities

Business-type activities, which are exclusively comprised of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. As shown in Chart 3, charges for services represent $53.6 million or 91.9% of total revenues, other revenues - including operating grants and contributions, of $2.8 million represent 4.7% of total revenues, and investment earnings of $2 million represent 3.4% of total revenues.

Net position of business-type activities decreased by approximately $600 thousand (0.3%). This net decrease primarily included the following:

- $900 thousand increase in repairs and maintenance in the Sanitation District Fund;
- $500 thousand decrease in contracted services in the Airport Fund;
- $500 thousand increase in charges for current services in the Airport Fund;
- $500 thousand decrease in charges for current services in the Jail Stores Commissary Fund;
- $300 thousand decrease in grants in the Airport Fund;
- $200 thousand decrease in cost of materials in the Jail Stores Commissary Fund; and,
- $100 thousand increase in depreciation and amortization in the Sanitation District 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 2019, its unassigned fund balance was $712.1 million, while total fund balance was $2.42 billion, an increase of $117 million from fiscal year 2018.

This $117 million increase in fund balance was significantly attributable to the following:

- $72.6 million net increase in salaries and benefit costs primarily attributable to negotiated labor agreements, and overtime incurred in various departments;
- $58.7 million increase in secured property taxes and property taxes in lieu of vehicle license fees attributable to the county-wide growth in assessed valuation;
- $56.3 million increase in federal revenues primarily tied to expansion of behavioral health, mental health and substance abuse programs;
- $37.2 million increase in federal revenues for social services programs primarily associated with increased expenditures and updated administrative allocations;
- $20.6 million decrease in expenditures due to lower caseload levels in the California Work Opportunity and Responsibility to Kids (CalWORKs) program resulting in savings in cash assistance and work participation benefits;
- $14.1 million increase in investment earnings; and,
- $3.3 million increase in State aid allocations to fund major maintenance in the Probation department.

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; on-going technology initiatives; and various region-wide services.

As of June 30, 2019, the total (restricted) fund balance in the Public Safety Special Revenue Fund was $67.7 million, an $8.3 million increase from the previous fiscal year; mainly due to a $10.5 million increase in Prop 172 revenues due to the strong employment sector that can support continued consumer spending and taxable sales, with positive results for sales tax revenue.

Tobacco Endowment Special Revenue Fund:

This special revenue fund is used to account for the $411 million the County received from the Tobacco Asset Securitization Corporation (Corporation) related to the sale of 25 years of tobacco settlement revenue in fiscal year 2002; and an additional $123 million the County received from the Corporation resulting from the issuance of the San Diego County Tobacco Asset Securitization Corporation refunding bonds in fiscal year 2006. At the end of fiscal year 2019, fund balance was $299.9 million, an increase of approximately $1.1 million from fiscal year 2018, principally due to investment income of $7.3 million offset by $6 million in transfers out to the General Fund for the support of health related program expenditures, coupled with $200 thousand of administrative costs.

General Fund Budgetary Highlights

The County's final budget differs from the original budget (see Notes to required supplementary information) in that it contains supplemental appropriations approved during the fiscal year for various programs and projects, as well as transfers of appropriations, budget corrections, rebudgets, and account reclassifications. For the fiscal year ended June 30, 2019, net expenditure appropriations increased by $65.5 million and appropriations for transfers out increased by $75.6 million for a net increase of $141.1 million.

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

- $30.5 million for various capital projects
- $17.0 million for negotiated salary and benefit payments to employees in Public Safety Group departments
- $13.8 million for a one-time contribution to the San Diego County Employees Retirement Association
- $5.0 million for the Rock Mountain Detention Facility refurbishment and modernization project
- $4.0 million to implement the "Live Well Neighborhoods" pilot program

Actual revenues underperformed final budgeted amounts by $129 million, while actual expenditures were less than the final budgeted amount by $632.8 million. The combination of revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of $503.8 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of $515.8 million. These combined amounts resulted in a variance in the net change in fund balance of $1.02 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 $51.8 million. Savings were realized in the Public Safety Group, Health and Human Services Agency, Land Use and Environment Group, Finance and General Government Group, and Community Services Group from lower than budgeted salaries and employee benefits costs due to staff turnover and departments' management of vacancies.

Services and Supplies:

The final budget over expenditure variance across all County groups in this category was $446.4 million. Overall, this expenditure variance primarily resulted from a lower demand for services than budgeted levels and lower costs than anticipated for various projects. This variance includes $75.0 million that was appropriated 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. As a result, this $75.0 million is included in the Restricted fund balance in the General Fund.

Delayed Expenditures:

Many County projects, such as maintenance and information technology, take place over more than one fiscal year. At inception they are budgeted at full expected cost, resulting in budgeted over expenditure variances that are rebudgeted in the subsequent fiscal year. For example, a positive expenditure variance of approximately $2.0 million for construction of the Fire and Emergency Services Training Center, $1.7 million for various information technology projects in Planning & Development Services and $1.6 million for pay-off of a loan associated with the Julian Fire station.

Management and Contingency Appropriations:

The County annually sets up management reserves appropriations for a variety of one-time capital and operating expenditures as well as potential emergencies, based on available prior year's fund balance. Unexpended management reserves appropriations resulted in a final budget over actual variance of $21.8 million. Note that the Management Reserves are included within various functional activities.

Capital Assets and Commitments

Capital Assets

At June 30, 2019, the County's capital assets for both governmental and business-type activities were $3.64 billion and $174 million, respectively, net of accumulated depreciation/amortization. Investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure (including roads, bridges, flood channels, and traffic signals), equipment, software and easements. Significant increases to capital assets in fiscal year 2019 included:

Governmental Activities:

- $72.9 million from land donations.
- $45.3 million towards construction and improvements of County maintained roads, bridges, and other road related infrastructure.
- $36.6 million towards acquisition of equipment.
- $20.9 million towards construction of Sheriff Technology and Information Center. Total project costs are estimated at $47.9 million.
- $18.0 million towards improvement of various capital projects.
- $14.6 million towards development of various software applications.
- $14.3 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).
- $10.7 million towards construction of Assessor/ Recorder/County Clerk Branch Office. Total project costs are estimated at $22.1 million.
- $8.6 million towards construction of Crime Lab. Total projects costs are estimated at $107.5 million.
- $6.4 million towards land acquisition for Calavo Park. Total project costs are estimated at $6.5 million.
- $6.5 million towards construction of Borrego Springs Community Library. Total project costs are estimated at $13.4 million.
- $5.5 million towards construction of Pine Valley Fire Station. Total project costs are estimated at $9.3 million.
- $5.3 million towards County Administration Center renovations. Total project costs are estimated at $30.8 million.
- $4.6 million towards construction of Santa Ysabel Nature Center. Total project costs are estimated at $9.5 million.
- $3.6 million in infrastructure donated by developers.
- $3.0 million towards construction of Regional

Communication System. Total project costs are estimated at $35.9 million.

- $2.5 million towards construction of Borrego Springs Park. Total project costs are estimated at $3.8 million.
- $1.5 million from equipment donations.
- $2.3 million towards construction of Southeast San Diego Live Well Center. Total project costs are estimated at $75.7 million.
- $2.3 million towards construction of North Coastal HHSA Facility. Total project costs are estimated at $24.5 million.
- $1.6 million towards land acquisition for Alpine Local Park. Total project costs are estimated at $6.5 million.
- $1.5 million towards land acquisition for Emergency Vehicle Operations Course. Total project costs are estimated at $29.1 million.
- $1.2 million in structures donations.
- $1.1 million towards Waterfront Park Improvements. Total project costs are estimated at $1.8 million.
- $1.0 million towards Madge Bradley Courthouse renovations. Total project costs are estimated at $1.8 million.

Business-type Activities:

- $1.9 million towards construction of Sewer Monitoring System.

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, 2019, capital commitments included the following:

Governmental Activities:

$127.4 million for the construction of Sheriff Technology and Information Center, Regional Communications System, Assessor/Recorder/County Clerk Branch Office, North County Regional Center Parking Lot, Santa Ysabel Nature Center, and South County Bicycle Skills Course; procurement of two Bell 407GXi helicopters, search and rescue truck and two tactical tenders; development of Integrated Property Tax System and Electronic Medical Records System; renovation of County Administration Center; expansion of Bonita Library; improvements at East County Regional Center, San Diego Botanic Gardens, and County roads; and, vehicle acquisitions.

(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, 2019, the County's governmental activities had outstanding long-term liabilities (without regard to the net pension liability or net OPEB liability) of $1.798 billion.

Of this amount, approximately $1.344 billion pertained to long-term debt outstanding. Principal debt issuances included: $553 million in Tobacco Settlement Asset-Backed Bonds; $509 million in taxable pension obligation bonds; $256 million in certificates of participation (COPs) and lease revenue bonds (LRBs); $4 million in loans; and, $22 million in unamortized issuance premiums and discounts.

Other long-term liabilities included: $273 million in claims and judgments; $113 million in compensated absences; $20 million for landfill postclosure costs; $44 million in capital leases; and $4 million for pollution remediation.

During fiscal year 2019, the County's total COPs, LRBs, unamortized issuance premiums and discounts, and other bonds and loans for governmental activities decreased by $73.975 million.

The $73.975 million net decrease was due to the following increases and decreases:

The increase to debt included $7.302 million of principal accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal.

Decreases to debt were $81.277 million and included:

- $79.027 million in principal debt service payments; and,

- $2.250 million due to the effects of unamortized issuance premiums and unamortized issuance discounts.

Business-type Activities:

Long-term liabilities (without regard to the net pension liability or net OPEB liability) for business-type activities consisted of $447 thousand for compensated absences.

During fiscal year 2019, long-term liabilities for business-type activities decreased by $15 thousand due to a net decrease in compensated absences.

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

Credit Ratings

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

Table 3

Credit Ratings	Moody's	Standard & Poor's	Fitch
Issuer Rating	Aaa	AAA	AAA
Certificates of Participation San Diego County Capital Asset Leasing Corporation (SANCAL)	Aa1	AA+	AA+
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	Aa1	AA+	AA+
Lease Revenue Refunding Bonds SDRBA (County Operations Center) Series 2016A	Aa1	AA+	AA+
Refunding Lease Revenue Bonds SDRBA San Miguel	A1	AA+	not rated
Pension Obligation Bonds	Aa2	AAA	AA+
Tobacco Settlement Asset-Backed Bonds - Series 2006A1 (Senior)	A3	BBB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A2 (Senior)	B2	BB+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006A3 (Senior)	B2	B+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	not rated	CCC+	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	not rated	CCC	not rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	not rated	CCC	not rated
San Diego County Redevelopment Agency Bonds	not rated	not rated	not rated

The County's 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 by Moody's in February 2016, and by Standard & Poor's and Fitch in March 2017.

The County's outstanding lease-backed obligation rating was upgraded to Aa1 from Aa2 by Moody's in October 2016. 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 January 2018 Standard & Poor's raised its rating on one tranche of the Series 2006 Tobacco Settlement Asset-Backed Bonds to BBB+ from BBB and affirmed its ratings on the remaining tranches.

In February 2018 Standard & Poor's raised its ratings on the County's outstanding Pension Obligation Bonds one notch, to AAA from AA+, based on the application of its Issue Credit Ratings Linked to U.S. Public Finance Obligors' Creditworthiness criteria, published January 22, 2018 on RatingsDirect.

In August 2018, Moody's raised its rating on one tranche of the Series 2006 Tobacco Settlement Asset-Backed Bonds to A3 from Baa1.

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. Some economic indicators suggest that the economy is continuing to improve at a modest pace following recovery from the great recession. A number of risk factors are continuously monitored: employment growth, recovery in the housing market, and the national economy as a whole. The following economic factors currently affect the County of San Diego and were considered in developing the fiscal year 2020 Operational Plan (budget):

- The fiscal year 2020 General Fund adopted budget contains total appropriations of $4.7 billion. This is an increase of $29.1 million, or 0.6%, from the fiscal year 2019 General Fund adopted budget. Program Revenue comprises 65.7% of General Fund financing sources in fiscal year 2020, and is derived primarily from State and federal subventions and grants, and from charges and fees earned by specific programs. This revenue source is dedicated to, and can be used only for, the specific programs with which it is associated.
- General purpose revenue (GPR) funds local discretionary services, as well as the County's share of costs for services that are provided in partnership with the State and federal governments. GPR comprises approximately 29.8% of the General Fund. In the fiscal year 2020 adopted budget, the County's GPR increased 6.7%; with budgeted GPR of $1,408.4 million in fiscal year 2020 compared to $1,319.6 million budgeted in fiscal year 2019.
- The largest source of GPR is property tax revenue, which represents 52.6% of total GPR in fiscal year 2020, 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 2020, property tax revenue is budgeted at $741.1 million, $38.9 million or 5.5% higher than the budget for fiscal year 2019. The budgeted property tax revenue takes into account current commercial and residential real estate conditions as evidenced by the improving level of building permits; growing median price of homes; the relatively low level of foreclosures; and improvement in the number of total deeds recorded. For fiscal years 2016, 2017, 2018 and 2019 the final growth rates were 5.7%, 5.6%, 6.35% and 6.13% respectively. For fiscal year 2020, an assumed rate of 5.00% was projected in overall assessed value of real property.
  - Current secured property tax revenue ($714.2 million in fiscal year 2020) is expected to increase by $38.8 million in fiscal year 2020 from the adopted budget level for fiscal year 2019. 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 2020 revenue amount assumes an increase of 5.00% in the local secured assessed value. The budget also makes certain assumptions regarding the County's share of

countywide property tax revenues, the delinquency rate, exemptions and the amount of tax roll corrections and refunds on prior year assessments. In fiscal year 2020, refunds and corrections combined are projected at $5.8 million compared to the fiscal year 2011 high level of $19.4 million.

- Current supplemental property tax revenue ($9.0 million in fiscal year 2020) is expected to increase by $0.1 million in fiscal year 2020 from the adopted level for fiscal year 2019. This revenue is derived from net increases to the secured tax roll from either new construction or changes in ownership that occur subsequent to the January 1 lien date and are therefore more difficult to predict. These actions are captured on the supplemental tax roll. In many change of ownership transactions, a refund was due to the owner since the value of the property is lower than it was on the lien date instead of a bill for an additional amount of property tax because the property value is higher than the value as of the lien date.
- Current unsecured property tax revenue ($17.8 million in fiscal year 2020) is not based on a lien on real property. The unsecured tax roll is that part of the assessment roll consisting largely of business personal property owned by tenants. Based on trends and the most up-to-date information, there is no significant change in projection for the following fiscal year.
- Current unsecured supplemental property tax revenue ($0.1 million in fiscal year 2020) 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 31.1%, or $437.8 million, of budgeted GPR in fiscal year 2020. This revenue source was established by the State in fiscal year 2005 to replace the previous distribution of VLF to local governments. The annual change in this revenue source is statutorily based on the growth/decline in the net taxable unsecured and local secured assessed value. With projected 5.00% increase in the combined taxable unsecured and local secured assessed value in fiscal year 2020, budgeted revenues are $25.6 million higher than fiscal year 2019. The increase is partially associated with the change in actual assessed value in fiscal year 2019 which increased by 6.13% compared to a budgeted increase of 4.75%.
- Teeter revenue represents approximately 1.1%, or $14.9 million, of budgeted GPR in fiscal year 2020. 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 2020, Teeter revenue is budgeted to decrease by $1.7 million from fiscal year 2019 primarily due to improving delinquency rates, indicating the strength of the local real estate market.
- Sales and use tax revenue is budgeted at $31.0 million in fiscal year 2020, representing approximately 2.2% of GPR. This revenue is derived from taxable sales by retailers who sell or rent tangible personal property in unincorporated areas of the county, or from use taxes from consumers who purchase tangible personal property from out of State. Use taxes are also imposed on the

storage, use, lease or other consumption of tangible personal property at any time a sales tax has not been paid by the retailer. Sales and use tax revenue in fiscal year 2020 is estimated to be $2.2 million, or 7.6%, higher than the fiscal year 2019 adopted budget largely due to projected growth in the Building & Construction, Business & Industry, Fuel & Service Stations and the Restaurant & Hotels sectors. Any growth in this funding source is generally impacted by population growth, new retail business formation and consumer spending trends.

- Intergovernmental revenue is budgeted at $86.5 million in fiscal year 2020, an increase of $8.9 million or 11.4%, and is approximately 6.1% of total GPR. This increase is due to continuing growth in pass-through distributions . The intergovernmental revenue source represents funding the County receives from various intergovernmental sources, including redevelopment successor agencies, the City of San Diego (pursuant to a memorandum of understanding related to the County's Central Jail), the federal government (payments in lieu of taxes for tax-exempt federal lands administered by the Bureau of Land Management, the National Park Service, and the U.S. Fish and Wildlife Service), and the State of California (reimbursement to the County for the Homeowner's Property Tax Relief program). The largest portion of this funding is from redevelopment property tax revenues. In 2011 pursuant to ABX1 26, redevelopment agencies were dissolved by the California legislature. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011. The Court extended the date of dissolution from October 1, 2011 to February 1, 2012. Based on Health and Safety Code Section 34183 (a)(1), the County auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each affected local taxing agency property tax revenues in an amount equal to that which would have been received under Health and Safety Code Sections 33401, 33492.140, 33607, 33607.5, 33607.7 or 33676. The residual balance (Health and Safety Code Section 34183(a)(4)), not allocated for specific purposes, will be distributed to local taxing agencies in accordance with Section 34188.
- Other revenues are budgeted at $97.2 million in fiscal year 2020 and are approximately 6.9% of the total GPR. Various revenue sources make up this category including: Real Property Transfer Tax (RPTT), interest on deposits and investments, fees, fines, forfeitures, prior year property taxes, penalties and cost on delinquency taxes, franchise fees, media licenses and other miscellaneous revenues. The fiscal year 2020 amount is an 18.3% or $15.0 million increase from fiscal year 2019, primarily attributable to growing interest rates and growth in average daily cash balances.

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 2020 Adopted Operational Plan which can be accessed at http://www.sdcounty.ca.gov/auditor/opplan/adoptedlist.html.

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 1600 Pacific Highway, San Diego, California 92101.

Basic Financial Statements

STATEMENT OF NET POSITION

June 30, 2019
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
ASSETS				
Pooled cash and investments	$ 3,324,664	72,812	3,397,476	31,906
Cash with fiscal agents	8		8	
Investments with fiscal agents	287,273		287,273	17,018
Receivables, net	597,241	5,525	602,766	7,365
Property taxes receivables, net	100,534		100,534	
Internal balances	2,716	(2,716)		
Due from component unit	51		51	
Inventories	20,377	290	20,667	
Deposits with others	9		9	
Prepaid items	491	1	492	2
Restricted assets:				
Cash with fiscal agents	706		706	
Investments with fiscal agents	63,465		63,465	
Lease receivable	1,265		1,265	
Capital assets:				
Land, easements and construction in progress	636,323	12,794	649,117	
Other capital assets, net of accumulated depreciation/ amortization	3,000,535	161,432	3,161,967	
Total assets	8,035,658	250,138	8,285,796	56,291
DEFERRED OUTFLOWS OF RESOURCES				
Non-Pension:				
Unamortized loss on refunding of long-term debt	14,282		14,282	
Pension:				
Contributions to the pension plan subsequent to the measurement date	497,285	2,166	499,451	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	29,067	122	29,189	
Changes of assumptions or other inputs	340,194	1,637	341,831	
Net difference between projected and actual earnings on pension plan investments	12,122	233	12,355	
Difference between expected and actual experience in the total pension liability	1,951	13	1,964	
OPEB:				
Contributions to the OPEB plan subsequent to the measurement date	18,803	89	18,892	
Net difference between projected and actual earnings on OPEB plan investments	103		103	
Total deferred outflows of resources	913,807	4,260	918,067	

Continued on next page

STATEMENT OF NET POSITION

June 30, 2019
(In Thousands)

(Continued)	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
LIABILITIES				
Accounts payable	222,758	1,293	224,051	9,581
Accrued payroll	37,214	161	37,375	
Accrued interest	16,264		16,264	
Due to primary government				51
Unearned revenue	359,537	145	359,682	80
Noncurrent liabilities:				
Due within one year	178,951	187	179,138	46
Due in more than one year - other	1,618,602	260	1,618,862	9
Due in more than one year - net pension liability	3,183,602	14,298	3,197,900	
Due in more that one year - net OPEB liability	118,911	572	119,483	
Total Liabilities	5,735,839	16,916	5,752,755	9,767
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance	11,949		11,949	
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	2,210	11	2,221	
Differences between expected and actual experience in the total pension liability	230,350	998	231,348	
Total deferred inflows of resources	244,509	1,009	245,518	
NET POSITION				
Net investment in capital assets	3,336,893	174,226	3,511,119	
Restricted for:				
Grantors - Housing assistance	86,395		86,395	
Donations	4,256		4,256	
Pension stabilization	303,047		303,047	
Laws or regulations of other governments:				
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	41,825		41,825	
Future road improvements	148,109		148,109	
Construction, maintenance and other costs for justice, health, and social facilities and programs	42,483		42,483	
Road, park lighting maintenance, fire protection and ambulance service	33,376		33,376	
Air pollution activities	28,564		28,564	
Defray administrative costs, other general restrictions	27,248		27,248	
Custody and care for youthful offenders	4,149		4,149	
Juvenile probation activities	8,497		8,497	
Teeter tax loss	9,863		9,863	
Mental health	8,672		8,672	
Vector control	8,486		8,486	
Improvement and maintenance of recorded document systems	19,768		19,768	
Flood Control future drainage improvements	24,237		24,237	
Public safety activities	69,153		69,153	
Other purposes	144,701		144,701	
First 5 Commission of San Diego				46,524
Unrestricted	(1,380,605)	62,247	(1,318,358)	
Total net position	$ 2,969,117	236,473	3,205,590	46,524

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

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019
(In Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
Governmental Activities:								
General government	$ 709,150	108,724	132,307	115,246	(352,873)		(352,873)	
Public protection	1,479,542	252,906	517,455	2,466	(706,715)		(706,715)	
Public ways and facilities	149,776	22,006	123,014	3,679	(1,077)		(1,077)	
Health and sanitation	835,771	129,895	706,738		862		862	
Public assistance	1,187,343	18,359	1,230,158		61,174		61,174	
Education	40,020	913	6,682	34	(32,391)		(32,391)	
Recreation and cultural	43,701	11,620			(32,081)		(32,081)	
Interest	74,355				(74,355)		(74,355)	
Total governmental activities	4,519,658	544,423	2,716,354	121,425	(1,137,456)		(1,137,456)	
Business-type activities:								
Airport	15,178	14,281	20			(877)	(877)	
Jail Stores Commissary	5,836	6,978				1,142	1,142	
Sanitation District	32,335	32,382				47	47	
Total business-type activities	53,349	53,641	20			312	312	
Total primary government	4,573,007	598,064	2,716,374	121,425	(1,137,456)	312	(1,137,144)	
Component Unit:								
First 5 commission of San Diego	$ 38,339		28,529					(9,810)

Continued on next page

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(In Thousands)

(Continued)	Net (Expense) Revenue & Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
Changes in net position:				
Net (expense) revenue	$ (1,137,456)	312	(1,137,144)	(9,810)
Revenues:				
General Revenues				
Taxes:				
Property taxes	797,838		797,838	
Transient occupancy tax	5,785		5,785	
Real property transfer tax	26,521		26,521	
Miscellaneous taxes	6		6	
Property taxes in lieu of vehicle license fees	417,601		417,601	
Sales and use taxes	32,332		32,332	
Total general tax revenues	1,280,083		1,280,083	
Investment earnings	84,335	2,013	86,348	1,228
Other	90,041	2,734	92,775	
Total general revenues	1,454,459	4,747	1,459,206	1,228
Transfers	5,711	(5,711)		
Total general revenues and transfers	1,460,170	(964)	1,459,206	1,228
Change in net position	322,714	(652)	322,062	(8,582)
Net position at beginning of year	2,646,403	237,125	2,883,528	55,106
Net position at end of year	$ 2,969,117	236,473	3,205,590	46,524

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	$ 2,458,447	27,223	13,396	478,059	2,977,125
Cash with fiscal agents	8				8
Investments with fiscal agents	2		287,271		287,273
Receivables, net	412,057	51,391	3,707	104,670	571,825
Property taxes receivables, net	99,870			664	100,534
Due from other funds	90,322	12,727	7	31,493	134,549
Inventories	17,838			1,334	19,172
Deposits with others				9	9
Prepaid items	117			374	491
Restricted assets:					
Cash with fiscal agents	202			504	706
Investments with fiscal agents				63,465	63,465
Lease receivable	372			893	1,265
Total assets	3,079,235	91,341	304,381	681,465	4,156,422
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	145,086			31,452	176,538
Accrued payroll	34,629			1,686	36,315
Due to other funds	67,500	23,624	4,513	59,566	155,203
Unearned revenue	324,127			34,574	358,701
Total liabilities	571,342	23,624	4,513	127,278	726,757
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance	11,301			648	11,949
Unavailable revenue	72,527			75,711	148,238
Total deferred inflows of resources	83,828			76,359	160,187

Continued on next page

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019
(In Thousands)

(Continued)	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	29,181			4,291	33,472
Inventories and deposits with others	17,838			1,343	19,181
Restricted for:					
Creditors - Debt service				67,364	67,364
Grantors - Housing assistance	69,699			16,696	86,395
Donations	4,256				4,256
Pension stabilization	303,047				303,047
Laws or regulations of other governments:					
Public safety activities	1,436	67,717			69,153
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	41,825				41,825
Improvement and maintenance of recorded document systems	19,768				19,768
Defray administrative costs, other general restrictions	27,248				27,248
Future road improvements				148,109	148,109
Construction, maintenance and other costs for justice, health, and social facilities and programs	42,483				42,483
Custody and care of youthful offenders	4,149				4,149
Juvenile probation activities	8,497				8,497
Fund purpose				147,276	147,276
Other purposes	86,321			24,302	110,623
Committed to:					
Realignment health, mental health and social services	51,611				51,611
Landfill, postclosure and landfill maintenance				65,582	65,582
Capital projects' funding	513,913				513,913
Health			299,868		299,868
Evaluation, acquisition, construction, or rehabilitation of affordable housing for low-income residents	23,672				23,672
Other purposes	48,254				48,254
Assigned to:					
Subsequent one-time expenditures	145,327				145,327
Legislative and administrative services	127,802			2,865	130,667
Other purposes	145,589				145,589
Unassigned	712,149				712,149
Total fund balances	2,424,065	67,717	299,868	477,828	3,269,478
Total liabilities, deferred inflows of resources and fund balances	$ 3,079,235	91,341	304,381	681,465	4,156,422

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

June 30, 2019
(In Thousands)

Total fund balances - governmental funds	$	3,269,478
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.		3,558,025
Unamortized loss on refundings (to be amortized as interest expense).		14,282
Accrued interest on long-term debt.		(16,264)
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.		148,238
Long-term interest receivable on housing loans.		19,662
Deferred outflows of resources - Contributions to the pension plan subsequent to the measurement date.		486,424
Deferred outflows of resources - Contributions to the OPEB plan subsequent to the measurement date.		18,353
Deferred outflows of resources - Changes in proportionate share and differences between employer's contributions and proportionate share of contributions - Pension.		28,436
Deferred outflows of resources - Changes of assumptions or other inputs - Pension.		332,078
Deferred outflows of resources - Net difference between projected and actual earnings on pension plan investments.		10,899
Deferred outflows of resources - Net difference between projected and actual earnings on OPEB plan investments.		103
Deferred outflows of resources - Differences between expected and actual experience in the total pension liability.		1,904
Deferred inflows of resources - Changes in proportionate share and differences between employer's contributions and proportionate share of contributions - Pension.		(2,157)
Deferred inflows of resources - Differences between expected and actual experience in the total pension liability.		(225,404)
Long-term liabilities, including bonds, notes, loans payable, capital leases, claims and judgments, compensated absences, landfill postclosure, pollution remediation, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the balance sheet. (See Note 2 to the financial statements; **Table 3**.)		(4,748,848)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, road and communications services, materials and supplies (purchasing), and facilities services to individual funds; and, to make loans for start-up services for new and existing county service districts. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. (See Note 2 to the financial statements; **Table 3**.)		73,908
Net position of governmental activities	$	2,969,117

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2019
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 1,223,597			52,987	1,276,584
Licenses, permits and franchise fees	46,778			16,173	62,951
Fines, forfeitures and penalties	42,453			1,136	43,589
Revenue from use of money and property	63,090	52	7,310	17,152	87,604
Aid from other governmental agencies:					
State	1,224,649	293,766		113,113	1,631,528
Federal	766,244			142,967	909,211
Other	117,631			25,191	142,822
Charges for current services	384,631			39,734	424,365
Other	28,333			50,168	78,501
Total revenues	3,897,406	293,818	7,310	458,621	4,657,155
Expenditures:					
Current:					
General government	277,935		200	3,886	282,021
Public protection	1,557,750			11,757	1,569,507
Public ways and facilities	4,857			84,327	89,184
Health and sanitation	829,446			45,891	875,337
Public assistance	1,092,266			170,918	1,263,184
Education	1,346			44,361	45,707
Recreation and cultural	40,489			2,367	42,856
Capital outlay	30,034			153,620	183,654
Debt service:					
Principal	21,959			60,807	82,766
Interest	14,585			54,796	69,381
Total expenditures	3,870,667		200	632,730	4,503,597
Excess (deficiency) of revenues over (under) expenditures	26,739	293,818	7,110	(174,109)	153,558
Other financing sources (uses):					
Sale of capital assets	6,222			18,991	25,213
Transfers in	305,547			222,367	527,914
Transfers out	(222,301)	(285,540)	(6,000)	(20,050)	(533,891)
Total other financing sources (uses)	89,468	(285,540)	(6,000)	221,308	19,236
Net change in fund balances	116,207	8,278	1,110	47,199	172,794
Fund balance at beginning of year	2,307,127	59,439	298,758	431,003	3,096,327
Increase (decrease) in nonspendable inventories	731			(374)	357
Fund balances at end of year	$ 2,424,065	67,717	299,868	477,828	3,269,478

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

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, 2019
(In Thousands)

Net change in fund balances - total governmental funds	$	172,794
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.		3,499
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.		7,758
Revenues earned on long-term housing loans.		19,662
Adjustment to nonspendable inventories.		357
Change in accounting estimate for postclosure costs - (public protection function) - San Marcos landfill.		(426)
Change in accounting estimate for pollution remediation - (general government function).		(721)
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; **Table 4**.)		20,830
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; **Table 4**.)		53,096
Contributions to the pension plan subsequent to the measurement date.		486,424
The issuance of long-term debt (e.g. bonds, notes, loans and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (See Note 2 to the financial statements; **Table 4**.)		82,766
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (See Note 2 to the financial statements; **Table 4**.)		(535,122)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (expense) of internal service funds is reported within governmental activities. (See Note 2 to the financial statements; **Table 4**.)		11,797
Change in net position - governmental activities.	$	322,714

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
ASSETS		
Current assets:		
Pooled cash and investments	$ 72,812	347,539
Receivables, net	2,097	4,242
Due from other funds	404	31,305
Inventories	290	1,205
Prepaid items	1	
Total current assets	75,604	384,291
Noncurrent assets:		
Due from other funds	3,428	20
Capital assets:		
Land	11,593	
Construction in progress	1,201	1,289
Buildings and improvements	139,068	2,963
Equipment	6,624	178,352
Software	297	4,547
Road infrastructure	20,400	
Sewer infrastructure	107,601	
Accumulated depreciation/amortization	(112,558)	(108,318)
Total noncurrent assets	177,654	78,853
Total assets	253,258	463,144
DEFERRED OUTFLOWS OF RESOURCES		
Pension:		
Contributions to the pension plan subsequent to the measurement date	2,166	10,861
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	122	631
Changes of assumptions or other inputs	1,637	8,116
Net difference between projected and actual earnings on pension plan investments	233	1,223
Difference between expected and actual experience in the total pension liability	13	47
OPEB:		
Contributions to the OPEB plan subsequent to the measurement date	89	450
Total deferred outflows of resources	4,260	21,328

Continued on next page

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019
(In Thousands)

(Continued)	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	1,293	46,220
Accrued payroll	161	899
Due to other funds	3,785	5,727
Unearned revenue	145	836
Loans payable		284
Compensated absences	187	1,080
Claims and judgments		51,438
Total current liabilities	5,571	106,484
Noncurrent liabilities:		
Loans payable		927
Compensated absences	260	1,502
Claims and judgments		221,437
Net pension liability	14,298	71,654
Net OPEB liability	572	2,896
Total noncurrent liabilities	15,130	298,416
Total liabilities	20,701	404,900
DEFERRED INFLOWS OF RESOURCES		
Pension:		
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	11	53
Differences between expected and actual experience in the total pension liability	998	4,946
Total deferred inflows of resources	1,009	4,999
NET POSITION		
Net investment in capital assets	174,226	78,833
Unrestricted net position	61,582	(4,260)
Total net position	$ 235,808	74,573

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	$ 235,808
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	665
Net position of business-type activities	$ 236,473

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2019
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	$ 53,641	455,660
Other	2,734	3,447
Total operating revenues	56,375	459,107
Operating expenses:		
Salaries and employee benefits	9,253	50,969
Repairs and maintenance	6,852	50,005
Equipment rental	1,460	80
Sewage processing	13,533	
Contracted services	9,576	237,275
Depreciation/amortization	6,353	17,916
Utilities	406	29,759
Cost of material	2,341	4,922
Claims and judgments		63,339
Fuel	68	11,309
Other	3,310	7,786
Total operating expenses	53,152	473,360
Operating income (loss)	3,223	(14,253)
Nonoperating revenues (expenses):		
Grants	20	4,149
Investment earnings	2,013	8,154
Gain (loss) on disposal of assets		1,200
Total nonoperating revenues (expenses)	2,033	13,503
Income (loss) before capital contributions and transfers	5,256	(750)
Capital contributions		662
Transfers in	556	13,659
Transfers out	(6,267)	(1,971)
Change in net position	(455)	11,600
Net position (deficits) at beginning of year	236,263	62,973
Net position (deficits) at end of year	$ 235,808	74,573

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	$ (455)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(197)
Change in net position of business-type activities	$ (652)

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	$ 47,891	6,746
Cash received from other funds	9,491	449,280
Cash payments to suppliers	(36,198)	(312,504)
Cash payments to employees	(9,096)	(50,007)
Cash payment to other funds	(4,684)	(37,444)
Cash paid for claims and judgments		(36,411)
Other payments	(17)	(133)
Net cash provided (used) by operating activities	7,387	19,527
Cash flows from noncapital financing activities:		
Operating grants	32	3,904
Transfers from other funds	556	13,659
Transfers to other funds	(6,267)	(1,971)
Payments received on advances to other funds		10
Principal paid on long-term debt		(362)
Payments received on advances to other funds	125	
Net cash provided (used) by noncapital financing activities	(5,554)	15,240
Cash flows from capital and related financing activities:		
Capital contributions		662
Acquisition of capital assets	(3,461)	(26,137)
Proceeds from sale of assets		1,763
Net cash provided (used) by capital and related financing activities	(3,461)	(23,712)
Cash flows from investing activities:		
Investment earnings	1,548	6,122
Net increase (decrease) in cash and cash equivalents	(80)	17,177
Cash and cash equivalents - beginning of year	72,892	330,362
Cash and cash equivalents - end of year	72,812	347,539
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	3,223	(14,253)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivables	209	56
Decrease (increase) in due from other funds	(329)	(3,599)
Decrease (increase) in inventories	(57)	(179)
Decrease (increase) in other current assets	(1)	
Increase (decrease) in accounts payable	(3,307)	(7,967)
Increase (decrease) in accrued payroll	4	50
Increase (decrease) in due to other funds	1,223	(868)
Increase (decrease) in unearned revenue	(84)	462
Increase (decrease) in compensated absences	(15)	87
Increase (decrease) in claims and judgments		26,928
Pension expense	221	1,171
OPEB expense	(53)	(277)
Depreciation / amortization	6,353	17,916
Total adjustments	4,164	33,780
Net cash provided (used) by operating activities	7,387	19,527
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	$ 209	1,574

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

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2019
(In Thousands)

		Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS				
Pooled cash and investments	$	6,249,852	1,932	470,826
Cash with fiscal agents				1,160
Investments with fiscal agents			1,136	1,235
Receivables:				
Accounts receivable				1,319
Investment earnings receivable		66,185	9	57,857
Taxes receivable		49,635		70,553
Other receivables		19,227		
Total assets		6,384,899	3,077	602,950
LIABILITIES				
Accounts payable		992	4	158,993
Warrants outstanding				225,123
Accrued interest			46	
Unearned revenue		35		
Noncurrent liabilities:				
Due within one year			553	
Due in more than one year			9,254	
Due to other funds			4,991	
Due to other governments				218,834
Total liabilities		1,027	14,848	602,950
NET POSITION				
Held in trust for pool participants		6,383,872		
Held in trust for private purpose			(11,771)	
Total net position (deficit) held in trust	$	6,383,872	(11,771)	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended June 30, 2019
(In Thousands)

		Pooled Investments-Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund
ADDITIONS			
Contributions:			
Contributions to investments	$	10,651,991	
Total contributions		10,651,991	
Investment earnings:			
Net increase (decrease) in fair value of investments		1,333	
Investment earnings		156,128	52
Total investment earnings		157,461	52
Property taxes- Successor Agency Redevelopment Property Tax Trust Fund Distribution			2,237
Total additions		10,809,452	2,289
DEDUCTIONS			
Administrative expenses			8
Distributions from investments		10,733,040	
Contributions to other agencies			550
Interest			644
Total deductions		10,733,040	1,202
Change in net position		76,412	1,087
Net position at beginning of year		6,307,460	(12,858)
Net position (deficit) at end of year	$	6,383,872	(11,771)

NOTE 1 Summary of Significant Accounting Policies 60
The Reporting Entity 60
Blended Component Units 60
Discrete Component Unit 61
Financial Reporting Structure 62
Basic Financial Statements 62
Government-Wide Financial Statements 62
Fund Financial Statements 62
Measurement Focus, Basis of Accounting and Financial Statement Presentation 64
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance 64
Cash and Investments 64
Receivables and Payables 65
County Leased Property 65
Inventories and Prepaid Items 66
Capital Assets 66
Unearned Revenue 66
Deferred Outflows and Inflows of Resources 66
Lease Obligations 67
Long-Term Obligations 67
Pension 68
OPEB 68
Employees' Compensated Absences 68
General Budget Policies 69
Fund Balance 69
Net Position 70
Indirect Costs 70
Use of Estimates 70

NOTE 2 Reconciliation of Government-Wide and Fund Financial Statements 71
Balance Sheet/Statement of Net Position 71
Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities 72

NOTE 3 Deposits and Investments 73
Deposits 73
Investments 74

NOTE 4 Restricted Assets 81

NOTE 5 Receivables 81

NOTE 6 County Property on Lease to Others 82

NOTE 7 Capital Assets 83
Changes in Capital Assets 83
Depreciation/Amortization 84
Capital and Other Commitments 84

NOTE 8 Interfund Balances 86

NOTE 9 Interfund Transfers 87

NOTE 10 Payables 87

NOTE 11 Deferred Inflows of Resources: Unavailable Revenue 87

NOTE 12 Lease Obligations 88
Operating Leases 88
Capital Leases 88

NOTE 13 Long-Term Debt 89
Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) 89
Taxable Pension Obligation Bonds (POBs) 91
Tobacco Settlement Asset-Backed Bonds (TSAB) 91
Loans - Governmental Activities 94
Arbitrage 94

NOTE 14 Changes in Long-Term Liabilities 95

NOTE 15 Funds Used to Liquidate Liabilities 96

NOTE 16 Landfill Site Postclosure Care Costs 96

NOTE 17 Pollution Remediation 97

NOTE 18 Conduit Debt Obligations 98

NOTE 19 Special Tax Bonds 98
Harmony Grove Village Improvement Area No. 1 Special Tax Bonds, Series 2018A 98

NOTE 20 Fund Balance Policy - General Fund 99

NOTE 21 Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose 100

NOTE 22 Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes 101

NOTE 23 Fund Balances Committed to Other Purposes 102

NOTE 24 Fund Balances Assigned to Other Purposes 102

NOTE 25 Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes 103

NOTE 26 Risk Management 104

NOTE 27 Contingencies 104
Litigation 104
Unrecorded Leave Benefits 104
Federal and State Programs 105

NOTE 28 Joint Ventures 105

NOTE 29 Pension Plans 106

NOTE 30 Other Postemployment Benefits 111
Retiree Health Plan 111

NOTE 31 Fund Deficit 116

NOTE 32 County of San Diego Successor Agency Private Purpose Trust Fund for Assets of Former San Diego County Redevelopment Agency 116
Due To Other Funds 117

NOTE 33 San Diego County Redevelopment Agency (SDCRA) Revenue Refunding Bonds 117
Changes in Long-Term Liabilities 118

NOTE 34 Subsequent Events 118
San Diego County Capital Asset Leasing Corporation – County of San Diego Certificates of Participation, Series 2019 (Justice Facilities Refunding) 118
Tobacco Securitization Authority of Southern California (Authority) – Tobacco Settlement Asset-Backed Refunding Bonds, Series 2019 Senior Bonds 118

NOTE 35 New Governmental Accounting Standards 119
Implementation Status 119
Under Analysis 119

NOTE 1
Summary of Significant Accounting Policies
The Reporting Entity

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

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

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

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

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

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

Blended Component Units

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

Air Pollution Control District (APCD) - The *APCD* was established to protect people and the environment from the harmful effects of air pollution. Air quality is continuously monitored throughout the San Diego Air Basin, and programs are developed to bring about the emission reductions necessary to achieve clean air. The *APCD* issues permits to limit air pollution, ensures that air pollution control laws are followed, and administers funding that is used to reduce regional mobile source emissions. *APCD* is reported as a *special revenue fund*.

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 Area Districts (CSAD) - The *CSADs* 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 *CSADs* 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*.

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 and grants. The *SD* is reported as an *enterprise fund*.

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

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

San Diego County Tobacco Asset Securitization Corporation (SDCTASC) - The *SDCTASC* was created under the California Nonprofit Public Benefit Corporation Law and was established to purchase tobacco settlement payments allocated to the County from the State of California, pursuant to a Tobacco Master Settlement Agreement.

SDCTASC is governed by a Board of Directors consisting of three members, two of which are employees of the County and one independent director who is not an employee of the County. The *SDCTASC* is reported as a *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 a *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 1600 Pacific Highway, Room 166, San Diego, California 92101.

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 The First 5 Commission, 2750 Womble Road, Suite 201, (MS-A211), San Diego, CA 92106.

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 reflected on a full accrual, economic resource basis, 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 and modified accrual basis of accounting. Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The County reports the following major governmental funds:

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

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

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

The County reports the following additional funds and fund types:

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

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

The following *fiduciary funds* account for resources that are held by the County as a trustee or agent for outside parties and cannot be used to support the County's programs.

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.

Agency Funds are custodial in nature, and have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Agency funds account for assets held by the County as an agent for various local governments, organizations and individuals. Included are funds for child support payments; payroll taxes; public administrator and public guardian accounts; and apportioned taxes for other local governments.

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 - except agency funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Cash and Investments

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

The Pool is available for use by all funds. Each fund type's portion of the Pool is displayed on the statements of net position/balance sheets as "pooled cash and investments." The share of each fund's pooled cash and investments account is separately accounted for and interest earned, net of related expenses, is apportioned quarterly based on the fund's average daily cash balance in proportion to the total pooled cash and investments based on amortized cost. $4.805 million of interest earned by certain funds has been assigned to and reported as revenue of another fund. For fiscal year 2019, the General Fund was assigned $4.778 million and the Other Governmental Funds were assigned $27 thousand.

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

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

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

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

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

Receivables and Payables

The major receivables for governmental and business-type activities are taxes, due from other governmental agencies and loans. All property taxes and accounts receivable are shown net of an allowance for uncollectibles ($12.666 million and $8.678 million, respectively). Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are disclosed in Note 8. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

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

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

County Leased Property

The County and its blended component units lease real property to the private sector and other governmental agencies. Direct financing lease receivables are shown as restricted assets on the government-wide statement of net position -

governmental activities and governmental funds balance sheets. Revenue from direct financing and noncancelable operating leases is reported in the applicable government-wide statement of activities - governmental activities, governmental funds statements of revenues, expenditures, and changes in fund balances and proprietary funds, statements of revenues, expenses, and changes in net position, as applicable.

Inventories and Prepaid Items

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

Capital Assets

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

Infrastructure assets include roads, bridges and sewers.

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

Table 1
Capitalization Thresholds

Land	$	0
Easements		50
Buildings and improvements		50
Equipment		5
Software		5-100
Infrastructure		25-50

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

Table 2
Estimated Useful Lives

Buildings and improvements	10-50 years
Equipment	4-30 years
Software	2-10 years
Infrastructure	10-50 years

Unearned Revenue

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

Deferred Outflows and Inflows of Resources

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

inflow of resources represents an acquisition of net position by the government that is applicable to a future period.

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

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

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

Lease Obligations

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

Long-Term Obligations

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

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

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

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

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

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

Pension

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

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

OPEB

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

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

Employees' Compensated Absences

The County's policy is to permit employees to accumulate *earned* but *unused* vacation, compensatory time, holiday and sick leave benefits. Each of these benefits is subject to certain limits based on employee class, except for sick leave and compensatory time that is subject to Fair Labor Standards Act (FLSA) rules or the California Labor Code. All vacation pay and a certain portion of compensatory and sick pay for specified employee classes is accrued in the government-wide and

proprietary funds financial statements. Except for specified employee classes, there is no liability for *unpaid accumulated* sick leave since the County does not cash out unused sick leave when employees separate from service with the County. However, employees eligible for retirement benefits that meet minimum balance requirements may apply unused sick leave toward determining their length of service for the purpose of calculating retirement benefits.

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

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

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

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

General Budget Policies

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

Fund Balance

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

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

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

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

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

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

Net Position

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

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

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

Indirect Costs

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

Use of Estimates

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

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, 2019

Long-term liabilities, such as bonds, notes, loans payable, capital leases, claims and judgments, compensated absences, landfill postclosure, pollution remediation, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds. The details of this $4,748,848 difference are as follows:		
Bonds, notes and loans payable		
Certificates of participation and lease revenue bonds	$	256,220
Taxable pension obligation bonds		508,765
Tobacco settlement asset-backed bonds		553,443
Loans - non-internal service funds		2,399
Unamortized issuance premiums (to be amortized as interest expense)		31,804
Unamortized issuance discounts (to be amortized as interest expense)		(9,509)
Capital leases - non-internal service funds		43,593
Compensated absences - non-internal service funds		110,291
Landfill postclosure - San Marcos landfill		19,789
Pollution remediation		4,090
Subtotal		1,520,885
Net pension liability - non-internal service funds		3,111,948
Net OPEB liability - non-internal service funds		116,015
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	$	4,748,848
Internal Service Funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. The details of this $73,908 difference are as follows:		
Net position of the internal service funds	$	74,573
Less: Internal payable representing charges in excess of cost to business-type activities - prior years		(862)
Add: Internal payable representing costs in excess of charges to business-type activities - current year		197
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$	73,908

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

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

Table 4
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities Reconciliation
For the Year Ended June 30, 2019

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 $20,830 difference are as follows:		
Capital outlay	$	183,654
Depreciation/amortization expense		(162,824)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	20,830
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 $53,096 difference are as follows:		
The proceeds from the sale of capital assets provide current financial resources but have no effect on net position	$	(25,213)
The gain on the disposal of capital assets does not affect current financial resources but increases net position		7
The loss on the disposal of capital assets does not affect current financial resources but decreases net position		(41,375)
Donations of assets to the County do not provide current financial resources but increase net position		119,677
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	53,096
The issuance of long-term debt (e.g., bonds, notes, loans, and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this $82,766 difference are as follows:		
Principal repayments	$	78,668
Capital lease payment		4,098
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	82,766
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 $(535,122) difference are as follows:		
Change in net pension liability - pension expense	$	(540,389)
Change in net OPEB liability - OPEB expense		12,787
Compensated absences		(2,551)
Accrued interest		1,318
Accretion of capital appreciation bonds		(7,302)
Amortization of premiums		2,839
Amortization of discounts		(589)
Amortization of gain on refundings		16
Amortization of loss on refundings		(1,251)
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	$	(535,122)
Internal Service Funds. The net revenue (or expense) of certain activities of internal service funds is reported with governmental activities. The details of this $11,797 difference are as follows:		
Change in net position of the internal service funds	$	11,600
Add: Loss from charges to business-type activities		197
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	$	11,797

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 members appointed from the districts or offices that they represent, and up to five members of the public, having expertise in, or an academic background in public finance. The TOC requires a financial audit to be conducted annually on a fiscal year basis, which includes limited tests of compliance with laws and regulations. The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The Pool does not have any legally binding guarantees of share values.

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

Total pooled cash and investments totaled $10.2 billion consisting of: $10.14 billion investments in the County pool; $48.141 million in deposits; $7.400 million of collections in transit; and, $513 thousand in imprest cash.

Deposits

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

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

Custodial Credit Risk - Deposits

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

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

California Government Code Section 53652 et. seq. requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. At June 30, 2019, 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 two banks. The carrying amount of the Pool's deposits was $48.141 million, and the bank balance at June 30, 2019 was $8.109 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, $500 thousand was covered by federal deposit insurance and $7.609 million was collateralized with securities held by a depository agent on behalf of the Pool as required by California Government Code Section 53656. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Also, a financial institution may, in accordance with the California Government Code, secure local agency deposits using first trust deed mortgages; however, the fair value of the first trust deed mortgages collateral must be at least 150% of the total amount deposited.

b. The carrying amount of demand deposits with Fiscal Agents (outside of the Pool) was $1.874 million and the bank balance per various financial institutions was $2.833 million. Of the total bank balance, $692 thousand was covered by federal deposit insurance; $2.037 million was collateralized by a named agent depository; and $104 thousand was uncollateralized and exposed to custodial credit risk.

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 (carrying cost). 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 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, 2019, 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, 2019.

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

Table 5
Fitch Investment Rating

	Investment Pool Rating at June 30, 2019	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, 2019.

The Pool's holdings of Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) securities are issued by agencies that remain under conservatorship by the Director of the Federal Housing Agency. The U.S. government does not guarantee, directly or indirectly, the securities of the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), FNMA or FHLMC. The Pool's investments in FHLB, FFCB, FNMA and FHLMC securities as of June 30, 2019 comprised 5.9%, 6.6%, 4.97% and 10.3% of the fair value of the County Pool's investments, respectively.

In addition, the following issuers also exceeded the 5 percent threshold: BNP Paribas (7.5%), Toronto Dominion NY (5.6%), JP Morgan (5.3%), and International Bank for Reconstruction and Development (5%).

No general policies have been established to limit the amount of exposure to any one single issuer, however, moneys held by trustees on behalf of the County may generally only be invested in permitted investments specified in trustee or indenture agreements. Instruments in any one issuer that represent 5% or more of the County investments with fiscal agents by individual major fund or nonmajor funds in the aggregate at June 30, 2019 are shown in **Table 6**. Any investments explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from **Table 6**. Percentages by issuer for pooled investments are noted in **Table 7**.

Table 6
Concentration of Credit Risk - Investments With Fiscal Agents

Issuer	Tobacco Endowment Fund	Percent	Nonmajor Governmental Funds	Percent
New York City Municipal Water Finance Authority	$ 33,300	12%		
State of Maryland	20,362	7%		
State of Tennessee	15,466	5%		
State of Washington	22,429	8%		
BNP Paribas SF Branch			$ 17,504	28%

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, Citibank, in their trust department to mitigate custodial credit risk.

Table 7

Pooled Investments
At June 30, 2019

	Fair Value	Book Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	Fitch Rating	% of Portfolio
U.S. Federal Agencies:							
Federal Farm Credit Bank (FFCB)	$ 667,150	667,346	1.36% -3.11%	8/19 - 6/24	968	AAA	6.58%
Federal Home Loan Bank (FHLB)	595,056	593,508	1.12% - 3.10%	11/19 - 4/24	918	AAA	5.87%
Federal Home Loan Mortgage Corporation (FHLMC)	1,044,492	1,045,008	1.12% - 3.20%	7/19 - 6/24	861	AAA	10.30%
Federal National Mortgage Association (FNMA)	503,690	504,197	1.12% - 3.10%	9/19 - 2/24	657	AAA	4.97%
U.S. Treasury Notes	484,451	483,639	0.75% - 2.50%	7/19 - 5/24	665	AAA	4.78%
Pass-through Securities	733,814	728,038	1.16% - 3.18%	3/20 - 2/24	1189	F1+/AAA	7.24%
Supranationals	1,018,299	1,009,551	1.12% - 3%	9/19 - 5/24	992	AAA	10.04%
Commercial Paper	2,239,962	2,239,743	2.31% - 3%	7/19 - 12/19	32	F1+-F1	22.09%
Money Market Mutual Funds	409,093	409,093	0.02% - 2.43%	N/A	1	AAA	4.03%
Negotiable Certificates of Deposit	1,849,607	1,847,001	2.44% - 3.13%	7/19 - 9/20	102	F1+-F1	18.24%
Corporate Medium-Term Notes	594,535	588,745	1.65% - 4.40%	8/19 - 4/22	824	A-AA+	5.86%
Total investments	$ 10,140,149	10,115,869			528		100%

Table 8

Investments with Fiscal Agents
At June 30, 2019

	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	S&P Rating	% of Portfolio
County investments with fiscal agents						
Unrestricted:						
Fixed income tax exempt bonds	$ 10,000	5.13%	7/39	7306	A-	2.85%
Fixed income tax exempt bonds	21,276	1.70% - 6.25%	7/19 - 8/39	3824	AA	6.07%
Fixed income tax exempt bonds	8,673	5.00%	8/22 - 8/23	1235	AA-	2.47%
Fixed income tax exempt bonds	34,345	2% - 5%	9/19 - 10/23	563	AA+	9.79%
Fixed income tax exempt bonds	33,300	1.95%	6/41	8021	AA+/A-1	9.50%
Fixed income tax exempt bonds	141,869	3% - 5%	8/19 - 02/34	1956	AAA	40.45%
Fixed income tax exempt bonds	1,800	1.70%	5/34	5419	AAA/A-1	0.51%
Fixed income tax exempt bonds	18,010	2% - 5.88%	2/20 - 8/40	1445	NR	5.14%
Money market mutual funds	18,000	1.80%	7/19	6	AAAm	5.13%
Subtotal	287,273					
Restricted:						
Negotiable certificates of deposit	17,504	2.74%	7/19	26	A-1	4.99%
Money market mutual funds	45,961	1.81% - 2.22%	7/19 - 8/19	13 - 39	AAAm	13.10%
Subtotal	63,465					
Total County investments with fiscal agents	350,738					100.00%
Private Purpose investments:						
Money market mutual funds	1,136	1.99%	7/19	27	AAAm	100.00%
Total Private Purpose investments	1,136					100.00%
Agency funds investments:						
Money market mutual funds	1,235	2.01%	7/19	24	AAAm	100.00%
Total Agency funds investments	1,235					100.00%
Total investments with fiscal agents	$ 353,109					

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, 2019, were valued at $10.140 billion. The fair value of pooled investments categorized according to GASB 72 fair value hierarchy totaled $9.731 billion, and are all classified as Level 2. Money market mutual funds totaling $409 million, are valued at net asset value - $1 per share (amortized cost) and are not subject to the fair value hierarchy.

Total investments with fiscal agents as of June 30, 2019, were valued at $353.1 million. The fair value of investments with fiscal agents according to the GASB

72 fair value hierarchy totaled $269.3 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, $66.3 million, and negotiable certificates of deposit, $17.5 million.

Table 9 summarizes pooled investments' and investments with fiscal agents' recurring fair value measurements and the fair value hierarchy as of June 30, 2019.

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

		Fair Value Measurements Using		
	June 30, 2019	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled investments by fair value level				
Pass-through securities	$ 733,814		733,814	
Commercial paper	2,239,962		2,239,962	
Negotiable certificates of deposit	1,849,607		1,849,607	
Corporate medium-term notes	594,535		594,535	
Supranationals	1,018,299		1,018,299	
U.S. government agencies	2,810,388		2,810,388	
U.S. treasury notes	484,451		484,451	
Total pooled investments and cash equivalents by fair value level	9,731,056		$ 9,731,056	
Pooled investments not subject to the fair value hierarchy				
Money market mutual funds	409,093			
Total pooled investments	$ 10,140,149			
Investments with fiscal agents by fair value level				
Fixed income tax exempt bonds	$ 269,273		269,273	
			$ 269,273	
Investments with fiscal agents not subject to the fair value hierarchy				
Money market mutual funds	66,332			
Negotiable certificates of deposit	17,504			
Total investments with fiscal agents not subject to the fair value hierarchy	83,836			
Total investments with fiscal agents	$ 353,109			

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

	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
Investment Type	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U.S. Treasury Obligations	5 years	5 years	None	None	None	None	None	None
U.S. Agency Obligations	5 years	5 years	None	None	None	35%	None	None
Local Agency Obligations	5 years	5 years	None	30%	None	10%	None	A
Bankers' Acceptances	180 days	180 days	40%	40%	30%	5%	None	A-1
Commercial paper (1)	270 days	270 days	40%	40%	10%	10%	A-1	A-1
Negotiable Certificates of Deposit	5 years	5 years	30%	30%	30%	10%	None	A
Repurchase Agreements	1 year	1 year	None	40%	None	Note (2)	None	None
Reverse Repurchase Agreements	92 days	92 days	20%	20%	20%	10%	None	None
Corporate Medium-Term Notes	5 years	5 years	30%	30%	30%	5%	A	A
Collateralized Certificates of Deposit	N/A	13 months	None	5%	None	5%	None	None
Money Market Mutual Funds	N/A	N/A	20%	20%	10%	10%	AAAm	AAAm
CalTRUST	N/A	N/A	None	2.5%	None	2.5%	None	AAAm
Pass-Through Mortgage Securities	5 years	5 years	20%	20%	20%	5%	AA	AA
Supranationals (3)	5 years	5 years	30%	30%	30%	10%	AA	AA

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

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

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

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 2019 restricted assets were as follows:

Table 11
Restricted Assets

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	$ 202	372
Nonmajor Governmental Funds		
Harmony Grove Community Facilities District - Special Revenue Fund		36
Housing Authority - Other Special Revenue Fund	400	
Tobacco Securitization Joint Special Revenue Fund		44,988
San Diego Regional Building Authority Debt Service Fund		6,816
Pension Obligation Bonds Debt Service Fund		15
SANCAL Debt Service Fund		12,503
Capital Outlay - Capital Projects Fund	104	

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 - $21.648 million:

This amount includes: $6.603 million in Senate Bill (SB) 90 cost reimbursements due the County for the provision of State mandated programs mostly for Absentee Ballots and Voter Identification Procedures. The State Constitution requires reimbursement for these costs and interest will accrue on the reimbursement claims until they are paid according to Government Code Section 17617; and, $15.045 million in amounts owed to the County from those external entities that financed their portion of the Regional Communications System (RCS) NextGen Project upgrade.

Loans - Governmental activities - $114.707 million:

This amount includes: $51.578 million in housing rehabilitation loan programs for low-income or special needs residents, and loans for low income housing down payments; $24.536 million in community development block grant loans; $13.831 million owed to the Housing Authority - Low and Moderate Income Housing Asset Fund for Affordable Housing Development and Single-Family Rehabilitation Loans; $19.662 million in interest receivable on housing long-term loans; $3.417 million in low income housing developer loans; $1.063 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 $500 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 $120 thousand.

Loans- Business-type activities- $4.146 million:

This amount includes $718 thousand in Airport Enterprise Fund (AEF) loans to Airport lessees for the purchase of AEF reversionary interests in leasehold improvements existing at the expiration of previous leases; and $3.428 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”.

Table 12

Receivables
Primary Government and Discretely Presented Component Unit
At June 30, 2019

	Accounts	Investment Earnings	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
Governmental activities:								
General Fund	$ 4,062	25,982	310,775	70,206	1,032	412,057		412,057
Public Safety Fund			51,391			51,391		51,391
Tobacco Endowment Fund		3,707				3,707		3,707
Other Governmental Funds	25,542	10,588	53,396	23,276	546	113,348	(8,678)	104,670
Internal Service Funds	46	3,327	855		14	4,242		4,242
Total governmental activities - fund level	$ 29,650	43,604	416,417	93,482	1,592	584,745	(8,678)	576,067
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund				1,563		1,563		1,563
Add: interest receivable on housing long-term loans				19,662		19662		19,662
Less: Due from Component Unit					(51)	(51)		(51)
Total governmental activities - Statement of Net Position	$ 29,650	43,604	416,417	114,707	1,541	605,919	(8,678)	597,241
Business-type activities:								
Enterprise Funds	$ 494	798	86	718	1	2,097		2,097
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund				3,428		3,428		3,428
Total business-type activities - Statement of Net Position	$ 494	798	86	4,146	1	5,525		5,525
Component Unit:								
First 5 Commission of San Diego	$ 6,820	399	1		145	7,365		7,365

NOTE 6
County Property on Lease to Others

The County's blended component unit - SDRBA has a direct financing lease with the San Miguel Consolidated Fire Protection District (District) for two District fire stations. Additionally, the County has a sublease of a share of the Metropolitan Transit System (MTS) Towers. The share of the County's property under the MTS Towers' sublease is an estimated $12.74 million in structures and improvements with accumulated depreciation of $7.66 million at June 30, 2019. The lease revenue received by the County and the SDRBA for the year ended June 30, 2019 was approximately $744 thousand and $889 thousand, respectively.

The County also has noncancelable operating leases for certain properties which are not material to the County's governmental operations. Additionally, the Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires. The Airport Enterprise Fund's property under operating leases includes an estimated $2.75 million in land at June 30, 2019.

Lease revenue from noncancelable operating leases for the year ended June 30, 2019 was approximately $11.42 million. Future minimum lease payments to be received under the direct financing and noncancelable operating leases are noted in **Table 13**.

Table 13
Lease Revenue
County Property Leased To Others

Fiscal Year	Direct Financing Leases	Operating Leases
2020	$ 1,265	$ 11,579
2021		10,273
2022		9,758
2023		9,511
2024		9,367
2025-2029		45,399
2030-2034		40,297
2035-2039		32,876
2040-2044		27,398
2045-2049		22,466
2050-2054		18,713
2055-2059		12,392
2060-2064		10,801
2065-2069		5,525
2070-2074		701
Total	$ 1,265	$ 267,056

NOTE 7
Capital Assets
Changes in Capital Assets

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

Table 14
Capital Assets - Governmental Activities

	Beginning Balance at July 1, 2018	Increases	Decreases	Ending Balance at June 30, 2019
Capital assets, not being depreciated/amortized:				
Land	$ 435,762	83,884	(54,334)	465,312
Easements	9,279	428		9,707
Construction in progress	211,805	118,413	(168,914)	161,304
Total capital assets, not being depreciated/amortized	656,846	202,725	(223,248)	636,323
Capital assets, being depreciated/amortized:				
Buildings and improvements	2,043,198	197,342	(12,810)	2,227,730
Equipment	345,120	38,103	(16,785)	366,438
Software	95,366	20,141	(5,886)	109,621
Road infrastructure	2,732,962	47,348	(1,157)	2,779,153
Bridge infrastructure	81,946	1,584		83,530
Total capital assets, being depreciated/amortized	5,298,592	304,518	(36,638)	5,566,472
Less accumulated depreciation/amortization for:				
Buildings and improvements	(555,475)	(62,273)	(4,839)	(622,587)
Equipment	(203,079)	(29,499)	14,342	(218,236)
Software	(65,972)	(13,228)	5,886	(73,314)
Road infrastructure	(1,551,275)	(74,122)	1,157	(1,624,240)
Bridge infrastructure	(25,942)	(1,618)		(27,560)
Total accumulated depreciation/amortization	(2,401,743)	(180,740)	16,546	(2,565,937)
Total capital assets, being depreciated/amortized, net	2,896,849	123,778	(20,092)	3,000,535
Governmental activities capital assets, net	$ 3,553,695	326,503	(243,340)	3,636,858

Table 15
Capital Assets - Business-type Activities

	Beginning Balance at July 1, 2018	Increases	Decreases	Ending Balance at June 30, 2019
Capital assets, not being depreciated/amortized:				
Land	$ 11,593			11,593
Construction in progress	9,603	3,301	(11,703)	1,201
Total capital assets, not being depreciated/amortized	21,196	3,301	(11,703)	12,794
Capital assets, being depreciated/amortized:				
Buildings and improvements	131,875	7,193		139,068
Equipment	2,619	4,083	(78)	6,624
Software	101	196		297
Road infrastructure	20,400			20,400
Sewer infrastructure	107,001	600		107,601
Total capital assets, being depreciated/amortized:	261,996	12,072	(78)	273,990
Less accumulated depreciation/amortization for:				
Buildings and improvements	(54,372)	(3,508)		(57,880)
Equipment	(1,112)	(173)	78	(1,207)
Software	(43)	(20)		(63)
Road infrastructure	(2,238)	(563)		(2,801)
Sewer infrastructure	(48,518)	(2,089)		(50,607)
Total accumulated depreciation/amortization	(106,283)	(6,353)	78	(112,558)
Total capital assets, being depreciated/amortized, net	155,713	5,719		161,432
Business-type activities capital assets, net	$ 176,909	9,020	(11,703)	174,226

Depreciation/Amortization

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

Table 16
Depreciation/Amortization Expense - Governmental Activities

General government	$ 12,135
Public protection	48,011
Public ways and facilities	75,404
Health and sanitation	10,424
Public assistance	5,110
Education	2,627
Recreation and cultural	9,113
Internal Service Funds	17,916
Total	$ 180,740

Table 17
Depreciation Expense - Business-type Activities

Airport Fund	$ 3,902
Jail Store Commissary Fund	3
Sanitation District Fund	2,448
Total	$ 6,353

Capital and Other Commitments

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used in the governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year or years. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned are included within committed or assigned fund balance, as appropriate. At June 30, 2019, the County General Fund's outstanding encumbrances totaled $717.894 million; the Public Safety Fund's outstanding encumbrances totaled $11.508 million; and, Nonmajor governmental funds' outstanding encumbrances totaled $127.259 million.

At June 30, 2019, major contracts entered into for structures and improvements and other commitments within governmental activities are noted in **Table 18**.

Table 18
Capital Commitments
At June 30, 2019

		Remaining Commitments
Governmental Activities		
General Fund:		
Construction of Sheriff Technology and Information Center	$	24,887
Construction of Regional Communication System		15,498
Development of Integrated Property Tax System		14,179
Procurement of Two Bell 407 GXi Helicopters		11,814
Renovation of County Administration Center		8,937
Construction of Assessor/Recorder/County Clerk Branch Office		8,161
East County Regional Center (ECRC) Improvements		5,560
Construction of North County Regional Center Parking Lot		5,551
Construction of Santa Ysabel Nature Center		3,757
Expansion of Bonita Library		3,143
San Diego Botanic Garden Improvements		2,781
Search and Rescue Truck and Two Tactical Tenders		1,586
Construction of South County Bicycle Skills Course		1,289
Electronic Medical Records System		1,000
Subtotal		108,143
Nonmajor Governmental Funds:		
Improvements of County Roads		7,989
Internal Service Funds:		
Vehicle Acquisitions		11,223
Total	$	127,355

NOTE 8
Interfund Balances

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

Table 19

Interfund Balances
At June 30, 2019

DUE TO	DUE FROM: General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Private Purpose Trust Fund	Total
General Fund		23,608	4,513	56,735	385	4,018	1,063	90,322
Public Safety	$ 12,727							12,727
Tobacco Endowment	7							7
Nonmajor Governmental	26,798	16		888	3,266	25	500	31,493
Nonmajor Enterprise	37			332	35		3,428	3,832
Internal Service	27,931			1,611	99	1,684		31,325
Total	$ 67,500	23,624	4,513	59,566	3,785	5,727	4,991	169,706

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

a) $1.063 million is due to the General Fund from the County of San Diego Successor Agency Private Purpose Trust Fund (Upper San Diego River Project) as a result of a loan to provide funding for Project improvements.

b) $3.428 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) $500 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.

d) $28 million is due to the General Fund from the Road Fund as a result of a loan to advance fund future road maintenance and rehabilitation project costs.

For further discussion of the loans to the County of San Diego Successor Agency Private Purpose Trust Fund, refer to Note 32 to the financial statements, "County of San Diego Successor Agency Private Purpose Trust Fund for Assets of Former San Diego County Redevelopment Agency". Note that on the Statement of Net Position, the "Due from other funds" for the General Fund's $1.063 million Upper San Diego River Project loan and the "Due from other funds" for the County Low and Moderate Income Housing Asset fund's $500 thousand are included in the governmental activities' "Receivables, net". The "Due from other funds" for the $3.428 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 20
Transfers In/Transfers Out
At June 30, 2019

		TRANSFERS OUT						
		General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
TRANSFERS IN	General Fund		283,710	6,000	15,016	821		305,547
	Nonmajor Governmental	$ 208,605	1,830		4,787	5,174	1,971	222,367
	Nonmajor Enterprise	309			247			556
	Internal Service	13,387				272		13,659
	Total	$ 222,301	285,540	6,000	20,050	6,267	1,971	542,129

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

NOTE 10
Payables

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

Table 21
Payables
At June 30, 2019

	Vendors	Due to Other Government Agencies	Other	Total Payables
Governmental Activities:				
General Fund	$ 132,695	6,735	5,656	145,086
Other Governmental Funds	27,809	1,232	2,411	31,452
Internal Service Funds	42,520	201	3,499	46,220
Total governmental activities	$ 203,024	8,168	11,566	222,758
Business-type activities:				
Enterprise Funds	$ 1,157	5	131	1,293
Component Unit:				
First 5 Commission of San Diego	$ 4,120	5,461		9,581

NOTE 11
Deferred Inflows of Resources: Unavailable Revenue

Table 22
Deferred Inflows of Resources - Non-pension
At June 30, 2019

Unavailable Revenue	General Fund	Other Governmental Funds	Total
Property and miscellaneous local taxes	$ 43,346	667	44,013
Aid from other governmental agencies	11,229	38,882	50,111
Charges for services	495	894	1,389
Other	17,457	35,268	52,725
Total	$ 72,527	75,711	148,238

A large portion of the Unavailable revenue - aid from other governmental agencies consists primarily of $38.9 million of TransNet one-half cent sales tax revenue to be used for projects in the Road Fund, and $6.6 million of California Senate Bill 90 (SB 90) revenues. In 1972, SB90 established a requirement that the State reimburse local government agencies for the costs of new programs or increased levels of service on programs mandated by the State. The remaining $4.6 million represents various other unavailable aid from other governmental agencies revenues.

Of the $52.7 million of Unavailable revenue - other, approximately $15.7 million are tobacco settlement receivables, $18.3 million are low and moderate income housing assistance receivables, $16.9 million is for the Sheriff Regional Communication System upgrade project, approximately $1.1 million is for interest receivable and $700 thousand represents various other unavailable revenues.

NOTE 12

Lease Obligations

Operating Leases

Real Property

The County has obligations under long-term operating lease agreements through fiscal year 2039 (**Table 23**). The County is the lessee under the terms of several noncancelable operating leases for real property used to house certain County operations. The total rental expense for all real property leases for the year ended June 30, 2019 was approximately $38 million, including $31.50 million for noncancelable leases.

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

Table 23
Lease Commitments - Real Property

Fiscal Year	Minimum Lease Payments
2020	$ 32,927
2021	28,086
2022	25,473
2023	19,767
2024	16,531
2025-2029	16,891
2030-2034	159
2035-2039	83
Total	$ 139,917

Personal Property

The County has also entered into operating leases for personal property, a large portion of which represents duplicating and heavy duty construction equipment. Many of these leases are subject to annual adjustment based upon negotiations. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. Total rental expense for these operating leases for the year ended June 30, 2019 was approximately $6.0 million.

Capital Leases

Minimum Lease Payments

On September 24, 2013, the County entered into a lease agreement with BACM 2006-5 Kearny Office Limited Partnership, a Delaware limited partnership, with a lease rent commencement date of January 31, 2014. The initial five-year lease term was scheduled to expire on November 30, 2019. On November 14, 2017, the County and Lessor, LLJ Office Ventures 5, LLC, a Delaware limited liability company (as successor-in-interest to BACM 2006-5 Kearny Office Limited Partnership), entered into a First Amendment to Lease Agreement which extends the lease term to November 30, 2024. Consequently, this building has been capitalized in the Government-wide Statement of Net Position at $4.647 million (fair value of $9.294 million less accumulated depreciation of $4.647 million), and the lease obligation is reflected as a liability in that statement. The term of the lease is 10 years 5 months, with an implicit interest rate of 7.56%.

On June 30, 2016, the County entered into an equipment lease-purchase agreement with Motorola Solutions Inc., with a first payment due date of July 15, 2017. This equipment is classified as construction in progress in the Government-wide Statement of Net Position and the lease obligation, currently $18.914 million, is reflected as a liability in that statement. The term of the lease is 10 years, with an interest rate of 2.79%, maturing in July 2026. Upon the occurrence of an event of default (as described in the equipment lease-purchase agreement) the lessor may exercise any one or more of the following remedies: (i) all amounts then due under the lease shall become immediately due and payable; (ii) the equipment shall be returned to the lessor; (iii) the equipment may be sold, leased or subleased, holding the lessee liable for

all lease payments and other amounts due prior to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts; and (iv) exercise any other right, remedy or privilege which may be available under the applicable laws of the state of the equipment location. Furthermore, the lease may be terminated in the event the funds appropriated by the lessee's governing body (or otherwise available) are insufficient. In the event of such termination, the lessee agrees to peaceably surrender possession of the equipment to the lessor.

On September 14, 2016, the County entered into a capital lease agreement for a building with Sunroad Office Partners Limited Partnership, a California limited partnership, with a lease rent commencement date of July 11, 2017. This building has been capitalized in the Government-wide Statement of Net Position at $12.125 million (fair value of $15 million less accumulated depreciation of $2.875 million), and the lease obligation is reflected as a liability in that statement. The term of the lease is 10 years, with an implicit interest rate of 6.80%, maturing in July 2027.

On October 21, 2016, the County entered into a capital lease agreement for a building with Robert Bienenfeld, Trustee of the Trust for the benefit of Robert Bienenfeld under the will of Jonas Bienenfeld and Robert Premiere, a California limited partnership. This building has been capitalized in the Government-wide Statement of Net Position at $4.898 million (fair value of $6.122 million less accumulated depreciation of $1.224 million), and the lease obligation is reflected as a liability in that statement. The term of the lease is 10 years, with an implicit interest rate of 6.13%, maturing in June 2027.

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

Table 24
Capital Lease - Future Minimum Lease Payments

Fiscal Year	Building	Equipment
2020	$ 4,056	2,671
2021	4,233	2,671
2022	4,361	2,671
2023	4,491	2,671
2024	4,626	2,671
2025-2028	10,736	8,010
Total minimum lease payments	32,503	21,365
Less: Amount representing interest	(7,824)	(2,451)
Net lease payments	$ 24,679	18,914

Book Value

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

Table 25
Capital Lease - Book Value
At June 30, 2019

Capital Lease Property	Original Cost	Accumulated Amortization	Net Book Value
Building	$ 30,416	8,746	21,670
Construction in Progress	$ 12,295		12,295

NOTE 13
Long-Term Debt

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs)

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COPs and LRBs is secured by a lease structure where the borrowing entity, such as the County or the San Miguel Consolidated Fire Protection District (SMCFPD) (not a component unit of the County), leases certain properties to another entity, a lessor, which in turn leases the properties back to the County or the SMCFPD. These lessors are the San Diego County Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA); both blended component units of

the County. (See discussion of Blended Component Units under Note 1 "Summary of Significant Accounting Policies".)

COPs and LRBs are secured by: a) (lease) base rental payments, for the use of certain facilities or equipment and b) encumbrances on the facilities. The leased premises are typically facilities or equipment purchased with proceeds of the COPs or LRBs. In the case of the County, the base rental payments are made primarily from the County General Fund to the SANCAL or SDRBA; in the case of the SDRBA's financing for the SMCFPD, base rental payments are made from SMCFPD to the SDRBA. Under lease terms, the County and the SMCFPD are 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.

Upon the occurrence of an event of default (as described in the COP and LRB financing documents), the Facility Lease provides that SANCAL, SDRBA, or its assignees must thereafter maintain the Facility Lease in full force and effect and may only recover rent and other monetary charges as they become due, all without terminating the County's right to possession of the leased property regardless of whether or not the County has abandoned the leased property. There is no available remedy of acceleration of the lease payments due over the term of the lease agreement. The lessors may not declare any lease payments not then in default to be immediately due and payable. In the case of the SMCFPD, the SDRBA may also elect to terminate the lease and re-lease all or a portion of the leased property. The SMCFPD would be responsible for all costs, loss or damages arising or occurring related to the re-leasing.

Details of the COPs and LRBs outstanding at June 30, 2019 are as follows:

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

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2019
2003 San Miguel Consolidated Fire Protection District Refunding LRB	$ 10,005	2.00 - 5.00%	2020	855
2009 Justice Facilities Refunding of 1997 Central Jail COP	48,300	2.00 - 5.00%	2026	23,780
2009 Justice Facilities Refunding of 1998 Courthouse COP	32,640	2.00 - 5.00%	2023	8,025
2011 Metropolitan Transit System Towers Refunding COP	19,260	1.00 - 5.00%	2020	1,315
2011 CAC Waterfront Park Project COP	32,665	3.00 - 5.125%	2042	28,265
2012 Cedar-Kettner Development Project COP	29,335	2.00 - 5.00%	2042	25,570
2014 Edgemoor and RCS Refunding COP Series 2014A (Edgemoor)	91,675	2.00 - 5.00%	2030	72,745
2016 County Operations Center Refunding LRB	105,330	3.00 - 5.00%	2036	95,665
Total	$ 369,210			256,220

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

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

Fiscal Year	Principal	Interest	Total
2020	$ 17,535	11,671	29,206
2021	16,040	10,910	26,950
2022	16,780	10,176	26,956
2023	17,240	9,361	26,601
2024	16,090	8,552	24,642
2025-2029	78,405	31,091	109,496
2030-2034	53,455	14,988	68,443
2035-2039	30,350	4,692	35,042
2040-2042	10,325	751	11,076
Subtotal	256,220	102,192	358,412
Add:			
Unamortized issuance premium	31,804		
Less:			
Unamortized discount	(135)		
Total	$ 287,889		

Taxable Pension Obligation Bonds (POBs)

Taxable Pension Obligation Bonds (POBs) are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the San Diego County Employees Retirement Association's (SDCERA) pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis.

The obligation of the County to make payments with respect to the bonds 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, 2019 are as follows:

Table 28
Taxable Pension Obligation Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2019
2004 Series A	$ 241,360	3.28 - 5.86%	2023	120,840
2004 Series B1-2	147,825	5.91%	2025	147,825
2008 Series A	343,515	3.33 - 6.03%	2027	240,100
Total	$ 732,700			508,765

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

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

Fiscal Year	Principal	Interest	Total
2020	$ 52,725	27,524	80,249
2021	55,915	24,265	80,180
2022	59,300	20,798	80,098
2023	62,835	17,098	79,933
2024	66,765	13,163	79,928
2025-2027	211,225	13,974	225,199
Total	$ 508,765	116,822	625,587

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. The 2006 Bonds are limited obligations of the Authority. Upon the occurrence of an event of default (as described in the Tobacco Securitization Authority Indenture), bond payments shall be paid as follows: first, the accrued interest on the Senior Current Interest Bonds (Senior Bonds), and second, principal or accreted value on all outstanding Senior Bonds.

If the Senior Bonds are no longer outstanding, payments shall be made as follows: (i) the principal and interest or the accreted value on all First Subordinate Bonds (Series 2006B Capital Appreciation Bonds (CABs)) until the Series 2006B CABs are no longer outstanding; (ii) the principal and interest or the accreted value on all Second Subordinate Bonds (Series 2006C CABs) until the Series 2006C CABs are no longer outstanding; and (iii) principal and interest or the accreted value on all Third Subordinate Bonds (Series 2006D CABs) until the Series 2006D CABs are no longer outstanding.

The value of any CABs that are 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.

Through fiscal year 2013, the County presented debt service to maturity on the bonds incorporating an assumption of the ability to continue making turbo debt service payments. Based on that assumption, the 2006 Bonds were anticipated to reach final maturity in fiscal year 2036 based on receipts of future TSRs as projected in the May 2006 Global Insight Base Case analysis (Base Case) performed in conjunction with the issuance of the 2006 Bonds.

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 2006 Bonds are based on the Indenture and the Series 2006 Supplement, both dated as of May 1, 2006. However, actual payments on the 2006 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 2006 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 2006 Bond payments and Turbo Redemptions are based, will be realized.

Based on the information above and the ongoing under realization of TSRs, beginning in fiscal year 2014, the County decided to present the debt service to maturity for the 2006 Bonds assuming no further turbo payments are made besides those that have actually been made.

Details of 2006 Bonds outstanding at June 30, 2019 are as follows:

Table 30
Tobacco Settlement Asset-Backed Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2019
Series 2006A Senior Current Interest Bonds	$ 534,610	4.75 - 5.125%	2025-2046	438,155
Series 2006B CABs	19,770	6.25%	2046	231,820
2006B unaccreted appreciation CABs				(187,584)
Series 2006C CABs	8,686	6.40%	2046	107,950
2006C unaccreted appreciation CABs				(88,142)
Series 2006D CABs	20,565	7.10%	2046	335,105
2006D unaccreted appreciation CABs				(283,861)
Total	$ 583,631			553,443

Annual debt service requirements to maturity for 2006 Bonds are as follows:

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

Fiscal Year	Principal	Unaccreted Appreciation	Interest	Total
2020	$ -	7,800	22,165	29,965
2021	-	8,328	22,165	30,493
2022	-	8,894	22,165	31,059
2023	-	9,496	22,165	31,661
2024	4,330	10,143	22,147	36,620
2025-2029	61,285	62,048	103,829	227,162
2030-2034	78,670	86,238	86,809	251,717
2035-2039	101,085	119,901	64,894	285,880
2040-2044	130,480	166,771	36,155	333,406
2045-2046	111,326	79,968	4,564	195,858
Subtotal	487,176	$ 559,587	$ 407,058	$ 1,453,821
Add:				
Accreted appreciation through June 30, 2019	66,267			
Subtotal	553,443			
Less:				
Unamortized issuance discount	(9,374)			
Total	$ 544,069			

As shown in **Table 31**, the unpaid accreted appreciation of the 2006 Bonds as of June 30, 2019 was $66,267 which will continue to accrue and will be paid upon redemption.

Pledged revenue related to the 2006 Bonds for the year ended June 30, 2019 was as follows:

Table 32
Tobacco Settlement Asset-Backed Bonds - Pledged Revenues

Debt Pledged	Final Maturity Date	Pledged Revenue to Maturity	Fiscal Year 2019 Debt Principal & Interest Paid	Fiscal Year 2019 Pledged Revenue Received
Series 2006 Tobacco Settlement Asset-Backed Bonds	2046	$ 1,520,088	$ 32,566	$ 31,583

Loans - Governmental Activities

Loans for various governmental activities included a United States Department of Agriculture Farmers Home Administration loan for the construction of low income housing (Firebird Manor); a real property contract with the Whiting Family Trust titled Sheriff RCS - Ocotillo Wells for the purchase of one acre of property located in the Borrego Springs area to support the County's Regional Communications System (RCS); an Energy Conservation Assistance Act loan agreement with the California Energy Commission to fund energy savings measures consisting of 2,200 LED streetlight fixtures; 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, 2019, sixteen OBF loans were outstanding, with remaining balances totaling $1.211 million.

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

Details of loans outstanding at June 30, 2019 for governmental activities are as follows:

Table 33
Loans - Governmental Activities

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2019
Loans - non internal service funds (ISF)				
Firebird Manor	$ 4,486	1.00%	2028	1,384
California Energy Comm Loan (Street Light & Maint Dist)	1,422	1.00%	2025	972
Sheriff RCS Land Purchase	68	6.78%	2026	43
Total loans - non-ISF	5,976			2,399
Loans - ISF				
San Diego Gas and Electric On Bill Financing (Facilities ISF)	3,732	0.00%	2029	1,211
Total	$ 9,708			3,610

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

Table 34
Loans - Governmental Activities
Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2020	$ 598	23	621
2021	576	20	596
2022	478	17	495
2023	450	14	464
2024	431	11	442
2025-2029	1,077	16	1,093
Total	$ 3,610	101	3,711

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, 2019, the probable arbitrage rebate was zero.

NOTE 14
Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2019 were as follows:

Table 35
Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2018	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2019	Amounts Due Within One Year
Governmental Activities:						
COPs, bonds & loans						
Certificates of participation and lease revenue bonds	$ 274,885		(18,665)		256,220	17,535
Taxable pension obligation bonds	558,525		(49,760)		508,765	52,725
Tobacco settlement asset-backed bonds	556,071		(9,930)	7,302	553,443	
Loans - non-internal service funds (ISF)	2,709		(310)		2,399	314
Loans - internal service funds	1,573		(362)		1,211	284
Unamortized issuance premiums	34,643		(2,839)		31,804	2,734
Unamortized issuance discounts	(10,098)		589		(9,509)	(590)
Total COPs, bonds & loans	$ 1,418,308		(81,277)	7,302	1,344,333	73,002
Other long-term liabilities:						
Capital Leases - non-ISF	$ 47,691		(4,098)		43,593	4,510
Claims and judgments - ISF	245,947	63,339	(36,411)		272,875	51,438
Compensated absences - non-ISF	107,740	83,236	(80,685)		110,291	47,844
Compensated absences - ISF	2,495	2,101	(2,014)		2,582	1,080
Landfill postclosure	19,363	426			19,789	659
Pollution remediation	3,369	1,031	(310)		4,090	418
Total Other long-term liabilities	$ 426,605	150,133	(123,518)		453,220	105,949
Total Governmental Activities	$ 1,844,913	150,133	(204,795)	7,302	1,797,553	178,951
Business-type activities:						
Compensated absences	462	332	(347)		447	187
Total Business-type Activities	$ 462	332	(347)		447	187

NOTE 15
Funds Used to Liquidate Liabilities

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

Table 36
Liquidated Liabilities

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

NOTE 16
Landfill Site Postclosure Care Costs

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

The projected landfill postclosure care liability at June 30, 2019 for the San Marcos Landfill was $19.789 million. This estimated amount is based on what it would cost to perform all postclosure maintenance over a 30 year period in calendar year 2019 dollars and is subject to change as a result of such factors including but not limited to: inflation; deflation; advancements in technology; and amendments to laws and regulations.

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

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

The County determined that a non-water release corrective action would have the highest cost impact to the landfill and on January 27, 2016 the Board of Supervisors approved Minute Order No. 4 "Adopt a Resolution for Financial Assurance for Corrective Actions of the San Marcos Landfill and Authorize Submission of a Pledge of Revenue for Corrective Action Program at San Marcos Landfill." Pursuant to Resolution No. 16-011, adopted under Minute Order No. 4, the County entered into a pledge of revenue agreement to assure that adequate funds are available to carry out the Corrective Action Program 95-112 of the San Marcos Landfill. The pledge of revenue for corrective action costs is $1.201 million per year for the 30-year period and may increase or decrease to match any adjustment to the identified cost estimate mutually agreed to by the County and CalRecycle (adjusted to $1.227 million in fiscal year 2019). 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 17
Pollution Remediation

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

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

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

As of June 30, 2019, the County's estimated pollution remediation obligations totaled $4.090 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 that currently consists of vacant, mowed land, and a temporary asphalt parking lot. The small plant preserve that was formerly attached to the parcel was removed and translocated to Mission Trails Regional Park. Organochlorine pesticide chlordane, metals, hydrocarbons, and toluene were detected at various concentrations in the soil samples collected. Phase one of this project was completed consisting of dewatering and removing contaminated soils caused by stormwater combined with contaminated groundwater as a result of an offsite spill on private property which has been conveyed through groundwater to County owned land. The County is not liable for the spill/contamination, but has assumed responsibility for remediation during construction. The remediation costs for dewatering and removing contaminated soils were $93 thousand. Engineering design of redevelopment and infrastructure of the site is still in progress, and therefore, the range of the pollution remediation obligation is not reasonably estimable. Upon finalization of the construction plans, a soil and sediment management plan will be implemented to manage above ground debris; and the following: hydrocarbon and toluene impacted sediment; metals within stained soil; and, abandonment or protection of the onsite irrigation and groundwater monitoring wells.

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

NOTE 18
Conduit Debt Obligations

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

Conduit debt consisted of the following: a) three Certificates of Participation (COPs) for the acquisition, construction, capital improvement and equipping of various facilities and b) one Mortgage Revenue Bond for the construction and permanent financing of a multi-family residential rental project located in the County to be partially occupied by persons of low or moderate incomes. Conduit debt is secured by the property that is financed and is payable from the respective COPs' base rentals and underlying payments on mortgage loans. 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, 2019, the aggregate conduit debt principal amount outstanding was $60.586 million.

NOTE 19
Special Tax Bonds

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

In February 2018, the Community Facilities District No. 2008-01 (Harmony Grove Village) of the County of San Diego, Improvement Area No. 1 Special Tax Bonds, Series 2018A (the "Series 2018A Bonds"), were issued totaling $15.710 million. Proceeds of the Series 2018A Bonds were used to pay the costs of the acquisition of certain public facilities necessary for the development of that portion of the District designated as Improvement Area No. 1, to fund a reserve for the Series 2018A Bonds and to pay the costs of issuing the Series 2018A 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 fiduciary funds established under the Series 2018A Indenture.

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

NOTE 20
Fund Balance Policy - General Fund

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

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

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

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

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

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

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

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

Restoration of General Fund Reserve Minimum Balance: In the event that the General Fund Reserve falls below the minimum required balance, the CAO shall present a plan to the Board of Supervisors for restoration of the targeted levels. The plan should restore balances

to targeted levels within one (1) to three (3) years, depending on the use, reasons for use, and severity of the event. In the event that the General Fund Reserve is used to serve as a short-term financing bridge, the plan shall include mitigation of long-term structural budgetary imbalances by aligning ongoing expenditures to ongoing revenues.

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

At June 30, 2019, the fund balances restricted for laws or regulations of other governments: fund purpose are presented in **Table 37** as follows:

Table 37
Fund Balances Restricted for Laws or Regulations of Other Governments: Fund Purpose
At June 30, 2019

Fund Type:	Purpose	Amount
Nonmajor Funds		
Special Revenue Funds		
Air Pollution Fund	Air pollution activities	$ 28,564
Asset Forfeiture Program Fund	Law enforcement	11,593
Community Facilities District Funds - Other	Fire protection and suppression, emergency response, and the operation and maintenance of facilities	1,557
County Library Fund	Library services	11,785
County Low and Moderate Income Housing Asset Fund	County housing activities	267
County Service District Funds	Road, park lighting maintenance, fire protection and ambulance services	33,376
Edgemoor Development Fund	Edgemoor development	17,281
Harmony Grove Community Facilities District Fund	Maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control services	511
Housing Authority Low and Moderate Income Housing Asset Fund	Housing Authority housing activities	12
In Home Supportive Services Public Authority Fund	In home supportive services	87
Inmate Welfare Program Fund	Benefit, education, and welfare of jail inmates	14,590
Lighting Maintenance District Fund	Street and road lighting maintenance	3,511
Other Special Revenue Funds	Retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas	3,483
Park Land Dedication Fund	Developing new or rehabilitating existing neighborhood or community park or recreational facilities	20,659
Total Nonmajor Funds (Special Revenue Funds)		$ 147,276

NOTE 22

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

At June 30, 2019, the fund balances restricted for laws or regulations of other governments: other purposes are presented in **Table 38** as follows:

Table 38
Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes
At June 30, 2019

Major Fund		
General Fund		
Teeter tax loss	$	9,863
Juvenile justice crime prevention		9,314
Mental health		8,672
Parole revocation hearings		8,552
Vector control		8,486
Fingerprinting equipment purchase and operation		6,918
Probation Department activities		4,945
Emergency medical services, various construction costs		4,136
Real estate fraud prosecution		3,843
Public Defender defense of indigent cases		3,733
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region		2,359
Probation community transition unit activities		2,291
Parks and Recreation land acquisition, improvements, stewardship and other activities		2,240
Juvenile probation camp		2,088
Vehicle abatement activities		1,726
Sheriff automated warrant system		1,559
Sheriff law enforcement		1,489
Sheriff vehicle maintenance and replacement		1,389
Improvement, maintenance and operation of the Waterfront Park		1,372
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles		540
Domestic violence and child abuse prevention		325
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities		168
Equipment replacement/system enhancement Caller ID Remote Access Network		116
Offset costs incurred to locate and notify victims to whom restitution is owed		114
Social services child safety education		73
Lease or purchase of California state approved voting systems, or components of voting systems		10
Total General Fund	$	86,321
Nonmajor Funds		
Special Revenue Funds		
Flood Control District Fund		
Flood control future drainage improvements	$	24,237
Housing Authority - Other Fund		
Disaster related administration		44
Housing repairs and improvements		21
Total Nonmajor Special Revenue Funds	$	24,302
Total Nonmajor Funds	$	24,302
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	$	110,623

NOTE 23
Fund Balances Committed to Other Purposes

At June 30, 2019, the fund balances committed to other purposes are presented in **Table 39** as follows:

Table 39
Fund Balances Committed To Other Purposes
At June 30, 2019

Major Fund		
General Fund		
Regional communication system infrastructure enhancements	$	14,969
Parks expansion and improvements		9,311
Pension unfunded actuarial accrued liability reduction		6,357
Department of Environmental Health services		4,416
Department of Planning and Development Services activities		3,774
Health based programs reducing adult/youth smoking		3,587
San Diego Fire Authority equipment replacement		2,433
Parks and Recreation land acquisition		1,610
Sheriff's Department helicopter replacement		669
Management of conduit financing programs		575
South County Shelter capital improvements		224
Future purchase of agricultural conservation easements		132
Capital projects or major maintenance projects		102
Parks and Recreation turf replacement Sweetwater Valley		95
Total General Fund	$	48,254

NOTE 24
Fund Balances Assigned to Other Purposes

At June 30, 2019, the fund balances assigned to other purposes are presented in **Table 40** as follows:

Table 40
Fund Balances Assigned to Other Purposes
At June 30, 2019

Major Fund		
General Fund		
Health, mental health and social services	$	50,868
Planning, land use, agriculture, watershed and other public services		36,075
Law enforcement, detention, legal and other protection services		25,653
Maintenance		17,423
Park and Recreation services		8,016
Hall of Justice future lease payments		3,200
Assessor/Recorder/County Clerk services		2,484
Fire protection		1,503
Treasurer-Tax Collector services		367
Total General Fund	$	145,589

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

At June 30, 2019, the net position restricted for laws or regulations of other governments: other purposes is presented in **Table 41** as follows:

Table 41
Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes
At June 30, 2019

Developing new or rehabilitating existing neighborhood or community park or recreational facilities	$	20,659
Edgemoor development		17,281
Benefit, education, and welfare of jail inmates		14,590
Library services		11,785
Law enforcement		11,593
Juvenile justice crime prevention		9,314
Parole revocation hearings		8,552
Fingerprinting equipment purchase and operation		6,918
Probation Department activities		4,945
Emergency medical services, various construction costs		4,136
Real estate fraud prosecution		3,843
Public Defender defense of indigent cases		3,733
Street and road lighting maintenance		3,511
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		3,483
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region		2,359
Probation community transition unit activities		2,291
Parks and Recreation land acquisition, improvements, stewardship and other activities		2,240
Juvenile probation camp		2,088
Vehicle abatement activities		1,726
Sheriff automated warrant system		1,559
Fire protection and suppression, emergency response, and the operation and maintenance of facilities		1,557
Sheriff law enforcement		1,489
Sheriff vehicle maintenance and replacement		1,389
Improvement, maintenance and operation of the Waterfront Park		1,372
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles		540
Maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control services		511
Domestic violence and child abuse prevention		325
Housing activities		267
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities		168
Equipment replacement/system enhancement Caller ID Remote Access Network		116
Offset costs incurred to locate and notify victims to whom restitution is owed		114
In home supportive services		87
Social services child safety education		73
Disaster related administration		44
Housing repairs and improvements		21
Housing Authority housing activities		12
Lease or purchase of California state approved voting systems, or components of voting systems		10
Total Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes	$	144,701

NOTE 26
Risk Management

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

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

At June 30, 2019, these liabilities discounted for anticipated investment return (public liability of 1% and workers' compensation of 2.5%), totaled $272.9 million, including $87.1 million in public liability and $185.8 million in workers' compensation. Changes in the balances of claim liabilities for fiscal years 2019 and 2018 are shown in **Table 42**.

Table 42
Risk Management - Changes in Claim Liabilities

		2019	2018
Employee Benefits Fund			
Unpaid claims, July 1	$	180,838	175,488
Incurred claims		31,121	28,202
Claim payments		(26,178)	(22,852)
Unpaid claims, June 30	$	185,781	180,838
Public Liability Insurance Fund			
Unpaid claims, July 1	$	65,109	52,662
Incurred claims		32,218	16,071
Claim payments		(10,233)	(3,624)
Unpaid claims, June 30	$	87,094	65,109

NOTE 27
Contingencies

Litigation

As of June 30, 2019, the County has no potential liability that could result if unfavorable final decisions are rendered in numerous lawsuits to which the County is a named defendant.

Unrecorded Leave Benefits

County employees have unrecorded accumulated benefits of approximately $220 million in sick leave, holiday and compensatory time. With the exception of sick leave for eligible employees, these benefits are not payable to employees upon termination and are normally liquidated at year-end or as employees elect to use their benefits per Civil Service rules and regulations. Accumulated vacation, sick leave, and compensatory time-off for which employees are eligible for payment upon separation have been recorded as liabilities in the appropriate proprietary funds and the government-wide statement of net position.

Federal and State Programs

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

NOTE 28
Joint Ventures

The San Diego Geographic Information Source (SanGIS) was created in July 1997 as a joint powers agreement between the City of San Diego and the County of San Diego. SanGIS objectives are to create and maintain a geographic information system; marketing and licensing compiled digital geographic data and software; providing technical services; and publishing geographic and land related information for the City and the County, other public agencies, and the private sector. It is governed by a Board of Directors consisting of one voting member from the City of San Diego and one from the County of San Diego. SanGIS relies mostly on an annual budget of $1.5 million contributed primarily by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported an increase in net position of $66 thousand and ending net position of $326 thousand for the year ended June 30, 2018. The financial report may be obtained by writing to SanGIS at 5510 Overland Ave., Suite 230, San Diego CA 92123 or by calling (858) 874-7000 or by E-mail at webmaster@sangis.org.

The County is a participant with 18 incorporated cities to operate the Unified San Diego County Emergency Services Organization for the purpose of providing regional planning and mutual assistance in the event of an emergency or disaster in the region. The organization is governed by the Unified Disaster Council (UDC) with the San Diego County Board of Supervisors, who serves as Chair of the Council, and a representative from each of the 18 incorporated cities. The County of San Diego Office of Emergency Services (OES) serves as staff to the UDC. OES is a liaison between the incorporated cities, the California Governor's Office of Emergency Services, the Federal Emergency Management Agency, as well as non-governmental agencies such as the American Red Cross. A contractual agreement requires that the cities and the County provide the total required funding each year; one half from the cities and the other half from the County. In its latest report, the organization reported an increase in net position of $10 thousand and ending net position of $134 thousand for the year ended June 30, 2018. Separate financial statements may be obtained from the Office of Emergency Services, 5580 Overland Ave., Suite 100, San Diego CA 92123 or by calling (858) 565-3490 or by E-mail at oes@sdcounty.ca.gov.

The San Diego Workforce Partnership (Partnership) funds and delivers job training programs that 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 authority, the Consortium Policy Board is a community 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 funding decisions and programmatic priority. For the year ended June 30, 2018, the Partnership reported a decrease in net position of $30 thousand and ending net position of $589 thousand. Complete financial reports may be obtained by writing to the San Diego Workforce Partnership, 9246 Lightwave Ave., Suite 210, San Diego, CA 92123 or by calling (619) 228-2900.

In November 2011, the County of San Diego, which oversees the San Diego County Fire Authority, agreed to be a participant in the Heartland Fire Training Authority effective July 1, 2012. The Authority includes 10 other member agencies and was formed for the purposes of jointly equipping, maintaining, operating, and staffing to provide training of fire-fighting and emergency response personnel to member agencies. It is governed by a Commission comprised of elected officials from each member jurisdiction. The annual budget is derived from fees paid by participating

agencies along with revenue generated from class offerings. In its latest report, Heartland Fire Training Authority reported an increase in net position of $177 thousand and ending net position of $1.3 million for the year ended June 30, 2018. The financial report may be obtained by writing to Heartland Fire Training Authority at 1301 North Marshall Ave., El Cajon CA 92020 or by calling (619) 441-1683.

NOTE 29

Pension Plans

Plan Description

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

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

Plan Membership

The participating employers in the SDCERA-PP consist of the County of San Diego; Superior Court of California - County of San Diego; 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.

At June 30, 2018, SDCERA-PP membership totaled 42,825, consisting of the following: Retired members or beneficiaries currently receiving benefits - 19,028, Vested terminated members entitled to, but not yet receiving benefits - 5,928; and Active members - 17,869.

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 four Tiers. Any new employee who becomes a member on or after January 1, 2013 is placed into Tier C and is 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. Tier C is the current open plan 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, an additional Tier, Tier II, was eliminated for General and Safety members. Tier A was established for active General members and all non-retired Safety members. All active General members were converted to Tier A unless they elected to opt out during the one-time opt-out period that ended March 7, 2002. When Tier II was eliminated, 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 43
SDCERA - PP Tiers and Basic Provisions

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

(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) A new General Tier D has been approved by the County for employees with membership date on or after July 1, 2018. However, there will be no General Tier D members reported by SDCERA until the Actuary collects membership data for the June 30, 2019 funding valuation and when the Actuary rolls forward the liability in that valuation for use in the Governmental Accounting Standards Board Statement No. 68 valuation with a measurement date of June 30, 2020 and a reporting date of June 30, 2021.

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 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 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. The California Public Employees' Pension Reform Act (PEPRA), limits the amount of compensation that can be used to calculate the retirement benefit for Tier C 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 spouses 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 Consumer Price Index for the San Diego County 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 and Tier C. 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, 2019 for fiscal year 2019 was 11.40% of compensation, (not adjusted for employer pick-up of employee contributions).

The County of San Diego and the other participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SDCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2019 for fiscal year 2019 was 41.96% (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 $499,451 for the year ended June 30, 2019.

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

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

	Employer Contribution Rates	Employee Contribution Rates	Active Members
General Tier I	39.95%	7.95 - 15.48%	22
General Tier A	39.95%	9.55 - 17.08%	7,621
General Tier B	39.95%	6.75 - 13.44%	1,500
General Tier C	33.52%	8.27%	5,234
Safety Tier A	56.82%	13.85 - 20.38%	2,069
Safety Tier B	56.82%	10.74 - 15.99%	463
Safety Tier C	48.96%	14.69%	960

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

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

At June 30, 2019, the County reported a liability of $3,197,900 for its proportionate share of the collective Net Pension Liability (NPL). The NPL was measured as of June 30, 2018 and was determined by rolling forward the Total Pension Liability (TPL) as of the June 30, 2017 actuarial valuation date. The NPL is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the fair value of Plan assets (excluding the Health Insurance Allowance Reserve).

Pension amounts, including the County's proportionate share of the NPL, are determined separately for the General and Safety membership classes based on their benefit provisions, actuarial experience, receipts and expenses. The total pension liability for each membership class was calculated based on the participants in and benefits provided for the respective membership class, and the SDCERA-PP fiduciary net position was determined in proportion to the valuation value of assets for each membership class. San Diego County is the sole active employer in the Safety membership class that made contributions in fiscal year 2018; 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 year ended June 30, 2018 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, 2018, the County's proportionate share of employer contributions was approximately 94.119%, (General 91.382%, Safety 100%), which was an increase of approximately 0.983% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of $556,530.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Table 45
Pension Deferred Outflows/Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions to the pension plan subsequent to the measurement date	$ 499,451	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	29,189	2,221
Changes of assumptions or other inputs	341,831	
Net difference between projected and actual earnings on pension plan investments	12,355	
Differences between expected and actual experience in the total pension liability	1,964	231,348
	$ 884,790	233,569

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. $499,451 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, 2020.

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

Table 46
Pension Expense

Year Ending June 30		Amount
2020	$	251,004
2021		95,668
2022		(161,419)
2023		(33,483)
Total	$	151,770

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, 2018 (the measurement date) are shown in the following table:

Table 47
Actuarial Assumptions

Inflation	3.00%
Salary increases	General: 4.25% to 10.25% and Safety: 4.50% to 12.00% vary by service, including inflation.
Discount rate	7.25%, net of pension plan investment expense, including inflation.
Cost-of-living adjustment	Maximum of 3% for TIER I, II and A Maximum 2% for TIER B and C
Date of last experience study	July 1, 2012 through June 30, 2015

Mortality rates for General members and beneficiaries are based on the Headcount-Weighted RP-2014 Health Annuitant Mortality Table projected 20 years with the two-dimensional scale MP2015D, set forward one year for females. For Safety members, the same mortality table is used with a two-year setback. For General members with a disability retirement, there is a five-year age set forward for males and four-year set forward for females on post-retirement mortality. For Safety members with a disability retirement, there is a one-year age set forward.

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, 2017 actuarial valuation and rolled forward to the June 30, 2018 measurement period:

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	17.685%	5.80%
Small Cap U.S. Equity	1.965%	6.47%
Developed International Equity	16.200%	6.97%
Emerging Markets Equity	9.150%	8.93%
U.S. Core Bonds	10.000%	0.84%
High Yield Bonds	5.000%	3.47%
Global Bonds	2.000%	0.49%
Bank Loan	5.000%	2.34%
Cash & Cash Equivalents	2.000%	(0.46%)
Real Estate	4.500%	4.45%
Value Added Real Estate	4.500%	7.10%
Hedge Fund (Fund to Funds)	8.000%	4.40%
Private Real Asset	6.000%	9.00%
Private Equity	8.000%	9.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2018. 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, 2018.

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, 2018, calculated using the discount rate of 7.25%, as well as what the County's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension plan liability	$5,208,545	$3,197,900	$1,544,676

SDCERA-PP Fiduciary Net Position

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

NOTE 30
Other Postemployment Benefits
Retiree Health Plan
Plan Description

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

At June 30, 2018, the SDCERA-RHP membership totaled 4,492, consisting of the following: Retired members or beneficiaries currently receiving benefits - 4,332, Vested terminated members entitled to, but not yet receiving benefits - 138; and, Active members - 22.

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

Benefits Provided

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

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

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

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

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

Table 50
Benefit Amount for Non-Disabled 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	
12	240	
13	260	300
14	280	In addition to the allowance, $93.50 will be reimbursed to use toward the cost of the monthly Medicare Part B premium.
15	300	
16	320	
17	340	
18	360	
19	380	
20 or more	400	

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

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

Contributions

The SDCERA-RHP is funded by employer contributions that are based on a biennial actuarial valuation, actuarially determined 20-year level dollar amortization schedule. The Actuarial Valuation of Other Postemployment Benefits (OPEB) as of June 30, 2016, established the fiscal year 2019 employer contribution rate of 1.65 percent of covered payroll which amounted to $18.892 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, 2019, the County reported a liability of $119,483 for its proportionate share of the collective Net Other Postemployment Benefits Liability (NOL). The NOL was measured as of June 30, 2018 (measurement date), and determined based upon the results of the actuarial valuation as of June 30, 2018. The Plan's Fiduciary Net Position (plan assets) and the Total OPEB Liability (TOL) were also valued as of the measurement date. The NOL is equal to the difference between the TOL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the fair value of plan assets.

The County's proportion of the NOL, as well as its proportion of the other OPEB related deferred outflows of resources and deferred inflows of resources is determined using the employer contributions from each employer category from July 1, 2017 through June 30, 2018 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, 2018 the County's proportionate share of the NOL was approximately 93.227%, which was an increase of approximately 0.633% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized OPEB expense of $5,854.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Table 51
OPEB Deferred Outflows

	Deferred Outflows of Resources
Contributions to the OPEB plan subsequent to the measurement date	$ 18,892
Net difference between projected and actual earnings on OPEB plan investments	103
	$ 18,995

Deferred outflows of resources noted above represent the unamortized portion of changes to the 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.

$18,892 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, 2020.

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

Table 52
OPEB Expense

Year Ending June 30	Amount
2020	$ 47
2021	46
2022	46
2023	(36)
Total	$ 103

Actuarial Assumptions

The TOL in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as shown in the table below:

Table 53
Actuarial Assumptions

Inflation	3.00%
Salary increases	General: 4.25% to 10.25%, including inflation
Discount rate	7.25%, net of investment expenses
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.
Health insurance allowance subsidy increases	0.00%

Changes in assumptions were made from the prior measurement period and included changes to the salary increases and changes in the healthcare trend. Salary increases for the prior measurement period for General were 4.50% to 9.75% including inflation. The healthcare trend for the prior measurement period was 6.50% graded to ultimate 4.50% over 8 years.

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

Healthy retirement. General members and all beneficiaries, the mortality rates are based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional scale MP2015D, set forward one year for females. For Safety members, mortality rates are based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional scale MP2015D, set back two years.

Disabled retirement. The General members mortality rates are based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional scale MP2015D, set forward five years for males and four years for females. The Safety Members mortality rates are based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional scale MP2015D, set forward one year.

Pre-retirement. Mortality rates for General and Safety members are based on the Headcount-Weighted RP-2014 Employee Mortality Table projected 20 years with the two-dimensional scale MP2015D times 75%.

The aforementioned mortality data contains about a 20% margin, based on actual to expected deaths, as a provision to anticipate future mortality improvement, based on a review of mortality experience as of the measurement date.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an experience study for the period from July 1, 2012 through June 30, 2015. They are the same as the assumptions used in the June 30, 2018 funding actuarial valuation for SDCERA-RHP.

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

the derivation of the long-term expected investment rate of return assumption as of June 30, 2018 is summarized in the following table:

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 U.S. Equity	17.685%	5.80%
Small Cap U.S. Equity	1.965%	6.47%
Developed International Equity	16.200%	6.97%
Emerging Markets Equity	9.150%	8.93%
U.S. Core Bonds	10.000%	0.84%
High Yield Bonds	5.000%	3.47%
Global Bonds	2.000%	0.49%
Bank Loan	5.000%	2.34%
Cash Equivalents	2.000%	(0.46%)
Real Estate	4.500%	4.45%
Value Added Real Estate	4.500%	7.10%
Hedge Fund (Funds to Funds)	8.000%	4.40%
Private Real Asset	6.000%	9.00%
Private Equity	8.000%	9.00%
Total	100%	

Discount Rate

The discount rate used to measure the TOL was 7.25% as of June 30, 2018. 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, 2018.

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, 2018, calculated using the discount rate of 7.25%, as well as what the County's proportionate share of the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate; and presents the County's proportionate share of the NOL as of June 30, 2018 and what it would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Table 55
County's Share of Net OPEB Liability

Discount Rate Sensitivity	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net OPEB plan liability	$ 129,161	119,483	110,989

Healthcare Cost Trend Rate Sensitivity	1% Decrease *	Current Trend Rate*	1% Increase *
County's proportionate share of the net OPEB plan liability	$ 119,110	119,483	119,837

* 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 31
Fund Deficit

Table 56
Fund Deficit
At June 30, 2019

Internal Service Fund:		
Employee Benefits Fund	$	(5,584)
Facilities Management Fund		(26,672)
Public Liability Insurance Fund		(14,909)

The Employee Benefits Fund deficit of $5.6 million resulted primarily from the accrual of the estimated liability and costs associated with the reported and unreported workers' compensation claims as prepared by an actuary for the reporting period ended June 30, 2019. The liability increased to $185.8 million from the prior year's estimate of $180.8 million. The County will continue to reduce the deficit through increased premium rate charges to County departments by $5 million per year in excess of projected operating expenses that began in fiscal year 2015-2016 for a 10 year period.

The Facilities Management Fund deficit of $26.7 million, resulted from adjustments attributed to reporting the County's proportionate shares of the SDCERA-PP net pension liability and the SDCERA-RHP net OPEB liability.

The Public Liability Insurance Fund deficit of $14.9 million resulted mainly from the accrual of the estimated liability based on an actuarial determination that overall losses had developed significantly higher than expected. The liability increased to $87 million from the prior year's estimate of $65 million. The County intends to reduce the deficit through increased rate charges to County Departments in fiscal year 2019-20, primarily based on the 5 year history of actual expenditures by department.

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

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

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

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

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

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

After the date of dissolution, as allowed in the Bill, the County elected to retain the housing assets and functions previously performed by the former SDCRA. These assets and activities are accounted for in the County Low and Moderate Income Housing Asset Fund and are reported in the County's governmental fund financial statements. The remaining assets,

liabilities, and activities of the dissolved SDCRA are reported in the County of San Diego Successor Agency Private Purpose Trust Fund (fiduciary fund) financial statements of the County.

Due To Other Funds

The County of San Diego Successor Agency Private Purpose Trust Fund's "Due To Other Funds" consists of outstanding loans owed to the General Fund for the Upper San Diego River Project ($1.063 million), to the Airport Enterprise Fund (AEF) for the Airport Projects ($3.428 million) and to the County Low and Moderate Income Housing Asset Fund (CLMIHAF) ($500 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, 2019, the interest earned on the General Fund loan accrues on the average quarterly outstanding balance, at a rate equal to the average County earned investment rate as determined by the County Treasurer. Interest earned on the AEF and CLMIHAF loans accrue at the rate mandated by Health and Safety Code 34191.4. Under California Assembly Bills ABx1 26 and AB 1484, it is expected that the County Successor Agency will pay principal and interest on the loans outstanding when funds are available for this purpose. The timing and total amount of any repayment is subject to applicable law.

NOTE 33

San Diego County Redevelopment Agency (SDCRA) Revenue Refunding Bonds

In December 2005, the San Diego County Redevelopment Agency (SDCRA) issued $16 million Revenue Refunding Bonds Series 2005A that mature in fiscal year 2033. 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, 2019 were the following:

Table 57
SDCRA Revenue Refunding Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2019
Revenue Refunding Bonds Series 2005A	$ 16,000	3.65 - 5.75%	2033	9,830
Total	$ 16,000			9,830

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

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

Fiscal Year	Principal	Interest	Total
2020	$ 553	532	1,085
2021	580	502	1,082
2022	610	471	1,081
2023	645	437	1,082
2024	680	401	1,081
2025-2029	4,000	1,373	5,373
2030-2033	2,762	217	2,979
Total	9,830	$ 3,933	$ 13,763
Less:			
Unamortized issuance discount	(23)		
Total	$ 9,807		

SDCRA pledged revenue for the year ended June 30, 2019 was as follows:

Table 59
SDCRA Revenue Refunding Bonds - Pledged Revenues

Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Fiscal Year 2019 Debt Principal & Interest Paid	Fiscal Year 2019 Pledged Revenue Received
Revenue Refunding Bonds Series 2005A	2033	$ 13,763	$ 1,417	$ 1,443

Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2019 were as follows:

Table 60
SDCRA Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2018	Additions	Reductions	Ending Balance at June 30, 2019	Amounts Due Within One Year
Revenue Refunding Bonds Series 2005A	$ 10,675		(845)	9,830	555
Unamortized issuance discounts	(24)		1	(23)	(2)
Total	$ 10,651		(844)	9,807	553

NOTE 34
Subsequent Events

San Diego County Capital Asset Leasing Corporation - County of San Diego Certificates of Participation, Series 2019 (Justice Facilities Refunding)

In October 2019, the San Diego County Capital Asset Leasing Corporation issued $19.450 million of fixed rate certificates of participation titled, "County of San Diego Certificates of Participation, Series 2019 (Justice Facilities Refunding)." The 2019 Certificates were issued at a 5.00% fixed rate of interest and will mature on October 1, 2025. The 2019 Certificates were issued with a premium of $2.555 million. These certificates were issued to advance refund the entire outstanding 2009 Justice Facilities Refunding certificates of participation.

Tobacco Securitization Authority of Southern California (Authority) - Tobacco Settlement Asset-Backed Refunding Bonds, Series 2019 Senior Bonds

In November 2019, the Tobacco Securitization Authority of Southern California issued $405.964 million Series 2019 Tobacco Settlement Asset-Backed Senior Bonds (Bonds). The Bonds were issued as follows: 1) $252.345 million Series 2019A Class 1 Senior Current Interest Bonds that carry a fixed coupon rate of 5.00% and projected yield rates ranging from 1.200% to 2.970% and final maturity dates ranging from June 2020 through June 2048; 2) $11 million Series 2019B-1 Class 2 Turbo Current Interest Bonds that carry a fixed coupon rate of 2.25% and projected yield of 2.25% and a final maturity date of June 2029; 3) $109 million Series 2019B-1 Class 2 Turbo Current Interest Bonds that carry a fixed coupon rate of 5% and projected yield of 3.375% and a final maturity date of June 2048; and, 4) $33.619 million Series 2019B-2 Class 2 Turbo Capital Appreciation Bonds that carry a fixed coupon rate of 5.625% and

projected yield of 5.625% and a final maturity date of June 2054. The Bonds were issued with a premium of $63.492 million. The Authority will use the certain proceeds from the issuance to refund a portion of the Authority's outstanding Tobacco Settlement Asset-Backed Bonds, Series 2006.

NOTE 35

New Governmental Accounting Standards

Implementation Status

In November 2016, the GASB issued *Statement No. 83, Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

In Fiscal Year 2019, the County determined that these requirements do not affect the financial reporting for the County, consequently this Statement is not currently applicable.

In April 2018, the GASB issued *Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* This Statement clarifies which liabilities governments should include when disclosing information related to debt, and defines debt for purposes of disclosure in financial statements. It also requires that additional essential information related to debt be disclosed in notes to financial statements; and that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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

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

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

NO

Required Supplementary Information

Pension Plan

The schedule (in thousands) of the County's proportionate share of the San Diego County Employees Retirement Association pension plan collective Net Pension Liability is shown in the table below:

Table 1
Schedule of the County's Proportionate Share of the Net Pension Liability

		Fiscal Year 2019*	Fiscal Year 2018*	Fiscal Year 2017*	Fiscal Year 2016*	Fiscal Year 2015*
County's proportion of the net pension liability		94.119%	93.136%	92.898%	92.827%	92.292%
County's proportionate share of the net pension liability	$	3,197,900	3,433,950	3,992,748	2,593,395	1,958,456
County's covered payroll	$	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		279.106%	314.575%	377.067%	250.089%	198.052%
Plan fiduciary net position as a percentage of the total pension liability		78.32%	75.56%	70.48%	78.63%	82.65%

*Amounts presented above were based on the measurement periods ending June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014, respectively.

Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

The schedule (in thousands) of County contributions to the San Diego County Employees Retirement Association pension plan is shown in the table below:

Table 2
Schedule of the County's Contributions - Pension

		Fiscal Year 2019*	Fiscal Year 2018*	Fiscal Year 2017*	Fiscal Year 2016*	Fiscal Year 2015*
Actuarial determined contributions	$	485,619	465,339	386,971	354,524	356,732
Contributions in relation to the actuarially determined contributions		499,451	487,841	386,971	354,524	356,732
Contribution deficiency (excess)**		(13,832)	(22,502)	-	-	-
County's covered payroll	$	1,190,184	1,145,764	1,091,617	1,058,595	1,036,987
Contributions as a percentage of covered payroll		41.96%	42.58%	35.45%	33.49%	34.40%

*Amounts presented above were based on the fiscal years ended June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, and June 30, 2015, respectively.

**Based on one-time use of over-realized general purpose revenue generated by greater-than-anticipated assessed value growth as per County Code of Administrative Ordinances Article VII, Section 113.5(b)

Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See note to the required supplementary information

Changes in Assumptions

The following assumptions used to determine the Total Pension Liability have changed:

Table 3
Actuarial Assumptions

	Reporting Period: June 30, 2015	Reporting Period: June 30, 2016
Inflation	3.25%	3.00%
Salary increases	General: 4.75% to 10% and Safety: 5.00% to 12% vary by service, including inflation.	General: 4.50% to 9.75% and Safety: 4.75% to 11.75% vary by service, including inflation.
Discount rate	7.75%, net pension plan investment expense, including inflation.	7.50%, net pension plan investment expense, including inflation.

	Reporting Period: June 30, 2016	Reporting Period: June 30, 2017
Salary increases	General: 4.50% to 9.75% and Safety: 4.75% to 11.75% vary by service, including inflation.	General: 4.25% to 10.25% and Safety: 4.50% to 12.00% vary by service, including inflation.
Discount rate	7.50%, net pension plan investment expense, including inflation.	7.25%, net of pension plan investment expense, including inflation.
Date of last experience study	July 1, 2009 through June 30, 2012	July 1, 2012 through June 30, 2015
Mortality Rates	RP-2000	RP-2014

OPEB Plan

The schedule (in thousands) of the County's proportionate share of the San Diego County Employees Retirement Association Retiree Health Plan collective Net OPEB Liability is shown in the table below:

Table 4
Schedule of the County's Proportionate Share of the Net OPEB Liability

		Fiscal Year 2019*	Fiscal Year 2018*
County's proportion of the net OPEB liability		93.227%	92.594%
County's proportionate share of the net OPEB liability	$	119,483	132,163
County's covered payroll	$	1,145,764	1,091,617
County's proportionate share of the net OPEB liability as a percentage of its covered payroll		10.428%	12.107%
Plan fiduciary net position as a percentage of the total OPEB liability		10.12%	6.92%

*Amounts presented above were based on the measurement periods ending June 30, 2018 and June 30, 2017.

Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See note to the required supplementary information

The schedule (in thousands) of County contributions to the San Diego County Employees Retirement Association Retiree Health Plan is shown in the table below:

Table 5

Schedule of the County's Contributions - OPEB

		Fiscal Year 2019*	Fiscal Year 2018*
Actuarial determined contributions	$	18,892	18,229
Contributions in relation to the actuarially determined contributions		18,892	18,229
Contribution deficiency (excess)		-	-
County's covered payroll	$	1,190,184	1,145,764
Contributions as a percentage of covered payroll		1.59%	1.59%

*Amounts presented above were based on the fiscal years ended June 30, 2019 and June 30, 2018.

Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Changes in Assumptions

The following assumptions used to determine the Total OPEB Liability have changed:

Table 6

Actuarial Assumptions

	Reporting Period: June 30, 2018	Reporting Period: June 30, 2019
Salary increases	General: 4.50% to 9.75% including inflation.	General: 4.25% to 10.25% including inflation.
Healthcare trend	6.50% graded to ultimate 4.50% over 8 years.	Non-Medicare: 7.00% graded to ultimate 4.50% over 10 years; Medicare: 6.50% graded to ultimate 4.50% over 8 years.

See note to the required supplementary information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2019
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 1,197,713	1,211,545	1,223,597
Licenses, permits and franchise fees	43,703	44,705	46,778
Fines, forfeitures and penalties	45,670	45,671	42,453
Revenue from use of money and property	24,817	27,370	63,090
Aid from other governmental agencies:			
State	1,301,931	1,340,600	1,224,649
Federal	815,510	820,417	766,244
Other	90,418	90,419	117,631
Charges for current services	403,748	408,351	384,631
Other	37,093	37,320	28,333
Total revenues	3,960,603	4,026,398	3,897,406
Expenditures:			
Current:			
General government:			
Assessor/recorder/county clerk - finance	49,386	49,386	40,573
Auditor and controller	28,223	27,792	26,850
Auditor and controller - information technology management services	13,434	13,871	8,901
Board of supervisors district #1	1,576	1,776	1,524
Board of supervisors district #2	1,690	1,785	1,656
Board of supervisors district #3	1,517	1,717	1,280
Board of supervisors district #4	1,570	1,920	1,646
Board of supervisors district #5	1,632	1,985	1,761
Board of supervisors general office	1,265	1,265	1,193
Chief administrative office - legislative and administrative	5,109	5,109	4,621
Civil service commission	555	555	426
Clerk of the board of supervisors - legislative and administrative	4,154	4,154	3,746
Community enhancement	6,260	6,260	6,251
Community projects	13,348	13,511	12,667
Community services	6,045	4,714	3,610
County communications office	3,524	3,524	2,994
County counsel	28,738	28,737	27,156
County technology office	23,803	23,802	13,784
Countywide general expense	110,170	100,586	17,211
Finance and general government - legislative and administrative	11,005	10,883	3,542
Finance and general government - other general	27,927	25,867	3,054
Finance and general government group - CAC major maintenance	7,915	8,396	7,306
Finance and general government group - finance	6,459	7,359	3,511
Health and human services - legislative and administrative	166	166	149
Human resources - other general government	6,259	6,259	5,007
Human resources - personnel	23,254	23,255	19,832
Land use and environment - legislative and administrative	9,677	9,583	3,584
Lease payments - bonds	390	390	
Public safety - legislative and administrative	12,747	13,084	7,920
Registrar of voters	23,419	26,531	26,367
Treasurer - tax collector	23,229	23,229	19,813
Total general government	454,446	447,451	277,935

Continued on next page

See note to the required supplementary information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2019
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Public protection:			
Agriculture, weights and measures	18,052	18,544	16,167
Agriculture, weights and measures - sealer	4,774	4,734	4,539
Assessor/recorder/county clerk - other protection	28,545	28,544	19,284
Child support	50,016	48,096	40,416
Citizens law enforcement review board	903	903	804
Contributions for trial courts	67,019	67,250	66,939
Department of animal services	8,547	8,705	8,564
District attorney - judicial	186,734	187,426	185,299
Fire protection, office of emergency services	46,392	44,805	36,984
Grand jury	827	827	679
Local agency formation commission administration	476	476	476
Medical examiner	10,860	11,644	11,347
Office of emergency services	9,600	9,719	7,581
Penalty assessment	3,129	3,129	
Planning and development services	60,499	61,985	38,625
Probation - detention and correction	163,818	163,590	149,279
Probation - juvenile detention	49,394	49,763	48,819
Public defender	90,349	89,334	83,672
Public works, flood control, soil and water, general	36,859	37,441	18,051
Sheriff - adult detention	301,851	305,553	298,851
Sheriff - detention and correction	4,821	5,449	5,066
Sheriff - other protection	3,148	3,148	807
Sheriff - police protection	560,232	582,494	515,501
Total public protection	1,706,845	1,733,559	1,557,750
Public ways and facilities:			
Public works, dept of gen	338	690	382
Public works, general - public ways	5,994	6,240	4,475
Total public ways and facilities	6,332	6,930	4,857
Health and sanitation:			
Environmental health	47,713	48,162	41,156
Health and human services agency - drug and alcohol abuse services	186,015	159,442	125,957
Health and human services agency - health	217,007	230,065	183,924
Health and human services agency - health administration	1,396	1,396	1,332
Health and human services agency - medical care	54,540	54,540	53,175
Health and human services agency - mental health	438,633	423,630	423,899
Public works, general - sanitation	200	200	3
Total health and sanitation	945,504	917,435	829,446
Public assistance:			
Health and human services agency - medical services	7,489	7,489	7,969
Health and human services agency - other assistance	321,240	354,555	279,803
Health and human services agency - social administration	852,640	844,495	782,263
Health and human services agency - veterans' services	2,971	2,975	3,244
Probation - care of court wards	16,163	18,424	18,987
Total public assistance	1,200,503	1,227,938	1,092,266

Continued on next page

See note to the required supplementary information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2019
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Education:			
Agriculture, weights and measures	1,537	1,536	1,346
Total education	1,537	1,536	1,346
Recreation and cultural:			
Parks and recreation	53,088	53,748	40,489
Total recreation and cultural	53,088	53,748	40,489
Capital outlay	39,058	78,278	30,034
Debt service:			
Principal	17,860	21,961	21,959
Interest	12,758	14,596	14,585
Total expenditures	4,437,931	4,503,432	3,870,667
Excess (deficiency) of revenues over (under) expenditures	(477,328)	(477,034)	26,739
Other financing sources (uses):			
Sale of capital assets		5,000	6,222
Transfers in	330,682	336,130	305,547
Transfers out	(691,929)	(767,484)	(222,301)
Total other financing sources (uses)	(361,247)	(426,354)	89,468
Net change in fund balances	(838,575)	(903,388)	116,207
Fund balances at the beginning of year	2,307,127	2,307,127	2,307,127
Increase (decrease) in nonspendable inventories		731	731
Fund balances at end of year	$ 1,468,552	1,404,470	2,424,065

See note to the required supplementary information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

PUBLIC SAFETY FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property				52
Aid from other governmental agencies:				
State	$	284,214	284,214	293,766
Total revenues		284,214	284,214	293,818
Expenditures:				
Current:				
Public protection:				
Public safety (Prop 172)		1,066	1,066	
Total public protection		1,066	1,066	
Total expenditures		1,066	1,066	
Excess (deficiency) of revenues over (under) expenditures		283,148	283,148	293,818
Other financing sources (uses):				
Transfers out		(307,701)	(309,601)	(285,540)
Total other financing sources (uses)		(307,701)	(309,601)	(285,540)
Net change in fund balances		(24,553)	(26,453)	8,278
Fund balances at beginning of year		59,439	59,439	59,439
Fund balances at end of year	$	34,886	32,986	67,717

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, 2019
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 1,900	1,900	7,310
Total revenues	1,900	1,900	7,310
Expenditures:			
Current:			
General government:			
Tobacco settlement	200	200	200
Total general government	200	200	200
Total expenditures	200	200	200
Excess (deficiency) of revenues over (under) expenditures	1,700	1,700	7,110
Other financing sources (uses):			
Transfers out	(6,000)	(6,000)	(6,000)
Total other financing sources (uses)	(6,000)	(6,000)	(6,000)
Net change in fund balances	(4,300)	(4,300)	1,110
Fund balances at beginning of year	298,758	298,758	298,758
Fund balances at end of year	$ 294,458	294,458	299,868

See note to the required supplementary information

Budgetary Information

General Budget Policies

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; and the Debt Service and Capital Projects Funds (other governmental funds). Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year with the approval of the Board of Supervisors.

Appropriations may also be adjusted during the year with the approval of the Board of Supervisors. Additionally, the County Budget Act authorizes the Chief Administrative Officer (CAO) and/or Deputy CAO/Auditor and Controller to approve transfers within a department as long as overall appropriations of the department are not increased. Such adjustments are reflected in the final budgetary data. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

The schedule of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund, Public Safety Fund and the Tobacco Endowment Fund that is presented as Required Supplementary Information was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Original Budget consists of the adopted budget plus the budget carried forward from the prior fiscal year. Accordingly, encumbrances that are subject to automatic re-appropriation are included as part of the original budget. The County adopts its budget by June 30 of the prior fiscal year. The final budget includes the original budget plus amended budget changes occurring during the fiscal year.

The Actual column represents the actual amounts of revenue, expenditures, and other financing sources and uses reported on a GAAP basis which is the same basis that is used to present the aforementioned original and final budget.

Combining and Individual Fund Information and Other Supplementary Information

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Air Pollution Fund

This fund was established to provide for control of air pollution from motor vehicles and other sources in order to attain health based air quality standards. Revenue sources include license and permit fees, fines, state and federal funds, charges to property owners and vehicle registration fees. This fund is restricted for air pollution activities.

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, and the operation and maintenance of the facilities needed to provide those services for 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, and the operation and maintenance of facilities.

County Library Fund

This fund was established to provide library services for the unincorporated area as well as 11 of the incorporated cities within the county. Property taxes provide most of the fund's revenues; aid from other governmental agencies, grants and revenues from library services provide the remaining principal revenues. This fund is restricted for library services.

County Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code 34176, the County elected to assume the housing functions of the housing assets of the former San Diego County Redevelopment Agency, along with the related rights, powers, liabilities, duties and obligations. As a result, this fund was created on February 1, 2012, and the use of this fund is restricted for housing activities.

County Service District Funds

These special district funds were established to provide authorized services such as road, park, lighting maintenance, fire protection or ambulance service to specific areas in the county. They are financed by ad valorem property taxes in the area benefited or by special assessments levied on specific properties. They also derive revenue from cities and from services provided to property owners. This fund is restricted for road, park lighting maintenance, fire protection and ambulance services.

Edgemoor Development Fund

This fund was established pursuant to Board Policy F-38, which provides guidelines for the use, development and disposition of the County's 326 acres of property located in the City of Santee, known as the Edgemoor Property. Revenues are derived from the sale or lease of land within the Edgemoor property, and these revenues are to be used for the reconstruction of the Edgemoor Skilled Nursing Facility. A portion of these reconstruction costs include an annual transfer to reimburse the General Fund for annual lease payments associated with the 2014 Edgemoor Refunding COPs which refunded the 2005 and 2006 Edgemoor COPs. Those COPs were used to fund the redevelopment of the Edgemoor Skilled Nursing Facility, which was completed in 2009. The federal reimbursements with the SB 1128 program are also deposited into this fund. This fund is restricted for Edgemoor development.

Flood Control District Fund

This fund was established to account for revenues and expenditures related to providing flood control in the county. It is financed primarily by ad valorem property taxes. This fund is restricted for flood control future drainage improvements.

Harmony Grove Community Facilities District Fund

This fund was established to account for services provided such as fire protection, emergency response, street improvements, flood control, street lighting, and the maintenance and operation of parks for the citizens of Harmony Grove Village. It is financed by special taxes levied on the citizens residing within the district. This fund is restricted for the maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control service.

Housing Authority - Low and Moderate Income Housing Asset Fund

Pursuant to Health and Safety Code (HSC) 34176 (b) and (b)(2), the City of Santee elected to transfer the housing functions of the Successor Agency to the Community Development Commission of the City of Santee, to the County of San Diego Housing Authority (Housing Authority). This fund was created in fiscal year 2013-14 and the use of this fund is restricted for housing activities.

Housing Authority - Other Fund

This fund was established to account for revenues and expenditures of programs administered by the Housing Authority. These programs assist individuals and families to reside in decent, safe, and sanitary housing. The U.S. Department of Housing and Urban Development (HUD) provides the majority of the funding for the Housing Authority's program expenditures.

In Home Supportive Services Public Authority Fund (IHSSPA)

This authority was established for the administration of the IHSSPA registry, investigation of the qualifications and background of potential registry personnel, referral of registry personnel to IHSSPA recipients and the provision for training of providers and recipients. The authority is funded by the State's social services realignment fund, federal and state programs. The monies are initially deposited into the County's General Fund, and transferred to the IHSSPA fund. This fund is restricted for in home supportive services.

Inactive Wastesites Fund

This fund was established to receive one-time homeowner association deposits and residual funds from the sale of the County's Solid Waste System. Expenditures include repairs, maintenance and care for the County's inactive landfill sites in accordance with all applicable governmental regulations, laws and guidelines. This fund is committed to landfill postclosure and inactive landfill maintenance.

Inmate Welfare Program Fund

This fund was established to receive telephone and other vending commissions and profits from stores operated in connection with the County jails. Fund expenditures, by law, must be solely for the benefit, education and welfare of confined inmates. This fund is restricted for the benefit, education, and welfare of jail inmates.

Lighting Maintenance District Fund

This fund was established to provide street and road lighting services to specified areas of the county. Revenue sources include ad valorem taxes, benefit fees, state funding and charges to property owners. This fund is restricted for street and road lighting maintenance.

Other Special Revenue Funds

These funds were established to receive user fees, land lease revenues and fines. The activities (expenditures) of this fund are restricted for retracement or remonument surveys, improvements for grazing lands, wildlife propagation and aviation purposes capital improvements and repairs, contracts administration, data collection, analysis and reporting, and responding to complaints regarding trash and trash haulers in unincorporated areas.

Park Land Dedication Fund

This fund was established to receive and expend special park land dedication fees from developers of land as a condition for approval of any development. The fees may be used for the purchase of land and the development of land for active park or recreational facilities. These facilities serve the future residents of such developments and the greater county at large. In lieu of the payment of these fees, the developer may dedicate land for active park or recreational facilities.

This fund is restricted, as per the Park Land Dedication Ordinance, to developing new or rehabilitating existing neighborhood or community park or recreational facilities.

Road Fund

This fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds, vehicle code fines, and fees and reimbursements for engineering services provided. This fund is restricted for future road improvements.

Tobacco Securitization Joint Special Revenue Fund

The Tobacco Securitization Joint Special Revenue Fund accounts for the transactions of the San Diego County Tobacco Asset Securitization Corporation and Tobacco Securitization Authority of Southern California, two component units, that are blended into the County's financial statements. This fund is funded by restricted tobacco settlement revenues.

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

Pension Obligation Bonds Fund

This fund receives payments from the County and other agencies for payment of principal and interest due on taxable pension obligation bonds. The debt issue was used to satisfy the County's requirement to amortize the unfunded actuarial accrued liability with respect to retirement benefits accruing to members of the San Diego County Employees Retirement Association. This fund is restricted for debt service.

San Diego Regional Building Authority Fund

This fund receives rental payments based on the lease purchase agreement from the San Miguel Consolidated Fire Protection District (SMCFPD) for payment of principal and interest due on lease revenue bonds issued for the SMCFPD; secured by the lease purchase payments. This fund also receives interest on monies invested in permissible investments as directed by each San Diego Regional Building Authority (SDRBA) financing's Trust indenture. Debt service payments made in this fund also include payments not accounted for in the County's General Fund related to SDRBA debt issuances; and are secured by interest earnings on the aforementioned permissible investments. This fund is restricted for debt service.

SANCAL Fund

This fund receives interest on monies invested in permissible investments as directed by each San Diego County Capital Asset Leasing Corporation (SANCAL) financing's Trust indenture. Debt service payments made in this fund are secured by the aforementioned interest earnings and represent payments not accounted for in the County's General Fund related to SANCAL debt issuances. This fund is restricted for debt service.

CAPITAL PROJECTS FUND

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Capital Outlay Fund

This fund is used exclusively to finance the acquisition, construction and completion of permanent public improvements, including public buildings; and for the costs of acquiring land and permanent improvements. Revenues are obtained from grants; and contributions from other funds when approved by the Board of Supervisors. This fund is committed to capital projects.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019
(In Thousands)

		Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and investments	$	462,989	3,250	11,820	478,059
Receivables, net		103,522	310	838	104,670
Property taxes receivables, net		664			664
Due from other funds		4,675	203	26,615	31,493
Inventories		1,334			1,334
Deposits with others		9			9
Prepaid items		374			374
Restricted assets:					
Cash with fiscal agents		400		104	504
Investments with fiscal agents		45,024	18,441		63,465
Lease receivable			893		893
Total assets		618,991	23,097	39,377	681,465
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable		15,027		16,425	31,452
Accrued payroll		1,686			1,686
Due to other funds		36,888	43	22,635	59,566
Unearned revenue		34,257		317	34,574
Total liabilities		87,858	43	39,377	127,278
DEFERRED INFLOW OF RESOURCES					
Non-pension:					
Property taxes received in advance		648			648
Unavailable revenue		74,817	894		75,711
Total deferred inflows of resources		75,465	894		76,359
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids		4,291			4,291
Inventories and deposits with others		1,343			1,343
Restricted for:					
Creditors - Debt service		45,204	22,160		67,364
Grantors - Housing assistance		16,696			16,696
Laws or regulations of other governments:					
Future road improvements		148,109			148,109
Fund purpose		147,276			147,276
Other purposes		24,302			24,302
Committed to:					
Landfill postclosure and landfill maintenance		65,582			65,582
Assigned to:					
Legislative and administrative services		2,865			2,865
Total fund balances		455,668	22,160		477,828
Total liabilities, deferred inflows of resources and fund balances	$	618,991	23,097	39,377	681,465

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2019
(In Thousands)

(Continued)		Air Pollution Fund	Asset Forfeiture Program Fund	Community Facilities District Funds - Other	County Library Fund	County Low and Moderate Income Housing Asset Fund
ASSETS						
Pooled cash and investments	$	52,318	11,607	2,364	17,190	264
Receivables, net		2,961	125	26	218	4,518
Property taxes receivables, net				20	494	
Due from other funds		30	1		5	500
Inventories		200	99		10	
Deposits with others						
Prepaid items						3
Restricted assets:						
Cash with fiscal agents						
Investments with fiscal agents						
Total assets		55,509	11,832	2,410	17,917	5,285
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable		1,211	125	33	607	
Accrued payroll		321			477	
Due to other funds		493	15		1,163	
Unearned revenue		24,720		800	10	
Total liabilities		26,745	140	833	2,257	
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance					491	
Unavailable revenue				20	509	1,098
Total deferred inflows of resources				20	1,000	1,098
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids						3,920
Inventories and deposits with others		200	99		10	
Restricted for:						
Creditors - Debt service						
Grantors - Housing assistance						
Laws or regulations of other governments:						
Future road improvements						
Fund purpose		28,564	11,593	1,557	11,785	267
Other purposes						
Committed to:						
Landfill postclosure and landfill maintenance						
Assigned to:						
Legislative and administrative services					2,865	
Total fund balances		28,764	11,692	1,557	14,660	4,187
Total liabilities, deferred inflows of resources and fund balances	$	55,509	11,832	2,410	17,917	5,285

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2019
(In Thousands)

(Continued)	County Service District Funds	Edgemoor Development Fund	Flood Control District Fund	Harmony Grove Community Facilities District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund
ASSETS					
Pooled cash and investments	$ 34,546	15,209	24,347	470	565
Receivables, net	662	2,072	522	5	18,339
Property taxes receivables, net	75		60		
Due from other funds	131				
Inventories	90		30		
Deposits with others					
Prepaid items					
Restricted assets:					
Cash with fiscal agents					
Investments with fiscal agents				36	
Total assets	35,504	17,281	24,959	511	18,904
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	1,660	(1)	239		
Accrued payroll					
Due to other funds	238	1	329		
Unearned revenue					560
Total liabilities	1,898		568		560
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance	71		69		
Unavailable revenue	69		55		18,332
Total deferred inflows of resources	140		124		18,332
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids					
Inventories and deposits with others	90		30		
Restricted for:					
Creditors - Debt service					
Grantors - Housing assistance					
Laws or regulations of other governments:					
Future road improvements					
Fund purpose	33,376	17,281		511	12
Other purposes			24,237		
Committed to:					
Landfill postclosure and landfill maintenance					
Assigned to:					
Legislative and administrative services					
Total fund balances	33,466	17,281	24,267	511	12
Total liabilities, deferred inflows of resources and fund balances	$ 35,504	17,281	24,959	511	18,904

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2019
(In Thousands)

(Continued)	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund
ASSETS					
Pooled cash and investments	$ 11,536	2,435	65,133	14,108	3,815
Receivables, net	6,835	45	794	155	38
Property taxes receivables, net					15
Due from other funds	11	317	10	3,060	
Inventories				251	24
Deposits with others	9				
Prepaid items	1				
Restricted assets:					
Cash with fiscal agents	400				
Investments with fiscal agents					
Total assets	18,792	2,797	65,937	17,574	3,892
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	233	40	252	986	313
Accrued payroll		91	29		
Due to other funds	1,510	2,579	74	1,747	13
Unearned revenue	61				
Total liabilities	1,804	2,710	355	2,733	326
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance					17
Unavailable revenue					14
Total deferred inflows of resources					31
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	1				
Inventories and deposits with others	9			251	24
Restricted for:					
Creditors - Debt service	217				
Grantors - Housing assistance	16,696				
Laws or regulations of other governments:					
Future road improvements					
Fund purpose		87		14,590	3,511
Other purposes	65				
Committed to:					
Landfill postclosure and landfill maintenance			65,582		
Assigned to:					
Legislative and administrative services					
Total fund balances	16,988	87	65,582	14,841	3,535
Total liabilities, deferred inflows of resources and fund balances	$ 18,792	2,797	65,937	17,574	3,892

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2019
(In Thousands)

(Continued)	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
ASSETS					
Pooled cash and investments	$ 3,082	20,693	183,307		462,989
Receivables, net	726	221	49,542	15,718	103,522
Property taxes receivables, net					664
Due from other funds			610		4,675
Inventories			630		1,334
Deposits with others					9
Prepaid items			370		374
Restricted assets:					
Cash with fiscal agents					400
Investments with fiscal agents				44,988	45,024
Total assets	3,808	20,914	234,459	60,706	618,991
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	114		9,214	1	15,027
Accrued payroll	9		759		1,686
Due to other funds	28	255	28,443		36,888
Unearned revenue	174		7,932		34,257
Total liabilities	325	255	46,348	1	87,858
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance					648
Unavailable revenue			39,002	15,718	74,817
Total deferred inflows of resources			39,002	15,718	75,465
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids			370		4,291
Inventories and deposits with others			630		1,343
Restricted for:					
Creditors - Debt service				44,987	45,204
Grantors - Housing assistance					16,696
Laws or regulations of other governments:					
Future road improvements			148,109		148,109
Fund purpose	3,483	20,659			147,276
Other purposes					24,302
Committed to:					
Landfill postclosure and landfill maintenance					65,582
Assigned to:					
Legislative and administrative services					2,865
Total fund balances	3,483	20,659	149,109	44,987	455,668
Total liabilities, deferred inflows of resources and fund balances	$ 3,808	20,914	234,459	60,706	618,991

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

June 30, 2019
(In Thousands)

	Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
ASSETS				
Pooled cash and investments	$ 1,300	814	1,136	3,250
Receivables, net	51	83	176	310
Due from other funds	203			203
Restricted assets:				
Investments with fiscal agents	15	5,923	12,503	18,441
Lease receivable		893		893
Total assets	1,569	7,713	13,815	23,097
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to other funds	43			43
Total liabilities	43			43
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Unavailable revenue		894		894
Total deferred inflows of resources		894		894
FUND BALANCES				
Restricted for:				
Creditors - Debt service	1,526	6,819	13,815	22,160
Total fund balance	1,526	6,819	13,815	22,160
Total liabilities, deferred inflows of resources and fund balances	$ 1,569	7,713	13,815	23,097

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUND
June 30, 2019
(In Thousands)

		Capital Outlay Fund
ASSETS		
Pooled cash and investments	$	11,820
Receivables, net		838
Due from other funds		26,615
Restricted assets:		
Cash with fiscal agents		104
Total assets		39,377
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable		16,425
Due to other funds		22,635
Unearned revenue		317
Total liabilities		39,377
Total liabilities, deferred inflows of resources and fund balances	$	39,377

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2019
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 52,987			52,987
Licenses, permits and franchise fees	16,173			16,173
Fines, forfeitures and penalties	1,136			1,136
Revenue from use of money and property	15,152	2,000		17,152
Aid from other governmental agencies:				
State	112,308		805	113,113
Federal	142,701		266	142,967
Other	25,176		15	25,191
Charges for current services	39,734			39,734
Other	36,077	5,262	8,829	50,168
Total revenues	441,444	7,262	9,915	458,621
Expenditures:				
Current:				
General government	606	234	3,046	3,886
Public protection	11,757			11,757
Public ways and facilities	84,327			84,327
Health and sanitation	45,891			45,891
Public assistance	170,918			170,918
Education	44,361			44,361
Recreation and cultural	2,367			2,367
Capital outlay	47,207		106,413	153,620
Debt service:				
Principal	10,237	50,570		60,807
Interest	22,662	32,134		54,796
Total expenditures	440,333	82,938	109,459	632,730
Excess (deficiency) of revenues over (under) expenditures	1,111	(75,676)	(99,544)	(174,109)
Other financing sources (uses):				
Sale of capital assets	18,991			18,991
Transfers in	46,435	76,388	99,544	222,367
Transfers out	(20,050)			(20,050)
Total other financing sources (uses)	45,376	76,388	99,544	221,308
Net change in fund balances	46,487	712		47,199
Fund balances at beginning of year	409,555	21,448		431,003
Increase (decrease) in nonspendable inventories	(374)			(374)
Fund balances at end of year	$ 455,668	22,160		477,828

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019
(In Thousands)

	Air Pollution Fund	Asset Forfeiture Program Fund	Community Facilities District Funds - Other	County Library Fund	County Low and Moderate Income Housing Asset Fund
Revenues:					
Taxes	$		1,081	37,792	
Licenses, permits and franchise fees	7,701				
Fines, forfeitures and penalties	877	146			
Revenue from use of money and property	1,221	314	47	381	19
Aid from other governmental agencies:					
State	5,465			326	
Federal	2,033	1,826		2	
Other	12,503			6,354	
Charges for current services	1,036			907	
Other	55			215	7
Total revenues	30,891	2,286	1,128	45,977	26
Expenditures:					
Current:					
General government					
Public protection		741	521		
Public ways and facilities					
Health and sanitation	26,392				
Public assistance					6
Education				44,361	
Recreation and cultural					
Capital outlay	1,007	26		279	
Debt service:					
Principal					
Interest					
Total expenditures	27,399	767	521	44,640	6
Excess (deficiency) of revenues over (under) expenditures	3,492	1,519	607	1,337	20
Other financing sources (uses):					
Sale of capital assets	19	1			
Transfers in	174			14	
Transfers out	(730)	(332)		(1,382)	
Total other financing sources (uses)	(537)	(331)		(1,368)	
Net change in fund balances	2,955	1,188	607	(31)	20
Fund balances at beginning of year	25,804	10,478	950	14,703	4,167
Increase (decrease) in nonspendable inventories	5	26		(12)	
Fund balances at end of year	$ 28,764	11,692	1,557	14,660	4,187

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, 2019
(In Thousands)

(Continued)	County Service District Funds	Edgemoor Development Fund	Flood Control District Fund	Harmony Grove Community Facilities District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund
Revenues:					
Taxes	$ 7,162		5,200	480	
Licenses, permits and franchise fees					
Fines, forfeitures and penalties					
Revenue from use of money and property	1,021	584	359	13	14
Aid from other governmental agencies:					
State	37		34		
Federal	165				
Other	4,244		181		
Charges for current services	8,952	3,939	994	706	
Other	342	10	1		
Total revenues	21,923	4,533	6,769	1,199	14
Expenditures:					
Current:					
General government	352	83			
Public protection	2,552		4,317		
Public ways and facilities	991			1,198	
Health and sanitation	12,128				
Public assistance					2
Education					
Recreation and cultural	2,175				
Capital outlay	19		1,101		
Debt service:					
Principal					
Interest					
Total expenditures	18,217	83	5,418	1,198	2
Excess (deficiency) of revenues over (under) expenditures	3,706	4,450	1,351	1	12
Other financing sources (uses):					
Sale of capital assets	2	18,969			
Transfers in	12		5,790		
Transfers out	(1,714)	(8,564)			
Total other financing sources (uses)	(1,700)	10,405	5,790		
Net change in fund balances	2,006	14,855	7,141	1	12
Fund balances at beginning of year	31,455	2,426	17,161	510	
Increase (decrease) in nonspendable inventories	5		(35)		
Fund balances at end of year	$ 33,466	17,281	24,267	511	12

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, 2019
(In Thousands)

(Continued)	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund
Revenues:					
Taxes	$				1,272
Licenses, permits and franchise fees					
Fines, forfeitures and penalties					
Revenue from use of money and property	1,380	106	2,069	2,910	85
Aid from other governmental agencies:					
State					8
Federal	135,243				
Other	1,892				2
Charges for current services	2,742	1,391	263	2	1,605
Other	1,007		24	208	
Total revenues	142,264	1,497	2,356	3,120	2,972
Expenditures:					
Current:					
General government					
Public protection				3,600	
Public ways and facilities					1,850
Health and sanitation			5,467		
Public assistance	143,877	27,033			
Education					
Recreation and cultural					
Capital outlay				94	362
Debt service:					
Principal	150				157
Interest	15				11
Total expenditures	144,042	27,033	5,467	3,694	2,380
Excess (deficiency) of revenues over (under) expenditures	(1,778)	(25,536)	(3,111)	(574)	592
Other financing sources (uses):					
Sale of capital assets					
Transfers in		25,539		4,846	
Transfers out			(64)	(4,406)	
Total other financing sources (uses)		25,539	(64)	440	
Net change in fund balances	(1,778)	3	(3,175)	(134)	592
Fund balances at beginning of year	18,766	84	68,757	14,909	2,947
Increase (decrease) in nonspendable inventories				66	(4)
Fund balances at end of year	$ 16,988	87	65,582	14,841	3,535

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, 2019
(In Thousands)

(Continued)	Other Special Revenue Funds	Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
Revenues:					
Taxes	$				52,987
Licenses, permits and franchise fees		2,213	6,259		16,173
Fines, forfeitures and penalties	113				1,136
Revenue from use of money and property	8	531	3,266	824	15,152
Aid from other governmental agencies:					
State	375		106,063		112,308
Federal			3,432		142,701
Other					25,176
Charges for current services	2,987		14,210		39,734
Other			2,454	31,754	36,077
Total revenues	3,483	2,744	135,684	32,578	441,444
Expenditures:					
Current:					
General government				171	606
Public protection	26				11,757
Public ways and facilities			80,288		84,327
Health and sanitation	1,904				45,891
Public assistance					170,918
Education					44,361
Recreation and cultural		192			2,367
Capital outlay			44,319		47,207
Debt service:					
Principal				9,930	10,237
Interest				22,636	22,662
Total expenditures	1,930	192	124,607	32,737	440,333
Excess (deficiency) of revenues over (under) expenditures	1,553	2,552	11,077	(159)	1,111
Other financing sources (uses):					
Sale of capital assets					18,991
Transfers in			10,060		46,435
Transfers out	(261)	(1,033)	(1,564)		(20,050)
Total other financing sources (uses)	(261)	(1,033)	8,496		45,376
Net change in fund balances	1,292	1,519	19,573	(159)	46,487
Fund balances at beginning of year	2,191	19,140	129,961	45,146	409,555
Increase (decrease) in nonspendable inventories			(425)		(374)
Fund balances at end of year	$ 3,483	20,659	149,109	44,987	455,668

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

For the Year Ended June 30, 2019
(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	$ 372	1,291	337	2,000
Other	5,262			5,262
Total revenues	5,634	1,291	337	7,262
Expenditures:				
Current:				
General government		234		234
Debt service:				
Principal	49,760	810		50,570
Interest	31,699	190	245	32,134
Total expenditures	81,459	1,234	245	82,938
Excess (deficiency) of revenues over (under) expenditures	(75,825)	57	92	(75,676)
Other financing sources (uses):				
Transfers in	76,358	20	10	76,388
Total other financing sources (uses)	76,358	20	10	76,388
Net change in fund balances	533	77	102	712
Fund balances at beginning of year	993	6,742	13,713	21,448
Fund balances at end of year	$ 1,526	6,819	13,815	22,160

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2019
(In Thousands)

		Capital Outlay Fund
Revenues:		
Aid from other governmental agencies:		
State	$	805
Federal		266
Other		15
Other		8,829
Total revenues		9,915
Expenditures:		
Current:		
General government		3,046
Capital outlay		106,413
Total expenditures		109,459
Excess (deficiency) of revenues over (under) expenditures		(99,544)
Other financing sources (uses):		
Transfers in		99,544
Total other financing sources (uses)	$	99,544
Net change in fund balances		
Fund balances at the beginning of year		
Fund balances at the end of year		

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR POLLUTION FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Licenses, permits and franchise fees	$	8,684	8,684	7,701
Fines, forfeitures and penalties		1,030	1,030	877
Revenue from use of money and property		275	275	1,221
Aid from other governmental agencies:				
State		21,709	30,348	5,465
Federal		2,817	2,817	2,033
Other		11,000	11,000	12,503
Charges for current services		760	760	1,036
Other		30	150	55
Total revenues		46,305	55,064	30,891
Expenditures:				
Current:				
Health and sanitation:				
Air pollution control, air quality Farmer program			1,189	
Air pollution control, air quality Proposition 1B GMER program		14,530	14,530	2,500
Air pollution control, air quality State AQIP program		1,325	1,744	1,181
Air pollution control, improvement trust		11,549	11,548	801
Air pollution control, moyer program		5,414	9,277	1,108
Air pollution control, operations		23,696	26,074	20,802
Total health and sanitation		56,514	64,362	26,392
Capital outlay		1,907	2,824	1,007
Total expenditures		58,421	67,186	27,399
Excess (deficiency) of revenues over (under) expenditures		(12,116)	(12,122)	3,492
Other financing sources (uses):				
Sale of capital assets				19
Transfers in		9,967	11,701	174
Transfers out		(10,531)	(12,474)	(730)
Total other financing sources (uses)		(564)	(773)	(537)
Net change in fund balances		(12,680)	(12,895)	2,955
Fund balances at beginning of year		25,804	25,804	25,804
Increase (decrease) in nonspendable inventories			5	5
Fund balances at end of year	$	13,124	12,914	28,764

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ASSET FORFEITURE PROGRAM FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Fines, forfeitures and penalties			27	146
Revenue from use of money and property	$	100	100	314
Aid from other governmental agencies:				
Federal		500	1,091	1,826
Other		27		
Total revenues		627	1,218	2,286
Expenditures:				
Current:				
Public protection:				
District attorney asset forfeiture program - federal		500	500	3
District attorney asset forfeiture program - state		200	200	75
District attorney asset forfeiture program - US Treasury		50	50	
Probation asset forfeiture program		100	92	77
Probation asset forfeiture State			18	18
Sheriff's asset forfeiture program		800	1,591	524
Sheriff's asset forfeiture State		27	56	44
Total public protection		1,677	2,507	741
Capital outlay		10	33	26
Total expenditures		1,687	2,540	767
Excess (deficiency) of revenues over (under) expenditures		(1,060)	(1,322)	1,519
Other financing sources (uses):				
Sale of capital assets				1
Transfers in			33	
Transfers out		(4,460)	(6,793)	(332)
Total other financing sources (uses)		(4,460)	(6,760)	(331)
Net change in fund balances		(5,520)	(8,082)	1,188
Fund balances at beginning of year		10,478	10,478	10,478
Increase (decrease) in nonspendable inventories			26	26
Fund balances at end of year	$	4,958	2,422	11,692

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY FACILITIES DISTRICT FUNDS - OTHER

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$		69	1,081
Fines, forfeitures and penalties				
Revenue from use of money and property				47
Charges for current services		561	561	
Other			78	
Total revenues		561	708	1,128
Expenditures:				
Current:				
Public protection:				
CSA 135 CFD 04-1 Special Tax A		16	16	
CSA 135 E Otay Mesa CFD 09-1 Special Tax A		95	95	78
CSA 135 E Otay Mesa CFD 09-1 Special Tax B		450	450	374
Horse Creek Ridge CFD 13-01 Special Tax C			69	69
Total public protection		561	630	521
Recreation and cultural:				
Horse Creek Ridge CFD 13-01 Interim			78	
Total recreation and cultural			78	
Total expenditures		561	708	521
Excess (deficiency) of revenues over (under) expenditures				607
Net change in fund balances				607
Fund balances at the begininning of the year		950	950	950
Fund balances at end of the year	$	950	950	1,557

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COUNTY LIBRARY FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	35,685	35,685	37,792
Revenue from use of money and property		105	105	381
Aid from other governmental agencies:				
State		267	362	326
Federal				2
Other		2,782	2,782	6,354
Charges for current services		1,138	1,138	907
Other		1,104	1,104	215
Total revenues		41,081	41,176	45,977
Expenditures:				
Current:				
Education:				
County library		46,633	46,890	44,361
Total education		46,633	46,890	44,361
Capital outlay		1,091	1,891	279
Total expenditures		47,724	48,781	44,640
Excess (deficiency) of revenues over (under) expenditures		(6,643)	(7,605)	1,337
Other financing sources (uses):				
Transfer In			13	14
Transfers out		(2,837)	(3,488)	(1,382)
Total other financing sources (uses)		(2,837)	(3,475)	(1,368)
Net change in fund balances		(9,480)	(11,080)	(31)
Fund balances at beginning of year		14,703	14,703	14,703
Increase (decrease) in nonspendable inventories			(12)	(12)
Fund balances at end of year	$	5,223	3,611	14,660

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, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	1	1	19
Other		7	7	7
Total revenues		8	8	26
Expenditures:				
Current:				
Public assistance:				
CSHAF Gillespie housing		15	15	6
CSHAF USDRIP housing		10	10	
Total public assistance		25	25	6
Total expenditures		25	25	6
Excess (deficiency) of revenues over (under) expenditures		(17)	(17)	20
Net change in fund balances		(17)	(17)	20
Fund balances at beginning of year		4,167	4,167	4,167
Fund balances at end of year	$	4,150	4,150	4,187

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COUNTY SERVICE DISTRICT FUNDS

For the Year Ended June 30, 2019
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 6,000	5,998	7,162
Revenue from use of money and property	229	228	1,021
Aid from other governmental agencies:			
State	24	24	37
Federal	196	196	165
Other	4,498	4,498	4,244
Charges for current services	9,595	9,630	8,952
Other	331	331	342
Total revenues	20,873	20,905	21,923
Expenditures:			
Current:			
General government:			
CSA 135 Regional Communication System		1	1
CSA 135 Zone A Carlsbad Regional Communication System		2	2
CSA 135 Zone B Del Mar Regional Communication System	50	50	41
CSA 135 Zone D Imperial Beach Communication System		5	5
CSA 135 Zone F Poway Regional Communication System	164	164	159
CSA 135 Zone G San Marcos Regional Commnication System		78	78
CSA 135 Zone H Solana Beach Regional Communication System	64	64	54
CSA 135 Zone I Vista Regional Communication System		4	4
CSA 135 Zone K Borrego Springs Regional Communication System		8	8
Total general government	278	376	352
Public protection:			
CSA 115 Pepper Drive fire protection	385	974	923
CSA 135 EMS fire protection	1,408	1,411	1,263
CSA 135 Fire Authority fire mitigation		184	
CSA 135 Mt Laguna fire med service zone	17	17	13
CSA 135 Palomar Mt fire med service zone	51	51	50
CSA 135 San Pasqual fire med service zone	46	46	32
CSA 135 Descanso fire med service zone	57	57	43
CSA 135 Dulzura fire med service zone	12	12	
CSA 135 Tecate fire med service zone	12	12	
CSA 135 Potrero fire med service zone	16	16	
CSA 135 Jacumba fire med service zone	17	17	17
CSA 135 Rural West fire med service zone	358	358	188
PRD 115 Pepper Drive fire protection		24	23
Total public protection	2,379	3,179	2,552
Public ways and facilities:			
PRD 6 Pauma Valley	186	186	20
PRD 8 Magee RD-PALA	235	235	9
PRD 9 B Santa Fe	96	96	3
PRD 10 Davis Dr	27	27	13

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, 2019
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
PRD 11 A Bernardo RD	64	64	5
PRD 11 C Bernardo RD	6	6	4
PRD 11 D Bernardo RD	34	34	5
PRD 12 Lomair	197	197	7
PRD 13 A Pala Mesa	138	138	14
PRD 13 B Stewart Canyon	27	27	20
PRD 16 Wynola	113	113	11
PRD 18 Harrison Park	230	230	30
PRD 20 Daily Road	281	460	151
PRD 21 Pauma Heights	564	564	16
PRD 22 W Dougherty St	8	8	3
PRD 23 Rock Terrace RD	25	25	2
PRD 24 MT Whitney RD	57	57	4
PRD 30 Royal Oaks-Carroll	39	39	4
PRD 38 Gay Rio Terrace	37	37	5
PRD 45 Rincon Springs	25	25	3
PRD 46 Rocoso Road	47	47	31
PRD 49 Sunset Knolls Road	51	51	4
PRD 50 Knoll Park Lane	61	61	10
PRD 53 Knoll Park Lane EX	162	162	7
PRD 54 Mt Helix	130	130	8
PRD 55 Rainbow Crest	346	346	79
PRD 60 River Drive	42	42	4
PRD 61 Green Meadow Way	163	163	43
PRD 63 Hillview Road	247	247	9
PRD 70 El Camino Corto	25	25	4
PRD 75 A Gay Rio Drive	41	41	2
PRD 75 B Gay Rio Drive	90	91	4
PRD 76 Kingford Ct	55	55	3
PRD 77 Montiel Truck Trail	111	111	5
PRD 78 Gardena Way	62	62	2
PRD 80 Harris Truck Trail	257	257	117
PRD 88 East Fifth St	23	23	3
PRD 90 South Cordoba	50	50	4
PRD 94 Roble Grande Road	408	408	4
PRD 95 Valle Del Sol	222	222	87
PRD 99 Via Allondra Del Corvo	24	24	7
PRD 100 Viejas Lane View	30	30	2
PRD 101 A Hi Ridge Rd	13	13	5
PRD 101 Johnson Lake	50	39	5
PRD 102 Mtn Meadow	189	189	40
PRD 103 Alto Drive	190	190	5
PRD 104 Artesian Rd	26	87	8
PRD 105 A Alta Loma Dr	70	70	5
PRD 105 Alta Loma Dr	38	38	5
PRD 106 Garrison Way ET AL	41	41	27
PRD 117 Legend Rock	223	223	9

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, 2019
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
PRD 123 Mizpah Lane	54	54	4
PRD 125 Wrightwood Road	26	26	9
PRD 126 Sandhurst Way	11	11	3
PRD 127 Singing Trails Dr	37	37	8
PRD 130 Wilkes Road	186	186	7
PRD 133 Ranch Creek Road	38	72	9
PRD 134 Kenora Lane	65	65	2
PRD 1003 Alamo Way	20	20	3
PRD 1005 Eden Valley Lane	77	77	3
PRD 1008 Canter	29	29	4
PRD 1010 Alpine Highlands	307	307	20
PRD 1011 La Cuesta	74	74	9
PRD 1012 Millar	55	55	4
PRD 1013 Singing Trails	33	33	10
PRD 1014 Lavender Pt Lane	47	47	4
PRD 1015 Landavo Drive ET AL	47	47	4
PRD 1016 El Sereno Way	48	47	11
Total public ways and facilities	7,030	7,293	991
Health and sanitation:			
CSA 17 San Dieguito Ambulance	5,395	5,395	4,719
CSA 69 Heartland Paramedics	7,406	7,406	7,401
PRD 122 Otay Mesa East	7	7	
PRD 136 Sundance Detention Basin	24	24	8
Total health and sanitation	12,832	12,832	12,128
Recreation and cultural:			
CSA 26 LMD Zone 2 Julian	48	48	41
CSA 26 Rancho San Diego	94	94	89
CSA 26 San Diego landscape maintenance	124	124	111
CSA 81 Fallbrook Park	295	325	320
CSA 83 San Dieguito Local Park	486	486	316
CSA 128 San Miguel Park	459	541	531
CSA 83A 4S Ranch Park	472	471	449
PRD 26 A Cottonwood Village	233	233	170
PRD 26 B Monte Vista	297	297	148
Total recreation and cultural	2,508	2,619	2,175
Capital outlay	18	19	19
Total expenditures	25,045	26,318	18,217
Excess (deficiency) of revenues over (under) expenditures	(4,172)	(5,413)	3,706
Other financing sources (uses):			
Sale of capital assets			2
Transfer In	12	12	12
Transfers out	(2,149)	(2,053)	(1,714)
Total other financing sources (uses)	(2,137)	(2,041)	(1,700)
Net change in fund balances	(6,309)	(7,454)	2,006
Fund balances at beginning of year	31,455	31,455	31,455
Increase (decrease) in nonspendable inventories		5	5
Fund balances at end of year	$ 25,146	24,006	33,466

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

EDGEMOOR DEVELOPMENT FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	329	329	584
Charges for current services		3,937	3,937	3,939
Other				10
Total revenues		4,266	4,266	4,533
Expenditures:				
Current:				
General government:				
Edgemoor development fund		652	652	83
Total general government		652	652	83
Total expenditures		652	652	83
Excess (deficiency) of revenues over (under) expenditures		3,614	3,614	4,450
Other financing sources (uses):				
Sale of capital assets		4,931	4,931	18,969
Transfers out		(8,564)	(8,564)	(8,564)
Total other financing sources (uses)		(3,633)	(3,633)	10,405
Net change in fund balances		(19)	(19)	14,855
Fund balances at beginning of year		2,426	2,426	2,426
Fund balances at end of year	$	2,407	2,407	17,281

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FLOOD CONTROL DISTRICT FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	4,644	4,644	5,200
Revenue from use of money and property		36	36	359
Aid from other governmental agencies:				
State				34
Other		198	198	181
Charges for current services		263	262	994
Other				1
Total revenues		5,141	5,140	6,769
Expenditures:				
Current:				
Public protection:				
Flood control district		12,054	12,054	4,240
Stormwater maintenance, Blackwolf		12	12	4
Stormwater maintenance, Lake Rancho Viejo		98	97	68
Stormwater maintenance, Ponderosa Estates		13	13	5
Total public protection		12,177	12,176	4,317
Capital outlay		1,101	1,101	1,101
Total expenditures		13,278	13,277	5,418
Excess (deficiency) of revenues over (under) expenditures		(8,137)	(8,137)	1,351
Other financing sources (uses):				
Transfer In		5,790	5,790	5,790
Total other financing sources (uses)		5,790	5,790	5,790
Net change in fund balances		(2,347)	(2,347)	7,141
Fund balances at beginning of year		17,161	17,161	17,161
Increase (decrease) in nonspendable inventories			(35)	(35)
Fund balances at end of year	$	14,814	14,779	24,267

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HARMONY GROVE COMMUNITY FACILITIES DISTRICT FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	469	469	480
Revenue from use of money and property				13
Charges for current services		674	674	706
Total revenues		1,143	1,143	1,199
Expenditures:				
Current:				
Public protection:				
Harmony Grove CFD 08-01 flood control spec tax B		8	8	
Total public protection		8	8	
Public ways and facilities:				
Harmony Grove CFD 08-01 oth svcs spec tax B		191	191	32
Harmony Grove CFD 08-01 fire protection		290	290	248
Harmony Grove CFD 08-01 improvement		918	918	918
Total public ways and facilities		1,399	1,399	1,198
Total expenditures		1,407	1,407	1,198
Excess (deficiency) of revenues over (under) expenditures		(264)	(264)	1
Net change in fund balances		(264)	(264)	1
Fund balance at beginning of year		510	510	510
Fund balances at end of year	$	246	246	511

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, 2019
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$	11	14
Aid from other governmental agencies:			
Other	25	25	
Total revenues	25	36	14
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	25	25	2
Total public assistance	25	25	2
Total expenditures	25	25	2
Excess (deficiency) of revenues over (under) expenditures		11	12
Net change in fund balances		11	12
Fund balances at beginning of year			
Fund balances at end of year	$	11	12

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AUTHORITY - OTHER FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	1,182	1,347	1,380
Aid from other governmental agencies:				
Federal		138,882	140,029	135,243
Other		9,425	5,424	1,892
Charges for current services		3,575	3,575	2,742
Other		2,283	3,851	1,007
Total revenues		155,347	154,226	142,264
Expenditures:				
Current:				
Public assistance:				
Other assistance - other budgetary entity		156,836	156,536	143,877
Total public assistance		156,836	156,536	143,877
Debt service:				
Principal		150	150	150
Interest		15	15	15
Total expenditures		157,001	156,701	144,042
Excess (deficiency) of revenues over (under) expenditures		(1,654)	(2,475)	(1,778)
Other financing sources (uses):				
Transfer In			1,110	
Transfers out			(300)	
Total other financing sources (uses)			810	
Net change in fund balances		(1,654)	(1,665)	(1,778)
Fund balances at beginning of year		18,766	18,766	18,766
Fund balances at end of year	$	17,112	17,101	16,988

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, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$			106
Charges for current services		1,059	1,059	1,391
Total revenues		1,059	1,059	1,497
Expenditures:				
Current:				
Public assistance:				
IHSS public authority		26,813	28,833	27,033
Total public assistance		26,813	28,833	27,033
Total expenditures		26,813	28,833	27,033
Excess (deficiency) of revenues over (under) expenditures		(25,754)	(27,774)	(25,536)
Other financing sources (uses):				
Transfer In		25,754	27,774	25,539
Total other financing sources (uses)		25,754	27,774	25,539
Net change in fund balances				3
Fund balances at beginning of year		84	84	84
Fund balances at end of year	$	84	84	87

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INACTIVE WASTESITES FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	243	244	2,069
Charges for current services		5,590	5,590	263
Other				24
Total revenues		5,833	5,834	2,356
Expenditures:				
Current:				
Health and sanitation:				
Duck pond landfill cleanup		15	15	
Inactive waste site management		6,735	6,736	5,467
Total health and sanitation		6,750	6,751	5,467
Total expenditures		6,750	6,751	5,467
Excess (deficiency) of revenues over (under) expenditures		(917)	(917)	(3,111)
Other financing sources (uses):				
Transfers out		(60)	(60)	(64)
Total other financing sources (uses)		(60)	(60)	(64)
Net change in fund balances		(977)	(977)	(3,175)
Fund balances at beginning of year		68,757	68,757	68,757
Fund balances at end of year	$	67,780	67,780	65,582

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INMATE WELFARE PROGRAM FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	2,714	2,714	2,910
Charges for current services				2
Other		295	295	208
Total revenues		3,009	3,009	3,120
Expenditures:				
Current:				
Public protection:				
Probation inmate welfare		95	95	66
Sheriff's inmate welfare - adult detention		6,141	8,226	3,530
Sheriff's inmate welfare - police protection		18	18	4
Total public protection		6,254	8,339	3,600
Capital outlay		100	488	94
Total expenditures		6,354	8,827	3,694
Excess (deficiency) of revenues over (under) expenditures		(3,345)	(5,818)	(574)
Other financing sources (uses):				
Transfer In		4,095	6,181	4,846
Transfers out		(4,491)	(5,627)	(4,406)
Total other financing sources (uses)		(396)	554	440
Net change in fund balances		(3,741)	(5,264)	(134)
Fund balances at beginning of year		14,909	14,909	14,909
Increase (decrease) in nonspendable inventories			66	66
Fund balances at end of year	$	11,168	9,711	14,841

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LIGHTING MAINTENANCE DISTRICT FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	1,145	1,145	1,272
Revenue from use of money and property		17	17	85
Aid from other governmental agencies:				
State		8	8	8
Other		2	2	2
Charges for current services		1,649	1,649	1,605
Total revenues		2,821	2,821	2,972
Expenditures:				
Current:				
Public ways and facilities:				
San Diego lighting maintenance		2,494	2,494	1,850
Total public ways and facilities		2,494	2,494	1,850
Capital outlay		362	362	362
Debt service:				
Principal		157	157	157
Interest		11	11	11
Total expenditures		3,024	3,024	2,380
Excess (deficiency) of revenues over (under) expenditures		(203)	(203)	592
Net change in fund balances		(203)	(203)	592
Fund balances at beginning of year		2,947	2,947	2,947
Increase (decrease) in nonspendable inventories			(4)	(4)
Fund balances at end of year	$	2,744	2,740	3,535

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OTHER SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Fines, forfeitures and penalties	$	16	16	113
Revenue from use of money and property				8
Aid from other governmental agencies:				
State		379	379	375
Charges for current services		2,921	2,921	2,987
Total revenues		3,316	3,316	3,483
Expenditures:				
Current:				
Public protection:				
Agriculture, weights and measures - fish and game		18	30	26
Public works, survey		350	350	
Total public protection		368	380	26
Health and sanitation:				
Sanitation - waste planning and recycling		3,442	3,442	1,904
Total health and sanitation		3,442	3,442	1,904
Total expenditures		3,810	3,822	1,930
Excess (deficiency) of revenues over (under) expenditures		(494)	(506)	1,553
Other financing sources (uses):				
Transfers out		(274)	(274)	(261)
Total other financing sources (uses)		(274)	(274)	(261)
Net change in fund balances		(768)	(780)	1,292
Fund balances at beginning of year		2,191	2,191	2,191
Fund balances at end of year	$	1,423	1,411	3,483

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK LAND DEDICATION FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Licenses, permits and franchise fees	$	60	60	2,213
Revenue from use of money and property		18	18	531
Total revenues		78	78	2,744
Expenditures:				
Current:				
Recreation and cultural:				
Local Park Planning Area 4 Lincoln Acres		1	1	
Local Park Planning Area 15 Sweetwater		5	5	
Local Park Planning Area 19 Jamul		2	2	2
Local Park Planning Area 20 Spring Valley		5	5	5
Local Park Planning Area 25 Lakeside		6	6	1
Local Park Planning Area 26 Crest		2	2	2
Local Park Planning Area 27 Alpine		5	5	5
Local Park Planning Area 28 Ramona		606	606	1
Local Park Planning Area 29 Escondido		1	1	1
Local Park Planning Area 30 San Marcos		1	1	
Local Park Planning Area 31 San Dieguito		6	6	1
Local Park Planning Area 35 Fallbrook		162	162	131
Local Park Planning Area 36 Bonsall		5	5	1
Local Park Planning Area 37 Vista		1	1	
Local Park Planning Area 38 Valley Center		59	59	36
Local Park Planning Area 39 Pauma		1	1	
Local Park Planning Area 40 Palomar-Julian		3	3	2
Local Park Planning Area 41 Mount Empire		2	2	1
Local Park Planning Area 42 Anza-Borrego		6	6	
Local Park Planning Area 43 Central Mountain		2	2	1
Local Park Planning Area 45 Valle de Oro		5	5	2
Total recreation and cultural		886	886	192
Total expenditures		886	886	192
Excess (deficiency) of revenues over (under) expenditures		(808)	(808)	2,552
Other financing sources (uses):				
Transfers out		(1,511)	(2,002)	(1,033)
Total other financing sources (uses)		(1,511)	(2,002)	(1,033)
Net change in fund balances		(2,319)	(2,810)	1,519
Fund balances at beginning of year		19,140	19,140	19,140
Fund balances at end of year	$	16,821	16,330	20,659

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ROAD FUND

For the Year Ended June 30, 2019
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Licenses, permits and franchise fees	$	5,010	5,010	6,259
Revenue from use of money and property		593	593	3,266
Aid from other governmental agencies:				
State		117,246	117,676	106,063
Federal		14,511	15,086	3,432
Charges for current services		12,498	12,498	14,210
Other		3,394	6,794	2,454
Total revenues		153,252	157,657	135,684
Expenditures:				
Current:				
Public ways and facilities:				
Public works, road		201,790	206,131	80,288
Total public ways and facilities		201,790	206,131	80,288
Capital outlay		44,257	44,321	44,319
Total expenditures		246,047	250,452	124,607
Excess (deficiency) of revenues over (under) expenditures		(92,795)	(92,795)	11,077
Other financing sources (uses):				
Transfer In		10,061	10,061	10,060
Transfers out		(1,582)	(1,582)	(1,564)
Total other financing sources (uses)		8,479	8,479	8,496
Net change in fund balances		(84,316)	(84,316)	19,573
Fund Balances at the beginning of year		129,961	129,961	129,961
Increase (decrease) in nonspendable inventories			(425)	(425)
Fund balances at end of year	$	45,645	45,220	149,109

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Airport Fund

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

Jail Stores Commissary Fund

This fund was established to provide for the financing of a Sheriff's commissary store allowing persons incarcerated at various County detention facilities to purchase a variety of goods, including food, snacks, stationery, personal care items and telephone time.

Sanitation District Fund

This fund was established to provide sewer service, maintenance, and repairs of wastewater infrastructure to customers in the unincorporated county. The County Board of Supervisors serves as the District's Board of Directors for governance matters.

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2019
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Pooled cash and investments	$ 21,815	3,058	47,939	72,812
Receivables, net	1,118	388	591	2,097
Due from other funds		331	73	404
Inventories	1	288	1	290
Prepaid Items	1			1
Total current assets	22,935	4,065	48,604	75,604
Noncurrent assets:				
Due from other funds	3,428			3,428
Capital assets:				
Land	10,504		1,089	11,593
Construction in progress	1,136		65	1,201
Buildings and improvements	119,820		19,248	139,068
Equipment	2,317	155	4,152	6,624
Software	297			297
Road infrastructure	20,400			20,400
Sewer infrastructure			107,601	107,601
Accumulated depreciation/amortization	(58,559)	(152)	(53,847)	(112,558)
Total noncurrent assets	99,343	3	78,308	177,654
Total assets	122,278	4,068	126,912	253,258
DEFERRED OUTFLOWS OF RESOURCES				
Pension:				
Contributions to the pension plan subsequent to the measurement date	1,041		1,125	2,166
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	57		65	122
Changes of assumptions or other inputs	808		829	1,637
Net difference between projected and actual earnings on pension plan investments	124		109	233
Difference between expected and actual experience in the total pension liability	7		6	13
OPEB:				
Contributions to OPEB plan subsequent to the measurement date	40		49	89
Total deferred outflows of resources	2,077		2,183	4,260

Continued on next page

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2019
(In Thousands)

(Continued)	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
LIABILITIES				
Current liabilities:				
Accounts payable	504	481	308	1,293
Accrued payroll	66		95	161
Due to other funds	277	3,268	240	3,785
Unearned revenue	145			145
Compensated absences	80		107	187
Total current liabilities	1,072	3,749	750	5,571
Noncurrent liabilities:				
Compensated absences	111		149	260
Net pension liability	6,955		7,343	14,298
Net OPEB liability	260		312	572
Total noncurrent liabilities	7,326		7,804	15,130
Total liabilities	8,398	3,749	8,554	20,701
DEFERRED INFLOWS OF RESOURCES				
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	6		5	11
Differences between expected and actual experience in the total pension liability	476		522	998
Total deferred inflows of resources	482		527	1,009
NET POSITION				
Net investment in capital assets	95,915	3	78,308	174,226
Unrestricted net position	19,560	316	41,706	61,582
Total net position	$ 115,475	319	120,014	235,808

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

ENTERPRISE FUNDS

For the Year Ended June 30, 2019
(In Thousands)

		Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Operating revenues:					
Charges for current services	$	14,281	6,978	32,382	53,641
Other		64	2,670		2,734
Total operating revenues		14,345	9,648	32,382	56,375
Operating expenses:					
Salaries and employee benefits		4,020		5,233	9,253
Repairs and maintenance		607	14	6,231	6,852
Equipment rental		412	19	1,029	1,460
Sewage processing				13,533	13,533
Contracted services		5,240	3,256	1,080	9,576
Depreciation/amortization		3,902	3	2,448	6,353
Utilities		355		51	406
Cost of material			2,341		2,341
Fuel		61	7		68
Other		554	195	2,561	3,310
Total operating expenses		15,151	5,835	32,166	53,152
Operating income (loss)		(806)	3,813	216	3,223
Nonoperating revenues (expenses):					
Grants		20			20
Investment earnings		646	83	1,284	2,013
Total nonoperating revenues (expenses)		666	83	1,284	2,033
Income (loss) before capital contributions and transfers		(140)	3,896	1,500	5,256
Transfers in		247		309	556
Transfers out		(144)	(5,667)	(456)	(6,267)
Change in net position		(37)	(1,771)	1,353	(455)
Net position (deficits) at beginning of year		115,512	2,090	118,661	236,263
Net position (deficits) at end of year	$	115,475	319	120,014	235,808

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2019
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	$ 14,476	9,635	23,780	47,891
Cash received from other funds	1	881	8,609	9,491
Cash payments to suppliers	(5,010)	(6,064)	(25,124)	(36,198)
Cash payments to employees	(3,965)		(5,131)	(9,096)
Cash payments to other funds	(2,426)	(28)	(2,230)	(4,684)
Other payments	(13)	(4)		(17)
Net cash provided (used) by operating activities	3,063	4,420	(96)	7,387
Cash flows from noncapital financing activities:				
Operating grants	32			32
Transfers from other funds	247		309	556
Transfers to other funds	(144)	(5,667)	(456)	(6,267)
Payments received on advances to other funds	125			125
Net cash provided (used) by noncapital financing activities	260	(5,667)	(147)	(5,554)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(733)		(2,728)	(3,461)
Net cash provided (used) by capital and related financing activities	(733)		(2,728)	(3,461)
Cash flows from investing activities:				
Investment earnings	492	70	986	1,548
Net increase (decrease) in cash and cash equivalents	3,082	(1,177)	(1,985)	(80)
Cash and cash equivalents - beginning of year	18,733	4,235	49,924	72,892
Cash and cash equivalents - end of year	21,815	3,058	47,939	72,812
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(806)	3,813	216	3,223
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivable	216	(13)	6	209
Decrease (increase) in due from other funds		(330)	1	(329)
Decrease (increase) in inventories		(59)	2	(57)
Decrease (increase) in other current assets	(1)			(1)
Increase (decrease) in accounts payable	(222)	(204)	(2,881)	(3,307)
Increase (decrease) in accrued payroll	(4)		8	4
Increase (decrease) in due to other funds	3	1,210	10	1,223
Increase (decrease) in unearned revenue	(84)			(84)
Increase (decrease) in compensated absences	(16)		1	(15)
Pension expense	98		123	221
OPEB expense	(23)		(30)	(53)
Depreciation / amortization	3,902	3	2,448	6,353
Total adjustments	3,869	607	(312)	4,164
Net cash provided (used) by operating activities	3,063	4,420	(96)	7,387
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	$ 107		102	209

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, 2019
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
ASSETS					
Current assets:					
Pooled cash and investments	$ 183,631	13,136	25,903	23,905	72,889
Receivables, net	1,981	577	579	26	777
Due from other funds	1,685	10,312	3,542	14,834	1
Inventories		33	1,166		
Total current assets	187,297	24,058	31,190	38,765	73,667
Noncurrent assets:					
Due from other funds					
Capital assets:					
Construction in progress					
Buildings and improvements			2,963		
Equipment		6,699	130,019		
Software		440	213	3,483	
Accumulated depreciation/amortization		(3,243)	(81,170)	(1,064)	
Total noncurrent assets		3,896	52,025	2,419	
Total assets	187,297	27,954	83,215	41,184	73,667
DEFERRED OUTFLOW OF RESOURCES					
Pension:					
Contributions to the pension plan subsequent to the measurement date		7,717	1,475		
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		452	84		
Changes of assumptions or other inputs		5,637	1,194		
Net difference between projected and actual earnings on pension plan investments		759	257		
Difference between expected and actual experience in the total pension liability		33	7		
OPEB:					
Contributions to OPEB plan subsequent to the measurement date		317	61		
Total deferred outflow of resources		14,915	3,078		

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019
(In Thousands)

(Continued)	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
LIABILITIES					
Current liabilities:					
Accounts payable	5,691	7,553	2,887	29,897	45
Accrued payroll		643	116		
Due to other funds	1,409	1,169	840	220	1,437
Unearned revenue		835	1		
Loans payable		284			
Compensated absences		765	104		
Claims and judgments	25,252				26,186
Total current liabilities	32,352	11,249	3,948	30,117	27,668
Noncurrent liabilities:					
Loans payable		927			
Compensated absences		1,066	145		
Claims and judgments	160,529				60,908
Net pension liability		50,706	9,952		
Net OPEB liability		2,041	392		
Total noncurrent liabilities	160,529	54,740	10,489		60,908
Total liabilities	192,881	65,989	14,437	30,117	88,576
DEFERRED INFLOWS OF RESOURCES					
Pension:					
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		36	9		
Differences between expected and actual experience in the total pension liability		3,516	669		
Total deferred inflows of resources		3,552	678		
NET POSITION					
Net investment in capital assets		3,896	52,025	2,419	
Unrestricted net position	(5,584)	(30,568)	19,153	8,648	(14,909)
Total net position (deficits)	$ (5,584)	(26,672)	71,178	11,067	(14,909)

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
ASSETS				
Current assets:				
Pooled cash and investments	$ 8,071	19,534	470	347,539
Receivables, net	86	216		4,242
Due from other funds	921		10	31,305
Inventories	6			1,205
Total current assets	9,084	19,750	480	384,291
Noncurrent assets:				
Due from other funds			20	20
Capital assets:				
Construction in progress	1,289			1,289
Buildings and improvements				2,963
Equipment	220	41,414		178,352
Software	397	14		4,547
Accumulated depreciation/amortization	(615)	(22,226)		(108,318)
Total noncurrent assets	1,291	19,202	20	78,853
Total assets	10,375	38,952	500	463,144
DEFERRED OUTFLOW OF RESOURCES				
Pension:				
Contributions to the pension plan subsequent to the measurement date	1,669			10,861
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	95			631
Changes of assumptions or other inputs	1,285			8,116
Net difference between projected and actual earnings on pension plan investments	207			1,223
Difference between expected and actual experience in the total pension liability	7			47
OPEB:				
Contributions to OPEB plan subsequent to the measurement date	72			450
Total deferred outflow of resources	3,335			21,328

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	62	85		46,220
Accrued payroll	140			899
Due to other funds	234	418		5,727
Unearned revenue				836
Loans payable				284
Compensated absences	211			1,080
Claims and judgments				51,438
Total current liabilities	647	503		106,484
Noncurrent liabilities:				
Loans payable				927
Compensated absences	291			1,502
Claims and judgments				221,437
Net pension liability	10,996			71,654
Net OPEB liability	463			2,896
Total noncurrent liabilities	11,750			298,416
Total liabilities	12,397	503		404,900
DEFERRED INFLOWS OF RESOURCES				
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	8			53
Differences between expected and actual experience in the total pension liability	761			4,946
Total deferred inflows of resources	769			4,999
NET POSITION				
Net investment in capital assets	1,291	19,202		78,833
Unrestricted net position	(747)	19,247	500	(4,260)
Total net position (deficits)	$ 544	38,449	500	74,573

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2019
(In Thousands)

		Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Operating revenues:						
Charges for current services	$	47,702	132,729	45,795	178,582	32,575
Other		237	1,227	676		
Total operating revenues		47,939	133,956	46,471	178,582	32,575
Operating expenses:						
Salaries and employee benefits			36,742	6,769		
Repairs and maintenance			35,849	10,605		
Equipment rental			62	2		
Contracted services		12,933	29,489	2,550	178,870	11,554
Depreciation/amortization			342	13,187	1,064	
Utilities			29,368	312		
Cost of material			4,697	156		
Claims and judgments		31,121				32,218
Fuel			312	9,627		
Other			4,460	1,660		4
Total operating expenses		44,054	141,321	44,868	179,934	43,776
Operating income (loss)		3,885	(7,365)	1,603	(1,352)	(11,201)
Nonoperating revenues (expenses):						
Grants			4,149			
Investment earnings		4,734	71	646	137	1,813
Gain (loss) on disposal of assets				881		
Total nonoperating revenues (expenses)		4,734	4,220	1,527	137	1,813
Income (loss) before capital contributions and transfers		8,619	(3,145)	3,130	(1,215)	(9,388)
Capital contributions				662		
Transfers in		159	4,575	1,976	5,645	
Transfers out			(1,278)	(377)		
Change in net position		8,778	152	5,391	4,430	(9,388)
Net position (deficits) at beginning of year		(14,362)	(26,824)	65,787	6,637	(5,521)
Net position (deficits) at end of year	$	(5,584)	(26,672)	71,178	11,067	(14,909)

Continued on next page

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2019
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Operating revenues:				
Charges for current services	$ 9,477	8,800		455,660
Other	1,307			3,447
Total operating revenues	10,784	8,800		459,107
Operating expenses:				
Salaries and employee benefits	7,458			50,969
Repairs and maintenance	4	3,547		50,005
Equipment rental	16			80
Contracted services	1,429	450		237,275
Depreciation/amortization	25	3,298		17,916
Utilities	79			29,759
Cost of material	69			4,922
Claims and judgments				63,339
Fuel	1	1,369		11,309
Other	1,662			7,786
Total operating expenses	10,743	8,664		473,360
Operating income (loss)	41	136		(14,253)
Nonoperating revenues (expenses):				
Grants				4,149
Investment earnings	218	533	2	8,154
Gain (loss) on disposal of assets		319		1,200
Total nonoperating revenues (expenses)	218	852	2	13,503
Income (loss) before capital contributions and transfers	259	988	2	(750)
Capital contributions				662
Transfers in	722	582		13,659
Transfers out	(316)			(1,971)
Change in net position	665	1,570	2	11,600
Net position (deficits) at beginning of year	(121)	36,879	498	62,973
Net position (deficits) at end of year	$ 544	38,449	500	74,573

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2019
(In Thousands)

	Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Cash flows from operating activities:					
Cash received from customers	$ 237	2,693	1,878	68	561
Cash received from other funds	47,606	126,960	45,303	179,174	32,013
Cash payments to suppliers	(583)	(98,599)	(22,630)	(186,268)	(3,005)
Cash payments to employees		(36,046)	(6,644)		
Cash payments to other funds	(11,975)	(4,050)	(3,767)	(1,057)	(8,850)
Cash paid for claims and judgments	(26,178)				(10,233)
Other payments		(109)	(24)		
Net cash provided (used) by operating activities	9,107	(9,151)	14,116	(8,083)	10,486
Cash flows from noncapital financing activities:					
Operating grants		3,904			
Transfers from other funds	159	4,575	1,976	5,645	
Transfer to other funds		(1,278)	(377)		
Payments received on advances to other funds					
Principal paid on long-term debt		(362)			
Net cash provided (used) by noncapital financing activities	159	6,839	1,599	5,645	
Cash flows from capital and related financing activities:					
Capital contributions			662		
Acquisition of capital assets		(186)	(16,081)	(3,483)	
Proceeds from sale of assets			1,293		
Net cash provided (used) by capital and related financing activities		(186)	(14,126)	(3,483)	
Cash flows from investing activities:					
Investment earnings	3,524	71	494	137	1,317
Net increase (decrease) in cash and cash equivalents	12,790	(2,427)	2,083	(5,784)	11,803
Cash and cash equivalents - beginning of year	170,841	15,563	23,820	29,689	61,086
Cash and cash equivalents - end of year	183,631	13,136	25,903	23,905	72,889
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	3,885	(7,365)	1,603	(1,352)	(11,201)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Decrease (increase) in accounts receivable		39	(12)	29	
Decrease (increase) in due from other funds	(96)	(4,804)	722	631	(1)
Decrease (increase) in inventories		7	(184)		
Increase (decrease) in accounts payable	1,134	913	(2,008)	(7,476)	27
Increase (decrease) in accrued payroll		27	5		
Increase (decrease) in due to other funds	(759)	506	682	(979)	(324)
Increase (decrease) in unearned revenue		462			
Increase (decrease) in compensated absences		84	4		
Increase (decrease) in claims and judgments	4,943				21,985
Pension expense		834	154		
OPEB expense		(196)	(37)		
Depreciation / amortization		342	13,187	1,064	
Total adjustments	5,222	(1,786)	12,513	(6,731)	21,687
Net cash provided (used) by operating activities	9,107	(9,151)	14,116	(8,083)	10,486
Non-cash investing and capital financing activities:					
Capital acquisitions included in accounts payable	$		1,494		

Continued on next page

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2019
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Funds	Total Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 1,309			6,746
Cash received from other funds	9,383	8,841		449,280
Cash payments to suppliers	(804)	(615)		(312,504)
Cash payments to employees	(7,317)			(50,007)
Cash payments to other funds	(2,471)	(5,274)		(37,444)
Cash paid for claims and judgments				(36,411)
Other payments				(133)
Net cash provided (used) by operating activities	100	2,952		19,527
Cash flows from noncapital financing activities:				
Operating grants				3,904
Transfers from other funds	722	582		13,659
Transfer to other funds	(316)			(1,971)
Payments received on advances to other funds			10	10
Principal paid on long-term debt				(362)
Net cash provided (used) by noncapital financing activities	406	582	10	15,240
Cash flows from capital and related financing activities:				
Capital contributions				662
Acquisition of capital assets	(702)	(5,685)		(26,137)
Proceeds from sale of assets		470		1,763
Net cash provided (used) by capital and related financing activities	(702)	(5,215)		(23,712)
Cash flows from investing activities:				
Investment earnings	164	413	2	6,122
Net increase (decrease) in cash and cash equivalents	(32)	(1,268)	12	17,177
Cash and cash equivalents - beginning of year	8,103	20,802	458	330,362
Cash and cash equivalents - end of year	8,071	19,534	470	347,539
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	41	136		(14,253)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Decrease (increase) in accounts receivable				56
Decrease (increase) in due from other funds	(92)	41		(3,599)
Decrease (increase) in inventories	(2)			(179)
Increase (decrease) in accounts payable	(61)	(496)		(7,967)
Increase (decrease) in accrued payroll	18			50
Increase (decrease) in due to other funds	33	(27)		(868)
Increase (decrease) in unearned revenue				462
Increase (decrease) in compensated absences	(1)			87
Increase (decrease) in claims and judgments				26,928
Pension expense	183			1,171
OPEB expense	(44)			(277)
Depreciation / amortization	25	3,298		17,916
Total adjustments	59	2,816		33,780
Net cash provided (used) by operating activities	100	2,952		19,527
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	$	80		1,574

AGENCY FUNDS

Agency funds are used to account for situations where the County's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, assets reported in the agency funds are offset by a liability to the party on whose behalf they are held.

Property Tax Collection Funds

These funds are used for recording the collection and distribution of property taxes.

Other Agency Funds

These funds maintain assets held in an agent capacity for other governments, organizations and individuals. These assets do not support the County's programs or services.

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended June 30, 2019
(In Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY TAX COLLECTION FUNDS				
ASSETS				
Pooled cash and investments	$ 87,440	21,413,770	21,415,415	85,795
Receivables:				
Investment earnings receivable	2,460	25,976	21,830	6,606
Taxes receivable	60,536	7,223,389	7,213,372	70,553
Total assets	150,436	28,663,135	28,650,617	162,954
LIABILITIES				
Accounts payable	13,528	1,842,352	1,837,421	18,459
Due to other governments	136,908	28,614,263	28,606,676	144,495
Total liabilities	150,436	30,456,615	30,444,097	162,954
OTHER AGENCY FUNDS				
ASSETS				
Pooled cash and investments	375,288	23,465,467	23,455,724	385,031
Cash with fiscal agents	812	13,167	12,819	1,160
Investments with fiscal agents	1,207	1,235	1,207	1,235
Receivables:				
Accounts receivable	969	1,322	972	1,319
Investment earnings receivable	35,570	102,861	87,180	51,251
Total assets	413,846	23,584,052	23,557,902	439,996
LIABILITIES				
Accounts payable	79,850	2,829,199	2,768,515	140,534
Warrants outstanding	226,873	11,316,164	11,317,914	225,123
Due to other governments	107,123	2,924,027	2,956,811	74,339
Total liabilities	413,846	17,069,390	17,043,240	439,996
TOTAL AGENCY FUNDS				
ASSETS				
Pooled cash and investments	462,728	44,879,237	44,871,139	470,826
Cash with fiscal agents	812	13,167	12,819	1,160
Investments with fiscal agents	1,207	1,235	1,207	1,235
Receivables:				
Accounts receivable	969	1,322	972	1,319
Investment earnings receivable	38,030	128,837	109,010	57,857
Taxes receivable	60,536	7,223,389	7,213,372	70,553
Total assets	564,282	52,247,187	52,208,519	602,950
LIABILITIES				
Accounts payable	93,378	4,671,551	4,605,936	158,993
Warrants outstanding	226,873	11,316,164	11,317,914	225,123
Due to other governments	244,031	31,538,290	31,563,487	218,834
Total liabilities	$ 564,282	47,526,005	47,487,337	602,950

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 190

These Tables contain information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity 198

These Tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity 202

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 206

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 208

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 comprehensive annual financial reports for the relevant year.

Table 1
County of San Diego
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Net position					
Governmental activities					
Net investment in capital assets	$ 2,595,105	2,675,240	2,770,556	2,861,061	3,015,405
Restricted	247,585	529,808	553,249	619,855	669,832
Unrestricted	535,103	365,165	454,565	514,015	655,954
Total governmental activities net position	3,377,793	3,570,213	3,778,370	3,994,931	4,341,191
Business-type activities					
Net investment in capital assets	164,845	163,268	162,874	167,430	171,911
Restricted					
Unrestricted	87,254	89,602	87,348	81,185	78,547
Total business-type activities net position	252,099	252,870	250,222	248,615	250,458
Primary government					
Net investment in capital assets	2,759,950	2,838,508	2,933,430	3,028,491	3,187,316
Restricted	247,585	529,808	553,249	619,855	669,832
Unrestricted	622,357	454,767	541,913	595,200	734,501
Total primary government net position	$ 3,629,892	3,823,083	4,028,592	4,243,546	4,591,649

	Fiscal Year				
	2015	2016	2017	2018	2019
Net position					
Governmental activities					
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	2,394,318	2,639,340	2,575,474	2,646,403	2,969,117
Business-type activities					
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	235,401	235,868	245,163	237,125	236,473
Primary government					
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	$ 2,629,719	2,875,208	2,820,637	2,883,528	3,205,590

(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*; and Beginning in 2018, these amounts reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits 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				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities					
General government	$ 304,305	229,767	271,485	240,409	249,066
Public protection	1,091,910	1,128,967	1,179,815	1,236,708	1,312,074
Public ways and facilities	131,982	130,239	132,166	135,432	148,209
Health and sanitation	681,448	721,939	790,907	851,246	631,543
Public assistance	1,171,603	1,191,559	1,175,678	1,183,923	1,418,703
Education	39,165	35,734	34,669	34,104	35,647
Recreation and cultural	33,629	36,699	36,128	34,204	38,903
Interest on long-term debt	111,942	106,381	102,338	95,801	92,709
Total governmental activities expenses	3,565,984	3,581,285	3,723,186	3,811,827	3,926,854
Business-type activities					
Airport	12,389	12,876	12,736	14,107	14,118
Wastewater management	5,523	5,806	5,980	22,936	
Sanitation District	18,831	21,699	22,335	5,754	28,291
Jail Stores Commissary					4,816
Total business-type activities expenses	36,743	40,381	41,051	42,797	47,225
Total primary government expenses	3,602,727	3,621,666	3,764,237	3,854,624	3,974,079
Program revenues					
Governmental activities					
Charges for services:					
General government	90,503	92,085	99,872	98,205	100,328
Public protection	204,405	235,913	237,632	244,612	240,850
Other activities	150,461	160,067	168,851	153,958	169,274
Operating grants and contributions	2,192,591	2,211,946	2,317,522	2,467,966	2,519,619
Capital grants and contributions	33,246	25,329	11,005	32,728	114,310
Total governmental activities program revenues	2,671,206	2,725,340	2,834,882	2,997,469	3,144,381
Business-type activities					
Charges for services:					
Airport	9,299	11,301	11,568	11,077	12,647
Wastewater management	6,616	6,509	6,502	6,561	
Sanitation District	19,823	20,431	18,406	18,564	25,037
Jail Stores Commissary					5,659
Operating grants and contributions	15,330	1,544	539	4,933	3,793
Capital grants and contributions					
Total business-type program revenues	51,068	39,785	37,015	41,135	47,136
Total primary government program revenues	2,722,274	2,765,125	2,871,897	3,038,604	3,191,517
Net (Expense) Revenue					
Governmental activities	(894,778)	(855,945)	(888,304)	(814,358)	(782,473)
Business-type activities	14,325	(596)	(4,036)	(1,662)	(89)
Total primary government net (expense) revenue	$ (880,453)	(856,541)	(892,340)	(816,020)	(782,562)

Continued on next page

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
Expenses					
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
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
Program revenues					
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
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
Net (Expense) Revenue					
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

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				
	2010	2011	2012	2013	2014
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	$ 593,553	580,570	616,183	587,145	627,709
Other taxes	15,991	16,207	17,200	20,912	
Transient occupancy tax					3,404
Real property transfer tax					20,074
Miscellaneous taxes					14
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	308,842	303,625	304,614	303,646	313,844
Sales and use taxes	20,576	22,457	25,055	24,809	24,871
Investment earnings	30,941	22,024	12,338	3,504	16,635
Other general revenues	85,693	104,260	110,676	90,789	132,612
Total governmental general revenues	1,055,596	1,049,143	1,086,066	1,030,805	1,139,163
Transfers	345	(778)	(28)	114	7,086
Extraordinary gain			10,423		
Total governmental activities	1,055,941	1,048,365	1,096,461	1,030,919	1,146,249
Business-type activities					
Investment earnings	1,046	582	1,151	46	502
Other general revenues	18	7	209	123	2,565
Total business-type general revenues	1,064	589	1,360	169	3,067
Transfers	(345)	778	28	(114)	(7,086)
Total business-type activities	719	1,367	1,388	55	(4,019)
Total primary government	1,056,660	1,049,732	1,097,849	1,030,974	1,142,230
Change in net position					
Governmental activities	161,163	192,420	208,157	216,561	363,776
Business-type activities	15,044	771	(2,648)	(1,607)	(4,108)
Total change in net position	$ 176,207	193,191	205,509	214,954	359,668

(1) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue.

Continued on next page

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
General revenues and other changes in net position					
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
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	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
Extraordinary gain					
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
Change in net position					
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

(1) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue.

Table 3
County of San Diego
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Reserved	$ 162,257				
Unreserved	1,057,851				
Nonspendable(1)		11,257	12,443	12,347	12,276
Restricted (1)		214,956	245,713	295,264	296,548
Committed (1)		514,739	515,234	464,831	492,175
Assigned (1)		40,614	51,325	184,526	217,628
Unassigned (1)		612,814	663,132	644,454	713,045
Total general fund	1,220,108	1,394,380	1,487,847	1,601,422	1,731,672
All Other Governmental Funds					
Reserved	175,900				
Unreserved, reported in:					
Special Revenue Funds	705,469				
Capital Projects Funds	89,926				
Nonspendable (1)		5,148	5,281	5,600	4,884
Restricted (1)		372,730	424,512	433,952	459,579
Committed (1)		467,950	440,767	413,796	395,291
Assigned (1)					
Total other governmental funds	$ 971,295	845,828	870,560	853,348	859,754

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund					
Reserved					
Unreserved					
Nonspendable (1)	$ 13,379	13,489	19,894	22,747	47,019
Restricted (1)	269,294	272,500	266,904	319,782	608,729
Committed (1)	478,980	591,941	677,058	796,086	637,450
Assigned (1)	328,588	381,202	483,464	480,063	418,718
Unassigned (1)	798,135	747,277	697,293	688,449	712,149
Total general fund	1,888,376	2,006,409	2,144,613	2,307,127	2,424,065
All Other Governmental Funds					
Reserved					
Unreserved, reported in:					
Special Revenue Funds					
Capital Projects Funds					
Nonspendable (1)	5,149	5,981	6,062	5,993	5,634
Restricted (1)	427,703	398,385	396,063	413,626	471,464
Committed (1)	379,711	371,622	376,179	367,515	365,450
Assigned (1)	228	917	1,478	2,066	2,865
Total other governmental funds	$ 812,791	776,905	779,782	789,200	845,413

(1) Beginning in fiscal year 2011, governmental fund balances are required to be reported as nonspendable, restricted, committed, assigned, and unassigned.

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				
	2010	2011	2012	2013	2014
Revenues:					
Taxes	$ 946,324	934,737	966,512	941,644	987,061
Licenses, permits and franchise fees	47,578	51,144	51,823	52,746	55,819
Fines, forfeitures and penalties	57,869	54,267	53,818	50,070	47,125
Revenue from use of money and property	46,100	39,545	29,765	21,918	34,855
Aid from other governmental agencies:					
State	1,136,756	1,192,401	1,276,289	1,374,266	1,513,606
Federal	963,285	945,168	969,818	946,356	919,151
Other	102,708	72,071	82,292	138,575	169,724
Charges for current services	318,283	359,239	369,586	366,442	389,224
Other	81,219	90,486	104,647	78,455	61,409
Total revenues	3,700,122	3,739,058	3,904,550	3,970,472	4,177,974
Expenditures:					
General government	205,456	223,290	210,375	226,648	231,370
Public protection	1,063,890	1,088,377	1,149,575	1,187,848	1,277,698
Public ways and facilities	66,393	61,967	64,922	66,514	75,565
Health and sanitation	675,256	714,022	782,504	840,735	620,319
Public assistance	1,169,287	1,184,632	1,171,662	1,178,112	1,410,925
Education	37,422	34,599	32,210	32,034	33,431
Recreation and cultural	29,982	33,054	33,302	31,092	31,604
Total Governmental functions	3,247,686	3,339,941	3,444,550	3,562,983	3,680,912
Capital outlay	205,512	186,342	212,304	165,737	264,015
Debt service:					
Principal	169,059	64,016	61,241	75,687	59,535
Interest	101,036	97,290	94,320	93,678	93,232
Bond issuance costs	739	349	374	393	
Payment to refunded bond escrow agent	15,377	3,437			
Total expenditures	3,739,409	3,691,375	3,812,789	3,898,478	4,097,694
Excess (deficiency) of revenues over (under) expenditures	(39,287)	47,683	91,761	71,994	80,280
Other financing sources (uses)					
Sale of capital assets	365	2,673	740	5,997	58,420
Issuance of bonds, loans and capital leases:					
Face value of bonds issued			32,665	29,335	
Face value of loans issued					
Discount on issuance of bonds			(182)		
Premium on issuance of bonds	7,803	1,237		574	
Refunding bonds issued:	80,940	19,260			
Payment to refunded bond escrow agent	(83,173)	(18,774)			
Transfers in	452,018	426,611	460,192	460,931	478,533
Transfers (out)	(457,683)	(430,527)	(465,106)	(472,183)	(480,236)
Total other financing sources (uses)	270	480	28,309	24,654	56,717
Extraordinary loss			(3,126)		
Net change in fund balances	$ (39,017)	48,163	116,944	96,648	136,997
Debt service as a percentage of noncapital expenditures	7.64%	4.60%	4.32%	4.54%	3.98%

Continued on next page

Table 4
County of San Diego
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues:					
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
Total revenues	4,159,852	4,254,627	4,163,760	4,480,980	4,657,155
Expenditures:					
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
Total Governmental functions	3,730,452	3,821,804	3,764,972	3,934,836	4,167,796
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			
Total expenditures	4,053,185	4,174,542	4,026,918	4,352,339	4,503,597
Excess (deficiency) of revenues over (under) expenditures	106,667	80,085	136,842	128,641	153,558
Other financing sources (uses)					
Sale of capital assets	984	2,319	240	126	25,213
Issuance of bonds, loans and capital leases:					
Face value of bonds issued	732				
Face value of loans issued		690			
Face value of capital lease			6,122	45,495	
Discount on issuance of bonds					
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)
Total other financing sources (uses)	1,649	1,660	2,108	40,636	19,236
Extraordinary loss					
Net change in fund balances	$ 108,316	81,745	138,950	169,277	172,794
Debt service as a percentage of noncapital expenditures	3.94%	3.87%	3.62%	3.67%	3.52%

Table 5
County of San Diego
Assessed Value of Taxable Property
Last Ten Fiscal Years (1)
(In Thousands)

	Real Property		Personal Property		Less: Tax Exempt			
Fiscal Year	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Total Taxable Assessed Value	Total Direct Tax Rate
2010	$ 389,083,154	$ 3,261,524	$ 3,597,697	$ 11,596,968	$ 9,779,505	$ 1,465,316	$ 396,294,522	1.00000
2011	384,566,788	3,361,476	3,642,380	10,997,174	10,332,112	1,458,658	390,777,048	1.00000
2012	387,715,176	3,326,188	3,604,459	10,878,963	10,959,285	1,578,206	392,987,295	1.00000
2013	388,067,793	3,362,102	3,785,463	10,908,493	11,532,649	1,632,359	392,958,843	1.00000
2014	401,174,212	3,471,163	3,857,452	11,337,598	12,195,985	1,660,818	405,983,622	1.00000
2015	424,400,547	3,837,190	3,708,390	11,638,652	12,531,830	1,812,206	429,240,743	1.00000
2016	449,303,851	3,695,989	3,567,927	11,923,467	13,374,474	1,801,251	453,315,509	1.00000
2017	473,696,673	3,733,123	3,527,495	12,797,155	14,227,380	1,875,970	477,651,096	1.00000
2018	502,995,352	3,839,661	3,954,578	12,853,406	14,954,254	1,862,561	506,826,182	1.00000
2019	533,571,034	3,970,087	4,073,291	13,691,328	16,390,213	2,026,718	536,888,809	1.00000

(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

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct Rates (1)										
County of San Diego	0.140	0.140	0.140	0.140	0.139	0.140	0.139	0.139	0.139	0.138
Cities (3)	0.232	0.232	0.231	0.232	0.233	0.233	0.235	0.238	0.238	0.242
Schools (4)	0.594	0.594	0.595	0.594	0.594	0.593	0.592	0.590	0.590	0.587
Special Districts	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.033	0.033	0.033
Total Direct Rates	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Overlapping Rates (2)										
Cities (3)	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
Schools	0.063	0.066	0.073	0.073	0.103	0.102	0.105	0.103	0.109	0.110
Special Districts	0.008	0.008	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Total Overlapping Rates	0.075	0.078	0.086	0.086	0.116	0.115	0.118	0.116	0.122	0.123
Total Direct and Overlapping Rates	1.075	1.078	1.086	1.086	1.116	1.115	1.118	1.116	1.122	1.123

(1) The $1.00 per $100 of Assessed Value (Proposition 13) tax rate beginning in Fiscal Year 1978-79 is distributed according to State Law on a percentage basis to each of the eligible taxing agencies in the County.

(2) Overlapping rates for cities, schools and special districts are chargeable to property owners within their respective tax rate areas (TRA). Overlapping rates do not apply to all property owners (e.g. the rates for special districts apply only to property owners whose property is located within the geographic boundary (TRA) of the special district.)

(3) Includes property tax revenue that is distributed in the Redevelopment Property Tax Trust Fund (RPTTF) starting fiscal year 2012 (Redevelopment Agencies' dissolution was February 1, 2012) to present. Prior to dissolution, property tax revenue was distributed to the redevelopment agencies.

(4) Includes property tax revenue that is distributed in the Educational Revenue Augmentation Fund (ERAF).

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 7
County of San Diego
Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

	2019			2010		
Taxpayer	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value	Secured Taxable Assessed Value	Rank	Percentage of Total Secured Taxable Assessed Value
San Diego Gas & Electric Company	$ 8,786,829	1	1.69%	$ 4,551,734	1	1.19%
Qualcomm Inc	1,986,590	2	0.38%	1,150,589	7	0.30%
Irvine Company	1,325,115	3	0.25%	1,714,185	3	0.45%
Conrad Prebys Trust	960,589	4	0.18%			
UTC Venture LLC	824,861	5	0.16%			
Kilroy Reality L P	824,570	6	0.16%	1,386,278	6	0.36%
Host Hotels and Resorts	799,363	7	0.15%			
B S K Del Partners LLC	707,539	8	0.14%			
Pacific Bell Telephone	623,840	9	0.12%	863,063	8	0.23%
Sorrento West Properties INC	587,421	10	0.11%			
San Diego Family Housing LLC				1,881,324	2	0.49%
Southern California Edison Co.				1,504,497	4	0.39%
Camp Pendleton & Quantico Housing LLC				1,412,065	5	0.37%
Arden Realty LLP				832,912	9	0.22%
O C/S D Holdings LLC				637,757	10	0.17%
Totals	$ 17,426,717		3.34%	$ 15,934,404		4.17%

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 8
County of San Diego
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

		Collections within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Total Tax Levy for Fiscal Year (1)	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2010	$ 3,962,945	$ 3,821,278	96.43%	$ 95,441	$ 3,916,719	98.83%
2011	3,907,770	3,795,900	97.14%	59,963	3,855,863	98.67%
2012	3,929,873	3,819,892	97.20%	49,827	3,869,719	98.47%
2013	3,929,588	3,871,591	98.52%	35,017	3,906,608	99.42%
2014	4,059,836	4,011,889	98.82%	31,420	4,043,309	99.59%
2015	4,292,407	4,241,271	98.81%	31,287	4,272,558	99.54%
2016	4,533,155	4,489,098	99.03%	27,530	4,516,628	99.64%
2017	4,776,510	4,738,515	99.20%	27,940	4,766,455	99.79%
2018	5,068,261	5,019,394	99.04%	23,985	5,043,379	99.51%
2019	5,368,888	5,318,210	99.06%	N/A	5,318,210	99.06%

(1) Includes secured, unsecured and unitary tax levy for the County and school districts, cities and special districts under the supervision of independent governing boards.

Source: County of San Diego, Auditor and Controller, Property Tax Services Division

Table 9
County of San Diego
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	$ 432,760	402,396	410,126	413,992	396,173
San Diego County Redevelopment Agency Revenue Refunding Bonds (2)	14,602	14,243			
Tobacco Settlement Asset-Backed Bonds	548,817	556,039	562,391	551,350	551,442
Pension Obligation Bonds	872,540	839,652	805,272	769,068	732,330
Capital and Retrofit loans	7,404	7,162	6,167	5,169	5,124
Capitalized Leases	242	212	185	152	119
Business-type Activities:					
Capital Loans	1,809	1,566	1,313	1,046	766
Total Primary Government	$ 1,878,174	1,821,270	1,785,454	1,740,777	1,685,954
Percentage of Personal Income (1)	1.37%	1.20%	1.15%	1.11%	0.99%
Per Capita (1)	$ 582	585	571	553	528

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental Activities:					
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	84	51	6,084	47,691	43,593
Business-type Activities:					
Capital Loans	475	171	0	0	0
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

(1) See Table 13 Demographic and Economic Statistics

(2) Pursuant to California Assembly Bill ABx1 26, in 2012 the responsibility for the payment of this debt was transferred to the County of San Diego Successor Agency Private Purpose Trust Fund

Table 10
County of San Diego
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

	Fiscal Year				
	2010	2011	2012	2013	2014
Certificates of Participation & Lease Revenue Bonds	$ 432,760	402,396	410,126	413,992	396,173
Less: Amounts Available in Debt Service Fund	35,547	26,867	26,860	28,140	27,728
Net Certificates of Participation & Lease Revenue Bonds	397,213	375,529	383,266	385,852	368,445
Pension Obligation Bonds	872,540	839,652	805,272	769,068	732,330
Less: Amounts Available in Debt Service Fund	3,364	2,117	629	161	423
Net Pension Obligation Bonds	869,176	837,535	804,643	768,907	731,907
Total Net Bonded Debt	$ 1,266,389	1,213,064	1,187,909	1,154,759	1,100,352
Percentage of Actual Taxable Value of Property (1)	0.32%	0.31%	0.30%	0.29%	0.27%
Per Capita (2)	$ 393	389	380	367	344

	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

(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
2010	$ 4,953,682		4,953,682	100%
2011	4,884,713		4,884,713	100%
2012	4,912,341		4,912,341	100%
2013	4,911,986		4,911,986	100%
2014	5,074,795		5,074,795	100%
2015	5,365,509		5,365,509	100%
2016	5,666,444		5,666,444	100%
2017	5,970,639		5,970,639	100%
2018	6,335,327		6,335,327	100%
2019	6,711,110		6,711,110	100%

Legal Debt Margin Calculation for Fiscal Year 2019	
Assessed value	$ 536,888,809
Debt limit (1.25% of total assessed value) (2)	6,711,110
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	$ 6,711,110

(1) For the fiscal years presented, the County had no debt that qualified as indebtedness subject to the bonded debt limit under the California Constitution.

(2) Under California State law, the total amount of bonded indebtedness shall not at any time exceed 1.25% of the taxable property of the County as shown by the last equalized assessment roll.

Table 12
County of San Diego
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

	Tobacco Settlement Asset-Backed Bonds					
Fiscal Year	Tobacco Settlement Revenues	Less: Operating Expenses (1)	Net Available Revenue	Principal (2)	Interest	Coverage
2010	$ 28,503	$ 151	$ 28,352	$ 4,500	$ 25,798	0.94
2011	26,976	158	26,818	2,995	25,584	0.94
2012	27,509	165	27,344	3,755	25,442	0.94
2013	41,460	111	41,349	17,035	25,263	0.98
2014	27,256	195	27,061	5,750	24,453	0.90
2015	26,982	190	26,792	14,760	24,181	0.69
2016	26,680	130	26,550	3,355	23,480	0.99
2017	27,440	120	27,320	4,265	23,321	0.99
2018	32,759	232	32,527	10,145	23,118	0.98
2019	31,754	171	31,583	9,930	22,636	0.97

(1) Operating expenses do not include interest.

(2) Tobacco Principal Debt Service requirements include Turbo Principal payments.

Table 13
County of San Diego
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (in dollars)	School Enrollment (3)	Unemployment Rate (4)
2010	3,224,432	$ 137,525,000	$ 42,651	496,995	10.7%
2011	3,115,810	151,539,000	48,635	498,243	10.7
2012	3,128,734	155,500,000	49,701	498,263	9.5
2013	3,150,178	156,600,000	49,711	499,850	8.1
2014	3,194,362	170,300,000	53,313	503,096	6.5
2015	3,227,496	179,800,000	55,709	503,848	5.3
2016	3,288,612	186,900,000	56,832	504,561	4.9
2017	3,316,192	192,107,000	57,930	505,310	4.2
2018	3,337,456	194,633,000	58,318	508,169	3.7
2019	3,351,786	191,558,000	57,151	506,260	3.3

Sources:

Primary

(1) California Department of Finance

(2) Los Angeles County Economic Development Corporation

(3) California Department of Education

(4) U.S. Department of Labor, Bureau of Labor Statistics

Secondary

(1) U.S. Department of Commerce, Bureau of Economic Analysis

Table 14
County of San Diego
Principal Employers
Current Year and Nine Years Ago

	2018 (1)			2010		
Employer	Employees (2)	Rank	Percentage of Total County Employment (3)	Employees (2)	Rank	Percentage of Total County Employment (4)
University of California, San Diego	34,448	1	2.26%	26,823	3	1.91%
Naval Base San Diego	34,185	2	2.24%			
Sharp Health Care	18,364	3	1.20%	14,832	5	1.05%
County of San Diego (5)	17,413	4	1.14%	16,415	4	1.17%
Scripps Health	14,941	5	0.98%	13,823	6	0.98%
San Diego Unified School District	13,815	6	0.91%			
Qualcomm Inc.	11,800	7	0.77%	11,847	7	0.84%
City of San Diego	11,462	8	0.75%	10,470	8	0.74%
Kaiser Permanente	9,606	9	0.63%	7,404	9	0.53%
UC San Diego Health	8,932	10	0.59%			
Federal Government				44,000	1	3.13%
State of California				42,300	2	3.00%
U.S Postal Service, San Diego District				6,050	10	0.43%
Total	174,966		11.47%	193,964		13.78%

(1) Data for Fiscal Year 2019 not available as of publication date. Data shown is for the most recently available information.
(2) San Diego Business Journal
(3) California Labor MarketInfo
Percentage is calculated by dividing employees by total employment of 1,525,500 as of June 2018
(4) California Labor MarketInfo
Percentage is calculated by dividing employees by total employment of 1,407,000 as of June 2010
(5) County of San Diego 2018 and 2010 Operational Plans

Table 15
County of San Diego
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2010**	**2011**	**2012**	**2013**	**2014**
General government	1,487	1,477	1,451	1,485	1,479
Public protection	7,575	7,362	7,430	7,638	7,859
Public ways and facilities	390	374	367	369	366
Health and sanitation	2,136	2,088	2,045	2,068	2,029
Public assistance	3,497	3,321	3,440	3,728	4,160
Education	293	277	256	251	246
Recreation and cultural	173	169	171	162	172
Total	15,551	15,068	15,160	15,701	16,311

	Fiscal Year				
Function	**2015**	**2016**	**2017**	**2018**	**2019**
General government	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
Total	16,551	16,668	16,897	16,938	17,172

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

	Fiscal Year				
Function	**2010**	**2011**	**2012**	**2013**	**2014**
General government					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	93.00%	94.00%	98.00%	74.30%	99.00%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	100.00%	100.00%	99.00%	99.00%	100.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	97.00%	98.00%	97.00%	98.00%	99.10%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	53.00%	59.00%	64.00%	67.00%	68.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	139,314	136,451	130,044	126,836	89,936
Sheriff: Daily average – number of inmates	4,751	4,622	4,846	5,274	5,706
District Attorney: Felony defendants received	27,744	26,619	25,983	27,745	27,424
District Attorney: Misdemeanor defendants received	28,896	28,926	26,800	25,080	27,441
Planning and Development Services: Percent of building inspections completed next day	100.00%	100.00%	100.00%	100.00%	98.00%
Planning and Development Services: Average permit center counter wait time (in minutes)	(1)	(1)	(1)	(1)	31
Animal Services: Percent of euthanized animals that were treatable	24.00%	26.40%	25.30%	28.00%	20.00%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	28,802	27,680	25,404	25,000	60,045
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	99.00%	99.00%	99.00%	99.50%	(1)
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	97.00%	97.00%	99.00%	99.40%	(1)
Regional Operations: Children age 0-18 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	99.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	5 days	5 days	5 days	4 days	3.5 days
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	95.00%	96.00%	96.00%	97.00%	95.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	85.20%	82.00%	79.00%	83.00%	79.00%
Child Welfare Services: Family participation in joint case planning and meetings quarterly	(1)	(1)	(1)	(1)	(1)
Self-Sufficiency Services: CalWORKs applications processed timely to help eligible families become more self-sufficient	(1)	(1)	(1)	(1)	(1)
Education					
County Library: Annual average circulation per item	6.46	9.95	7.98	7.52	6.84
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and effectively managed	44,616	45,187	45,661	47,270	47,907
Parks and Recreation: Number of miles of trails managed in the County trails program	325	326	329	330	336

(1) Trend data not available

Source: Various County departments

Continued on next page

Table 16
County of San Diego
Operating Indicators by Function
Last Ten Fiscal Years

(Continued)

	Fiscal Year				
Function	**2015**	**2016**	**2017**	**2018**	**2019**
General government					
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%
Public protection					
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: Daily average – number of inmates	5,226	5,152	(1)	(1)	(1)
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%	(1)	(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%
Public ways and facilities					
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
Health and sanitation					
Regional Operations: Children age 0-4 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Regional Operations: Children age 11-18 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Regional Operations: Children age 0-18 years receive age-appropriate vaccines	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)
Public assistance					
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)	(1)	(1)	(1)	(1)	(1)
Child Welfare Services: Family participation in joint case planning and meetings quarterly	56.00%	77.00%	76.00%	79.00%	80.00%
Self-Sufficiency Services: CalWORKs applications processed timely to help eligible families become more self-sufficient	96.00%	97.00%	97.00%	97.00%	98.00%
Education					
County Library: Annual average circulation per item	7.47	7.82	7.82	7.51	7.74
Recreation and cultural					
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

Table 17
County of San Diego
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
General government										
Fleet vehicles	1,608	1,664	1,872	1,762	1,762	1,825	1,814	1,801	2,010	1,919
Buildings	1,092	1,096	1,085	1,126	1,136	1,114	1,123	1,153	1,092	1,069
Land	1,015	1,042	1,073	1,090	1,124	1,136	1,146	1,177	1,290	1,330
Public protection										
Building - sub stations	11	12	12	12	15	16	16	16	16	17
Patrol units	1,806	1,404	1,310	1,402	1,473	1,448	1,520	1,511	1,604	1,837
Detention facilities	10	10	10	9	10	10	10	11	9	9
Public ways and facilities										
Road miles	1,930.70	1,932.05	1,932.83	1,938.63	1,938.71	1,940.48	1,953.71	1,941.91	1,942.98	1,942.59
Bridges	178	178	196	200	200	201	201	204	208	208
Airports	7	7	7	7	7	7	7	7	7	7
Road stations	15	14	14	13	13	13	13	13	13	13
Health and sanitation										
Inactive landfills	23	23	23	23	23	23	23	23	23	23
Sewer lines miles	427.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00
Water pollution control facilities	4	5	5	5	6	1	1	1	1	1
Wastewater treatment plants (1)			3	3	3	3	3	3	3	3
Wastewater pump stations (1)			8	8	8	8	8	8	8	8
Public assistance										
Administration building	1	1	0	1	1	1	1	1	1	1
Housing facilities	6	6	6	6	6	6	5	5	5	5
Education										
Libraries	20	20	20	20	20	20	20	21	21	22
Recreation and cultural										
Parks/open space area	92	91	91	91	91	109	109	109	118	125
Campgrounds	8	8	8	8	8	8	8	8	8	8

(1) Trend data not available for 2010-11

Source: Various County departments

Photo Credits

Pg. IV
Kite Surfing in San Diego
Sebastien Burel
Shutterstock.com

Introductory Section
Prickly Pear Cactus with Tuna,
Overlooking Lake Hodges,
San Diego County, California
Jdlhca
Shutterstock.com

Pg. 18
Museum of Man Balboa Park,
San Diego California USA
LouLouPhotos
Shutterstock.com

Financial Section
Yellow flowers on a coast barrel cactus,
San Diego barrel cactus (Ferocactus
viridescens), in a desert garden
in Southern California
SunflowerMomma
Shutterstock.com

Pg. 42-43
Bridge and San Diego skyline
with trees on foreground
GagliardiPhotography
Shutterstock.com

Pg. 121
The San Diego Convention Center
meunierd
Shutterstock.com

Pg. 122-123
The pier and Pacific Ocean at sunset,
in Imperial Beach, near
San Diego, California
Jon Bilous
Shutterstock.com

Pg. 133
A closer look at the walls of the tide
pools at low tide in Point Loma,
San Diego, California
S. Quintans
Shutterstock.com

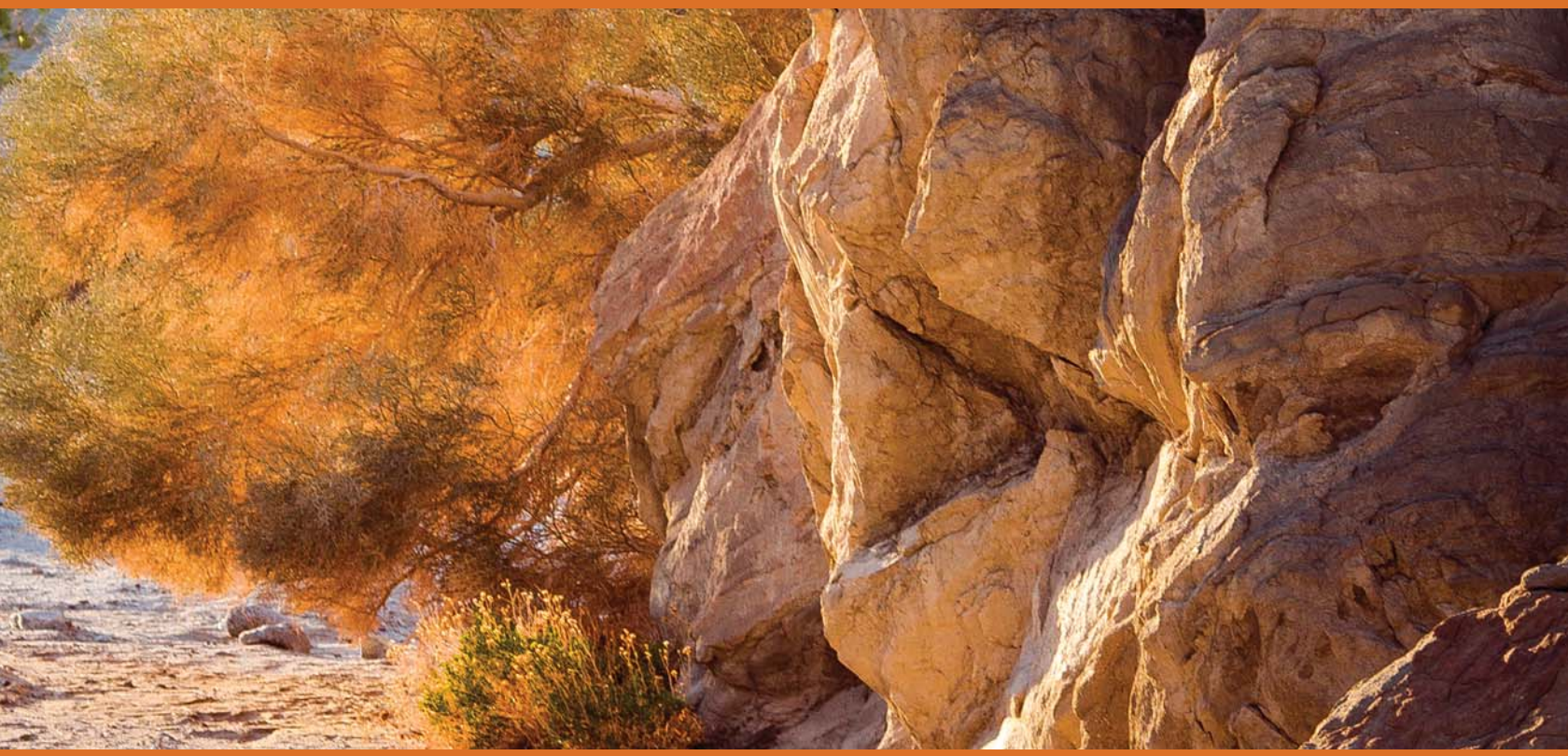
Pg. 186
San Diego skyline as seen from
Coronado Ferry Landing, Coronado
Island, California
Aydin-Akin
Shutterstock.com

Statistical Section
Anza Borrego desert California San Diego
Irina Sitnikova
Shutterstock.com

Pg. 212
Tourists relaxing on a beach
at Glorietta Bay in Coronado, CA
Bill Chizek
Shutterstock.com

Back Cover
Anza Borrego Desert
San Diego California
Irina Sitnikova
Shutterstock.com

County of San Diego, California



County Administration Center
1600 Pacific Highway, San Diego CA 92101
www.sdcounty.ca.gov

Section III:

UPDATES ON CERTAIN INFORMATION PURSUANT TO THE CONTINUING DISCLOSURE AGREEMENTS

Contents of Section III

Section IIIA Continuing Disclosure Requirement Matrix

Section IIIB Select pages of the County of San Diego Adopted Operational Plan for Fiscal Year 2019-20 & Fiscal Year 2020-21

Section IIIC Updates Pursuant to the Continuing Disclosure Agreements

1. Assessment Appeals
2. Assessed Valuation of Property Subject to Ad Valorem Taxation
3. Ten Largest Taxpayers
4. Secured Tax Roll Statistics
5. General Fund Balance Sheet
6. General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
7. Adopted (and Amended) General Fund Budget
8. Historical Funding Status and Employer Contributions
9. Transfers of Investment Earnings to Non-Valuation Reserves
10. Historical Funding Status for Post-Retirement Healthcare Benefits
11. Payments for Post-Retirement Health Care Benefits
12. Total County Employees
13. Summary of Long-Term Obligations Payable from the General Fund
14. Summary of Outstanding Long-Term Obligation Payments from the General Fund
15. San Diego County Investment Pool Update

Section IIIA

County of San Diego
S.E.C. Rule 15c2-12
Continuing Disclosure Requirements - MATRIX

	Requirement of:						-------- Source --------		
Annual Report to contain:	2011 MTS Tower Refunding	2011 CAC Waterfront Park	2012 Cedar and Kettner Development Project	2014 Edgemoor and RCS Refunding	2016 Operations Center and Annex Redevelopment	2019 Justice Facilities Refunding	Section II CAFR	Section IIIB Op Plan	Section IIIC Required Updates
Update of following tables of Official Statement:									
Assessment Appeals	X	X	X	X	X	X			p. 3
Assessed Valuation of Property Subject to Ad Valorem Taxation	X	X	X	X	X	X	p. 198		p. 4
Ten Largest Taxpayers	X	X	X	X	X	X			p. 5
Secured Tax Roll Statistics	X	X	X	X	X	X			p. 6
General Fund Combined Balance Sheet	X	X	X	X	X	X	p. 48-49		p. 7 - 8
General Fund comparison of Revenues, Expenditures and Fund Balances	X	X	X	X	X	X	p. 51		p. 9 - 10
Adopted (and Amended) General Fund Budget	X	X	X	X	X	X		Appendix C	p. 11 - 12
Historical Funding Status and Employer Contributions	X	X	X	X	X	X			p. 13
Transfers of Investment Earnings to Non-Valuation Reserves	X	X	X	X	X				p. 14
Historical Funding Status for Post-Retirement Healthcare Benefits		X	X	X	X	X			p. 15
Payments for Post-Retirement Healthcare Benefits	X	X	X	X	X	X			p. 16
Total County Employees	X	X	X	X	X	X			p. 17
Summary of Long-Term Obligations Payable from the General Fund	X	X	X	X	X	X			p. 18
Summary of Outstanding Long-Term Obligation Payments from the General Fund	X	X	X	X	X	X			p. 19
Update of financial and operating data relating solely to the County under:									
"San Diego County Investment Pool"	X	X	X	X	X	X			p. 20 - 23

Section IIIB

Select pages of the County of San Diego Adopted Operational Plan for Fiscal Year 2019-20 & Fiscal Year 2020-21

To view the County of San Diego Adopted Operational Plan for Fiscal Year 2019-20 & Fiscal Year 2020-21 in its entirety, go to:
http://www.sandiegocounty.gov/content/sdc/auditor/opplan/adoptedlist.html

COUNTY OF SAN DIEGO

ADOPTED OPERATIONAL PLAN

FISCAL YEARS 2019-20 & 2020-21

Helen N. Robbins-Meyer
Chief Administrative Officer

Donald F. Steuer
Assistant Chief Administrative Officer

BOARD OF SUPERVISORS

Greg Cox, District 1
Dianne Jacob, District 2
Kristin Gaspar, District 3
Nathan Fletcher, District 4
Jim Desmond, District 5

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

San Diego County

California

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **San Diego County, California** for its annual budget for the fiscal year beginning **July 1, 2018**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. The County believes that the current budget continues to conform to program requirements, and will submit it to GFOA to determine its eligibility for another award.

Published September 2019

Office of Financial Planning

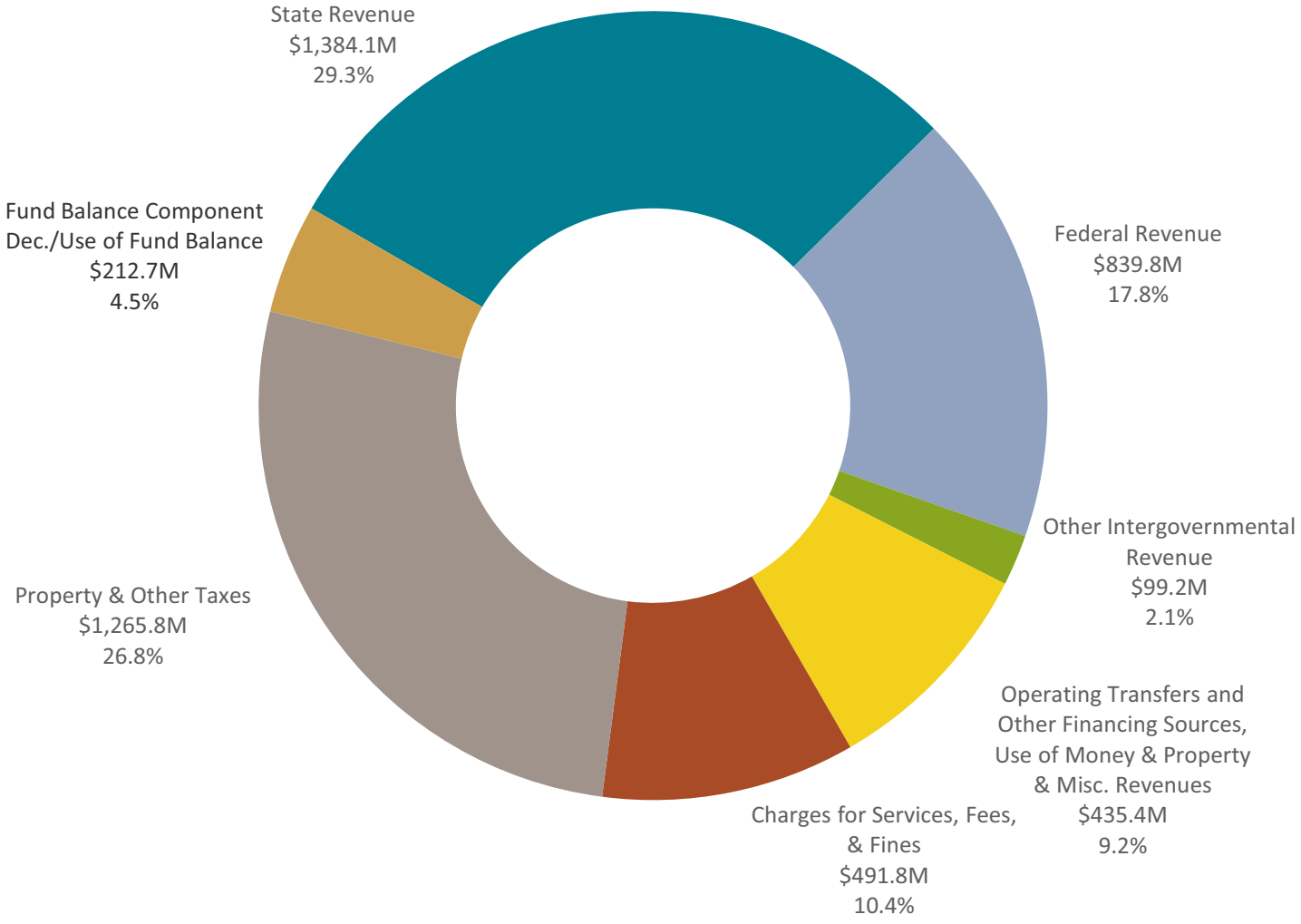
Ebony Shelton, Director

General Fund

Overview of General Fund Financing Sources

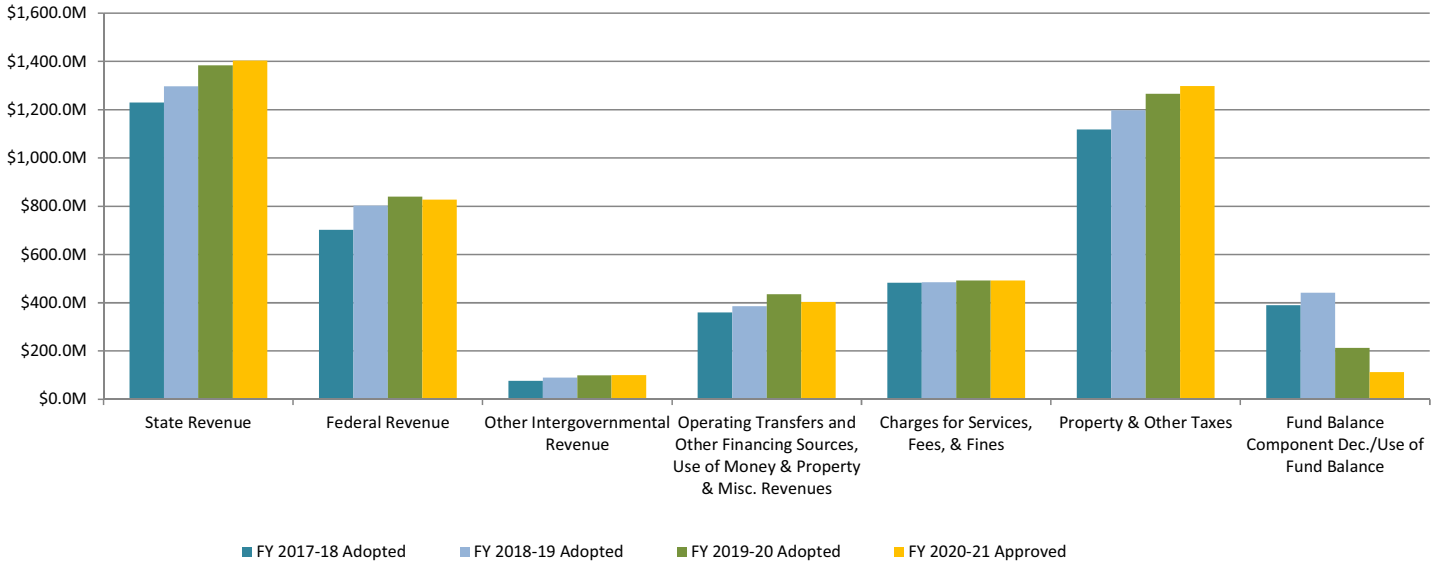
The General Fund is the County's largest single and primary operating fund. It is used to account for all financial resources of the County except those required to be accounted for in other funds. In this Adopted Operational Plan, General Fund Financing Sources **total $4.73 billion for Fiscal Year 2019–20, a $29.1 million or 0.6% increase** from the Fiscal Year 2018–19 Adopted Budget. Although expenditures for certain operational activities are increasing, the overall General Fund budget is flat due to decreases in one-time uses of General Fund fund balances. In comparison, the ten-year average annual growth rate through Fiscal Year 2018–19 was 2.5%. General Fund Financing Sources decrease by $90.8 million or 1.9% in Fiscal Year 2020–21 primarily due to reduction in the use of one-time resources.

General Fund Financing Sources
Fiscal Year 2019–20: $4.73 billion



General Fund Financing by Sources

Fiscal Years 2017-18 through 2020-21



General Fund Financing Sources (in millions)

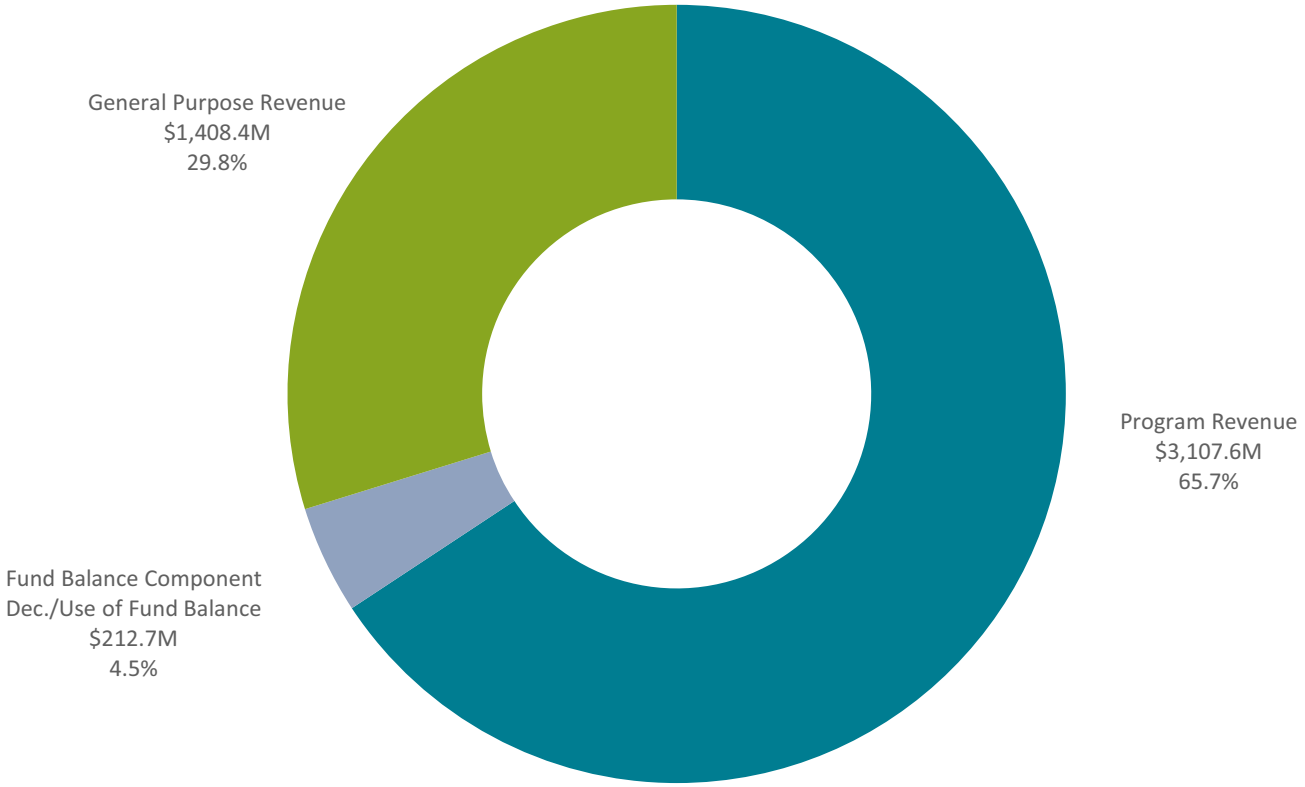
	Fiscal Year 2017–18 Adopted Budget	Fiscal Year 2018–19 Adopted Budget	Fiscal Year 2019–20 Adopted Budget	% Change	Fiscal Year 2020–21 Approved Budget
State Revenue	$ 1,229.9	$ 1,296.9	$ 1,384.0	6.7	$ 1,403.4
Federal Revenue	702.6	802.9	839.8	4.6	827.8
Other Intergovernmental Revenue	76.9	90.1	99.2	10.1	99.6
Operating Transfers and Other Financing Sources, Use of Money & Property & Misc. Revenues	359.3	385.7	435.4	12.9	404.0
Charges for Services, Fees, & Fines	483.2	484.6	491.8	1.5	492.0
Property & Other Taxes	1,118.6	1,197.7	1,265.8	5.7	1,297.8
Fund Balance Component Decreases	56.4	95.6	63.2	(33.9)	52.7
Use of Fund Balance	332.9	346.0	149.5	(56.8)	60.6
Total	**$ 4,359.8**	**$ 4,699.5**	**$ 4,728.7**	**0.6**	**$ 4,637.9**

General Fund Financing Sources by Category

The preceding section presented General Fund financing sources by account type. This section looks at General Fund financing sources according to how they are generated. From that perspective, these financing sources can be categorized as one of three funding types: Program Revenue, General Purpose Revenue and Use of Fund Balance (including Fund Balance Component Decreases).

In Fiscal Year 2019–20, Program Revenue increased by $169.3 million or 5.8%, while General Purpose Revenue (GPR) increased by $88.8 million or 6.7% and the Fund Balance Component Decreases/Use of Fund Balance decreased by $229.0 million or 51.8% from the Fiscal Year 2018–19 Adopted Budget.

General Fund Financing Sources by Category
Fiscal Year 2019-20: $4.73 billion



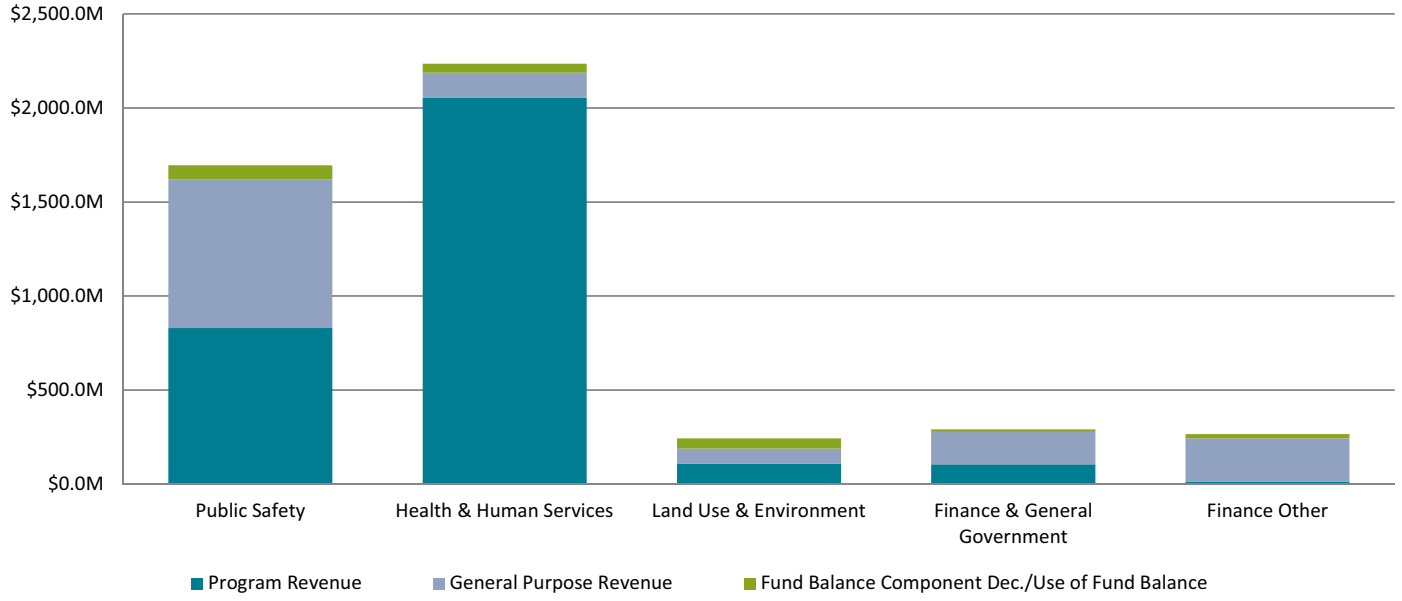
General Fund Financing Sources by Category (in millions)

	Fiscal Year 2017–18 Adopted Budget	Fiscal Year 2018–19 Adopted Budget	Fiscal Year 2019–20 Adopted Budget	% Change	Fiscal Year 2020–21 Approved Budget
Program Revenue	$ 2,771.4	$ 2,938.3	$ 3,107.6	5.8	$ 3,082.7
Use of Fund Balance/Fund Balance Component Decreases	389.2	441.7	212.7	(51.8)	113.3
General Purpose Revenue	1,199.2	1,319.6	1,408.4	6.7	1,441.9
Total	**$ 4,359.8**	**$ 4,699.5**	**$ 4,728.7**	**0.6**	**$ 4,637.9**

In Fiscal Year 2020–21, GPR increases by 2.4% ($33.5 million), Program Revenue decreases by 0.8% ($24.9 million) and the planned Use of Fund Balance declines by 46.7% ($99.4 million). Planned uses of fund balance in Fiscal Year 2020–21 are tentative and subject to revision during the next Operational Plan development cycle.

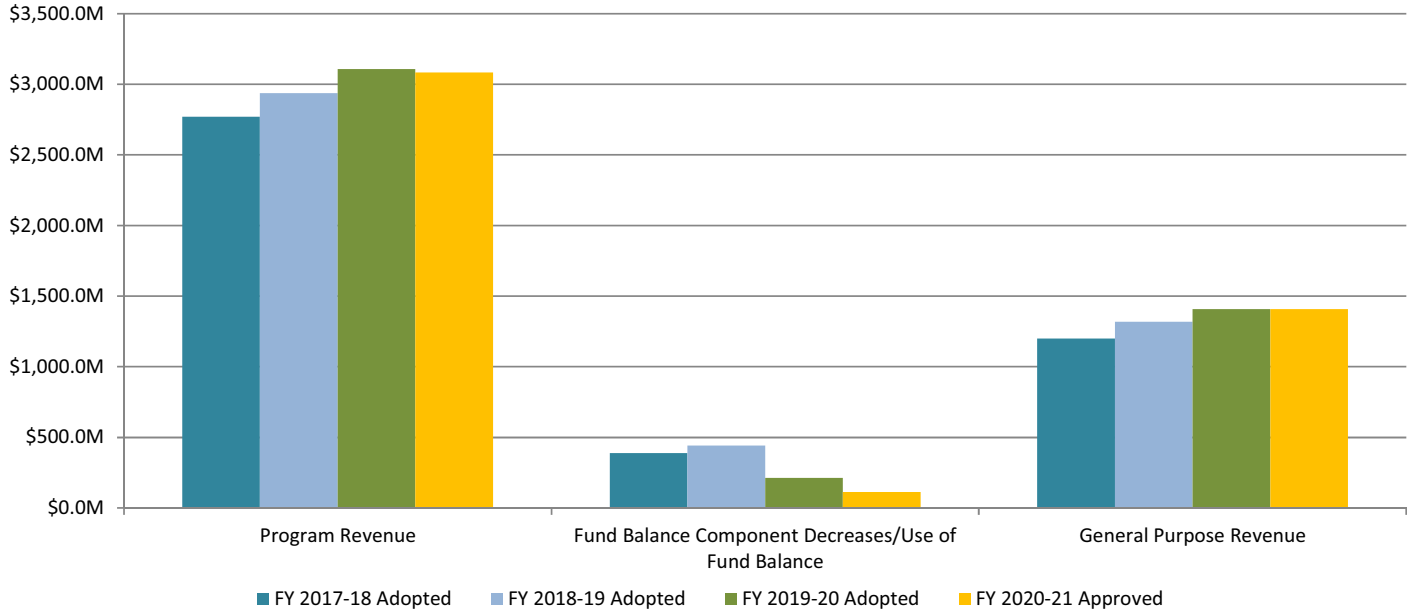
General Fund Financing by Group and Category

Fiscal Year 2019-20: $4.73 billion



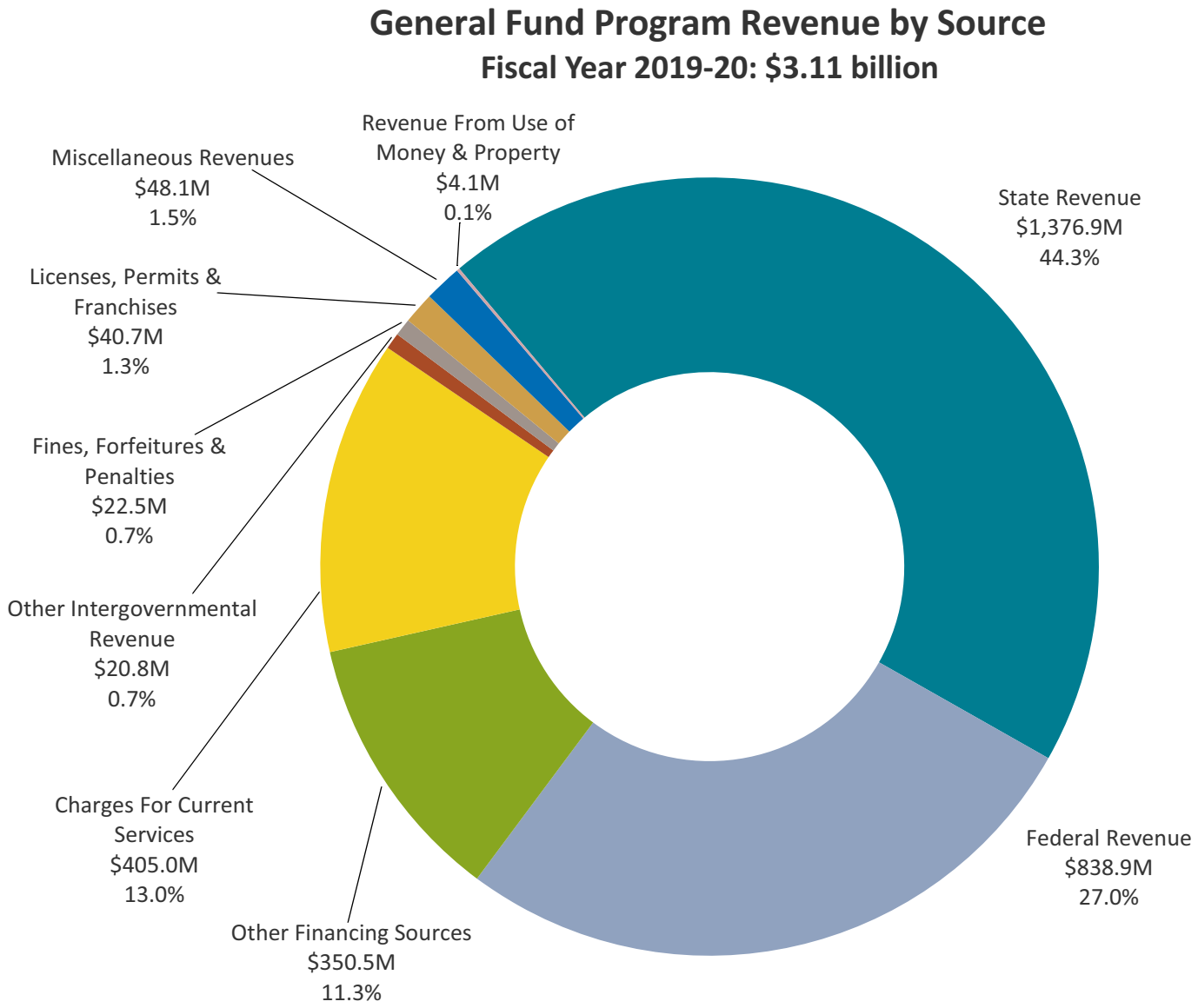
General Fund Financing Sources by Category

Fiscal Years 2017-18 through 2020-21



General Fund Program Revenue

Program Revenue, as the name implies, is dedicated to and can be used only for the specific programs with which it is associated. This revenue makes up 65.7% of General Fund financing sources in Fiscal Year 2019–20, and is derived primarily from State and federal subventions, grants, and fees charged by specific programs. Of the County's Program Revenue, the Health and Human Services Agency manages 66.1%, the Public Safety Group manages 26.7% and the balance is managed across the County's other business groups. Program Revenue is expected to increase by 5.8% ($169.3 million) from the Fiscal Year 2018–19 Adopted Budget compared to an average annual growth for the last ten years of 2.5%.



General Fund Program Revenue by Source (in millions)	Fiscal Year 2017–18 Adopted Budget	Fiscal Year 2018–19 Adopted Budget	Fiscal Year 2019–20 Adopted Budget	% Change	Fiscal Year 2020–21 Approved Budget
State Revenue	$ 1,222.8	$ 1,289.7	$ 1,376.9	6.8	$ 1,396.3
Federal Revenue	701.7	802.0	838.9	4.6	826.9
Other Financing Sources	317.8	328.6	350.5	6.7	330.4
Charges For Current Services	402.0	401.2	405.0	1.0	408.8
Other Intergovernmental Revenue	34.1	20.6	20.8	1.2	21.2
Fines, Forfeitures & Penalties	20.8	21.5	22.5	4.8	17.8
Licenses, Permits & Franchises	37.4	38.2	40.7	6.7	41.6
Miscellaneous Revenues	31.1	32.1	48.1	49.7	35.6
Revenue From Use of Money & Property	3.7	4.4	4.1	(7.6)	4.1
Total	**$ 2,771.4**	**$ 2,938.3**	**$ 3,107.6**	**5.8**	**$ 3,082.7**

General Fund Change in Program Revenue

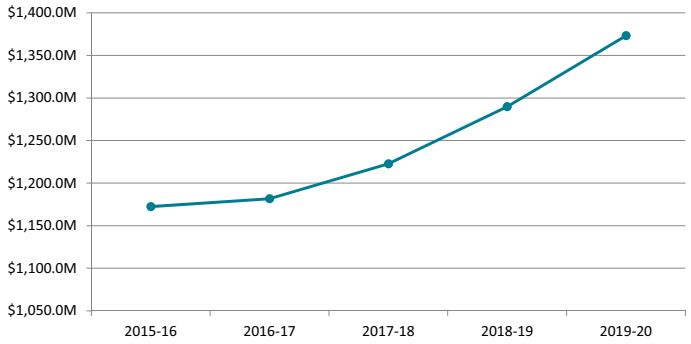
The $169.3 million increase in Program Revenue in the Fiscal Year 2019–20 Adopted Budget is the result of increases and decreases in various funding sources, as indicated in the General Fund Program Revenue by Source table. These changes are highlighted below.

General Fund Change in Program Revenue by Source

State Revenue

State Revenue **increases by $87.2 million or 6.8%.**

General Fund Program Revenue:
State Revenue History

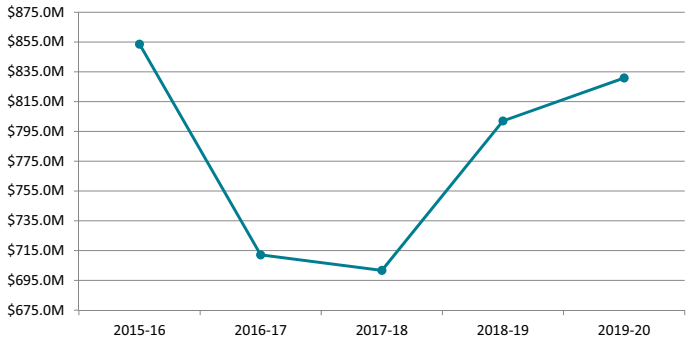


There is an overall net increase of $77.4 million in the Health & Human Services Agency (HHSA) primarily in Realignment revenue due to increased costs required for retirement contributions and negotiated labor agreements, and Services & Supplies based on projected statewide sales tax receipts and vehicle license fees that are dedicated costs in health and human services programs in Mental Health Services Act (MHSA) revenue due to increased MHSA eligible costs, in No Place Like Home grant revenue to provide funding for permanent supportive housing for persons experiencing homelessness that have serious mental illnesses and in revenues dedicated for the In-Home Supportive Services (IHSS) program. An overall net increase of $9.5 million in the Public Safety Group (PSG) is primarily in the Probation Department for the Enhancing Law Enforcement Activities Subaccount Fund for juvenile activities and the Youth Offender Block Grant to support youth rehabilitation programs and supervisory services, in the Sheriff's Department from the Local Revenue Fund 2011, Community Corrections Subaccount due to increased costs for required retirement contributions and negotiated labor agreement, costs for the housing of County inmates participating in State operated fire camps, and in the District Attorney from Public Safety Realignment and Local Revenue Fund 2011 to support the Community Crime Reduction Grant program. An overall net increase of $0.3 million in the Land Use and Environment Group (LUEG) is primarily in the Department of Agriculture Weights and Measures due to increased contract amounts in Detection, Diagnostics and Quarantine and Plant Health & Pest Prevention.

Federal Revenue

Federal Revenue **increases by a net of $36.9 million, or 4.6%**.

General Fund Program Revenue:
Federal Revenue History



The net increase of $35.6 million in HHSA is primarily in Short-Doyle Medi-Cal revenue to align with increased rates and service, in federal administrative revenue to support one-time information technology investments, in HOME grant revenue due to increased funding for the homebuyer program, in Community Development Block Grant revenue for community improvement projects, residential rehabilitation and affordable housing projects, and in revenues dedicated for the IHSS program.

The net increase in LUEG of $0.3 million is primarily in the Department of Agriculture Weights and Measures due to increased contract amounts from the U.S. Department of Agriculture in Detection, Diagnostics and Quarantine and Plant Health & Pest Prevention.

The net increase in PSG of $1.0 million is in the Sheriff's Department is mainly for the Urban Areas Security Initiative Grant, Homeland Security Grant Program and the Operation Stonegarden Grant Program, offset by decrease in revenue in Child Support Services to align to anticipated levels of expenditure reimbursement.

Other Financing Sources

Other Financing Sources (including Operating Transfers from Other Funds) **increases by a net of $21.9 million or 6.7%**.

The net increase of $21.7 million in PSG includes an increase in the Sheriff's Department of $13.6 million primarily due to renovation projects of George Bailey Detention Facility, Ridgehaven Sheriff's Administration Center, and Vista Detention Facility based on the Criminal Justice Facility Construction Fund, and increase from the Proposition 172 Fund of $17.4 million in District Attorney ($6.4 million), Sheriff's Department ($9.2 million) and Probation ($1.8 million) to support regional law enforcement and detention services, and offset by a net decrease of $9.3 million in Penalty Assessments and Asset Forfeiture. More information about Proposition 172 funding appears in the following section.

The net increase of $0.2 million in LUEG is primarily in the Department of Parks and Recreation from County Service Areas and Community Facilities Districts for increased staff costs.

Charges For Current Services

Charges For Current Services **increases by a net of $3.8 million or 1.0%**. Revenues increase by $6.1 million in PSG, $3.1 million in HHSA and $1.2 million in LUEG, offset by decreases of $7.1 million in the Finance and General Government Group (FGG).

- In PSG the net increase of $6.6 million includes a $7.5 million increase in the Sheriff's Department primarily to recover costs of required retirement contributions and negotiated labor agreements for contracted law enforcement services, and in the Local Revenue Fund 2011, Trial Court Security Subaccount and Supplemental Account and an increase of $0.4 million in the San Diego County Fire Authority due to increases in services to be provided to other agencies; offset by decreases of $1.1 million in Probation due to the reduced collection of Work Project fees and juvenile fees and $0.2 million in Child Support Services due to an anticipated decrease in collections on Title IV-A previously assigned arrears.
- In HHSA, the net increase of $3.1 million is primarily in Administrative Support ($2.0 million) related to Intergovernmental Transfer revenue tied to increases in contracted services for Whole Person Wellness pilot project and in Behavioral Health Services ($1.1 million) due to increase in the Medi-Cal daily bed rate in the Edgemoor Distinct Part Skilled Nursing Facility.
- In LUEG, the net increase of $1.2 million includes an increase of $0.7 million in the LUEG Executive Office due to increase in support costs from LUEG departments and $0.5 million in the Department of Environmental Health primarily in Vector Control Program Benefit Assessment Funds to support staff increases.
- In FGG, the net decrease of $7.1 million includes a decrease of $6.7 million in the Assessor/Recorder/County Clerk primarily in trust fund revenues due to reduced costs in consultant and project management services associated with the one-time archival conservatorship project and integrated recorder and vital records system, and major maintenance costs associated with the completion of remodel projects at the County Administration Center and the branch offices and a net decrease of $1.0 million attributable to the Cost Allocation Plan revenue from billable departments to the Community Services Group Executive Office, was dissolved effective July 1, 2019 and $1.4 million decrease in Register of Voters due to the lower number of billable jurisdictions that will participate in the March 2020 Presidential Primary Election; offset by increases of $1.2 million in County Counsel due to an anticipated increase in legal services relating to contracts and procurement, real property, and road liability matters, $0.6 million in FGG Executive Office for reimbursement of activi-

ties related to the Department of General Services and the Department of Purchasing and Contracting, and $0.2 million in Auditor and Controller due to changes in the cost allocation plan revenues.

Other Intergovernmental Revenue

Other Intergovernmental Revenue **increases by a net of $0.2 million or 1.2%**. A net increase of $0.6 million in LUEG is primarily in Planning & Development services from the San Diego Association of Governments grants for Valley Center and Alpine Community Plan updates and for the Casa de Oro Specific Plan. This is offset by a net decrease of $0.4 million in HHSA primarily in Public Health Services from various funding sources.

Fines, Forfeitures & Penalties

Fines, Forfeitures & Penalties **increases by a net of $1.0 million or 4.8%**, primarily in PSG in the Sheriff's Department ($0.4 million) due to an increase in planned expenditures for the Cal-ID program and in the PSG Executive Office ($0.6 million) due to the increase in anticipated receipts in penalty assessment and collection in Contribution for Trial Courts.

Licenses, Permits & Franchises

Licenses, Permits & Franchises **increases by $2.5 million or 6.7%**. A net increase of $1.9 million in LUEG is primarily in the Department of Environmental Health as a result of adjusted permit fees and industry growth. A net increase of $0.6 million in FGG is in the County Communications Office from Public Educational Governmental (PEG) Access Fee revenue primarily due to the addition of one-time capital expenditures for the purchase of CNC TV production equipment.

Miscellaneous Revenues

Miscellaneous Revenues **increases by a net of $16.0 million or 49.7%**.

The net increase of $9.3 million in HHSA includes an increase of $10.0 million in Housing and Community Development Services from the Innovative Housing Trust Fund established by the Board of Supervisors in order to fund affordable housing projects; offset by a decrease in Public Health Services of $0.7 million primarily due to budget adjustment in moving Proposition 56 Tobacco Tax revenue to an Intergovernmental Revenue account.

The net increase of $6.1 million in PSG includes an increase of $5.3 million in the San Diego County Fire Authority due to the one-time allocation to enhance fire and emergency medical services in CSA 135 and one-time allocation for contracted defensible space inspection services, an increase of $0.4 million in Child Support Services to reflect State funding augmentation for a digital marketing project, an increase of $0.2 million in the Department of Animal Services to fund a feasibility study related to facility needs, and an increase of $0.2 million in the Sheriff's Department primarily due to an increase in infrastructure replacement and improvement costs reimbursed from the Regional Communication System Trust Fund.

The net increase of $0.6 million in FGG is in the Department of Human Resources due to the reimbursement from the Employee Benefits Internal Service Fund for its portions of the Employee Benefits and Workers' Compensation divisions.

Revenue from Use of Money & Property

Revenue from Use of Money & Property **decreases by $0.3 million or 7.6%**. The primary source of the decrease is in Finance Other is a result of decreases in the annual lease payments for the 2011 MTS Tower Refunding Certificates of Participation (COPs).

Select General Fund Program Revenues

Following are some of the largest and most closely watched program revenues. Please see the individual Group and department sections for more specific information on the various other program revenues.

1991 and 2011 Health and Human Services Realignment Revenues

1991 and 2011 Health and Human Services Realignment Revenues (**$682.5 million in Fiscal Year 2019–20 and $672.7 million in Fiscal Year 2020–21**) are projected to be received from the State to support health and social services programs.

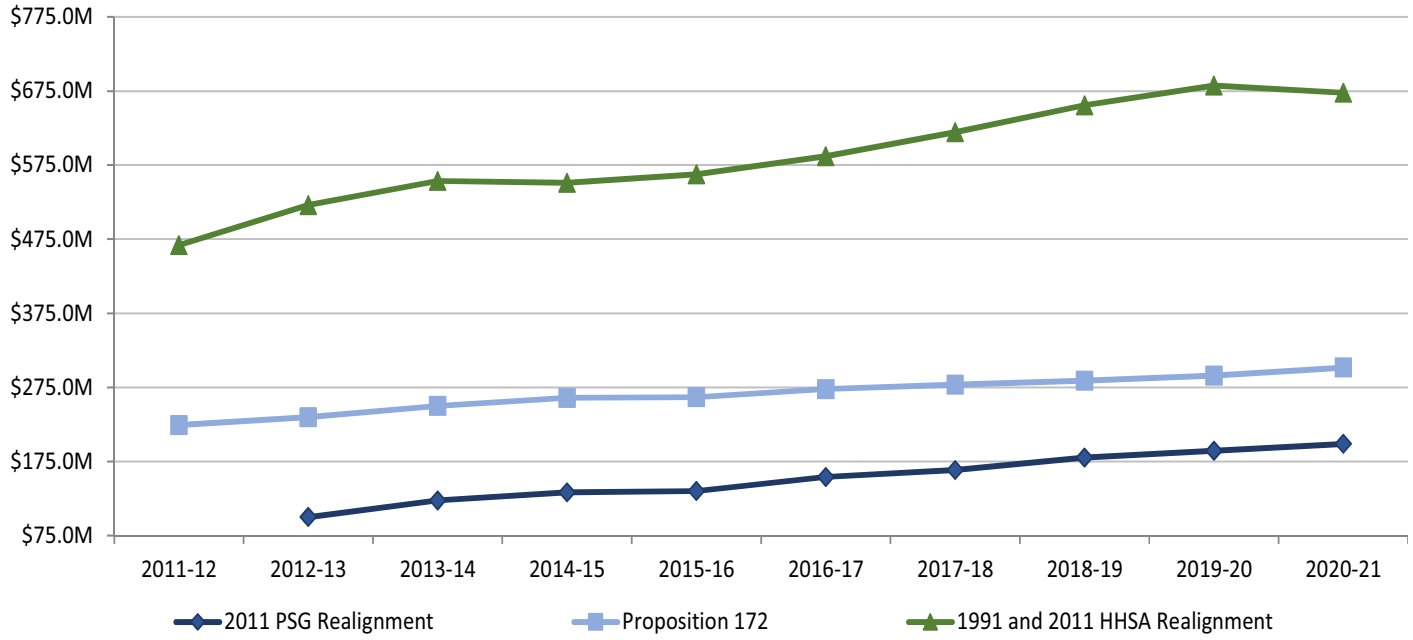
The term "1991 Realignment" refers to the transfer in 1991 of responsibility from the State to counties for certain health, mental health and social services programs, along with the provision of dedicated sales tax and vehicle license fee (VLF) revenues to pay for these services. In Fiscal Year 2011–12 the State further realigned an additional amount of social services and behavioral health services over a two-year period (some additional mental health programs were realigned in Fiscal Year 2012–13) and as in 1991, the State dedicated additional sales tax revenues to support them.

For Fiscal Year 2019–20, it is projected that 30.5% of the HHSA's General Fund budget is funded with Realignment Revenues as compared to only 13.6% in Fiscal Year 2010–11, the last year prior to the implementation of 2011 Realignment. This assumes an underlying statewide sales tax growth rate of 1.2% for Fiscal Year 2019–20. These revenues are projected to increase by 4.1% ($26.8 million) compared to the Fiscal Year 2018–19 budget ($655.7 million) to align with projected statewide sales tax and vehicle license fees. A slight decline of 1.4% ($9.8 million) is anticipated for Fiscal Year 2020–21.

The following chart shows the realized and projected revenues for 1991 and 2011 Health and Social Services Realignment, Proposition 172, and 2011 PSG Realignment.

Proposition 172, 1991 and 2011 Realignment Sales Tax Revenue

Fiscal Year 2011-12 to Fiscal Year 2020-21



Note: Fiscal Year 2011–12 to 2017–18 figures represent actual revenues. Fiscal Year 2018–19 through Fiscal Year 2020–21 figures represent projected revenue as included in the Fiscal Years 2019–21 Adopted Operational Plan. Starting in 2011, the 1991 Realignment was adjusted to exclude funding for Mental Health support that was transferred to the 2011 Realignment. Also beginning in 2011, CalWORKs funding was incorporated into the 1991 Realignment.

2011 Public Safety Realignment Revenues

2011 Public Safety Realignment Revenues (**$189.8 million in Fiscal Year 2019-20 and $198.8 million in Fiscal Year 2020-21**) are projected to be received from the State to support criminal justice programs. The revenue source is a dedicated portion of State sales tax and State and local VLF. The revenues provided for realignment are deposited into the Local Revenue Fund 2011 and allocated to specific accounts and subaccounts by statute. Funds allocated to the Community Corrections Subaccount will support services required to address the transfer of responsibility for certain offenders from the State to the counties pursuant to Assembly Bill (AB) 109, Public Safety Realignment (2011), which includes supervision of offenders, costs associated with the custody of offenders (food, medical costs and equipment) and resources for services including mental health treatment, substance abuse treatment, and vocational and behavioral services. These revenues are projected to increase in Fiscal Year 2019-20 by 5.21% ($9.4 million) compared to Fiscal Year 2018-19. This growth is based on formulaic assumptions provided by the State of California and assumes an underlying statewide sales tax growth rate of 1.2% for Fiscal Year 2019-20. No significant change is anticipated for Fiscal Year 2020-21.

2011 Realignment for Public Safety includes the following subaccounts: Enhancing Law Enforcement Activities (various programs), Trial Court Security, Community Corrections (AB 109), District Attorney and Public Defender Revocation Hearings (AB 109) and Juvenile Justice (Youthful Offender Block Grant and Juvenile Reentry).

Proposition 172, Public Safety Sales Tax Revenues

Proposition 172, Public Safety Sales Tax Revenues (**$291.1 million in Fiscal Year 2019-20 and $301.8 million in Fiscal Year 2020-21**) support regional public safety services provided by three Public Safety Group departments: Sheriff, District Attorney and Probation. The revenue source is a dedicated one-half cent of the Statewide sales tax that was approved by voters in 1993 and is distributed to counties based on the relative levels of taxable sales in each county to the total taxable sales in all qualified counties. In turn, counties distribute a portion of the Proposition 172 receipts to local cities according to ratios established pursuant to the Government Code.

For Fiscal Year 2019-20, these revenues are 2.43% ($6.9 million) above the Fiscal Year 2018-19 budgeted amount. This assumes an underlying statewide sales tax growth rate of 1.2% for Fiscal Year 2019-20. It is anticipated that these revenues will grow modestly in Fiscal Year 2020-21. The previous chart shows the realized revenues for Proposition 172 for Fiscal Years 2011-12 through 2017-18 and projected levels for Fiscal Years 2018-19 through 2020-21.

Tobacco Settlement Revenues

Tobacco Settlement Revenues (**$8.0 million in Fiscal Year 2019-20 and $6.0 million in Fiscal Year 2020-21**) are dedicated to healthcare-based programs pursuant to Board of Supervisors Policy E-14, Expenditure of Tobacco Settlement Revenue in San Diego County. These revenues are the result of the Master Settlement Agreement in 1998 between the California Attorney General and other states and the four major tobacco manufacturers at that time. The agreement provided more than $206.0 billion in Tobacco Settlement Payments over 25 years in exchange for the release of all past, present and future claims related to the use of tobacco products. California agreed to distribute its share of the settlement to counties based on population.

To reduce the risk of volatility or non-receipt of the Tobacco Settlement Payments, some counties and states opted to securitize these payments. Securitization is a process whereby the owner of the receivable sells the right to that income stream to a third party in exchange for an up-front payment. The County of San Diego securitized its share of the Tobacco Settlement Payments, and deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund based on a securitization of $466.8 million in January 2002. These funds are spent pursuant to the Board of Supervisors Policy.

In May 2006, the County restructured its 2001 securitization and securitized additional anticipated receipts, adding $123.5 million to the endowment fund. These proceeds were intended to enable the County to fund health care programs annually through approximately year 2034.

The $8.0 million budgeted in Fiscal Year 2019-20 reflects $2.0 million in non-securitized Tobacco Settlement funds to fund the Whole Person Wellness (WPW) pilot project and $6.0 million in Securitized Tobacco funds for Operating Transfers to fund various Health and Social Services programs. This is a $2.4 million reduction in non-securitized Tobacco Settlement funds to support to the General Fund in Fiscal Year 2019-20 to align with funding needs in the WPW pilot project.

General Fund General Purpose Revenue

General Purpose Revenue (GPR) makes up 30.0% of the General Fund Financing Sources. Please see the separate discussion of GPR in the following section.

General Fund Use of Fund Balance/ Fund Balance Component Decreases (previously Designations)

Use of Fund Balance, including Fund Balance Component Decreases, (**$212.7 million in Fiscal Year 2019–20 and $113.3 million in Fiscal Year 2020–21**), represents 4.5% of General Fund Financing Sources in Fiscal Year 2019–20. Fund Balance is the result of careful management of resources Countywide in past years. It is both a resource that can be used for one-time expenses and one that serves as a mitigation for unexpected events or requirements. By its nature, fund balance is not suitable for the support of ongoing operations.

The Fund Balance Component Decrease of $63.2 million in Fiscal Year 2019-20 consists of:

- $38.0 million from fund balance committed for Pension Obligation Bonds (POB) to serve as an alternative funding source for a portion of existing POB costs that had been supported by GPR.
- $13.8 million from committed realignment for Welfare to Work contracts for intensive case management services, contracted services under the Foster Parent Recruitment, Retention and Support program, for support of the Alzheimer's Project and the Home Safe pilot project, for one-time negotiated labor agreements in various HHSA Departments, to support a portion of departmental costs of the County's existing Pension Obligation Bonds, and to support one-time Information IT, major maintenance and facilities projects throughout HHSA.
- $6.0 million from fund balance committed for Parks Expansion and Improvement to fund capital projects for Fallbrook Local Park, San Dieguito Local Park and Twin Oaks Local Park.
- $2.9 million draw on fund balance to reduce the Unfunded Actuarial Accrued Liability of the pension fund, per Administrative Code 113.5 (b) Management Practices.
- $1.0 million from fund balance committed for San Diego County Fire Authority Equipment Replacement to replace fire equipment apparatus.
- $0.8 million from fund balance Assigned to Hall of Justice Lease Payments for the 2009 Justice Facilities Refunding.
- $0.6 million from fund balance committed for Department of Environmental Health to fund for one-time IT projects and space improvements.

The following list details the various General Fund Use of Fund Balance budgeted for Fiscal Year 2019–20:

- Labor costs due to negotiated salary and benefit payments.
- DNA Testing.
- Hepatitis A Nurses.
- Public outreach projects.

- Victim Services XC grant match to fill gaps and needs in District Attorney's victim services.
- Temporary warehousing costs in Office of Emergency Services to house files, shelter supplies, and public outreach materials.
- Funding to support the comprehensive strategy for children, youth and families.
- Evening Reporting Centers (ERC) intended to serve youth already on probation to achieve long-term success and lead to thriving communities.
- Costs associated with additional legislative requirements imposed by the implementation of Penal Code (PC) 3051, Youth Offender Parole.
- Support operational costs due to the loss of revenue from the implementation of Senate Bill 190 eliminating juvenile fees.
- Trial Court Maintenance of Effort costs.
- Chula Vista Insectary remodel and development and implementation of non-toxic pest control system for shipping ornamental plant commodities.
- Alternative Water Source Program development and various water conservation programs.
- Various projects related to the Climate Action Plan (CAP).
- Housing affordability Accessory Dwelling Unit Program.
- Public nuisance abatements.
- Investigation, monitoring, and abatement of dry weather flows from County storm drains.
- Agricultural Tourism permit, Fire victim and Fire Rebuild fee waivers.
- Charitable Feeding Plan Check Fees.
- Biennial dredging of Smugglers Gulch drainage channel in the Tijuana River Valley.
- Transportation Impact Fee (TIF) program update needed as the result of recent General Plan Amendments and the passage of SB743 tied to CEQA revisions.
- Tree Replacement program.
- Purchase of Agriculture Conservation Easements (PACE) program.
- Various projects related to the Total Maximum Daily Load/Stormwater Permit.
- Child and Family Strenghtening Advisory Board.
- Grants provided to community organizations.
- Temporary help in various departments.
- Sheriff's Technology Information Center Next Gen Capital Project.
- Julian loan payoff.
- Pesticide Regulation Program Disposal Event.
- Electronic charging stations.
- Agricultural Tourism CEQA.
- AB 885 Onsite Wastewater Treatment to draft and implement uniform performance standards and regulations.
- Tribal Liaison.
- Nuisance Abatement.
- General Plan Amendment for Property Specific Requests.
- Housing affordability projects.
- Multiple Species Conservation Program funding.
- Proctor Valley vacationing.
- Jacumba Fire Station #43 land acquisition.
- Fire emergency services training center.
- Investments to address critical areas of vulnerability and immediately increase housing solutions for three extremely vulnerable populations.
- Various IT projects, including:
  - Records and data storage.
  - System acquisition, replacement, implementation, development, enhancements, and upgrades.
  - Enterprise IT system upgrades.
- Various facilities, maintenance and upgrades which include:
  - ADA accessibility improvements.
  - Emergency Operations Center break fix/upgrades.
  - Security enhancements.
  - Hall of Justice remodel.
  - Costs for Live Well Oceanside (Ocean Ranch).
  - Pedestrian sidewalks and new bike lanes at select locations.
  - Keyless Motor Pool system.
  - Rock Mountain Detention Facility.
  - Reconfigure office space to clinic rooms associated with Mental Health Services.
  - Various maintenance projects.
- Various equipment purchase/replacement including:
  - Regional Communications System radio replacement.
  - Refurbish helicopters.
  - Sheltering and charging station supplies.
  - Traffic signal modifications.
  - Asphalt curb machines.
  - Portable work light stations.
  - Programmable roadside message boards.
  - Equipment replacement (washers, dryers and x-ray).
  - Safety equipment acquisition and replacement.
  - Acquisition and replacement of various vehicles for programs.

THE NOBLEST MOTIVE IS THE PUBLIC GOOD
COUNTY OF
SAN DIEGO
MDCCCLI

Appendix C: General Fund Budget Summary

Appropriations by Group and Fund

Public Safety Group

	Fiscal Year 2017-18 Actuals	Fiscal Year 2018-19 Adopted Budget	Fiscal Year 2018-19 Amended Budget	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2020-21 Approved Budget
Public Safety Executive Office	$ 74,625,558	$ 78,865,138	$ 84,088,164	$ 77,826,711	$ 87,314,101	$ 83,490,798
San Diego County Fire Authority	34,953,699	41,170,398	51,014,824	38,648,839	46,676,767	49,558,691
District Attorney	179,810,557	192,342,715	194,185,310	191,752,971	208,786,130	216,846,010
Sheriff	819,625,016	876,037,186	963,407,800	852,484,377	944,607,646	915,213,949
Child Support Services	47,497,806	51,804,642	52,135,412	44,245,217	51,229,266	50,963,956
Citizens' Law Enforcement Review Board	784,807	917,060	918,301	828,311	986,564	1,003,544
Office of Emergency Services	6,338,836	8,411,474	9,830,961	7,676,523	7,741,836	7,758,852
Medical Examiner	10,266,636	11,468,578	12,673,395	12,071,961	11,668,771	11,650,154
Probation	220,878,239	231,520,925	240,143,978	223,847,252	233,560,671	237,203,094
Public Defender	83,277,939	90,334,891	93,772,243	87,266,993	92,976,849	93,742,321
Animal Services	16,358,359	8,320,364	8,902,695	8,762,703	9,120,023	8,894,779
Total	**$ 1,494,417,453**	**$ 1,591,193,371**	**$ 1,711,073,082**	**$ 1,545,411,857**	**$ 1,694,668,624**	**$ 1,676,326,148**

Health and Human Services Agency

	Fiscal Year 2017-18 Actuals	Fiscal Year 2018-19 Adopted Budget	Fiscal Year 2018-19 Amended Budget	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2020-21 Approved Budget
Self-Sufficiency Services	$ 482,848,059	$ 523,606,308	$ 522,429,431	$ 478,339,263	$ 527,258,244	$ 537,497,462
Regional Operations	4,539	—	7,407	44,892	—	—
Strategic Planning & Operational Support	3,725	—	—	—	—	—
Aging & Independence Services	143,253,281	162,485,712	169,432,120	164,687,147	183,094,858	190,653,552
Behavioral Health Services	522,423,014	658,175,550	634,920,990	600,700,719	712,886,993	708,728,264
Administrative Support	157,646,327	191,065,929	257,452,434	168,058,095	209,630,339	180,501,706
Child Welfare Services	347,776,103	379,140,438	380,535,286	359,579,630	387,095,386	395,409,722
Public Health Services	130,067,007	143,264,905	150,452,647	130,047,211	148,282,093	146,076,442
Public Administrator / Public Guardian	(2,087)	—	—	464	—	—
Housing & Community Development Services	19,437,989	28,255,967	38,306,626	23,659,139	66,978,000	79,947,309
Total	**$ 1,803,457,956**	**$ 2,085,994,809**	**$ 2,153,536,941**	**$ 1,925,116,560**	**$ 2,235,225,913**	**$ 2,238,814,457**

Land Use and Environment Group

	Fiscal Year 2017-18 Actuals	Fiscal Year 2018-19 Adopted Budget	Fiscal Year 2018-19 Amended Budget	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2020-21 Approved Budget
Land Use and Environment Executive Office	$ 4,490,630	$ 6,584,601	$ 10,008,877	$ 3,787,567	$ 6,670,899	$ 5,855,031
Agriculture, Weights and Measures	20,916,108	23,272,648	24,570,823	21,341,658	25,689,211	24,962,143
Environmental Health	42,899,044	48,466,580	52,193,524	44,826,616	53,228,971	54,355,995
University of California Cooperative Extension	1,029,470	1,265,971	1,535,560	1,346,496	1,381,370	869,971
Parks and Recreation	40,192,938	45,562,055	55,978,196	41,440,802	48,651,430	45,086,157
Planning and Development Services	37,181,689	49,853,299	64,361,687	40,907,378	57,537,410	43,422,075
Public Works	24,342,925	47,201,107	61,375,281	39,701,538	49,795,331	19,529,404
Total	**$ 171,052,804**	**$ 222,206,261**	**$ 270,023,947**	**$ 193,352,055**	**$ 242,954,622**	**$ 194,080,776**

Finance and General Government Group

	Fiscal Year 2017-18 Actuals	Fiscal Year 2018-19 Adopted Budget	Fiscal Year 2018-19 Amended Budget	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2020-21 Approved Budget
General Services	$ 3,993,582	$ 7,668,000	$ 9,879,175	$ 5,951,253	$ 3,475,000	$ 3,295,000
Purchasing and Contracting	1,667,362	722,350	722,350	722,350	854,350	854,350
Registrar of Voters	20,768,772	23,427,241	47,777,823	27,616,472	26,655,234	25,059,175
Finance & General Government Executive Office	30,279,282	33,591,187	58,378,824	21,583,140	28,197,805	25,524,445
Board of Supervisors	9,093,337	9,506,564	10,732,846	9,359,632	10,134,043	10,139,995
Assessor / Recorder / County Clerk	58,586,597	77,524,311	84,596,153	65,296,847	71,674,938	71,804,265
Treasurer - Tax Collector	20,421,545	23,312,168	24,087,516	20,653,760	23,339,921	23,751,283
Chief Administrative Office	4,958,913	5,114,587	5,213,261	4,728,850	5,921,870	5,768,681
Auditor and Controller	35,130,786	37,205,936	43,290,015	37,367,098	37,925,850	39,245,579
County Technology Office	14,916,791	19,913,073	25,155,931	15,304,839	12,461,370	10,003,393
Civil Service Commission	467,513	570,141	570,358	440,145	574,328	588,342
Clerk of the Board of Supervisors	3,833,969	4,094,835	4,266,543	3,854,695	4,281,744	4,417,970
County Counsel	27,570,162	29,729,546	29,798,134	28,175,708	31,459,375	32,631,344
Grand Jury	553,817	786,712	827,136	678,234	799,215	802,050
Human Resources	24,635,226	27,630,087	30,203,926	25,860,478	28,875,561	29,195,642
County Communications Office	3,038,387	3,695,904	4,047,569	3,458,355	4,380,851	3,976,851
Total	**$ 259,916,041**	**$ 304,492,642**	**$ 379,547,559**	**$ 271,051,858**	**$ 291,011,455**	**$ 287,058,365**

Finance Other

	Fiscal Year 2017-18 Actuals	Fiscal Year 2018-19 Adopted Budget	Fiscal Year 2018-19 Amended Budget	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2020-21 Approved Budget
Community Enhancement	$ 5,407,401	$ 6,260,138	$ 6,260,138	$ 6,251,138	$ 5,698,747	$ 5,373,163
Neighborhood Reinvestment Program	7,942,822	10,000,000	13,510,724	12,666,864	10,000,000	10,000,000
Contributions to County Library	536,806	—	1,013,500	13,500	—	—
Lease Payments-Bonds	31,052,754	30,413,643	30,413,643	30,053,605	28,531,551	27,179,601
Contributions to Capital Program	96,331,325	246,849,000	550,870,658	98,371,789	78,225,000	—
Countywide General Expense	154,065,757	201,656,022	197,749,897	98,950,180	141,862,270	198,563,794
Local Agency Formation Commission Administration	467,171	475,684	475,684	475,684	487,062	511,415
Total	**$ 295,804,036**	**$ 495,654,487**	**$ 800,294,244**	**$ 246,782,761**	**$ 264,804,630**	**$ 241,627,973**

Total - Group/Agency

	Fiscal Year 2017-18 Actuals	Fiscal Year 2018-19 Adopted Budget	Fiscal Year 2018-19 Amended Budget	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2020-21 Approved Budget
Total	**$ 4,024,648,289**	**$ 4,699,541,570**	**$ 5,314,475,774**	**$ 4,181,715,091**	**$ 4,728,665,244**	**$ 4,637,907,719**

Financing Sources

Financing Sources by Category

	Fiscal Year 2017-18 Actuals	Fiscal Year 2018-19 Adopted Budget	Fiscal Year 2018-19 Amended Budget	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2020-21 Approved Budget
Taxes Current Property	$ 679,642,766	$ 702,197,167	$ 710,744,593	$ 715,771,449	$ 741,010,130	$ 758,938,274
Taxes Other Than Current Secured	483,448,047	495,516,857	500,801,353	506,950,030	524,791,174	538,867,202
Licenses Permits & Franchises	44,814,923	43,656,402	44,703,464	46,815,737	45,718,067	46,573,662
Fines, Forfeitures & Penalties	38,727,292	39,748,918	40,061,397	40,141,823	39,398,356	35,014,860
Revenue From Use of Money & Property	31,169,418	24,516,676	27,070,021	48,714,058	36,269,015	37,445,345
Intergovernmental Revenues	2,048,290,597	2,189,842,725	2,251,434,345	2,149,762,388	2,323,055,969	2,330,822,089
Charges For Current Services	382,798,761	401,217,088	408,148,744	393,226,954	406,647,723	410,443,316

Financing Sources by Category

	Fiscal Year 2017-18 Actuals	Fiscal Year 2018-19 Adopted Budget	Fiscal Year 2018-19 Amended Budget	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2020-21 Approved Budget
Miscellaneous Revenues	47,429,525	32,612,000	37,318,733	31,232,720	48,561,269	36,125,707
Other Financing Sources	308,765,122	328,583,141	340,089,731	313,812,828	350,548,448	330,400,989
Total Revenues	**$ 4,065,086,451**	**$ 4,257,890,974**	**$ 4,360,372,381**	**$ 4,246,427,987**	**$ 4,516,000,151**	**$ 4,524,631,444**
Fund Balance Component Decreases	$ 60,500,177	$ 95,647,374	$ 99,997,065	$ 99,997,065	$ 63,188,482	$ 52,665,465
Use of Fund Balance	(100,938,339)	346,003,222	854,106,328	(164,709,961)	149,476,611	60,610,810
Total Financing Sources	**$ 4,024,648,289**	**$ 4,699,541,570**	**$ 5,314,475,774**	**$ 4,181,715,091**	**$ 4,728,665,244**	**$ 4,637,907,719**

Section IIIC

Updates Pursuant to the Continuing Disclosure Agreements

This document is provided for the purpose of updating the specific information required to be updated pursuant to the Continuing Disclosure Agreements

Assessment Appeals

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 2018-19, the County Assessor received 3,552 appeals, including appeals relating to real property, business personal property, boats and airplanes. Table 1 below sets forth the number of appeals received by the County Assessor and the number of affected parcels since Fiscal Year 2009-10.

TABLE 1
ASSESSMENT APPEALS
Fiscal Years 2009-10 through 2018-19

Fiscal Year	Appeals[(1)]	Parcels
2009-10	21,772	26,635
2010-11	15,748	19,589
2011-12	19,215	27,916
2012-13	14,627	16,376
2013-14	7,119	8,776
2014-15	7,210	9,264
2015-16	4,814	5,808
2016-17	4,412	6,257
2017-18	3,708	5,282
2018-19	3,552	4,858[(2)]

Source: County of San Diego Assessor/Recorder/County Clerk.
(1) Appeal may relate to the reassessment for one or more parcels.
(2) Data as of October 31 of the indicated year.

Ad Valorem Property Taxation

Table 2 below sets forth the assessed valuation of property within the County subject to taxation for Fiscal Years 2009-10 through 2018-19:

TABLE 2
ASSESSED VALUATION OF PROPERTY
SUBJECT TO AD VALOREM TAXATION
Fiscal Years 2009-10 through 2018-19
(In Thousands)

Fiscal Year	Land	Improvements	Personal Property	Gross Assessed Valuation	Exemption[1]	Net Assessed Valuation for Tax Purposes[2]
2009-10	$177,035,056	$215,309,621	$15,194,665	$407,539,342	$11,244,820	$396,294,522
2010-11	173,642,233	214,286,031	14,639,554	402,567,818	11,790,769	390,777,049
2011-12	174,658,242	216,383,122	14,483,422	405,524,786	12,537,490	392,987,296
2012-13	173,840,948	217,588,947	14,693,957	406,123,852	13,165,008	392,958,844
2013-14	179,943,404	224,701,971	15,195,049	419,840,424	13,856,802	405,983,622
2014-15	192,003,349	236,234,389	15,347,042	443,584,780	14,344,037	429,240,743
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

Source: County of San Diego Auditor and Controller.

(1) Exemption figures include veterans, church, welfare, religious, college and cemetery exemptions.

(2) Net Assessed Valuation for Tax Purposes figures include local secured, unsecured manufactured home and possessory interest, state unitary and redevelopment valuation, if any.

Table 3 below sets forth the approximate tax levied against the ten largest property taxpayers in the County for Fiscal Year 2018-19. These tax payments represent approximately 3.78% of the total secured property tax levied by the County for Fiscal Year 2018-19, which amounts to $6,406,559,050.

TABLE 3
TEN LARGEST TAXPAYERS
Fiscal Year 2018-19

Property Owners	Business Area	Approximate Tax[1]
San Diego Gas & Electric Company	Gas and Electric Utility	$138,350,216
Qualcomm Inc.	Telecommunication	23,355,020
Irvine Co L L C	Real Estate	15,760,772
Conrad Prebys Trust	Real Estate	12,327,539
Pacific Bell Telephone	Telecommunication	9,921,149
U T C Venture L L C	Real Estate	9,616,689
Host Hotels and Resorts	Real Estate	9,389,409
Kilroy Realty	Real Estate	9,070,714
BSK Del Partners LLC	Real Estate	7,726,951
Bosa Development California	Real Estate	6,675,768

Source: County of San Diego Auditor and Controller.
(1) Approximate Tax includes local secured and state unitary 1% tax, debt service tax and special assessments.

Secured Tax Roll Statistics

Table 4 below sets forth information relating to the County's secured tax roll and assessed value of property for Fiscal Years 2009-10 through 2018-19.

TABLE 4
SECURED TAX ROLL STATISTICS
Fiscal Years 2009-10 through 2018-19

Fiscal Year	Total Bills	Total Gross Assessed Value[1]	Total Tax Amount[2]	Delinquent Tax Bills	Delinquent Tax Amount[3]	Delinquent Tax Amount as Percent of Total Tax Amount
2009-10	978,170	$392,680,850,836	$4,509,795,774	40,214	$120,563,754	2.67%
2010-11	979,128	388,209,168,091	4,474,096,680	33,228	80,367,474	1.80
2011-12	979,386	391,319,634,514	4,537,672,296	30,565	65,585,438	1.45
2012-13	981,161	391,853,256,766	4,559,744,934	25,092	48,369,874	1.06
2013-14	982,322	405,031,663,348	4,815,864,485	24,701	41,901,860	0.87
2014-15	985,078	428,108,938,032	5,070,000,884	25,661	41,142,387	0.81
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

Source: County of San Diego Auditor and Controller.

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

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

(3) 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.

Financial Statements

Table 5 below sets forth the audited General Fund Balance Sheet for Fiscal Years 2016-17 through 2018-19. Table 6 sets forth the audited General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for Fiscal Years 2014-15 through 2018-19.

TABLE 5
COUNTY OF SAN DIEGO
GENERAL FUND BALANCE SHEET
for Fiscal Years 2016-17 through 2018-19
(In Thousands)

	Audited 2017[2]	Audited 2018[2]	Audited 2019[2]
ASSETS			
Pooled Cash and Investments	$ 2,294,855	$ 2,403,906	$ 2,458,447
Cash with Fiscal Agents	7	8	8
Investments with Fiscal Agents	2	2	2
Receivables, net	321,468	403,529	412,057
Property Taxes Receivables, net	93,998	91,806	99,870
Due from Other Funds[1]	37,173	57,425	90,322
Inventories	14,336	17,107	17,838
Prepaid Items	4,517	4,590	117
Restricted Assets – Cash with Fiscal Agents	212	204	202
Restricted Assets – Lease Receivable	1,859	1,116	372
TOTAL ASSETS	$ 2,768,427	$ 2,979,693	$ 3,079,235
LIABILITIES			
Accounts Payable	$ 126,491	$ 138,839	$ 145,086
Accrued Payroll	31,035	32,517	34,629
Due to Other Funds[1]	32,959	50,617	67,500
Unearned Revenue	326,950	367,279	324,127
TOTAL LIABILITIES	$ 517,435	$ 589,252	$ 571,342
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Received in Advance	$ 9,812	$ 10,501	$ 11,301
Deferred Housing Loans	1,148		
Affordable Housing Project	4		
Unavailable Revenue[3]	95,415	72,813	72,527
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 106,379	$ 83,314	$ 83,828
FUND BALANCES			
Nonspendable:			
Not in Spendable Form:			
Loans, Due from Other Funds and Prepaids	$ 5,558	$ 5,640	$ 29,181
Inventories and Deposits with Others	14,336	17,107	17,838
Restricted for:			
Grantors – Housing Assistance	$ 63,229	$ 65,728	$ 69,699
Donations	3,652	3,718	4,256
Pension Stabilization			303,047
Laws or Regulations of Other Governments:			
Public Safety Activities	273	1,023	1,436

(Table continued on subsequent page.)

(Table continued from prior page.)

	Audited 2017[2]	Audited 2018[2]	Audited 2019[2]
Custody of Non-Violent, Non-Serious, Non-Sex Offenders and Supervision of Post Release Offenders	44,683	46,208	41,825
Improvement and Maintenance of Recorded Document Systems	25,503	26,328	19,768
Defray Administrative Costs, Other General Restrictions	21,940	23,381	27,248
Construction, Maintenance and Other Costs for Justice, Health, and Social Facilities and Programs	38,681	40,410	42,483
Custody and Care of Youthful Offenders		15,800	4,149
Juvenile Probation Activities		15,747	8,497
Other Purposes	68,943	81,439	86,321
Committed to:			
Realignment Health, Mental Health and Social Services	$ 65,297	$ 63,097	$ 51,611
Unforeseen Catastrophic Events	59,959		
Capital Projects' Funding	305,160	375,221	513,913
Pension obligation bonds	198,231	253,408	
Evaluation, Acquisition, Construction, or Rehabilitation of Affordable Housing for Low-Income Residents		24,987	23,672
Future Road Improvement		28,000	
Other Purposes	48,411	51,373	48,254
Assigned to:			
Subsequent One-Time Expenditures[4]	$ 298,182	$ 271,003	$ 145,327
Legislative and Administrative Services	80,437	101,333	127,802
Other Purposes	104,845	107,727	145,589
Unassigned	$ 697,293	$ 688,449	$ 712,149
TOTAL FUND BALANCES	$ 2,144,613	$ 2,307,127	$ 2,424,065
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,768,427	$ 2,979,693	$ 3,079,235

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.

TABLE 6
COUNTY OF SAN DIEGO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For Fiscal Years 2014-15 through 2018-19
(In Thousands)

	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
Revenues:					
Taxes	$ 997,904	$ 1,047,808	$ 1,102,090	$ 1,164,508	$ 1,223,597
Licenses, Permits and Franchise Fees	44,987	41,072	41,557	45,846	46,778
Fines, Forfeitures and Penalties	45,823	44,029	42,268	40,923	42,453
Revenue From Use of Money and Property	14,624	16,149	13,904	29,986	63,090
Aid From Other Governmental Agencies:					
State	1,123,373	1,144,554	1,141,518	1,275,047	1,224,649
Federal	792,723	831,653	660,513	682,809	766,244
Other	87,506	82,995	101,315	106,104	117,631
Charges for Current Services	355,607	362,071	380,948	386,593	384,631
Other	50,455	29,700	39,076	27,920	28,333
Total Revenues	$ 3,513,002	$ 3,600,031	$ 3,523,189	$ 3,759,736	$ 3,897,406
Expenditures:					
Current:					
General Government	$ 227,978	$ 229,961	$ 258,675	$ 268,751	$ 277,935
Public Protection	1,343,026	1,333,070	1,424,638	1,478,273	1,557,750
Public Ways and Facilities	3,462	3,948	4,545	5,575	4,857
Health and Sanitation	599,112	628,599	687,702	759,784	829,446
Public Assistance	1,212,417	1,289,318	1,033,532	1,034,675	1,092,266
Education	900	853	1,027	1,029	1,346
Recreation and Cultural	34,217	35,718	36,538	37,492	40,489
Capital Outlay	28,674	43,839	31,598	113,224	30,034
Debt service:					
Principal[1]	13,718	28,959	16,654	17,964	21,959
Interest	17,298	12,948	14,414	15,699	14,585
Payment to Refunded Bond Escrow Agent[2]	5,454	0	0	0	0
Total Expenditures	$ 3,486,256	$ 3,607,213	$ 3,509,323	$ 3,732,466	$ 3,870,667
Excess (Deficiency) of Revenues over (under) Expenditures	$ 26,746	$ (7,182)	$ 13,866	$ 27,270	$ 26,739
Other Financing Sources (Uses):					
Sale of Capital Assets	$ 111	$ 162	$ 218	$ 88	$ 6,222
Issuance of capital lease:					
Face value of capital lease			6,122	45,495	
Transfers In[3]	282,392	296,690	294,788	306,478	305,547
Transfers Out[4]	(153,653)	(171,752)	(178,754)	(219,588)	(222,301)
Total Other Financing Sources (Uses)	$ 128,850	$ 125,100	$ 122,374	$ 132,473	$ 89,468
Net Change in Fund Balance	$ 155,596	$ 117,918	$ 136,240	$ 159,743	$ 116,207
Fund Balances at Beginning of Year	1,731,672	1,888,376	2,006,409	2,144,613	2,307,127
Increase (Decrease) in Nonspendable Inventories	1,108	115	1,964	2,771	731
Fund Balances at End of Year	$ 1,888,376	$ 2,006,409	$ 2,144,613	$ 2,307,127	$ 2,424,065

(Table continued on subsequent page.)

(Table continued from prior page.)

_____

Source: Comprehensive Annual Financial Reports of the County.

(1) 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.

(2) In Fiscal Year 2014-15, $93.750 million of fixed interest rate certificates of participation (County of San Diego Certificates of Participation (Edgemoor and RCS Refunding) Series 2014A and Series 2014B)), were issued by the San Diego County Capital Asset Leasing Corporation to advance refund $108.205 million of outstanding County of San Diego Certificates of Participation (2005 Edgemoor Project and 1996 Regional Communications System Refunding) and County of San Diego Certificates of Participation (2006 Edgemoor Completion Project). 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 Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015.

(3) 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.

(4) 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.

Table 7 below sets forth the County's Adopted and final Amended Budgets for Fiscal Year 2017-18 and Fiscal Year 2018-19. The table also sets forth the Adopted Budget for Fiscal Year 2019-20, the amended Budget as of September 30, 2019, the projected expenditures and revenues and other financing sources as reported in the First Quarter Report, and the variance between the projected actual amounts and those contained in the Fiscal Year 2019-20 Amended Budget. The full report may be viewed on the County's website at http://www.sandiegocounty.gov/auditor/qfbr.html. The information on such website is not incorporated herein by reference.

TABLE 7
GENERAL FUND
ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2017-18,
ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2018-19
AND ADOPTED AND AMENDED BUDGET AND PROJECTED RESULTS FOR FISCAL YEAR 2019-20
(In Thousands)

	2017-18 Adopted Budget[7]	2017-18 Amended Budget[1] [7]	2018-19 Adopted Budget[7]	2018-19 Amended Budget[2] [7]	2019-20 Adopted Budget	2019-20 Amended Budget[3]	Projected Year-End Results[4]	Variance from Amended Budget[5][6]
APPROPRIATIONS								
Public Safety	$1,524,139	$1,638,067	$1,591,193	$1,711,073	$1,694,669	$1,789,345	$1,777,681	$11,664
Health and Human Services	1,896,582	1,973,215	2,085,995	2,153,537	2,235,226	2,324,615	2,213,743	110,872
Land Use and Environment	187,140	225,698	222,206	266,262	242,955	299,177	295,414	3,762
Finance and General Government and Other	629,723	955,660	724,147	1,103,073	555,816	1,090,002	1,052,020	37,982
Contingency Reserve and Increases in Fund Balance Commitments	122,214	123,868	76,000	80,531	0	0	0	0
Total Appropriations	$4,359,798	$4,916,509	$4,699,542	$5,314,476	$4,728,665	$5,503,139	$5,338,858	$164,281
BUDGETED REVENUES								
Current Property Taxes	$655,893	$669,590	$702,197	$710,745	$741,010	$745,429	$745,429	$0
Taxes Other Than Current Property Taxes	462,725	471,186	495,517	500,801	524,791	527,485	528,993	1,508
Licenses, Permits and Franchises	42,868	43,641	43,656	44,703	45,718	45,810	45,679	(132)
Fines, Forfeitures and Penalties	38,312	40,284	39,749	40,061	39,398	39,888	39,725	(163)
Use of Money and Property	7,894	8,703	24,517	27,070	36,269	36,269	36,080	(189)
Aid from Other Government Agencies	2,009,474	2,074,280	2,189,843	2,251,434	2,323,056	2,357,281	2,292,019	(65,262)
Charges for Current Services	402,015	406,364	401,217	408,149	406,648	410,107	410,725	619
Miscellaneous Revenues and Other Financing Sources	351,382	358,403	361,195	377,408	399,110	412,275	410,855	(1,421)
Total Budgeted Revenues	$3,970,562	$4,072,451	$4,257,891	$4,360,372	$4,516,000	$4,574,544	$4,509,505	$(65,039)
Estimated Use of Committed Fund Balance	$56,379	$60,500	$95,647	$99,997	$63,188	$63,188	$63,188	$0
Estimated Use of Unassigned Fund Balance	332,857	347,330	346,003	344,998	149,477	149,477	149,477	0
Estimated Use of Fund Balance for Encumbrances	0	436,227	0	509,108	0	715,931	715,931	0
Total Resources Utilized[5]	$4,359,798	$4,916,509	$4,699,542	$5,314,476	$4,728,665	$5,503,139	$5,438,100	$(65,039)
Net savings from the Fiscal Year 2019-20 Amended Budget								$99,242

(Source and notes continued on page 12.)

(Continued from previous page)

Source: County of San Diego Auditor and Controller.

(1) Reflects appropriations, budgeted revenues and other financing sources included in the 2017-18 Adopted Budget as amended and adjusted to include all budgeted appropriations and revenues as of June 30, 2018.

(2) Reflects appropriations, budgeted revenues and other financing sources included in the 2018-19 Adopted Budget as amended and adjusted to include all budgeted appropriations and revenues as of June 30, 2019.

(3) Reflects appropriations, budgeted revenues and other financing sources included in the 2019-20 Adopted Budget as amended and adjusted to include all budgeted appropriations and revenues as of September 30, 2019, including carry over appropriations from the prior fiscal year.

(4) Reflects projections of the expenditures and revenues for Fiscal Year 2019-20 as of September 30, 2019.

(5) Reflects the difference between the budgeted expenditures, revenues and other financing sources in the Fiscal Year 2019-20 Amended Budget as of September 30, 2019 and the projected expenditures, revenues and other financing sources for Fiscal Year 2019-20 as of September 30, 2019.

(6) 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.

(7) Due to the dissolution of Community Services Group ("CSG"), the budget data has been restated from prior years to include the transferred CSG Departments.

Historical Funding Status. Table 8 below sets forth for each of the ten years ended June 30, 2019 the amount of the total Employer Contributions and Employer Offsets made by the County and the other Employers to the San Diego County Employees Retirement Association ("SDCERA"). The contribution amounts are equal to the employer normal cost payment and a payment on the Unfunded Actuarial Accrued Liability ("UAAL").

TABLE 8
HISTORICAL FUNDING STATUS AND EMPLOYER CONTRIBUTIONS
Valuation Years Ended June 30, 2010 through 2019 and
Fiscal Years Ended June 30, 2012 through 2021
($ In Millions)

Valuation Date (June 30)	Net Market Value of Assets[(1) (4)]	Valuation Value of Assets[(3)]	Actuarial Accrued Liability[(3)]	UAAL[(3)]	Funded Ratio[(3)(5)]	Fiscal Year	Employer Contribution[(2) (5)]	Employer Offsets[(1) (5)]
2010	$6,878.2	$8,433.3	$9,999.2	$1,565.9	84.3%	2012	$274.1	$60.7
2011	8,182.9	8,542.3	10,482.7	1,940.4	81.5	2013	312.3[(6)]	45.6
2012	8,520.5	8,607.5	10,943.2	2,335.7	78.7	2014	353.8	40.9
2013	9,008.1	9,186.0	11,631.2	2,445.2	79.0	2015	386.0	28.7
2014	10,109.9	9,824.4	12,141.1	2,316.7	80.9	2016	382.4	22.9
2015	10,285.9	10,535.3	13,080.0	2,544.7	80.5	2017	417.9	23.1
2016	10,253.2	11,030.6	14,349.1	3,318.5	76.9	2018	520.7[(7)]	4.1
2017	11,395.3	11,566.9	14,937.9	3,370.9	77.4	2019	532.4[(8)]	0.0
2018	12,274.5	12,365.7	15,763.2	3,397.6	78.4	2020	554.7[(9)]	0.0
2019	12,862.9	12,932.2	16,955.1	4,022.9	76.3	2021	627.5[(10)]	0.0

(1) Source: Segal Consulting: Actuarial Valuation Report for the corresponding year.
(2) Source: Segal Consulting: Governmental Accounting Standards Board ("GAS") 67 Actuarial Valuation and Review.
(3) Source: San Diego County Employees Retirement Association Comprehensive Annual Financial Report.
(4) Reported on a valuation value of assets basis.
(5) 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 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.
(6) Includes $298.1 million of required contributions plus an additional discretionary contribution of $14.2 million by County of San Diego.
(7) Includes $498.2 million of required contributions plus an additional discretionary contribution of $22.5 million by the County of San Diego.
(8) Includes $518.6 million of required contributions plus an additional discretionary contribution of $13.8 million by County of San Diego.
(9) Includes the recommended required contributions as reported in the San Diego County Employees Retirement Association Actuarial Valuation and Review as of June 30, 2018.
(10) Includes the recommended required contributions as reported in the San Diego County Employees Retirement Association Actuarial Valuation and Review as of June 30, 2019.

Historical Transfers of Investment Earnings. Table 9 below sets forth the amount of SDCERA's investment earnings that the Retirement Board has transferred from the Undistributed Reserve into reserves that are separate from valuation assets since Fiscal Year 2011. There have been no such transfers since Fiscal Year 2009.

TABLE 9
TRANSFERS OF INVESTMENT EARNINGS
TO NON-VALUATION RESERVES
Since Fiscal Year Ended June 30, 2011
($ In Millions)

Fiscal Year	Post-Retirement Healthcare	STAR COLA	Contingency Reserve	Total
2011	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0
2018	0.0	0.0	0.0	0.0
2019	0.0	0.0	0.0	0.0
2020	0.0	0.0	0.0	0.0
Total	$0.0	$0.0	$0.0	$0.0

Source: San Diego County Employees Retirement Association

Valuation of SDCERA's Post-Retirement Healthcare Benefits. The following table identifies historical funding status for post-retirement healthcare benefits and employer contributions.

TABLE 10
HISTORICAL FUNDING STATUS FOR POST-RETIREMENT HEALTHCARE BENEFITS
Fiscal Years Ended June 30, 2013 through 2019
($ In Thousands)

Funding Progress

Valuation Date (June 30)	Valuation Assets	AAL	UAAL	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
2014	$4,743	$169,192	$164,449	2.8%	$1,122,864	14.6%
2016	7,790	159,417	151,627	4.9	1,206,940	12.6
2017	10,613	153,346	142,733	6.9	1,253,224	11.4
2018	14,436	142,600	128,164	10.1	1,290,950	9.9
2019	19,612	133,142	113,530	14.7	1,359,311	8.4

Employer Contributions

Year Ended June 30	Annual Required Contribution	Contributions Made	% of Required Contributions Made
2013	$19,024	$19,024	100.0%
2014	20,208	20,208	100.0
2015	21,111	21,111	100.0
2016	19,719	19,719	100.0
2017	20,409	20,409	100.0
2018	19,638	19,638	100.0
2019	20,310	20,310	100.0

Source: Segal Consulting and San Diego County Employees Retirement Association Comprehensive Annual Financial Report.

Historical Payments. Table 11 below sets forth the amounts for each of the ten years ended June 30, 2019 that SDCERA has paid to its members for post-retirement healthcare benefits.

TABLE 11
PAYMENTS FOR POST-RETIREMENT
HEALTH CARE BENEFITS
Years Ended June 30, 2010 through 2019

Fiscal Year Ended June 30	Payments for Retiree Healthcare Benefits ($ In Millions)
2010	$23.3
2011	21.5
2012	21.5[1]
2013	20.4
2014	20.0
2015	19.3
2016	18.5
2017	17.6
2018	16.9
2019	16.2

Source: San Diego County Employees Retirement Association.

(1) A portion of the indicated amounts are allocated to the administrative expenses related to the provision of the post-retirement healthcare benefits.

General. Table 12 below sets forth the number of County employees for Fiscal Years 2010-11 through 2019-20:

TABLE 12
TOTAL COUNTY EMPLOYEES [(1)]

Year	Total Employees
2010-11	15,067
2011-12	15,174
2012-13	15,609
2013-14	16,328
2014-15	16,544
2015-16	16,549
2016-17	16,763
2017-18	16,891
2018-19	16,958
2019-20	17,271[(2)]

Source: County of San Diego Department of Human Resources.
(1) Excludes temporary employees of the County. Data as of June 30 of the indicated year.
(2) Data as of October 31 of the indicated year.

General. Table 13 below sets forth the summary of Long-term Obligations payable from the General Fund as of October 31, 2019.

COUNTY OF SAN DIEGO
Summary of Long-term Obligations Payable from the General Fund
as of October 31, 2019
(in thousands)

	Outstanding Interest Rates	Final Maturity Dates	Original Principal Amount	Principal Amount Outstanding
Certificates of Participation & Lease Revenue Bonds:				
San Diego County Capital Asset Leasing Corporation (SANCAL):				
2011 CAC Waterfront Park, issued August 2011	3.00-5.13%	2042	32,665	28,265
2012 Cedar and Kettner Development Project, issued October 2012	2.00-5.00%	2042	29,335	25,570
2014 Edgemoor and RCS Refunding, issued September 2014	0.42-5.00%	2030	93,750	67,505
2019 Justice Facilities Refunding, issued September 2019	5.00%	2025	19,450	19,450
Total SANCAL			**175,200**	**140,790**
San Diego Regional Building Authority (SDRBA):				
2011 MTS Tower Refunding, issued May 2011	2.00-5.00%	2019	19,260	1,315
2016A COC Refunding Bonds	3.00-5.00%	2035	105,330	91,990
Total SDRBA			**124,590**	**93,305**
Total Certificates of Participation & Lease Revenue Bonds			**$ 299,790**	**$ 234,095**
Taxable Pension Obligation Bonds:				
County of San Diego Pension Obligation Bonds, issued June 2004				
Series A	5.37-5.87%	2022	241,360	87,255
Series B1, B2	5.91%	2024	147,825	147,825
Series C	5.48-5.76%	2015	64,928	-
Less Unaccreted Value				-
County of San Diego Pension Obligation Bonds, issued August 2008				
Series A	5.18-6.03%	2027	343,515	220,960
Total Pension Obligation Bonds			**$ 797,628**	**$ 456,040**
Total General Fund Long Term Obligations			**$ 1,097,418**	**$ 690,135**

General. Table 14 below sets forth the summary of Outstanding Principal and Interest Payments Attributable to Long-Term Obligations payable from the General Fund as of June 30, 2019.

County of San Diego Debt Service & Lease Payments – All Years
As of June 30, 2019

	LEASE FINANCINGS (CERTIFICATES OF PARTICIPATION & LEASE REVENUE BONDS)							PENSION OBLIGATION BONDS			
Fiscal Year	2009 Justice Facilities	2011 MTS Tower	2011 CAC Waterfront Park	2012 Cedar & Kettner Development	2014 Edgemoor & RCS Refunding	2016A COC Refunding	COPs & LRBs Total	2004 Pension Obligation Bonds	2008 Pension Obligation Bonds	POBs Total	TOTAL GENERAL FUND PAYMENTS
FY 19/20	6,474,000	1,347,875	2,092,200	1,662,825	8,554,650	8,348,000	28,479,550	48,369,669	33,038,654	81,408,323	**109,887,873**
FY 20/21	6,472,125		2,093,400	1,662,325	8,556,500	8,353,250	27,137,600	50,283,425	31,128,216	81,411,642	**108,549,242**
FY 21/22	6,467,500		2,093,400	1,662,525	8,556,000	8,350,875	27,130,300	52,322,691	29,085,382	81,408,073	**108,538,373**
FY 22/23	6,147,125		2,092,550	1,661,525	8,559,125	8,348,500	26,808,825	54,439,051	26,892,208	81,331,260	**108,140,085**
FY 23/24	4,171,625		2,091,800	1,661,275	8,552,500	8,350,500	24,827,700	56,663,519	24,750,780	81,414,299	**106,241,999**
FY 24/25	4,160,250		2,092,600	1,662,475	8,555,500	8,351,250	24,822,075	58,942,024	22,478,030	81,420,054	**106,242,129**
FY 25/26	2,916,125		2,092,000	1,662,275	8,557,125	8,350,250	23,577,775		81,415,400	81,415,400	**104,993,175**
FY 26/27			2,092,688	1,660,675	8,556,625	8,351,875	20,661,863		67,113,947	67,113,947	**87,775,809**
FY 27/28			2,091,675	1,662,675	8,553,250	8,350,500	20,658,100	**$321,020,379**	**$315,902,617**	**$636,922,996**	**20,658,100**
FY 28/29			2,091,450	1,662,975	8,560,875	8,350,500	20,665,800				**20,665,800**
FY 29/30			2,094,200	1,661,100	8,553,625	8,356,000	20,664,925				**20,664,925**
FY 30/31			2,089,200	1,663,288		8,351,375	12,103,863				**12,103,863**
FY 31/32			2,089,575	1,663,025		8,351,000	12,103,600				**12,103,600**
FY 32/33			2,092,819	1,660,225		8,353,875	12,106,919				**12,106,919**
FY 33/34			2,092,731	1,663,356		8,349,250	12,105,337				**12,105,337**
FY 34/35			2,089,313	1,664,856		8,351,250	12,105,419				**12,105,419**
FY 35/36			2,092,563	1,659,725		8,353,750	12,106,038				**12,106,038**
FY 36/37			2,091,969	1,663,144			3,755,113				**3,755,113**
FY 37/38			2,092,531	1,659,750			3,752,281				**3,752,281**
FY 38/39			2,093,994	1,663,000			3,756,994				**3,756,994**
FY 39/40			2,091,100	1,664,188			3,755,288				**3,755,288**
Fy 40/41			2,088,850	1,668,313			3,757,163				**3,757,163**
FY 41/42			2,091,988	1,665,188			3,757,176				**3,757,176**
	$36,808,750	**$1,347,875**	**$48,114,594**	**$38,240,708**	**$94,115,775**	**$141,972,000**	**$360,599,702**				**$997,522,698**

San Diego County Investment Pool

The following information concerning the Treasury Pool of San Diego County (the "Treasury 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 ("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 County 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 a pooled investment fund (the "Treasury Pool" or the "Pool"). 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, and members of the public. On December 10, 2019, the Board of Supervisors changed the composition of the Oversight Committee from eleven memberts to nine. The role of the Oversight Committee is to review and approve the Investment Policy that is prepared by the County Treasurer.

Treasury Pool's Portfolio

As of October 31, 2019, the securities in the Treasury Pool had a market value of $9,054,664,921 and a book value of $9,010,927,015, for a net unrealized gain of $43,737,907 of the book value of the Treasury Pool.

The effective duration for the Treasury Pool was 1.24 years as of October 31, 2019. "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 1.24 means that for every one percent increase in interest rates the market value of the portfolio would decrease by 1.24%.

As of October 31, 2019, approximately 7.66% of the total funds in the Pool were deposited by Voluntary Depositors, such as cities and fire districts, 8.05% by community colleges, 37.6% by the County, 1.27% by the Non-County and 45.41% 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 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, 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. Monies in the Pool will be invested in compliance with Government Code and the County's Investment Policy (the "Investment Policy").

The Investment Policy. On December 10, 2019, the Board of Supervisors adopted an amended Investment Policy which will be effective January 1, 2020. 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 contains a requirement 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. On December 10, 2019, the Board of Supervisors adopted an amended Investment Policy which will be effective January 1, 2020, however the information provided above was unchanged.

Certain Information Relating to Pool

The following table reflects information with respect to the Pool as of the close of business October 31, 2019. As described above, a wide range of investments are authorized by state law. 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 October 31, 2019, the Pool necessarily would have received the values specified.

General. Table 15 below sets forth the summary of portfolio statistics of the County of San Diego Pooled Money Fund as of October 31, 2019.

Summary Portfolio Statistics
County of San Diego Pooled Money Fund
As of October 31, 2019

Investment Type	Par Value	Book Value	Market Value	% of Portfolio	Market Price	WAM	YTM	Accrued Interest	Unrealized Gain/Loss
Asset Backed Securities	812,762,406	812,665,685	819,321,959	9.02	100.807	1143	2.43	1,327,904	6,656,274
Commercial Paper	1,140,000,000	1,133,939,656	1,134,156,600	12.58	99.489	100	2.02	-	216,944
Federal Agency Securities	2,584,164,000	2,588,054,895	2,598,646,222	28.72	100.560	956	1.97	11,737,789	10,591,326
Medium-Term Notes	895,881,000	897,073,982	904,310,383	9.96	100.941	738	2.44	4,606,377	7,236,401
Municipal Bonds	76,535,000	77,093,707	77,180,215	0.86	100.850	1187	1.90	15,064	86,508
Negotiable CDs	1,461,000,000	1,461,000,269	1,463,113,450	16.21	100.145	171	2.39	15,050,466	2,113,181
Supranational Securities	1,164,769,000	1,169,109,204	1,183,031,617	12.97	101.568	1140	2.20	4,311,480	13,922,413
U.S. Treasuries	500,000,000	499,536,361	502,451,220	5.54	100.500	852	1.69	1,962,956	2,914,859
Money Market Funds	368,400,000	368,400,000	368,400,000	4.09	100.000	1	1.76	479,343	-
*Bank Deposit	388,671	388,671	388,671	0.00	100.000	1	1.50	3,131	-
Sweep Fund	3,664,585	3,664,585	3,664,585	0.04	100.000	1	1.21	3,959	-
Totals for October 2019	9,007,564,661	9,010,927,015	9,054,664,921	100.00	100.529	697	2.14	39,498,468	43,737,907
Totals for September 2019	8,475,897,527	8,477,748,220	8,515,496,046	100.00	100.471	690	2.18	39,821,135	37,747,826
Change from Prior Month	531,667,134	533,178,795	539,168,875		0.058	7	-0.04	(322,667)	5,990,081
Portfolio Effective Duration	1.24 years								

Return Information	Monthly Return	Annualized	Fiscal Year To Date Return	Annualized	Calendar Year To Date Return	Annualized
Book Value	0.184%	2.170%	0.759%	2.251%	1.972%	2.368%

Notes
Yield to maturity (YTM) 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.
Weighted Average Maturity (WAM) 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.
Yields for the portfolio are aggregated based on the book value of each security.
Monthly Investment Returns are reported gross of fees. Administration fees since fiscal year 17-18 have averaged approximately 7 basis points per annum.
*Bank Deposits make up 0.00% of the portfolio due to rounding
**All Investments held during the month of October 2019 were in compliance with the Investment Policy dated January 1, 2019.

Section IV:

REPORTING OF ENUMERATED EVENTS

Pursuant to the provisions of Section 5 of the Continuing Disclosure Agreement the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations:

1. Principal and interest payment delinquencies;
   None

2. Non-payment related defaults, if material;
   None

3. Unscheduled draws on debt service reserves reflecting financial difficulties;
   None

4. Unscheduled draws on credit enhancements relating to the Obligations reflecting financial difficulties;
   None

5. Substitution of credit or liquidity providers, or their failure to perform;
   None

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed determinations of taxability, Notices of Proposed Issue or other material notices or determinations with respect to tax status of the Obligations, or other material events affecting the tax status of the Obligations;
   None

7. Modifications to rights of owners of the Obligations, if material;
   None

8. Optional, contingent or unscheduled Certificate or Bond calls;
   None

9. Defeasances;
   None

10. Release, substitution, or sale of property securing repayment of the Obligations, if material;
    None

11. Rating changes;
    See filings on EMMA for Fiscal Year 2018-19.

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
    None

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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; and

None

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

None