County of San Diego, California

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2018

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Board of Supervisors

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Dianne Jacob - District 2
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Chief Administrative Officer
(CAO)

Donald F. Steuer
Assistant CAO/
Chief Operating Officer

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

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County of San Diego

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November 15, 2018

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, 2018, 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 control 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.

Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of San Diego's financial statements for the year ended June 30, 2018. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' 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) in December 2017, the County's population estimate for July 1, 2016 was 3.30 million, which grew 0.7 percent to 3.32 million as of the July 1, 2017 preliminary 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 2050, the San Diego region's population breakdown will be: 46.3 percent Hispanic; 30.2 percent White; 14.2 percent Asian; 3.7 percent Black; and 5.6 percent all other groups including American Indian, Hawaiian/Pacific Islander and those who identify as two or more races. Significant growth in the region's Non-White and Non-American Indian populations are 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. Per California Government Code Section 23005, 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. The CAO appoints the Assistant CAO/Chief Operating Officer, the Deputy CAO/Auditor and Controller and all other appointive officers. 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, such as foster care, public health care and elections. These services are provided by five business Groups (Public Safety, the Health and Human Services Agency, Land Use and Environment, Community Services 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 2017 saw some growth in real GDP, closing the year with 2.3 percent annual growth over the previous year, compared to a mediocre increase of 1.5 percent seen in 2016, according to the U.S. Department of Commerce Bureau of Economic Analysis (BEA). According to the BEA, "The acceleration in real GDP from 2016 to 2017 reflected upturns in nonresidential fixed investment and in exports and a smaller decrease in private inventory investment. These movements were partly offset by decelerations in residential fixed investment and in state and local government spending. Imports, which are a subtraction in the calculation of GDP, accelerated."

According to the minutes of the July 31-August 1, 2018 meeting of the Federal Open Market Committee (FOMC) of the Federal Reserve Board ("the Fed"), "real gross domestic product (GDP) rose at a strong rate in the first half of [2018]." Further, "the economy [would] expand at an above-trend pace. Real GDP [was] forecast to increase in the second half of [2018] at a pace that was just a little slower than in the first half of the year. Over the 2018-20 period, output was projected to rise further above the staff's estimate of potential output," projected the FOMC.

Looking at 2017, "consumption of domestic goods and services [was] the driver of current growth," explained the Institute for Applied Economics, Los Angeles County Economic Development Corporation (LAEDC). "Cautious optimism" was urged by the LAEDC, stating "Though not likely to get to the bullish 3.0 percent real GDP growth threshold some policymakers predict, the U.S. economy [was] predicted to grow steadily over the next two years" with 2.3 percent growth projected in 2018 and 2.1 percent in 2019.

The UCLA Anderson Forecast June 2018 Report concluded, "...we expect real GDP growth to pick up to 3%+ for the balance of [2018], up from the first quarter's 2.3% pace," and continued, "we expect growth to fade in 2019 and 2020 as higher interest rates take their toll. In round numbers on a fourth quarter-to-fourth quarter basis, think of the economy growing at 3% in 2018, 2% in 2019 and 1% in 2020."

Based on the continued strength of the U.S. economy, the Fed began to raise interest rates in 2018. According to the LAEDC, the Fed, "...[was] liable to continue the recent 'tightening' cycle, which began in December 2016, of increasing interest rates as consumer spending and inflation continue to rise. The era of basement-level interest rates and cheap credit appear[ed] to be over." At their meetings in March, June and September 2018, the Fed raised interest rates, citing "realized and expected market conditions and inflation." UCLA Anderson commented in June, "The U.S. economy [was] leaving behind a very long period of ultra-low interest rates. Interest rates [were] in the process of normalizing with 10-year U.S. Treasury yields reaching 4% and the Fed Funds rate surpassing 3% as economic growth accelerate[d] and inflation exceed[ed] the Fed's magic 2% level. High fiscal deficits and the Fed's quantitative tightening policy will [continue to] put upward pressure on interest rates." Kiplinger added, "The timing of those [rate] increases affects everything from yields on savings accounts to the interest rates that borrowers can expect to pay."

In terms of jobs, "U.S. unemployment continues to dive lower than the 'golden' 5.0 percent level, which conventional economic wisdom touts as so-called 'full employment' (essentially an economy in which all eligible people who want work can find employment at current wage rates)" explained the LAEDC. The LAEDC projected that unemployment would drop to 4.0 and 3.9 percent in 2018 and 2019, respectively, but cautions that, "the diminution of unemployment indicate[d] a continued contraction of the U.S. labor supply, meaning real wages should continue to increase and drive up inflation through consumer spending." Noting similar trends, UCLA Anderson projected that, "As the economy bumps against its full employment ceiling, job growth [would] noticeably decelerate," and projected, "the unemployment rate [would] decline... to 3.4% in mid-2019 and then gradually return to 3.9% by the end of 2020."

Nationally, total housing construction starts were anticipated to slow. The LAEDC commented, "The boom in housing construction between 2012 and 2016 appear[ed] to have ended in 2017 with a mere 0.017 percent growth..." The LAEDC attributed the predicted "anemic" growth in new housing to lower demand and fewer Americans who can afford a home loan as a result of long-term employment effects of the Great Recession. Similarly, UCLA Anderson commented, "housing affordability [was] a major issue in the metropolitan areas where job growth [was] booming." "In 2017 housing starts amounted to 1.21 million units and we are forecasting moderate increases to 1.34 million and 1.40 in 2018 and 2019, respectively and a modest decline to 1.36 million units in 2020," continued UCLA Anderson.

The UCLA Anderson Forecast described the nation's housing market as, "muddling through with very mediocre levels of housing starts and home sales."

UCLA Anderson continued, "Despite easier mortgage terms, consumers [were] being held back by high prices in areas where job growth [had] been strong. Meantime, lower income renters [were] struggling with high rent burdens where rents [had] risen well above the overall price index and income growth. The pricing problem [was] being aggravated by strict zoning controls that limit increases in supply."

However, some economists were projecting beneficial impacts to the nation's housing market from the passage of the Tax Cuts and Jobs Act of 2017. "Tax reform will be an overall positive for the housing market," stated the economists at Kiplinger in January 2018. "Consumers [would] have more disposable income to purchase a home, driving up demand. Home builders, especially larger ones, [would] benefit from the lower corporate tax rate, leading to fatter profits that [would] likely help spur increased residential construction."

Of some concern was the length of the current recovery period following the Great Recession, and the possibility of an economic downturn. "The vast majority of economists predict this expansion will break the record for the longest one," wrote the Washington Post, which continued buoyantly, "There are few signs of a recession coming soon." Nonetheless, UCLA Anderson concluded soberingly, "growth will slow as the economy bumps against its full employment ceiling and high interest rates work to slow housing in late 2019 and 2020."

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.

In 2017, California's economy grew an estimated rate of 2.5 percent according to the LAEDC, faster than the nation as a whole, which grew at 2.3 percent. While impressive, California's economy continued to slow from the 3.3 percent year-over-year growth achieved in 2016, and from the more than 4 percent year-over-year percentage growth seen in 2014 and 2015. When proposing his $131.7 billion budget for Fiscal Year 2018-19, which included a total transfer of $5.0 billion to the State's Rainy Day Fund, Governor Brown stated, "California has faced ten recessions since World War II and we must prepare for the eleventh."

Nonetheless, State GDP was expected to grow by 2.7 percent in 2018 and 2.6 percent in 2019. Nearly all major industry sectors in the State added jobs in 2017, with the exceptions of manufacturing and natural resources, while the largest job gains were seen in the private sector industries of health care and social assistance; leisure and hospitality; and construction; and in the public sector. California's job growth was anticipated to rise modestly to 1.8 percent in 2018 and 1.7 percent in 2019.

Along with the State's job growth, California's unemployment rate averaged 4.8 percent in 2017, the lowest since 2000. The LAEDC predicted that, "Unemployment [was] expected to decline further, though slowly over the next two years, reaching 4.2 percent in 2019." UCLA Anderson noted that, "California employment hit an all-time record high in April 2018" and projected that the unemployment rate in California would fall to 4.1 percent in 2018 and 3.8 percent in 2019.

California residents also have seen modest real personal income gains, up 3.9 percent in 2017, "due to tight labor markets exerting upward pressure on wages," according to the LAEDC. "Over the next two years, additional wage gains of 2.9 percent in 2018 and 2.8 percent in 2019 [were] expected," by the LAEDC. UCLA Anderson projected an increase in real personal income in the State of 5.4 percent in 2018 and 6.2 percent in 2019.

The projected job growth and wage gains may have been positive news for some California residents. Even with ongoing growth in the California economy, many residents faced challenges from the State's cost of living. "Two key factors help[ed to] explain the economic challenges faced by many California families and individuals. First, the cost of living has been rising, particularly the cost of housing. Second, earnings generally have not kept pace with this increase in living expenses" stated the California Budget & Policy Center. Speaking about the State's challenges in 2018, State Controller Betty T. Yee noted that, "...14 percent of Californians live in poverty and lack basic resources. According to federal guidelines, a family of four is considered living in poverty if its income is below $24,000. While many communities in north San Diego are more affluent... there are several areas that have double digit poverty rates." Yee continued, "...30 percent of full-time workers are supplementing their income via a second source and now 1-in-5 jobs are held by contract or freelance workers. In the future that could grow to half the workforce."

A strong employment sector can support continued consumer spending and taxable sales, with positive results for sales tax revenue. UCLA Anderson projected real taxable sales in California would grow by 1.3 percent in 2018 and 1.8 percent in 2019.

In terms of housing in California, "Construction activity and employment in 2017 posted another increase after struggling in the years during and immediately following the recession," concluded the LAEDC. "The value of nonresidential construction permits in 2017 rose by 8.5 percent to $29.9 billion. The strongest gains by sector were retail and new industrial buildings, while office and hotels and motels declined over the year. New residential construction also showed a moderate gain in 2017 but, for a variety of reasons, remains at historically low levels, significantly outpaced by population growth, which has become a major economic development and social issue." UCLA Anderson estimated California's, "Homebuilding [would] accelerate to about 140,000 units per year by the end of the forecast horizon 2020." Nonresidential building permit valuation as calculated in real 2009 dollars declined 0.3 percent in 2017 but was expected to grow 14.5 percent in 2018, and 1.2 percent in 2019.

It remained to be seen what impacts California would face as a result of the shift in federal leadership on trade, immigration, taxes, regulation and economic stimulus spending. Gains in some industries could be offset by reductions in others, and because federal programs generally have an effect on the economy after about 18 months, the results may not be immediately felt.

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. In 2017 the San Diego metropolitan region accounted for more than 8.4 percent of the State's population, based on U.S. Census Bureau data, and nearly $202.0 billion, or 8.5 percent of California's real GDP, based on data from the BEA. The San Diego region includes the largest concentration of 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 "outlook for the local economy remain[ed] positive for now," according to the University of San Diego (USD) Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County Synopsis from May 2018. Dr. Lynn Reaser, chief economist of Point Loma Nazarene University's Fermanian Business & Economic Institute saw regional gains in a number of areas in the San Diego forecast, including, "The Navy's presence will be increasing here. We will see the benefits of the overall biotech as that field continues to expand. More consumer spending will fuel travel, tourism, and entertainment. Exports will be growing. These tax cuts will basically benefit San Diego as well as the rest of the nation."

However, the region's growth could trail that of years past. Commenting on 2017's results, Economist Kelly Cunningham with the National University System Institute for Policy Research stated, "San Diego's economy slowed from 3 percent in 2013 to only 0.4 percent in 2015 and 0.3 percent in 2016... Based on lagging job growth in 2017, the local economy [was] estimated to have further slowed to just 0.2 percent, nearly falling into recession and decidedly trailing California and the U.S." Likewise, local economist W. Erik Bruvold, "compared San Diego's 'slow and steady' economy to that of a tortoise, which [was] unlikely to change in 2018."

Slower growth could result in a slowdown of sales tax collection. According to State Controller Yee, while "The state [was] poised to have 15.8 percent revenue robust growth this year, and took in $75 billion - more than 4 percent than projected for the first seven months of the [2017-18] fiscal year... sales tax revenues [were] lower than anticipated." Nonetheless, Bruvold's regional forecast for 2018 projected, "taxable sales up 2.4 percent." First quarter 2018 results showed "Net of aberrations [largely due to the implementation of new taxpayer reporting software by the State of California], taxable sales for all of San Diego County grew 4.7% over the comparable time period" in 2017 according to sales tax analysts, HdL companies.

The region's employment showed positive results in 2017 with an unemployment rate of 3.3 percent in the fourth quarter, "the lowest the region [had] seen in the last 17 years and down from 4.1 percent in Q3," according to the San Diego Regional Economic Development Corporation (EDC). In fact, as of summer 2018, "San Diego [had] one of the lowest unemployment rates in the broader Southern California region," according to Beacon Economics. Looking toward the future, "Beacon Economics [was] projecting employment in San Diego County to expand slightly through the end of [2018], with growth expected to land in the 1% range. As a result, the region's unemployment rate should also edge down slightly."

Coupled with the region's low unemployment, local residents have experienced some growth in personal income, although the distribution across income levels has changed. Economist Bruvold commented that, "...not that many science/tech jobs were lost during the Great Recession, and there [had] been a recovery in low-wage jobs. But there [were] 10,220 fewer middle-wage jobs than before the recession hit and only nominal gains in hourly wages."

Inflation can have a dampening effect on the region's wage gains. 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 3.0 percent from 2016 to 2017 and 2.1 percent from May 2018 to July 2018. UCLA Anderson projected that California's consumer prices would grow by 3.4 percent in 2018 and 2.3 percent in 2019.

San Diego housing is among the least affordable. The median price of a single family detached home in the region reached $645,000 in the second quarter of 2018, keeping San Diego's housing market as the second most expensive in the nation according to the San Diego Regional EDC. The region's "Median home price appreciation has been strong and consistent since 2015, with a compound annual growth rate of 4.4 percent," reports the San Diego Regional EDC, which continued, "Despite a small drop early in the quarter, price growth accelerated in Q2, up 6.1 percent compared to [2017]. As of August 2018, it was estimated that a salary of more than $130,900 would be needed to afford the principal, interest, taxes and insurance payments on a local median priced single family detached home of $645,000 in the San Diego-Carlsbad metropolitan region.

S&P CoreLogic Case-Shiller Home Price Index managing director David Blitzer discussed rising home prices and the impact on affordability for the region's renters, stating "some areas [were] seeing prices race ahead of wages, salaries and inflation and are prompting would-be buyers to rent instead." Citing a study of the, "'rental gap' between what it costs to buy versus rent the median-price home," Blitzer continued, "For San Diego households, the cost to own required 47 percent of household income versus 40 percent to rent."

While home sale prices had increased, overall sales activity had slowed. According to Beacon Economics, "Due to limited supply and higher prices, San Diego home sales declined by 1.8% from the second quarter of 2017 to the second quarter of 2018." Yet, "Residential building permits...increased by 66.5% during the same period, potentially providing some relief to the tight supply conditions" according to Beacon.

Dr. Reaser projected the region, "[would] see more building [in 2018]. We really dropped back to only about 9,000 units last year as multifamily took a tumble. We need at least 12,000 just to be keeping up with our population growth." She continued, "...home prices [would] continue to rise. After an 8-percent jump last year, prices [would] probably rise an additional 5 percent." The National Association of Realtors projected a 2.51 percent increase in sales and

3.19 percent increase in prices in the San Diego metropolitan area in 2018.

Outside of the single-family home sector, according to the *first tuesday Journal*, a resource for California real estate professionals, "Thus far, multi-family construction has experienced a quicker recovery than single family residential (SFR) construction," and continued with the expectation that, "the demand shift from SFRs to rentals [would] continue, injecting growth into multi-family construction in upcoming years, peaking around 2019-2020." Beacon Economics reported that "Multi-family housing permits also increased, from roughly 1,100 in the second quarter of 2017 to over 2,200 in the second quarter of 2018," and further commented, "These additions to San Diego's housing stock should help alleviate problems associated with lack of supply and declining affordability."

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 0.7 percent in 2017. Total deeds recorded in 2017 were 123,561, a decrease of 7.4 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 3,494 Notices of Default in 2017, down 19.7 percent from the 2016 level of 4,352. 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 had declined to 23.2 percent in 2017, a decrease of 4.2 percent from 2016.

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 welcomes more than 35 million visitors annually who spend more than $10.8 billion at local businesses. The San Diego Travel Forecast indicated that total visits to the region were anticipated to grow 1.1 percent in 2018 and 1.6 percent in 2019 and attributed the sustained industry growth to, "Solid employment growth, gradually firming wage growth, and high confidence levels...along with positive growth in San Diego's convention attendance and room nights..." Nonetheless, total spending by visitors to the region was projected to grow by 4.1 percent and 4.0 percent in 2018 and 2019, respectively however, "uncertainty persists in both domestic and international markets, weighing on U.S. hotel sector performance."

On balance, based on trends noted, the region's economic performance was expected to maintain slow but steady growth. Yet this conclusion could be impacted by the economic effects of changing economic conditions. As the USD Index of Leading Economic Indicators Synopsis for May 2018 explained, "any number of things could adversely affect San Diego's economy, including rising gas prices, rising interest rates, high housing prices making it difficult for companies to attract and retain workers, a trade war leading to barriers against San Diego companies, local government budget problems, increased taxes on some San Diegans due to the 2017 tax reforms, and turmoil in the health care markets as elements of the Affordable Care Act are eliminated. Each of these [would] have a negative impact on the local economy; whether collectively they are enough to derail the strong growth that has been experienced remains to be seen." 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 August 2018 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 more than 24,000 jobs from August 2017. Agriculture includes 9,100 jobs, or 0.6 percent of all industries in the region.
- Goods-producing industries make up 13.4 percent of non-farm employment or 197,900 jobs. The most significant sectors include manufacturing, which accounted for 7.7 percent of non-farm employment or 113,900 jobs; and construction, which accounted for 5.7 percent of total non-farm employment or 83,600 jobs.
- Private (non-government) services industries constitute the largest share of employment in the region and accounted for 70.2 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 16.8 percent of total non-farm employment, totaling 248,600 jobs. Other large non-government sectors in the private services industry category include: trade, transportation and utilities (226,100 jobs); educational and health services (209,100 jobs); and leisure and hospitality (197,500 jobs).
- Government accounted for 16.3 percent of total non-farm employment, or 241,200 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 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 subordinate 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: The Auditor and Controller is 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 Health and Human Services Agency (HHSA) developed an HHSA Onboarding Program to ensure all new HHSA employees understand the County's values, culture and structure, and become engaged and integrated into the shared vision of *Live Well San Diego*. This is achieved through a one day training that focuses on enhancing the service delivery system by exploring the following areas: the *Live Well San Diego* vision and motivation to contribute to the vision; a trauma-informed system of care; their role in maintaining a culture of ethics and compliance within the workplace; the importance of safety and proper ergonomics in the workplace; and their role in the department and how they contribute. This new program provides employees the opportunity to feel valued, retain more knowledge, and an increased appreciation towards their contributions in the lives of our customers.

Living Safely

- The Office of the District Attorney collaborated with the Sheriff and the Superior Court to develop protocols for the PROGRESS Program for men in jail with mild to moderate mental health and co-occurring disorders. The program will help the clients engage in an intensive treatment regimen of 12-step meetings, outpatient therapy and neighborhood support to assist them to transition back into community life and to reduce recidivism.
- The Office of Emergency Services conducted four regional exercises focused on working with external partners. These exercises centered on improving overall coordination, collaboration and response capability. Partner agency-focused exercises included an operational area tabletop exercise focused on a complex coordinated terror attack; a Risk Communication Partner Relay exercise that practiced the translation of emergency response information into multiple languages; a hands-on shelter training exercise that tested shelter procedures and policies with emphasis on the care and shelter of residents with access and functional needs; and a Business Alliance public/private partnership exercise which improved emergency coordination with small, medium and large corporations throughout the region.
- In Fiscal Year 2017-2018, the Department of Animal Services continued and achieved its mission of “Getting to Zero" where no healthy or treatable animal is euthanized. The department ensured that 87.7% of an estimated 20,000 sheltered dogs and cats were reunited with their owner, adopted into a new home, or transferred to a rescue partner. This achievement exceeded last fiscal year's accomplishment by 5% and therefore demonstrates the Department of Animal Services' commitment to maintaining safe communities and quality of life for all residents, including pets.
- HHSA Child Welfare Services implemented Justice Electronic Library System (JELS) a user-friendly shared site developed to efficiently distribute electronic juvenile court reports to staff and stakeholders. This system eliminates the need for paper-based distribution and reduces the cost and

staff time to print and distribute court documents to the Juvenile Court, attorneys, parents and Court Appointed Special Advocates (CASAs). County departments and juvenile justice partners that use JELS include the Probation Department, the District Attorney's Office, the Public Defender, the Alternative Public Defender, Optum Health and the County of San Diego Office of County Counsel. Timely court report distribution may reduce the number of court continuances, improving outcomes such as timely reunification for children and families involved in the Juvenile Court system. JELS received a CSAC Merit Award.

Sustainable Environments/Thriving

- 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 4,000 trees on public lands to replace those lost to drought and invasive pests. County inspectors found 224 pests last year that could have damaged our $1.7 billion agriculture industry. Four additional water-sampling locations monitor health standards at the region's beaches. In addition, County programs are in place to remove high-polluting electric vehicle charging stations throughout the region.
- During the June 2018 Gubernatorial Primary Election, the Registrar of Voters managed a 5% increase (53,070) in the number of permanent vote-by-mail voters, for a total of 1,114,471, based on the number of permanent vote-by-mail voters from the November 6, 2016 Presidential General Election. In order to provide more convenient mail ballot drop-offs, the Registrar of Voters, with support from the San Diego County Library (as well as other library jurisdictions), expanded the Mail Ballot Drop Off Program from 25 to 42 locations (41 libraries across the county and the Registrar of Voters Office). Drop-off sites are designed to be convenient for the voter, assist with the timely return of mail ballots and decrease the high volume of voters dropping off mail ballots at polling places on Election Day.
- Improved access to fresh, healthy and affordable food by engaging small to medium-sized food retailers and residents in low-income communities through the *Live Well Community Market Program*. The *Live Well Community Market Program* helps neighborhood markets in underserved communities to adopt business models that encourages families to choose fruits and vegetables every time they shop. This program works at no cost with each individual market owner to create a set of achievable goals to help them: attract new shoppers and increase loyalty, successfully sell fresh and healthy foods, improve market layout and design, and increase profit margin. Examples of support include: redesigning spaces to promote healthy foods, connecting retailers to community stakeholders (such as local produce growers and distributors), promoting CalFresh EBT & WIC, providing training on produce handling and storage, and connecting retailers to local financing, grant opportunities and rebate programs for market improvements.

Operational Excellence

- This year the County enhanced its budget website with an option for citizens to provide public comment via video. More than 30 videos received during the public comment period were posted to YouTube and embedded on the County's website for viewing. This earned the County the Most Innovative Use of Social Media/Citizen Engagement Award from the Center for Digital Government's Best of California.
- The County received GFOA's Award for Excellence in Government Finance for Leveraging GFOA Best Practices in the Strategic Management of Liabilities: Pension, OPEB, and Renewal of Aged Infrastructure.
- The County of San Diego won Government Experience Awards from the Center for Digital Government, which honors U.S. governments who are offering citizens more integrated, anticipatory and personalized electronic services. The County of San Diego won 2nd place in the "Overall County Government Experience" category. The County also won a "Government Experience Innovation Award" for our implementation of Digital Rights

Management. "San Diego County's Digital Rights Management initiative also received special recognition for taking a hard look at what CDG Chief Innovation Officer Dustin Haisler called an increasingly gray area. Though the tool is not public-facing, Haisler said it sets the stage for more responsible and appropriate data use within county government."

- HHSA Self Sufficiency Services Access & Access2Health (A2H) Customer Service Center leveraged technology and innovation to deliver enhanced customer services by implementing a telephonic signature tool to efficiently process CalFresh Semi-Annual Reports (SAR). This new option allows San Diego County residents the option of completing their reports via telephone so that they can maintain ongoing CalFresh benefits without having to go to a Family Resource Center (FRC), furthering the *Live Well San Diego's* vision of healthy, safe and thriving communities. HHSA telephonic signature tool received both NACo recognition and CSAC Merit Award.
- Developed and implemented ConnectWellSD, a leading-edge secure data platform used to efficiently share data and link service providers across disciplines to deliver effective services. ConnectWellSD creates an electronic comprehensive customer record that promotes person-centered services (PCS) by linking community and County service providers (such as housing, mental health, public assistance, public health, alcohol/drug services, child welfare, probation, and aging) - a holistic view of each customer's history and needs to improve outcomes. PCS is a holistic service delivery approach that connects residents to the resources they need and promotes collaboration across disciplines to achieve positive customer outcomes. HHSA received NACo recognition for ConectWellSD.
- The County's land use and environment departments also introduced a new, online tool last year. "Click! to Schedule" lets customers make appointments for roughly 30 different types of land use consultations and inspections. In addition, County Parks and Recreation teamed up with Google to collect trail data and hikers can now visit any of the 10 County parks and preserves on Google Street View.

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, 2017. 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 41 Achievement Awards from the National Association of Counties (NACo) for its innovative programs. Some of the award-winning programs include:
  - The Department of General Services Energy Leaders of the Future. The department was able to plan and take action to support its Energy Efficiency Program in order to allow the County to meet the State's 2030 zero-net energy goals in an effective and cost-efficient manner.
  - Planning and Development Services Parcel Analysis Research Tool. All discretionary land development projects require an Environmental Initial Study, which researches hundreds of data sets for environmental impacts. Planning & Development Services developed the Parcel Analysis Research tool that automates the formerly manual process. Members of the public (and County staff) simply enter an Assessor's

Parcel Number into the online tool, which compiles data and maps to create a comprehensive parcel report within minutes. Access to the automated reports significantly reduces billable project time, which not only saves applicants money, but enables County staff to focus on other priority projects. Approximately 24,000 reports have been run to date using this automated tool, resulting in approximately $1.5 million in savings to the public.

- The Department of Environmental Health Camp Resource Program. The Department of Environmental Health's (DEH) Organized Camp Resource Program improves safety at the approximately 35 organized camps serving 250,000 people a year. DEH inspects camps to ensure the physical settings of camps are maintained and operating safely so that campers have a positive and safe experience. The program helps camp operators better prepare for inspections and understand the requirements and documentation camp operators need to have available during the camp season. Through the program, a free camp seminar is offered that also covers health and safety topics such as Norovirus and bed bugs. The seminar has now become a biennial event typically attended by every permitted camp in the County.
- The Land Use Environment Group Customer Experience Initiative. The County's Customer Experience Initiative aims to create a culture that involves all employees in creating a positive customer experience that focus on a customer's total interactions with the County. Departments have deployed various surveys to gauge the customer experience, improved business processes based on customer feedback, developed meaningful and timely employee recognition programs, and aligned departmental goals to support the initiative. Additionally, customer feedback is shared Countywide through an intranet feature called Positive Experiences, which has become one of the site's most popular pages. This keeps the customer focus a constant presence for all employees.
- The Public Defender's Office Defense Transition Unit (DTU). The DTU assists with criminal cases in urgent need of mental health management. The DTU is built around two licensed mental health clinicians who work as part of the department's criminal defense team, accepting referrals directly from attorneys. The clinicians assess the mental health needs of clients in custody within five days of a referral, with attorney supervision and support from paralegals. The clinicians then use their knowledge of community resources to arrange comprehensive mental health treatment, and prepare a treatment plan for use by attorneys, judges and the Probation Department. Finally, the DTU ensures that clients are transported directly from custody to mental health service providers.
- The Department of Child Support Services' Military and Veteran's Outreach program. This program was created after learning from a Department of Veteran Affairs homelessness survey that child support assistance is among the top contributing factors to veteran homelessness and one of the highest unmet veteran needs. A military and veteran liaison serves as an in-house expert on the familial, legal, financial and career intricacies of the armed forces.
- Diversity & Inclusion Training Series: The Diversity & Inclusion (D&I) Training Series is featured during the months of September and February. The training series is comprised of a collection of courses that focus on the County's commitment to valuing diversity and practicing inclusion. The trainings are open for all County employees to enroll in all or any of the classes including Embracing D&I, Promoting an Inclusive Workplace, Generations in the Workplace, Serving Diverse Customers, Cultural Competency Overview and D&I for Supervisors.
- The Treasurer-Tax Collector’s Office Online Electronic Tax Sale Notification Program: This program is in response to state law that mandates tax sale notices are mailed within a certain timeframe. This program addressed the need to handle a large volume of data in a way that could be leveraged all the way through the process pipeline, and drastically cut down on the time to meet those requirements all while saving money.

- For 18 consecutive years ,the Department of Purchasing and Contracting received the National Procurement Institute's Achievement of Excellence in Procurement award which recognizes organizational excellence in public procurement. This prestigious award was earned by the Department of Purchasing and Contracting for its innovation, professionalism, productivity, e-procurement, and leadership attributes within the procurement industry.

- The County Communications Office (CCO) was named Crisis Communications Leader of the Year by the California Association of Public Information Officers (CAPIO). The award honors a professional or team who has demonstrated extraordinary success in providing leadership during a natural disaster, act of terrorism or a reputational crisis. The Communications Office coordinated with many departments and our regional partners to manage communications strategies for both the hepatitis A outbreak and Lilac Fire.
- The Health and Human Services Agency's (HHSA) 24-hour skilled nursing facility, Edgemoor, received the American Health Care Association and National Center for Assisted Living (AHCA/NCAL) Gold Quality Service Excellence Award, the highest national honor bestowed for providing top-quality treatment and services. Edgemoor, which offers long-term care for patients with complex medical needs, joins a group of 31 long-term and post-acute care providers that have earned this recognition since the inception of the National Quality Award Program in 1996 and one of only three facilities nationwide in 2017 to receive this award, demonstrating performance in areas of leadership, strategic planning, and customer and staff satisfaction.
- The HHSA's Journey to Excellence is focused on improving processes and achieving results to help all residents build better health, live safely and thrive. As part of this journey, HHSA continues to provide high-level services through unrelenting continuous self-evaluation and improvement, and the cultivation of leadership and workforce beliefs, as demonstrated by receiving the California Award for Performance Excellence-Eureka Silver Level. In addition, HHSA was recognized nationally for its commitment to the health and well-being of residents and pursuit of community performance excellence by Communities of Excellence 2026 and was presented the Commitment to Community Excellence Award, demonstrating a commitment to continuous learning and development of effective approaches that improve community outcomes.

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 Vavrinek, Trine, Day & Co., 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,

DONALD F. STEUER
Assistant CAO/
Chief Operating Officer

TRACY M. SANDOVAL
Deputy CAO/
Auditor and Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

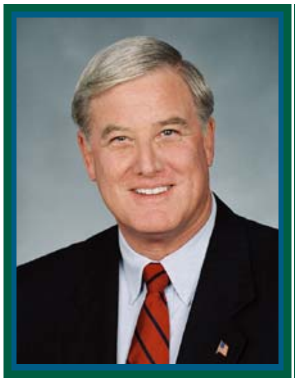
County of San Diego

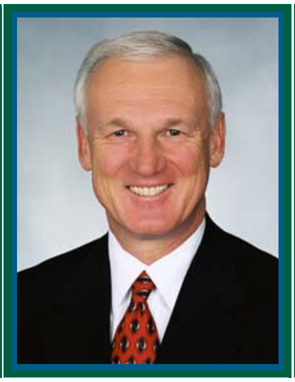
California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

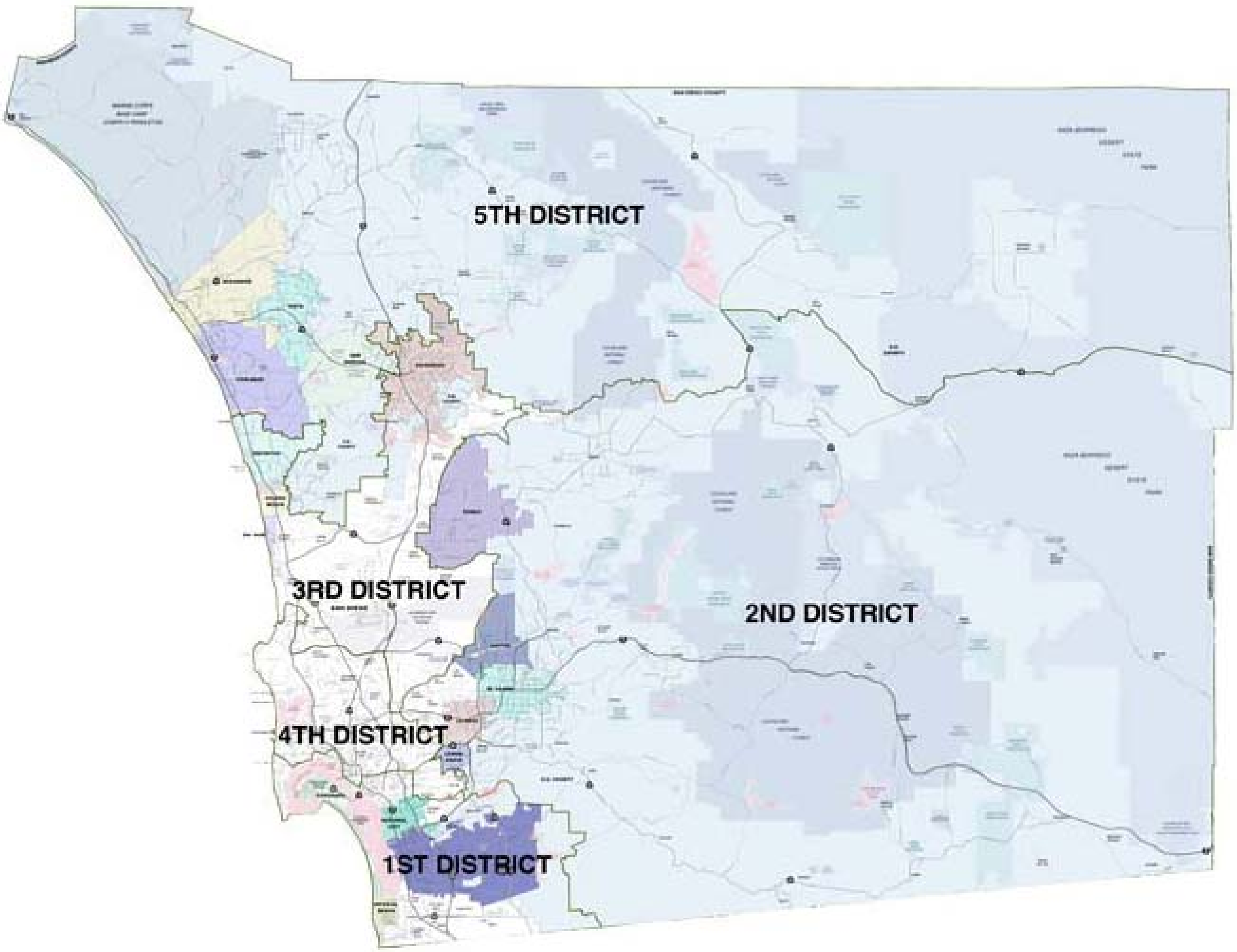
June 30, 2017

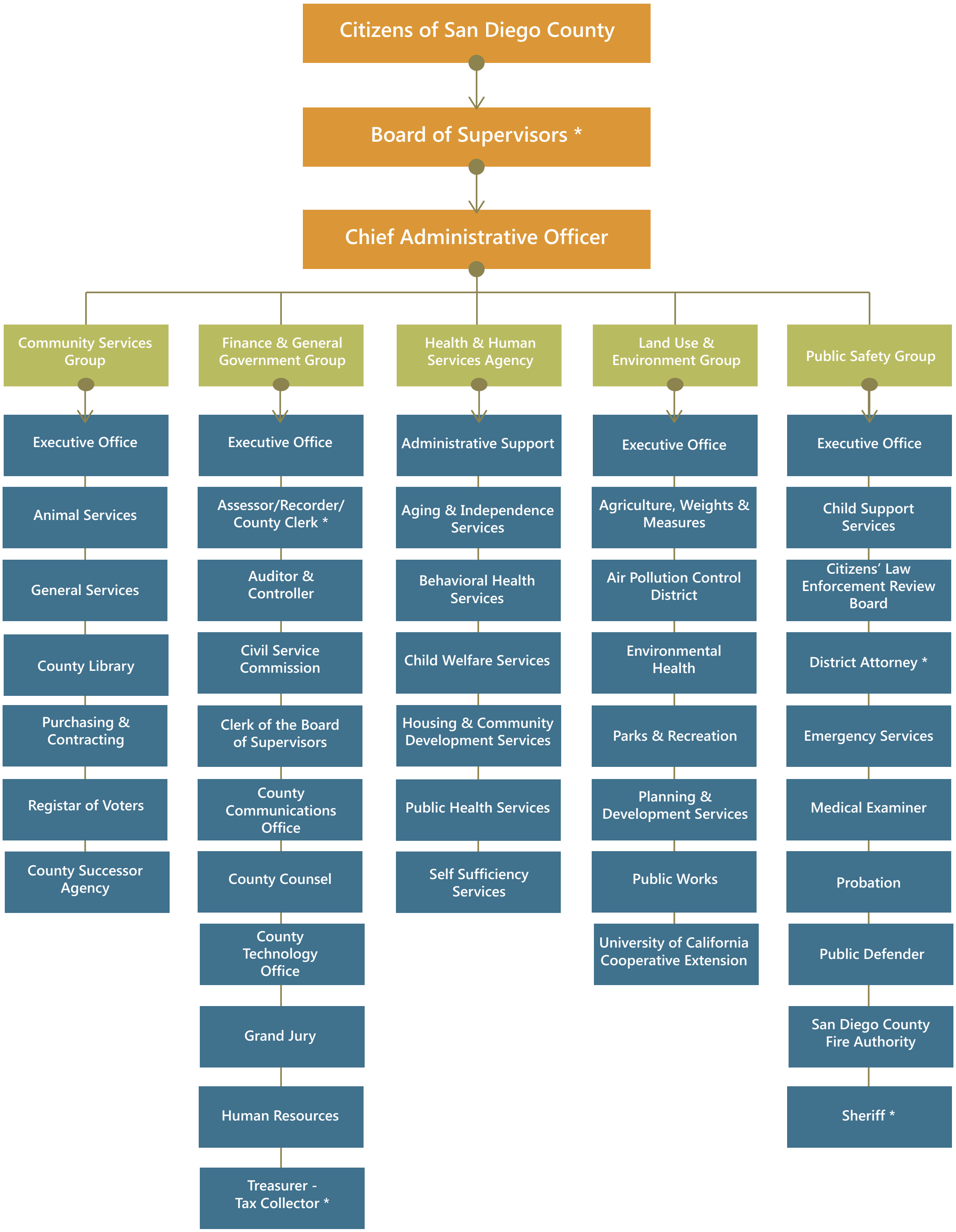
Executive Director/CEO




Greg Cox District 1	Dianne Jacob District 2 Vice Chair	Kristin Gaspar District 3 Chair	Ron Roberts District 4	Bill Horn 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 and Controller	Tracy Sandoval
Behavioral Health Services	Alfredo Aguirre
Chief of Staff/CAO	Andrew Strong
Child Support Services	Jeff Grissom
Child Welfare Services	Cathi Palatella
Civil Service Commission	Todd Adams
Clerk of the Board of Supervisors	David Hall
County Communications Office	Michael Workman
County Counsel	Tom Montgomery
County Technology Office	Mikel D. Haas
Emergency Services	Holly Crawford
Environmental Health	Elise Rothschild
Ethics & Compliance	Joe Cordero
General Services	Marko Medved
Health & Human Services Agency (HHSA) Operations	Dean Arabatzis
HHSA - Aging & Independent Services, North Inland & North Coastal Regions	Chuck Matthews
HHSA - Central & South Regions/ACCESS	Barbara Jimenez
HHSA - East & North Central Regions	Kimberly P. Gallo
HHSA - Housing & Community Development Services	David Estrella
HHSA - Integrative Services	Luke Bergmann
HHSA - Public Health Services	Wilma Wooten, M.D.
HHSA - Strategy & Innovation	Dale Fleming
Human Resources	Susan Brazeau
Library	Migell Acosta
Medical Examiner	Glenn Wagner
Parks & Recreation	Brian Albright
Planning & Development Services	Mark Wardlaw
Probation	Adolfo Gonzales
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	James Bethke

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 statements were audited by other auditors whose report 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, 2018, 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.

Emphasis of Matter

As described in Notes 30 and 32 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our opinion is not modified with respect to this matter.

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 through 44, the schedules of the County's proportionate share of net pension liability and contributions on page 128, the schedules of the County's proportionate share of net other postemployment benefits liability and contributions on page 129, 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 130 through 134, and related notes on page 135, 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, 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, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

San Diego, California
November 15, 2018

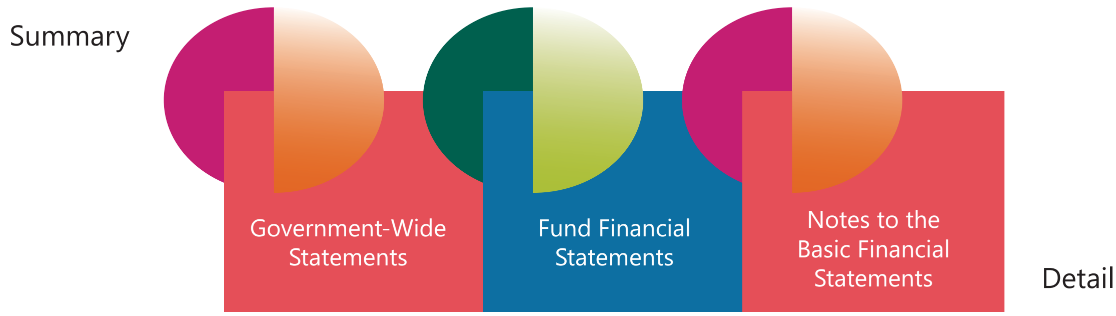
This section of the County of San Diego's (County) Comprehensive Annual Financial Report provides a narrative overview and analysis of the basic financial activities of the County as of and for the year ended June 30, 2018.

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 the fiscal year 2018 by $2.88 billion (net position). Of this amount, $3.40 billion represents net investment in capital assets; $666 million is restricted for specific purposes (restricted net position); and the remaining portion represents negative unrestricted net position of $(1.19) billion.
- Total net position increased by $184.3 million as follows:
  - Governmental activities net position increased by $191.7 million. The current and other assets and capital assets increases of $280.8 million and $127.2 million, respectively; coupled with the long-term liabilities (without regard to the net pension and net OPEB liabilities) and net pension liability decreases of $10 million and $556.5 million, respectively; all had the effect of increasing net position; while decreases to net position included the $604.9 million decrease of deferred outflows of resources, coupled with increases in the other liabilities and deferred inflows of resources of $97.4 million and $69.8 million, respectively. The net OPEB liability portion of the long-term liabilities also increased by $131.5 million. This overall decrease in net position of $131.5 million was offset by a $120.8 million restatement to (decrease in) beginning net position associated with reporting the beginning net OPEB liability as a result of the fiscal year 2018 implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
  - Business-type activities net position decreased by $7.4 million. The capital assets increase of $2.9 million, coupled with the net pension liability decrease of $2.3 million, respectively, had the effect of increasing net position, while decreases to net position included decreases in current and other assets, and deferred outflows of resources of $8.1 million and $2.5 million, respectively; coupled with an increase in other liabilities and deferred inflows of resources of $1.7 million and $300 thousand, respectively. The net OPEB liability portion of the long-term liabilities also increased by $600 thousand. This overall decrease in net position of $600 thousand was offset by a $572 thousand restatement to (decrease in) beginning net position associated with reporting the beginning net OPEB liability as a result of the fiscal year 2018 implementation of the previously mentioned GASB Statement No. 75.
- Program revenues for governmental activities were approximately $3.15 billion. Of this amount, $2.6 billion or 83% was attributable to operating grants and contributions coupled with capital grants and contributions, while charges for services accounted for $553 million or 17%.
- General revenues for governmental activities were $1.34 billion. Of this amount, property taxes and property taxes in lieu of vehicle license fees accounted for approximately $1.15 billion or 86%; while transient occupancy tax, real property transfer tax, miscellaneous taxes, sales and use taxes, investment earnings and other general revenues accounted for $193 million or 14%.
- Total expenses for governmental activities were $4.31 billion. Public protection accounted for $1.44 billion or 33%, while public assistance accounted for $1.16 billion or 27% of this amount. Additionally, health and sanitation accounted for $777 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 districts.

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, 2018 and 2017
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and other assets	$ 4,197,194	3,916,376	76,906	85,026	4,274,100	4,001,402
Capital assets	3,553,695	3,426,511	176,909	174,044	3,730,604	3,600,555
Total assets	7,750,889	7,342,887	253,815	259,070	8,004,704	7,601,957
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	1,201,372	1,806,299	5,423	7,917	1,206,795	1,814,216
LIABILITIES						
Long-term liabilities	5,395,146	5,830,117	16,342	18,009	5,411,488	5,848,126
Other liabilities	670,504	573,152	4,777	3,114	675,281	576,266
Total liabilities	6,065,650	6,403,269	21,119	21,123	6,086,769	6,424,392
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources	240,208	170,443	994	701	241,202	171,144
NET POSITION						
Net investment in capital assets	3,229,874	3,130,429	176,909	174,044	3,406,783	3,304,473
Restricted	666,597	596,862			666,597	596,862
Unrestricted	(1,250,068)	(1,151,817)	60,216	71,119	(1,189,852)	(1,080,698)
Total net position	$ 2,646,403	2,575,474	237,125	245,163	2,883,528	2,820,637

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 $2.88 billion at the close of fiscal year 2018, an increase of $184.3 million or 7% over fiscal year 2017. This included a $102.3 million increase in net investment in capital assets, (a 3.1% increase over fiscal year 2017), and an increase of approximately $69.7 million in the County's restricted net position (an 11.7% increase over fiscal year 2017).

Overall, unrestricted net position decreased by $109.1 million. The aforementioned implementation of GASB Statement No. 75 had the effect of reporting a beginning net OPEB liability and deferred outflows of resources of $121.4 million, which resulted in reducing the beginning net position (via a restatement of beginning net position) and reducing the 2018 unrestricted net position by $121.4 million as well, which was offset by an increase of $12.3 million for non-OPEB related unrestricted net position.

The aforementioned increase of $184.3 million in net position was composed of the $121.4 million restatement of net position referred to above, coupled with the following changes in total assets, deferred outflows of resources, liabilities, and deferred inflows of resources:

- Total assets increased by $402.8 million. This included increases in current and other assets and capital assets of $272.8 million and $130 million, respectively. The net increase of $272.8 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 $177.2 million, and a 96.4 million increase in receivables, net; while the net increase in capital assets consisted primarily of a $134.8 million increase in land, easements and construction in progress, offset by a $4.8 million decrease in other capital assets, net of accumulated depreciation and amortization.
- Deferred outflows of resources decreased by $607.4 million, principally attributable to a decrease in pension related deferrals including $512 million in net difference between projected and actual earnings on pension plan investments, and $210.3 million in changes of assumptions or other inputs offset by a $100.9 million increase in contributions to the pension plan subsequent to the measurement date, coupled with an $18.2 million increase in contributions to the OPEB plan subsequent to the measurement date due to the aforementioned implementation of GASB Statement No. 75.
- Total liabilities decreased by approximately $337.6 million, principally due to a $558.8 million decrease in the net pension liability, coupled with a decrease in non-net pension, non-net OPEB long-term liabilities of $10 million offset by a $40.2 million increase in accounts payable, coupled with a $58.4 million increase in Unearned Revenue and a $132.2 increase in the net OPEB liability due to the previously mentioned implementation of GASB Statement No. 75.
- Deferred inflows of resources increased by $70.1 million chiefly attributable to an increase in pension related deferred inflows of resources, including a $73.1 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 $3.4 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 $666 million 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 $(1.19) billion in negative unrestricted net position; primarily the result of implementing Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* in fiscal year 2015, which resulted in reporting a $2.25 billion beginning net pension liability and a beginning fiscal year 2015 $2.25 billion negative unrestricted net position; and due to the fiscal year 2018 implementation of the previously mentioned GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in reporting beginning net OPEB liability and deferred outflows of resources and a beginning fiscal year 2018 $121.4 million negative unrestricted net position. These amounts are offset by positive unrestricted net position of approximately $1.18 billion, predominantly attributed to the County's General Fund.

Table 2

Changes in Net Position

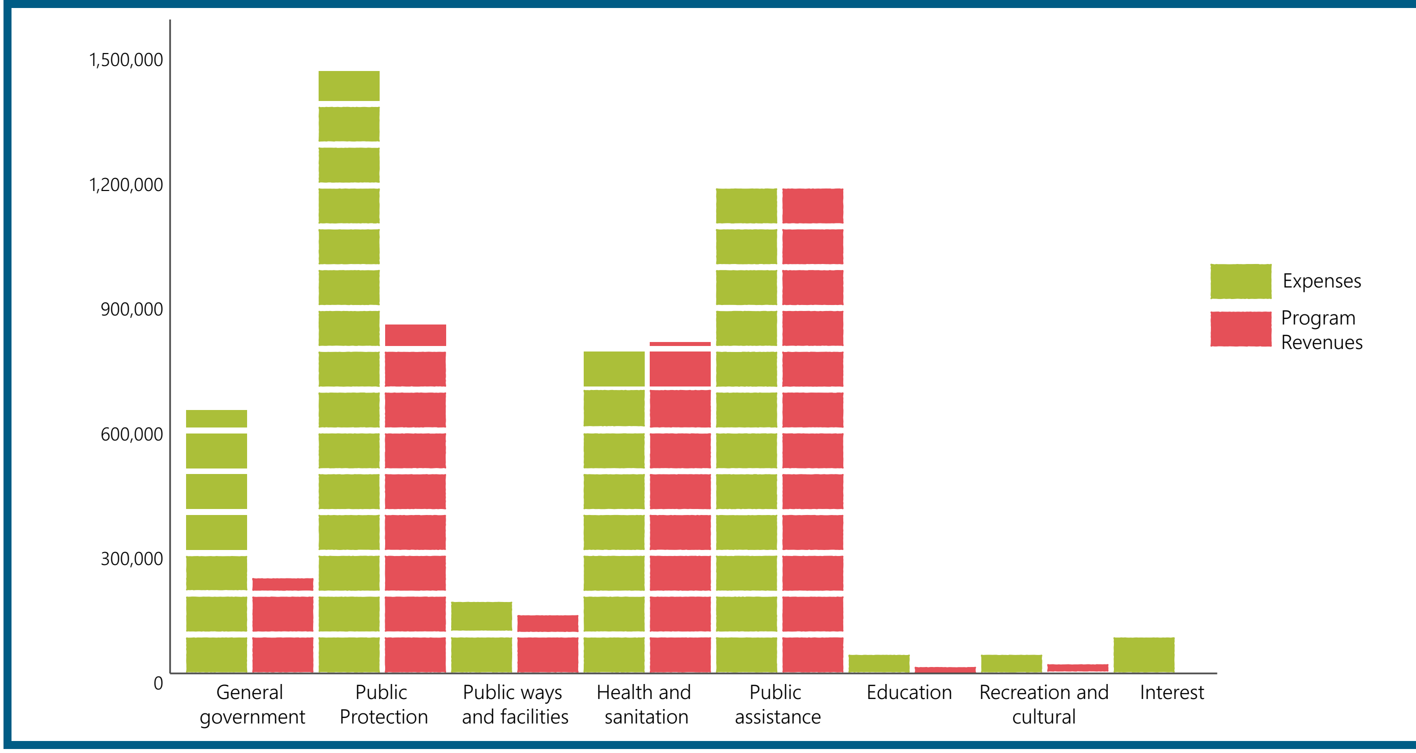
For the Years Ended June 30, 2018 and 2017
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues						
Charges for services	$ 552,993	547,580	49,684	50,506	602,677	598,086
Operating grants and contributions	2,589,141	2,407,522	329	5,659	2,589,470	2,413,181
Capital grants and contributions	9,360	16,296			9,360	16,296
General Revenues						
Property taxes	758,427	720,645			758,427	720,645
Transient occupancy tax	5,105	4,889			5,105	4,889
Real property transfer tax	25,910	23,960			25,910	23,960
Miscellaneous taxes	6	10			6	10
Property taxes in lieu of vehicle license fees	393,824	371,105			393,824	371,105
Sales and use taxes	30,744	27,779			30,744	27,779
Investment earnings	38,057	15,315	1,159	523	39,216	15,838
Other	93,604	88,038	2,892	2,716	96,496	90,754
Total revenues	4,497,171	4,223,139	54,064	59,404	4,551,235	4,282,543
Expenses:						
Governmental Activities:						
General government	621,987	637,532			621,987	637,532
Public protection	1,435,847	1,455,462			1,435,847	1,455,462
Public ways and facilities	160,615	140,366			160,615	140,366
Health and sanitation	777,383	723,508			777,383	723,508
Public assistance	1,158,563	1,179,180			1,158,563	1,179,180
Education	39,107	38,477			39,107	38,477
Recreation and cultural	38,081	37,727			38,081	37,727
Interest	78,217	79,152			78,217	79,152
Business-type Activities:						
Airport			18,399	14,518	18,399	14,518
Jail Stores Commissary			6,050	6,007	6,050	6,007
Sanitation District			32,660	25,185	32,660	25,185
Total expenses	4,309,800	4,291,404	57,109	45,710	4,366,909	4,337,114
Changes in net position before transfers	187,371	(68,265)	(3,045)	13,694	184,326	(54,571)
Transfers	4,421	4,399	(4,421)	(4,399)		
Change in net position	191,792	(63,866)	(7,466)	9,295	184,326	(54,571)
Net position at beginning of year (restated)	2,454,611	2,639,340	244,591	235,868	2,699,202	2,875,208
Net position at end of year	$ 2,646,403	2,575,474	237,125	245,163	2,883,528	2,820,637

Analysis of Changes in Net Position

At June 30, 2018, changes in net position before transfers equaled $184.3 million, a $238.9 million or 438% increase from the previous year. Principal revenue sources contributing to the change in net position were operating grants and contributions of $2.59 billion and taxes of $1.15 billion (including: property taxes and property taxes in lieu of vehicle license fees). These revenue categories accounted for 82% of total revenues. Principal expenses were in the following areas: public protection, $1.44 billion; public assistance, $1.16 billion; and health and sanitation, $777 million. These expense categories accounted for 78% of total expenses.

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



Governmental activities

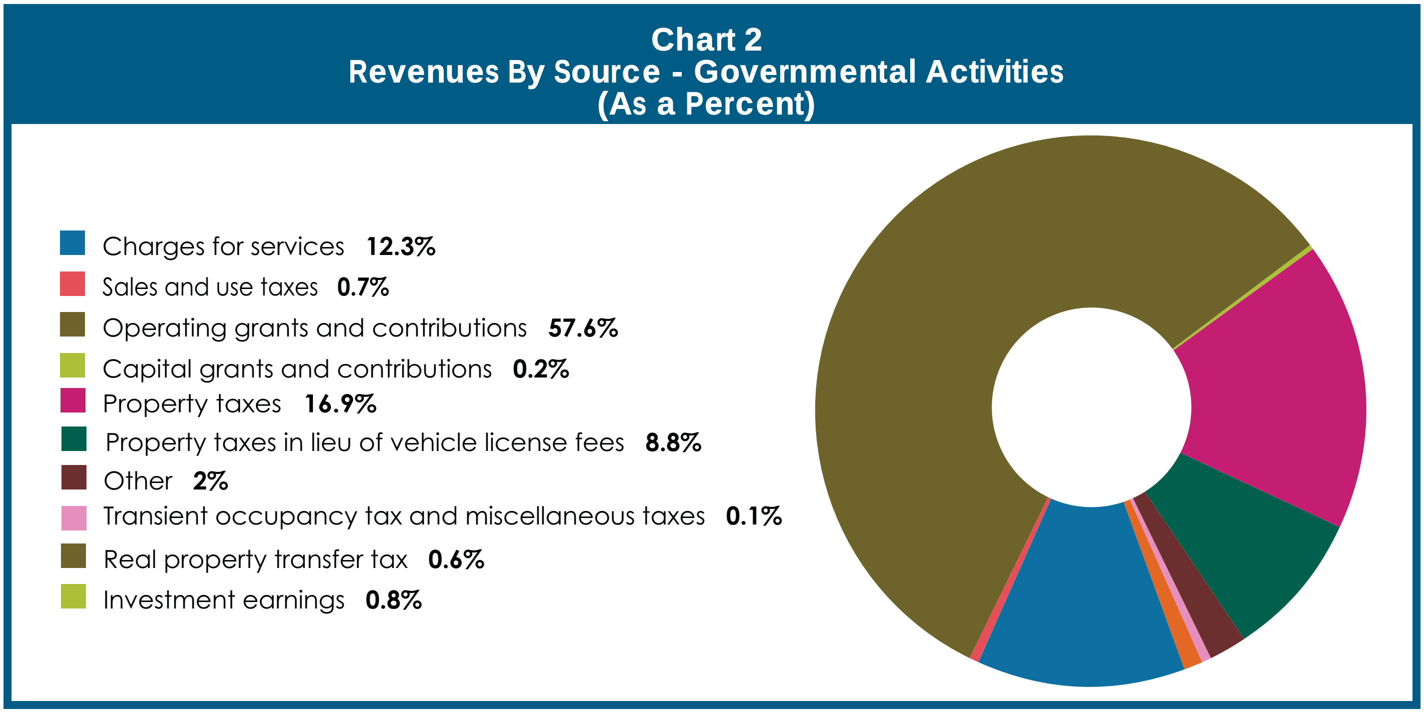
At the end of fiscal year 2018, total revenues for the governmental activities were $4.5 billion, while total expenses were $4.31 billion. Governmental activities increased the County's net position by $191.8 million, while the business-type activities' change in net position equaled $(7.4) million.

Expenses:

Total expenses for governmental activities were $4.31 billion, an increase of $18.4 million or .4% ($19.3 million increase in functional expenses and $900 thousand decrease in interest expense). Public protection (33%) and public assistance (27%) were the largest functional expenses, followed by health and sanitation (18%).

The $19.3 million net increase in functional expenses mainly consisted of the following:

- $209 million increase in overall salaries and benefit costs;
- $2 million increase in utilities costs;
- $146 million net decrease in pension related expenses;
- $7.8 million decrease in OPEB related expenses; and,
- $38 million decrease in repairs and maintenance.



Revenues:

Total revenues for governmental activities were $4.5 billion, an increase of 6% or $274 million from the previous year. This increase consisted of an increase in program revenue of $180 million; coupled with an increase in general revenues of $94 million as follows:

The $180 million net increase in program revenue was primarily due to of the following:

- $58 million increase in various other State aid realignment;
- $57 million increase in State aid realignment Mental Health Service Act revenues primarily due to increased expenditures tied to mental health programs and tobacco settlement revenues associated with the Whole Person Wellness program;
- $29.4 million increase in federal aid associated with the expansion of contracted community behavioral health services and increased social services administrative revenue to support increased expenditures and increased allocations;
- $21 million increase in Senate Bill 90 cost reimbursements for the provision of State mandated programs;
- $10.3 million increase in law enforcement services revenues primarily due to recovered costs of the negotiated labor agreements and service level adjustments to nine contract cities, transit entities, a community college district and tribes, as well as an increased allocation from the State to provide trial court security;
- $10.2 million increase in growth funding revenues for one-time juvenile probation activities;
- $9.8 million decrease in Registrar of Voters election services revenues for the permanent road division zone 117 parcel tax; and,
- $1.3 million for one-time use of Assembly Bill 1476 funding for the Probation Regional Training Center.

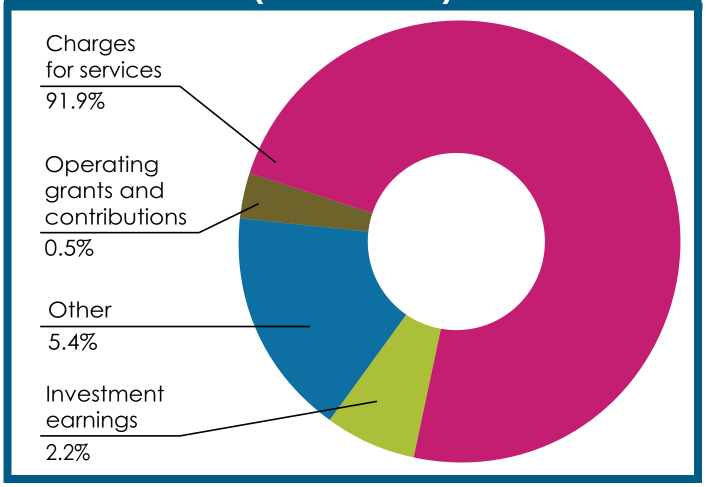
General revenues increased overall by approximately $94 million, principally due to increases of $38 million in property taxes and $22 million in property taxes in lieu of vehicle license fees, both attributable to the county-wide growth in assessed valuation; coupled with a $23 million increase in investment earnings, of which $9 million is attributable to the increase in fair market value of investments compared to book value, and $6 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 $2.6 billion accounted for 57.6%, the largest share of this revenue. These monies are received from parties outside the County and are generally restricted to one or more specific programs. Examples of operating grants and contributions include State and federal revenue for public assistance programs and health and sanitation programs.

Property taxes and property taxes in lieu of vehicle license fees are not shown by program, but are effectively used to support program activities county-wide. Combined, these general revenues equaled $1.15 billion and accounted for 25.7% of governmental activities. Additionally, charges for services were $553 million and accounted for 12.3% 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 $49.7 million or 91.9% of total revenues, other revenues of $2.9 million represent 5.4% of total revenues, investment earnings of $1.2 million represent 2.2% of total revenues; and, operating grants and contributions of $300 thousand represent .5% of total revenues.

Net position of business-type activities decreased by approximately $7.4 million (3%). This net decrease primarily included the following:

- $100 thousand increase in investment earnings in the Airport Fund;
- $5.3 million decrease in operating grants and contributions in the Airport Fund;
- $900 thousand increase in other operating expenses in the Sanitation District Fund;
- $600 thousand decrease in charges for current services in the Sanitation District Fund;
- $100 thousand increase in contracted services in the Sanitation District Fund; and,
- $100 thousand increase in contracted services in the Jail Stores Commissary Fund

Financial Analysis of County Funds

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of major governmental funds reported by the County include the General Fund, the Public Safety Special Revenue Fund, and the Tobacco Endowment Special Revenue Fund. Nonmajor governmental funds include special revenue funds, debt service funds, and capital projects funds.

At June 30, 2018, the County's governmental funds had combined ending fund balances of $3.10 billion, an increase of $172 million in comparison to the prior fiscal year. Of the total June 30, 2018 amount, $688.5 million constituted unassigned fund balance, which is available for spending at the County's discretion. $482.1 million of fund balance is assigned, $1.163 billion is committed, $733.5 million is restricted, and $29 million is nonspendable. (Please refer to Note 1 in the notes to the financial statements for more details regarding fund balance classifications.)

Governmental revenues overall totaled $4.48 billion representing a 7.7% increase. Governmental expenditures totaled $4.35 billion, an 7.9% increase from the fiscal year ended June 30, 2017.

General Fund:

The General Fund is the chief operating fund of the County. At the end of fiscal year 2018, its unassigned fund balance was $688.5 million, while total fund balance was $2.307 billion, an increase of $163 million from fiscal year 2017.

This $163 million increase in fund balance was significantly attributable to the following:

- $161 million net increase in salaries and benefit costs primarily attributable to negotiated labor agreements, increase in retirement costs, and overtime incurred in various departments;
- $59 million increase in secured property taxes and property taxes in lieu of vehicle license fees attributable to the county-wide growth in assessed valuation;
- $58 million increase in various other State aid realignment;
- $57 million increase in State aid realignment Mental Health Service Act revenues primarily due to increased expenditures tied to mental health programs and tobacco settlement revenues associated with the Whole Person Wellness program;
- $39.4 million increase in face value of capital leases entered into by the County;
- $29.4 million increase in federal aid associated with the expansion of contracted community behavioral health services and increased social services administrative revenue to support increased expenditures and increased allocations;
- $21 million increase in Senate Bill 90 cost reimbursements for the provision of State mandated programs;
- $18 million decrease in support and care of persons expenditures mainly due to CalWORKs benefits, Welfare to Work, Child Care Stage One, and Foster Care assistance expenditures associated with a caseload decline;
- $13 million decrease in ConnectWell information technology systems costs associated with the completion of prior year one-time projects;
- $11.2 million increase in investment earnings;
- $10.3 million increase in law enforcement services revenues primarily due to recovered costs of the negotiated labor agreements and service level adjustments to nine contract cities, transit entities, a community college district and tribes, as well as an increased allocation from the State to provide trial court security;
- $10.2 million increase in growth funding revenues for one-time juvenile probation activities; and,
- $9.8 million decrease in Registrar of Voters election services revenues for the permanent road division zone 117 parcel tax.

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, 2018, the total (restricted) fund balance in the Public Safety Special Revenue Fund was $59.4 million, a $2.4 million decrease from the previous fiscal year mainly due to increase in regional law enforcement services costs.

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 2018, fund balance was $298.8 million, a decrease of approximately $4.7 million from fiscal year 2017, principally due to investment income of $1.4 million offset by $6 million in transfers out to the General Fund for the support of health related program expenditures, coupled with $147 thousand of administrative costs.

Other Governmental Funds:

Other governmental funds consist of nonmajor funds, which include special revenue funds, debt service funds, and capital project funds. 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.

As of the end of fiscal year 2018, the fund balances of the other governmental funds totaled $431 million, a net increase of $16.5 million from the prior year; primarily consisting of the following:

- $5 million increase in the County Service Districts Special Revenue Fund's fund balance consisted of a $1 million increase in property tax revenue, $300 thousand increase in investment earnings, $300 thousand increase in federal aid related to the Medical Assistance Program, $400 thousand increase in revenue from services to property owners, $600 thousand increase in revenue primarily related to the Assistance by Hire fire protection services agreement, a $400 thousand transfer from the General Fund to be used for fire protection services, coupled with a $1.6 million decrease in fire protection expenditures, and a $400 thousand decrease in road related expenditures;
- $4.7 million increase in the Road Fund Special Revenue Fund's fund balance primarily attributed to a decrease in eligible expenditures incurred for Regional Transportation Congestion Improvement Program and TransNet funded programs due to project schedule revisions;
- $3.5 million increase in the Flood Control District Special Revenue Fund's fund balance consists of a $2.2 million decrease in capital outlay expenditures, coupled with a $1.2 million increase in transfers from the General Fund for the Woodside Debris Control Project, and a $100 thousand increase in investment earnings;
- $3.1 million increase in the Air Pollution Control District's fund balance is mainly due to a $3.5 million decrease in expenditures related to the Carl Moyer Program, offset by a $100 thousand decrease in fines, forfeitures and penalties;
- $2.3 million increase in Parkland Dedication Special Revenue Fund's fund balance is attributable to $2.7 million in fees from developers for dwelling permits, offset by a $400 thousand increase in Transfers Out to the Capital Outlay Fund;
- $1.2 million increase in the County Library Special Revenue Fund's fund balance consisted of a $1.8 million increase in property taxes, coupled with a $700 thousand increase in aid from redevelopment successor agency, offset by an $800 thousand increase in contracted services, and a $500 thousand increase in operating transfers to the Facilities Major Maintenance fund;
- $400 thousand increase in the Pension Obligation Bond Debt Service Fund's fund balance is attributable to a $800 thousand increase in operating transfers from the General Fund; coupled with a $100 thousand increase in investment earnings, offset by a $500 thousand decrease in revenue collected from external entities required to pay down their share of the pension obligation bonds;
- $400 thousand increase in the Asset Forfeiture Program Special Revenue Fund's fund balance is primarily due to an increase in revenue distributed to the Sheriff's asset forfeiture program pertaining to state forfeiture cases;
- $300 thousand increase in the Community Facilities District - Other Special Revenue Fund's fund balance is attributable to $600 thousand in

property tax revenue, offset by a $300 thousand increase in lease payments related to the temporary fire station in Otay Mesa;

- $4 million decrease in Inactive Wastesites Special Revenue Fund's fund balance is mainly due to $1.2 million of investment earnings, offset by $5.2 million in Inactive Wastesites maintenance costs; and,
- $400 thousand decrease in Inmate Welfare Special Revenue Fund's fund balance consists of a $1 million increase in capital outlay related to the completion of major maintenance improvement projects, offset by a $400 thousand increase in transfers of Jail Stores Commissary profits, coupled with a $200 thousand increase in investment earnings.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The nonmajor enterprise funds and the internal service funds are combined into single, aggregated presentations in the proprietary fund financial statements. Individual proprietary fund data is presented in the combining financial statements/schedules and supplemental information section of this report.

Enterprise Funds:

See previous discussion above regarding business-type activities.

Internal Service Funds:

Net positions of the internal services funds (ISF) totaled $63 million. The implementation of the previously mentioned GASB Statement No. 75 had the effect of reporting beginning net position restatements of approximately $2.1 million in the Facilities Management Fund, and $400 thousand in the Fleet Services Fund and the Purchasing Fund; respectively, which resulted in a $2.9 million total internal service funds restated beginning net position. After giving effect to these restatements, the net positions of the internal service funds increased by $18 million or 40% from the prior year.

This net increase of $18 million mainly consisted of the following increases and decreases:

- $10 million increase in the Employee Benefits Fund principally due to $48.3 million in charges for current services provided to the General Fund - $45 million, Road Fund - $1.2 million, County Library Fund - $1 million, and $1.1 million in services to other funds, coupled with $2.2 million in investment earnings and $200 thousand in third party recoveries; offset by $21.7 million and $6.5 million of workers compensation payments and other claim payments, respectively, coupled with $12.5 million in contracted services;
- $4.7 million increase in the Fleet Services Fund primarily due to a $2 million increase in charges for current services provided to the General Fund, coupled with a $1 million decrease in repairs and maintenance, $1 million increase in capital contributions, $1 million increase in transfers from the General Fund, $200 thousand increase in investment earnings, $400 thousand increase in gain from disposal of assets, and a $100 thousand decrease in equipment rental expense; offset by a $1 million increase in fuel costs;
- $4.5 million increase in the Public Liability Insurance Fund chiefly due to a $5 million increase in charges for current services provided to the General Fund, coupled with a $500 thousand increase in investment earnings; offset by a $1 million increase in contracted services;
- $1 million increase in the Purchasing Fund principally due to a $1.1 million decrease in other operating expenses; offset by an approximately $100 thousand increase in contracted services;
- $800 thousand increase in the Road and Communication Equipment Fund chiefly due to approximately $300 thousand in transfers from the General Fund, coupled with investment earnings of $300 thousand and a $300 thousand gain on disposal of assets; offset by $100 thousand increase in fuel costs;
- $1.6 million decrease in the Facilities Management Fund mainly due to a $24 million decrease in repairs and maintenance; offset by a $19 million decrease in charges for current services, a $3.1 million increase in contracted services, a $200

thousand increase in other operating expenses, and a $100 thousand increase in fuel costs; and,

- $1.5 million decrease in the Information Technology Fund principally due to $160.3 million in charges for current services provided to the General Fund - $151 million, Road Fund - $2 million, County Library Fund - $2 million, Facilities Management Fund - $2 million, Purchasing Fund - $1 million, Air Pollution fund - $1 million, and $1.3 million in services provided to other funds, coupled with a $5.2 million transfers in from the General Fund; offset by a $166 million in contracted services, coupled with $1 million in other operating expenses.

Fiduciary Funds

The County maintains fiduciary funds for the assets of the *Pooled Investments-Investment Trust Funds, Private Purpose Trust Fund* and the *Agency Funds*.

Pooled Investments - Investment Trust Funds:

These funds were established for the purpose of reporting pooled investments. The Pooled Investments - Investment Trust Funds' net position totaled $6.31 billion, an increase of $810 million, from the previous year. This increase was substantially due to contributions to investments of $11 billion coupled with investments earnings of $78 million, offset by distributions from investments of $10.26 billion.

Private Purpose Trust Fund:

The private purpose trust fund reports the assets, liabilities, and activities of the County of San Diego Successor Agency formed pursuant to California Assembly Bill x1 26 on February 1, 2012 upon dissolution of the San Diego County Redevelopment Agency (SDCRA). The County of San Diego Successor Agency Private Purpose Trust Fund's net position had a deficit balance of approximately $12.9 million at June 30, 2018, resulting in an $800 thousand decrease in the deficit compared to the prior fiscal year; mainly due to $2 million of property taxes - Successor Agency Redevelopment Property Tax Trust Fund distribution, offset by contributions to other agencies and interest charges of approximately $1.3 million.

Agency Funds:

Agency 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. Any portion of the agency funds' assets held at fiscal year end for other County funds are reported in those funds rather than in the agency funds.

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, 2018, net expenditure appropriations increased by $56.8 million and appropriations for transfers out increased by $59.5 million for a net increase of $116.3 million.

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

- $14.5 million for negotiated one-time salary and benefit payments to employees resulting from Memoranda of Agreement between the County and the Service Employees International Union, Local 221.
- $6.6 million for various capital projects.
- $6.4 million to address the Local Health Emergency for Hepatitis A.
- $3.1 million for Lilac Fire response and recovery efforts.
- $2.5 million for disposition and demolition to prepare the former Superior Court-Family Court site for the development of affordable housing units.

Actual revenues underperformed final budgeted amounts by $896 thousand, while actual expenditures were less than the final budgeted amount by $574.5 million. The combination of revenue and expenditure shortfalls resulted in a revenue/expenditure operating variance of $573.7 million. Other financing sources and uses of funds resulted in a net sources versus uses variance from budget of $335.6 million. These combined amounts resulted in a variance in the net change in fund balance of $909.3 million.

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

Salaries and Benefits:

The final budget over expenditure variance across all functions in this category was $61.6 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 $387.5 million. Overall, this expenditure variance primarily resulted from a lower demand for services than budgeted levels and lower costs than anticipated for various projects.

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 $1.1 million for equipment and migration costs related to the Sheriff's Technology and Information Center and $900 thousand for a Zoning Ordinance Update in Planning & Development Services.

Management and Contingency Appropriations:

The County annually sets up management and contingency appropriations for a variety of one-time capital and operating expenditures as well as potential emergencies, based on both ongoing general purpose revenues and available prior years' fund balance. Unexpended management and contingency reserves appropriations resulted in budget over actual variances of $15.3 million and $24.0 million, respectively. Note that the Management Reserves are included within various functional activities.

Capital Assets and Commitments

Capital Assets

At June 30, 2018, the County's capital assets for both governmental and business-type activities were $3.55 billion and $177 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 2018 included:

Governmental Activities:

- $49.7 million towards construction of Crime Lab. Total project costs are estimated at $83.9 million.
- $42.9 million towards acquisition of equipment.
- $29.1 million towards construction and improvements of County maintained roads, bridges, and other road related infrastructure.
- $21.1 million towards construction of North Coastal Health and Human Services Agency Facility. Total project costs are estimated at $24 million.
- $15.3 million towards improvement of various capital projects.
- $14.0 million towards development of various software applications.
- $12.4 million towards various land acquisitions for the Multiple Species Conservation Program (MSCP).
- $5.9 million towards construction of Regional Communication System. Total project costs are estimated at $35.9 million.
- $5.6 million towards construction of Borrego Springs Community Library. Total projects costs are estimated at $12.9 million.
- $4.9 million in infrastructure donated by developers.
- $3.1 million towards construction of Pine Valley Fire Station. Total project costs are estimated at $9 million.
- $2.3 million towards various land and structures acquisitions for Bradley Avenue road widening.
- $2 million towards El Cajon Family Resource Center HVAC improvements. Total project costs are

estimated at $2.1 million.

- $1.9 million towards construction of Sheriff Technology and Information Center. Total project costs are estimated at $47.9 million.
- $1.8 million towards Hilton Head Artificial Turf improvements. Total project costs are estimated at $2.7 million.
- $1.5 million towards land acquisition for Lakeside Library. Total project costs are estimated at $1.6 million.
- $1.3 million towards Steele Canyon Artificial Turf improvements. Total project costs are estimated at $1.9 million.
- $1.1 million towards East Mesa Juvenile Detention Facility cameras. Total project costs are estimated at $1.6 million.
- $1.1 million towards Assessor/Recorder/County Clerk Branch Office improvements. Total project costs are estimated at $21.1 million.

Business-type Activities:

- $4.1 million towards sewer improvements at Rancho San Diego.
- $2.4 million towards sewer improvements at Woodside.
- $1.5 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, 2018, capital commitments included the following:

Governmental Activities:

- $124.3 million for the construction of Regional Communications System, Assessor/Recorder/ County Clerk Branch Office, Crime Lab, Santa Ysabel Nature Center, Borrego Springs Community Library, Sheriff Technology and Information Center, Pine Valley Fire Station, and North Coastal HHSA Facility; development of Integrated Property Tax System; renovation of County Administration Center; improvements at East County Regional Center, Borrego Springs Park, and County roads; and vehicle acquisitions.

Business-type Activities:

- $2.7 million for construction of Sewer Monitoring System and improvements at Rancho San Diego Pump Station.

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

Long-Term Liabilities

Governmental Activities:

At June 30, 2018, the County's governmental activities had outstanding long-term liabilities (without regard to the net pension liability) of $1.845 billion.

Of this amount, approximately $1.418 billion pertained to long-term debt outstanding. Principal debt issuances included: $559 million in taxable pension obligation bonds; $556 million in Tobacco Settlement Asset-Backed Bonds; $275 million in certificates of participation (COPs) and lease revenue bonds (LRBs); $4 million in loans; and, $24 million in unamortized issuance premiums and discounts.

Other long-term liabilities included: $246 million in claims and judgments; $111 million in compensated absences; $48 million in capital leases; $19 million for landfill postclosure costs; and $3 million for pollution remediation.

During fiscal year 2018, the County's total COPs, LRBs, unmortized issuance premiums and discounts, other bonds, and loans, for governmental activities decreased by $72.249 million.

The $72.249 million decrease was due to the following increases and decreases:

Increases to debt were $7.186 million and included:

- $6.842 million of principal was accreted (added) to the outstanding Tobacco Settlement Asset-Backed Bonds' Capital Appreciation Bonds principal; and
- $344 thousand of principal was added to the San Diego Gas and Electric On-bill Financing loans.

Decreases to debt were $79.435 million and included:

- $77.186 million in principal debt service payments; and,
- $2.249 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) for business-type activities consisted of $462 thousand for compensated absences.

During fiscal year 2018, long-term liabilities for business-type activities increased by $19 thousand. This was due to a net increase in compensated absences.

(Please refer to Notes 13 through 18 in the notes to the financial statements for more details concerning long-term debt; changes in long-term liabilities; and funds used to liquidate liabilities.)

Credit Ratings

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

Table 3

Credit Ratings	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)	Baa1	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.

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 2019 Operational Plan (budget):

- The fiscal year 2018 General Fund adopted budget contains total appropriations of $4.7 billion. This is an increase of $339.7 million, or 7.8%, from the fiscal year 2017 General Fund adopted budget. Program Revenue comprises 62.5% of General Fund financing sources in fiscal year 2019, 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 28.1% of the General Fund. In the fiscal year 2019 adopted budget, the County's GPR increased 10%; with budgeted GPR of $1,319.6 million in fiscal year 2019 compared to $1,199.2 million budgeted in fiscal year 2018.
- The largest source of GPR is property tax revenue, which represents 53.2% of total GPR in fiscal year 2019, 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 2019, property tax revenue is budgeted at $702.2 million, $46.3 million or 7.1% higher than the budget for fiscal year 2018. 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. In fiscal year 2015, improvement in the residential market and positive change in both ownership and new construction activity resulted in an increase of 6.2% in the assessed value of real property. For fiscal years 2016, 2017 and 2018, the final growth rates were 5.7%, 5.6% and 6.35%, respectively. For fiscal year 2019, an assumed rate of 4.75% was projected in overall assessed value of real property. The overall increase is partially associated with the change in actual assessed value in fiscal year 2018 which increased by 6.35% compared to a budgeted increase of 4%.
    - Current secured property tax revenue ($675.4 million in fiscal year 2019) is expected to increase by $42.2 million in fiscal year 2019 from the adopted budget level for fiscal year 2018. 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 2019

revenue amount assumes an increase of 4.75% 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 2019, 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 ($8.9 million in fiscal year 2019) is expected to increase by $4.2 million in fiscal year 2019 from the adopted level for fiscal year 2018. 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 ($17.9 million in fiscal year 2019) 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 next fiscal year.
- Current unsecured supplemental property tax revenue ($100 thousand in fiscal year 2019) 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 tax in lieu of vehicle license fees (VLF) comprises 31.2%, or $412.2 million, of budgeted GPR in fiscal year 2019. 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. Based on an assumed 4.75% increase in the combined taxable unsecured and local secured assessed value in fiscal year 2019, budgeted revenues are $26.7 million higher than fiscal year 2018. The increase is partially associated with the change in actual assessed value in fiscal year 2018 which increased by 6.35% compared to a budgeted increase of 4%.
- Teeter revenue represents approximately 1.3%, or $16.6 million, of budgeted GPR in fiscal year 2019. 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 2019, Teeter revenue is budgeted to increase by $3.3 million from fiscal year 2018.

- Sales and use tax revenue is budgeted at $28.8 million in fiscal year 2019, representing approximately 2.2% of GPR in fiscal year 2019. 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 2019 is estimated to be flat compared to the fiscal year 2018 adopted budget. 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 $77.6 million in fiscal year 2019, an increase of $26.7 million or 52.4%, and is approximately 5.9% of total GPR. This increase is attributable to the recategorization of redevelopment pass-through revenues formerly recognized as program revenue ($15.6 million), and an increase in pass-through ($6.4 million) and residual redevelopment revenues ($4.7 million). 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 (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. The County General Fund and Library Fund, as affected taxing entities, receive a share of this tax distribution, but this has not been included in the fiscal year 2019 budget.
- Other revenues are budgeted at $82.1 million in fiscal year 2019 and are approximately 6.2% of the total GPR. Various revenue sources make up this category including: Real Property Transfer Tax (RPTT), interest on deposits, fees, fines, forfeitures, prior year property taxes, penalties and cost on delinquency taxes, franchise fees, media licenses and other miscellaneous revenues. The fiscal year 2019 amount is a 27.3% or $17.6 million increase from fiscal year 2018, 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 2019 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, 2018
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
ASSETS				
Pooled cash and investments	$ 3,169,387	72,892	3,242,279	36,984
Cash with fiscal agents	8		8	
Investments with fiscal agents	286,618		286,618	19,972
Receivables, net	554,929	5,406	560,335	6,504
Property taxes receivables, net	92,312		92,312	
Internal balances	1,625	(1,625)		
Due from component unit	66		66	
Inventories	19,841	233	20,074	
Deposits with others	15		15	
Prepaid items	4,911		4,911	2
Restricted assets:				
Cash with fiscal agents	696		696	
Investments with fiscal agents	63,888		63,888	
Lease receivable	2,898		2,898	
Capital assets:				
Land, easements and construction in progress	656,846	21,196	678,042	
Other capital assets, net of accumulated depreciation/ amortization	2,896,849	155,713	3,052,562	
Total assets	7,750,889	253,815	8,004,704	63,462
DEFERRED OUTFLOWS OF RESOURCES				
Non-Pension:				
Unamortized loss on refunding of long-term debt	15,533		15,533	
Pension:				
Contributions to the pension plan subsequent to the measurement date	485,722	2,119	487,841	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	10,514	47	10,561	
Changes of assumptions or other inputs	547,839	2,474	550,313	
Net difference between projected and actual earnings on pension plan investments	119,610	680	120,290	
Difference between expected and actual experience in the total pension liability	3,682	17	3,699	
OPEB:				
Contributions to the OPEB plan subsequent to the measurement date	18,143	86	18,229	
Net difference between projected and actual earnings on OPEB plan investments	329		329	
Total deferred outflows of resources	1,201,372	5,423	1,206,795	

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STATEMENT OF NET POSITION

June 30, 2018
(In Thousands)

(Continued)	Primary Government Governmental Activities	Primary Government Business-type Activities	Primary Government Total	Component Unit First 5 Commission of San Diego
LIABILITIES				
Accounts payable	223,374	4,391	227,765	8,232
Accrued payroll	34,949	157	35,106	
Accrued interest	17,579		17,579	
Due to primary government				66
Unearned revenue	394,602	229	394,831	
Noncurrent liabilities:				
Due within one year	173,678	191	173,869	53
Due in more than one year - other	1,671,235	271	1,671,506	5
Due in more than one year - net pension liability	3,418,692	15,258	3,433,950	
Due in more than one year - net OPEB liability	131,541	622	132,163	
Total Liabilities	6,065,650	21,119	6,086,769	8,356
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance	11,109		11,109	
Gain on refunding of long-term debt	17		17	
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	3,393	16	3,409	
Differences between expected and actual experience in the total pension liability	225,689	978	226,667	
Total deferred inflows of resources	240,208	994	241,202	

Continued on next page

STATEMENT OF NET POSITION

June 30, 2018
(In Thousands)

	Primary Government			Component Unit
(Continued)	**Governmental Activities**	**Business-type Activities**	**Total**	**First 5 Commission of San Diego**
NET POSITION				
Net investment in capital assets	3,229,874	176,909	3,406,783	
Restricted for:				
Grantors - Housing assistance	84,192		84,192	
Donations	3,718		3,718	
Laws or regulations of other governments:				
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	46,208		46,208	
Future road improvements	128,589		128,589	
Construction, maintenance and other costs for justice, health, and social facilities and programs	40,410		40,410	
Road, park lighting maintenance, fire protection and ambulance service	31,370		31,370	
Air pollution activities	25,609		25,609	
Defray administrative costs, other general restrictions	23,381		23,381	
Custody and care for youthful offenders	15,800		15,800	
Juvenile probation activities	15,747		15,747	
Teeter tax loss	9,349		9,349	
Mental health	5,290		5,290	
Vector control	8,310		8,310	
Improvement and maintenance of recorded document systems	26,328		26,328	
Flood Control future drainage improvements	17,096		17,096	
Public safety activities	60,462		60,462	
Other purposes	124,738		124,738	
First 5 Commission of San Diego				55,106
Unrestricted	(1,250,068)	60,216	(1,189,852)	
Total net position	$ 2,646,403	237,125	2,883,528	55,106

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018
(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	$ 621,987	105,676	114,298	1,849	(400,164)		(400,164)	
Public protection	1,435,847	257,797	567,822	2,483	(607,745)		(607,745)	
Public ways and facilities	160,615	35,400	90,312	5,028	(29,875)		(29,875)	
Health and sanitation	777,383	123,796	664,479		10,892		10,892	
Public assistance	1,158,563	17,344	1,144,408		3,189		3,189	
Education	39,107	882	6,062		(32,163)		(32,163)	
Recreation and cultural	38,081	12,098	1,760		(24,223)		(24,223)	
Interest	78,217				(78,217)		(78,217)	
Total govenmental activities	4,309,800	552,993	2,589,141	9,360	(1,158,306)		(1,158,306)	
Business-type activities:								
Airport	18,399	13,783	329			(4,287)	(4,287)	
Jail Stores Commissary	6,050	7,426				1,376	1,376	
Sanitation District	32,660	28,475				(4,185)	(4,185)	
Total business-type activities	57,109	49,684	329			(7,096)	(7,096)	
Total primary government	4,366,909	602,677	2,589,470	9,360	(1,158,306)	(7,096)	(1,165,402)	
Component Unit:								
First 5 Commission of San Diego	$ 38,926		27,767					(11,159)

Continued on next page

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018
(In Thousands)

	Net (Expense) Revenue & Changes in Net Position			
	Primary Government			Component Unit
(Continued)	Governmental Activities	Business-type Activities	Total	First 5 Commission of San Diego
Changes in net position:				
Net (expense) revenue	$ (1,158,306)	(7,096)	(1,165,402)	(11,159)
Revenues:				
General Revenues				
Taxes:				
Property taxes	758,427		758,427	
Transient occupancy tax	5,105		5,105	
Real property transfer tax	25,910		25,910	
Miscellaneous taxes	6		6	
Property taxes in lieu of vehicle license fees	393,824		393,824	
Sales and use taxes	30,744		30,744	
Total general tax revenues	1,214,016		1,214,016	
Investment earnings	38,057	1,159	39,216	1,032
Other	93,604	2,892	96,496	
Total general revenues	1,345,677	4,051	1,349,728	1,032
Transfers	4,421	(4,421)		
Total general revenues and transfers	1,350,098	(370)	1,349,728	1,032
Change in net position	191,792	(7,466)	184,326	(10,127)
Net position at beginning of year (restated, see Note 32 to the financial statements)	2,454,611	244,591	2,699,202	65,233
Net position at end of year	$ 2,646,403	237,125	2,883,528	55,106

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018
(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	$ 2,403,906	32,511	10,245	392,363	2,839,025
Cash with fiscal agents	8				8
Investments with fiscal agents	2		286,616		286,618
Receivables, net	403,529	53,395	4,127	90,341	551,392
Property taxes receivables, net	91,806			506	92,312
Due from other funds	57,425	955		27,363	85,743
Inventories	17,107			1,708	18,815
Deposits with others				15	15
Prepaid items	4,590			321	4,911
Restricted assets:					
Cash with fiscal agents	204			492	696
Investments with fiscal agents				63,888	63,888
Lease receivable	1,116			1,782	2,898
Total assets	2,979,693	86,861	300,988	578,779	3,946,321
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	138,839			31,922	170,761
Accrued payroll	32,517			1,583	34,100
Due to other funds	50,617	27,422	2,230	22,546	102,815
Unearned revenue	367,279			26,949	394,228
Total liabilities	589,252	27,422	2,230	83,000	701,904
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Property taxes received in advance	10,501			608	11,109
Unavailable Revenue	72,813			64,168	136,981
Total deferred inflows of resources	83,314			64,776	148,090

Continued on next page

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018
(In Thousands)

(Continued)	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids	5,640			4,270	9,910
Inventories and deposits with others	17,107			1,723	18,830
Restricted for:					
Creditors - Debt service				66,811	66,811
Grantors - Housing assistance	65,728			18,464	84,192
Donations	3,718				3,718
Laws or regulations of other governments:					
Public safety activities	1,023	59,439			60,462
Custody of non-violent, non-serious, non-sex offenders and supervision of post release offenders	46,208				46,208
Improvement and maintenance of recorded document systems	26,328				26,328
Defray administrative costs, other general restrictions	23,381				23,381
Future road improvements				128,589	128,589
Construction, maintenance and other costs for justice, health, and social facilities and programs	40,410				40,410
Custody and care of youthful offenders	15,800				15,800
Juvenile probation activities	15,747				15,747
Fund purpose				123,158	123,158
Other purposes	81,439			17,165	98,604
Committed to:					
Realignment health, mental health and social services	63,097				63,097
Landfill, postclosure and landfill maintenance				68,757	68,757
Capital projects' funding	375,221				375,221
Health			298,758		298,758
Pension obligation bonds	253,408				253,408
Evaluation, acquisition, construction, or rehabilitation of affordable housing for low-income residents	24,987				24,987
Future road improvement	28,000				28,000
Other purposes	51,373				51,373
Assigned to:					
Subsequent one-time expenditures	271,003				271,003
Legislative and administrative services	101,333			2,066	103,399
Other purposes	107,727				107,727
Unassigned	688,449				688,449
Total fund balances	2,307,127	59,439	298,758	431,003	3,096,327
Total liabilities, deferred inflows of resources and fund balances	$ 2,979,693	86,861	300,988	578,779	3,946,321

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

June 30, 2018

(In Thousands)

Total fund balances - governmental funds.	$	3,096,327
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.		3,484,094
Unamortized gain on refundings (to be amortized as interest expense).		(17)
Unamortized loss on refundings (to be amortimized as interest expense).		15,533
Accrued interest on long-term debt.		(17,579)
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.		136,981
Deferred outflows of resources - Contributions to the pension plan subsequent to the measurement date.		475,107
Deferred outflows of resources - Contributions to the OPEB plan subsequent to the measurement date.		17,706
Deferred outflows of resources - Changes in proportionate share and differences between employer's contributions and proportionate share of contributions - Pension.		10,278
Deferred outflows of resources - Changes of assumptions or other inputs - Pension.		535,303
Deferred outflows of resources - Net difference between projected and actual earnings on pension plan investments.		116,028
Deferred outflows of resources - Net difference between projected and actual earnings on OPEB plan investments.		329
Deferred outflows of resources - Differences between expected and actual experience in the total pension liability.		3,598
Deferred inflows of resources - Changes in proportionate share and differences between employer's contributions and proportionate share of contributions - Pension.		(3,315)
Deferred inflows of resources - Differences between expected and actual experience in the total pension liablitity.		(220,841)
Long-term liabilities, including bonds, notes, loans payable, capital leases, net pension liability, and net OPEB liability are not due and payable in the current period and therefore, are not reported in the balance sheet (See Note 2 to the financial statements; **Table 3**).		(5,065,240)
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; loans for start-up services for new and existing county service districts, and the financing of clothing and personal sundry items to persons institutionalized at various county facilities. 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**).		62,111
Net position of governmental activities.	$	2,646,403

The notes to the 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, 2018

(In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 1,164,508			49,558	1,214,066
Licenses, permits and franchise fees	45,846			16,343	62,189
Fines, forfeitures and penalties	40,923			1,494	42,417
Revenue from use of money and property	29,986		1,442	11,979	43,407
Aid from other governmental agencies:					
State	1,275,047	283,306		85,901	1,644,254
Federal	682,809			145,884	828,693
Other	106,104			26,548	132,652
Charges for current services	386,593			46,732	433,325
Other	27,920			52,057	79,977
Total revenues	3,759,736	283,306	1,442	436,496	4,480,980
Expenditures:					
Current:					
General government	268,751		147	1,571	270,469
Public protection	1,478,273			8,406	1,486,679
Public ways and facilities	5,575			94,747	100,322
Health and sanitation	759,784			41,586	801,370
Public assistance	1,034,675			160,415	1,195,090
Education	1,029			40,209	41,238
Recreation and cultural	37,492			2,176	39,668
Capital outlay	113,224			154,461	267,685
Debt service:					
Principal	17,964			58,217	76,181
Interest	15,699			57,938	73,637
Total expenditures	3,732,466		147	619,726	4,352,339
Excess (deficiency) of revenues over (under) expenditures	27,270	283,306	1,295	(183,230)	128,641
Other financing sources (uses):					
Sale of capital assets	88			38	126
Issuance of capital lease:					
Face value of capital lease	45,495				45,495
Transfers in	306,478			221,142	527,620
Transfers out	(219,588)	(285,688)	(6,000)	(21,329)	(532,605)
Total other financing sources (uses)	132,473	(285,688)	(6,000)	199,851	40,636
Net change in fund balances	159,743	(2,382)	(4,705)	16,621	169,277
Fund balance at beginning of year	2,144,613	61,821	303,463	414,498	2,924,395
Increase (decrease) in nonspendable inventories	2,771			(116)	2,655
Fund balances at end of year	$ 2,307,127	59,439	298,758	431,003	3,096,327

The notes to the 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, 2018

(In Thousands)

Net change in fund balance - total governmental funds.	$	169,277
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.		(49)
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.		(16,693)
Adjustment to nonspendable inventories.		2,655
Change in accounting estimate for postclosure costs - (public protection function) - San Marcos Landfill.		(342)
Change in accounting estimate for pollution remediation - (general function).		529
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**).		116,667
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**).		1,420
Contributions to the pension plan subsequent to the measurement date.		475,864
The issuance of long-term debt (e.g. bonds, notes, and loans) 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**).		34,561
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**).		(610,075)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (or expense) of internal service funds is reported within governmental activities. (See Note 2 to the financial statements; **Table 4**).		17,978
Change in net position - governmental activities.	$	191,792

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018
(In Thousands)

		Business-type Activities	Governmental Activities
		Enterprise Funds	Internal Service Funds
ASSETS			
Current assets:			
Pooled cash and investments	$	72,892	330,362
Receivables, net		1,853	2,021
Due from other funds		75	27,706
Inventories		233	1,026
Total current assets		75,053	361,115
Noncurrent assets:			
Due from other funds		3,553	30
Capital assets:			
Land		11,593	
Construction in progress		9,603	587
Buildings and improvements		131,875	2,963
Equipment		2,619	165,210
Software		101	1,064
Road infrastructure		20,400	
Sewer infrastructure		107,001	
Accumulated depreciation/amortization		(106,283)	(100,223)
Total noncurrent assets		180,462	69,631
Total assets		255,515	430,746
DEFERRED OUTFLOWS OF RESOURCES			
Pension:			
Contributions to the pension plan subsequent to the measurement date		2,119	10,615
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		47	236
Changes of assumptions or other inputs		2,474	12,536
Net difference between projected and actual earnings on pension plan investments		680	3,582
Difference between expected and actual experience in the total pension liability		17	84
OPEB:			
Contributions to the OPEB plan subsequent to the measurement date		86	437
Total deferred outflows of resources		5,423	27,490

Continued on next page

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018
(In Thousands)

(Continued)		Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable		4,391	52,613
Accrued payroll		157	849
Due to other funds		2,562	6,595
Unearned revenue		229	374
Loans payable			371
Compensated absences		191	1,037
Claims and judgments			49,707
Total current liabilities		7,530	111,546
Noncurrent liabilities:			
Loans payable			1,202
Compensated absences		271	1,458
Claims and judgments			196,240
Net pension liability		15,258	76,731
Net OPEB liability		622	3,160
Total noncurrent liabilities		16,151	278,791
Total liabilities		23,681	390,337
DEFERRED INFLOWS OF RESOURCES			
Pension:			
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		16	78
Differences between expected and actual experience in the total pension liability		978	4,848
Total deferred inflow of resources		994	4,926
NET POSITION			
Net investment in capital assets		176,909	69,601
Unrestricted net position		59,354	(6,628)
Total net position	$	236,263	62,973

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	$	236,263
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		862
Net position of business-type activities	$	237,125

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018
(In Thousands)

		Business-type Activities	Governmental Activities
		Enterprise Funds	Internal Service Funds
Operating revenues:			
Charges for current services	$	49,684	412,586
Other		2,889	3,069
Total operating revenues		52,573	415,655
Operating expenses:			
Salaries and employee benefits		9,609	49,707
Repairs and maintenance		7,993	36,174
Equipment rental		1,459	77
Sewage processing		15,040	
Contracted services		10,117	221,666
Depreciation/amortization		6,523	15,793
Utilities		378	27,310
Cost of material		2,556	4,539
Claims and judgments			44,273
Fuel		61	9,979
Other		3,393	7,061
Total operating expenses		57,129	416,579
Operating income (loss)		(4,556)	(924)
Nonoperating revenues (expenses):			
Grants		329	3,548
Investment earnings		1,159	3,707
Interest expense			(12)
Gain (loss) on disposal of assets		3	798
Total nonoperating revenues (expenses)		1,491	8,041
Income (loss) before capital contributions and transfers		(3,065)	7,117
Capital contributions			1,475
Transfers in		383	11,376
Transfers out		(4,804)	(1,970)
Change in net position		(7,486)	17,998
Net position (deficits) at beginning of year (restated, see Note 32 to the financial statements)		243,749	44,975
Net position (deficits) at end of year	$	236,263	62,973

Reconciliation between change in net position - enterprise funds and change in net position of business-type activities as reported in the government-wide statement of activities

Change in net position	$	(7,486)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		20
Change in net position of business-type activities	$	(7,466)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018
(In Thousands)

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	$ 44,880	7,309
Cash received from other funds	8,778	410,691
Cash payments to suppliers	(33,310)	(262,350)
Cash payments to employees	(9,059)	(46,902)
Cash payment to other funds	(4,898)	(33,961)
Cash paid for claims and judgments		(26,476)
Net cash provided (used) by operating activities	6,391	48,311
Cash flows from noncapital financing activities:		
Operating grants	2,002	4,015
Transfers from other funds	383	11,376
Transfers to other funds	(4,804)	(1,970)
Payments received on advances to other funds		10
Principal paid on long-term debt		(1,004)
Interest paid on long-term debt		(13)
Proceeds from loans		344
Other noncapital increases	121	
Net cash provided (used) by noncapital financing activities	(2,298)	12,758
Cash flows from capital and related financing activities:		
Capital contributions		1,475
Acquisition of capital assets	(10,438)	(23,285)
Proceeds from sale of assets	3	1,257
Principal paid on capital lease		(13)
Net cash provided (used) by capital and related financing activities	(10,435)	(20,566)
Cash flows from investing activities:		
Investment earnings	1,049	3,173
Net increase (decrease) in cash and cash equivalents	(5,293)	43,676
Cash and cash equivalents - beginning of year	78,185	286,686
Cash and cash equivalents - end of year	72,892	330,362

Continued on next page ▶▶▶

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2018
(In Thousands)

(Continued)		Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)		(4,556)	(924)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Decrease (increase) in accounts receivables		32	344
Decrease (increase) in due from other funds		(44)	1,812
Decrease (increase) in inventory		(16)	(252)
Increase (decrease) in accounts payable		2,650	9,464
Increase (decrease) in accrued payroll		2	62
Increase (decrease) in due to other funds		1,188	1,225
Increase (decrease) in unearned revenue		64	189
Increase (decrease) in compensated absences		19	178
Increase (decrease) in claims and judgments			17,797
Pension expense		565	2,811
OPEB expense		(36)	(188)
Depreciation / amortization		6,523	15,793
Total adjustments		10,947	49,235
Net cash provided (used) by operating activities		6,391	48,311
Non-cash investing and capital financing activities:			
Capital acquisitions included in accounts payable	$	387	2,063

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2018
(In Thousands)

		Pooled Investments - Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS				
Pooled cash and investments	$	6,223,506	1,809	462,728
Cash with fiscal agents				812
Investments with fiscal agents			1,165	1,207
Receivables:				
Accounts receivable				969
Investment earnings receivable		30,204	5	38,030
Taxes receivable		40,562		60,536
Other receivables		14,346		
Total assets		6,308,618	2,979	564,282
LIABILITIES				
Accounts payable		1,158		93,378
Warrants outstanding				226,873
Accrued interest			51	
Noncurrent liabilities:				
Due within one year			523	
Due in more than one year			10,128	
Due to other funds			5,135	
Due to other governments				244,031
Total liabilities		1,158	15,837	564,282
NET POSITION				
Held in trust for pool participants		6,307,460		
Held in trust for private purpose			(12,858)	
Total net position (deficit) held in trust	$	6,307,460	(12,858)	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2018
(In Thousands)

	Pooled Investments- Investment Trust Funds	County of San Diego Successor Agency Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Contributions to investments	$ 10,997,763	
Total contributions	10,997,763	
Investment earnings:		
Net increase (decrease) in fair value of investments	(10,805)	
Investment earnings	88,317	26
Total investment earnings	77,512	26
Property taxes- Successor Agency Redevelopment Property Tax Trust Fund Distribution		2,034
Total additions	11,075,275	2,060
DEDUCTIONS		
Administrative expenses		14
Distributions from investments	10,265,554	
Contributions to other agencies		550
Interest		689
Total deductions	10,265,554	1,253
Change in net position	809,721	807
Net position at beginning of year	5,497,739	(13,665)
Net position (deficit) at end of year	$ 6,307,460	(12,858)

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 generally accepted accounting principles 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.

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 franchises; fines, forfeitures and penalties; use of money and property; intergovernmental revenues; charges for 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. 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. $3.222 million of interest earned by certain funds has been assigned to and reported as revenue of another fund. For fiscal year 2018, the General Fund was assigned $3.207 million and the Other Governmental Funds were assigned $15 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 ($12.421 million and $7.813 million, respectively). Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are interfund loans. 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.

(Amounts expressed in thousands unless otherwise noted)

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 non-cancelable 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 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, and the net difference between projected and actual earnings on San Diego County Employees Retirement Association pension plan (SDCERA-PP) investments.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources or resources relating to pension expense, 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, 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 or resources relating to OPEB expense, 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 (including refunds of employee contributions) 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 notes to required supplementary information for more details regarding the County's general budget policies.

Fund Balance

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

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

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

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

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

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

Net Position

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

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

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

Indirect Costs

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

Use of Estimates

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

(Amounts expressed in thousands unless otherwise noted)

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

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

Table 3
Governmental Funds Balance Sheet / Government-Wide Statement of Net Position Reconciliation
At June 30, 2018

Long-term liabilities, including bonds, notes, loans payable, capital leases, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this $5,065,240 difference are as follows:		
Bonds, notes and loans payable		
Certificates of participation and lease revenue bonds	$	274,885
Taxable pension obligation bonds		558,525
Tobacco settlement asset-backed bonds		556,071
Loans - non-internal service funds		2,709
Unamortized issuance premiums (to be amortized as interest expense)		34,643
Unamortized issuance discounts (to be amortized as interest expense)		(10,098)
Capital lease - non-internal service funds		47,691
Compensated absences (excluding Internal Service Funds)		107,740
Landfill postclosure - San Marcos Landfill		19,363
Pollution remediation		3,369
Subtotal		1,594,898
Net pension liability		3,341,961
Net OPEB liability		128,381
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	$	5,065,240
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 $62,111 difference are as follows:		
Net position of the internal service funds	$	62,973
Less: Internal payable representing charges in excess of cost to business-type activities - prior years		(842)
Less: Internal payable representing costs in excess of charges to business-type activities - current year		(20)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$	62,111

(Amounts expressed in thousands unless otherwise noted)

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

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

Table 4
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities Reconciliation
For the Year Ended June 30, 2018

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 $116,667 difference are as follows:		
Capital outlay	$	267,685
Depreciation/amortization expense		(151,018)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	116,667
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 $1,420 difference are as follows:		
The proceeds from the sale of capital assets provide current financial resources but have no effect on net position	$	(126)
The gain on the disposal of capital assets does not affect current financial resources but increases net position		13
The loss on the disposal of capital assets does not affect current financial resources but decreases net position		(4,346)
Donations of assets to the County do not provide current financial resources but increase net position		5,879
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	1,420
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 $34,561 difference are as follows:		
Face value of capital lease	$	(45,495)
Principal repayments		76,181
Capital lease payment		3,875
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	34,561
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 $(610,075) difference are as follows:		
Change in net pension liability - pension expense	$	(610,283)
Change in net OPEB liability - OPEB expense		7,606
Compensated absences		(2,832)
Accrued interest		1,223
Accretion of capital appreciation bonds		(6,842)
Amortization of premiums		2,839
Amortization of discounts		(590)
Amortization of gain on refundings		56
Amortization of loss on refundings		(1,252)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	(610,075)
Internal Service Funds. The net revenue (or expense) of certain activities of internal service funds is reported with governmental activities. The details of this $17,978 difference are as follows:		
Change in net position of the internal service funds	$	17,998
Less: Loss from charges to business activities		(20)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	$	17,978

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 $9.97 billion consisting of: $9.95 billion investments in the County pool; $6.869 million in deposits; $10.584 million of collections in transit; and, $511 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.

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, 2018, 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 carrying amount of the Pool's deposits was $6.869 million, and the bank balance at June 30, 2018 was $6.619 million, consisting of demand deposits with various financial institutions. The difference between the carrying amount and the bank balance includes temporary reconciling items such as outstanding checks and deposits in transit. Of the bank balance, $250 thousand was covered by federal deposit insurance and $6.369 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 $1.516 million and the bank balance per various financial institutions was $2.110 million. Of the total bank balance, $515 thousand was covered by federal deposit insurance; $1.490 million was collateralized by a named agent depository; and $105 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, commercial paper, corporate medium-term notes, negotiable certificates of deposit, repurchase and reverse repurchase agreements, pass-through securities, supranationals, money market mutual funds, local agency investment funds, and bond 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.

(Amounts expressed in thousands unless otherwise noted)

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments of longer maturities are more sensitive 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 25% of securities to mature within 90 days, at least 50% of securities to mature within one year. In addition, the Pool limits the maximum effective duration of the portfolio to 18 months. As of June 30, 2018, the Pool was in full compliance with its own 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 where the Code does not specify a limitation on the term or remaining maturity at the time of the investment, 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. Non-rated 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 fair 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, 2018.

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, 2018	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.

To mitigate this risk, the Investment Policy limits the amount of exposure to any one single issuer to the percentages listed in **Table 10**. As noted in **Table 10**, the Pool's Investment Policy is more restrictive, in most cases, than the California Government Code. As of June 30, 2018, all Pool investments were in compliance with State law and with the Investment Policy.

The Pool's holdings of the securities of the Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) 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

(Amounts expressed in thousands unless otherwise noted)

FHLMC securities as of June 30, 2018 comprised 4.7%, 4.6%, 5.8% and 9.7% of the fair value of the County Pool's investments, respectively.

In addition, the following investment holdings/ issuers also exceeded the 5 percent threshold: JP Morgan Securities LLC (7.5%) - commercial paper, Bank of Montreal Chicago (5.9%) - negotiable certificates of deposit, and MUFG Bank LTD/NY (5.7%) - commercial paper.

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, 2018 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 Tennessee	17,209	6%		
State of Washington	28,272	10%		
BNP Paribas SF Branch			$ 17,495	27%
JP Morgan Securities LLC			33,296	52%

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 the investment or collateral securities that are in the possession of another party.

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.

(Amounts expressed in thousands unless otherwise noted)

Table 7

Pooled Investments
At June 30, 2018

	Fair Value	Book Value	Interest Rate Range	Maturity Range	Weighted Average Maturity (days)	Fitch Rating	% of Portfolio
Federal Agencies:							
Federal Farm Credit Bank (FFCB)	$ 456,838	466,142	1.00% - 3.20%	1/19 - 6/23	890	AAA	4.59%
Federal Home Loan Bank (FHLB)	466,574	475,476	1.05% - 2.37%	8/18 - 10/22	820	AAA	4.69%
Federal Home Loan Mortgage Corporation (FHLMC)	963,298	979,011	1.00% - 3.33%	7/18 - 6/23	827	AAA	9.68%
Federal National Mortgage Association (FNMA)	572,111	582,217	1.12% - 2.90%	7/18 - 4/22	643	AAA	5.75%
U.S. Treasury Notes	474,142	482,836	0.75% - 2.25%	11/18 - 11/21	575	AAA	4.77%
Supranational	668,215	677,978	0.87% - 2.62%	7/18 - 9/22	652	AAA	6.72%
Commercial Paper Discount	2,994,041	2,994,416	1.58% - 2.54%	7/18 - 3/19	46	F1 - F1+	30.09%
Money Market Mutual Funds	348,802	348,792	1.78% - 2.06%	N/A	26	AAA	3.51%
Negotiable Certificates of Deposit	2,794,513	2,795,900	1.50% - 2.75%	7/18 - 8/19	144	F1 - F1+	28.08%
Pass-through Securities	210,808	211,337	1.04% - 2.67%	3/19 - 10/22	854	AAA, F1+	2.12%
Total investments	$ 9,949,342	10,014,105			343		100%

(Amounts expressed in thousands unless otherwise noted)

Table 8

Investments with Fiscal Agents
At June 30, 2018

		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	$	13,944	5.13% - 5.75%	7/21 - 7/39	6512	A-	3.98%
Fixed income tax exempt bonds		28,973	5% - 6.25%	7/19 - 8/39	3674	AA	8.27%
Fixed income tax exempt bonds		6,584	5.00%	8/22	1507	AA-	1.88%
Fixed income tax exempt bonds		66,287	0% - 5.75%	12/18 - 12/48	2267	AA+	18.91%
Fixed income tax exempt bonds		33,300	1.55%	6/41	8386	AA+/A-1	9.50%
Fixed income tax exempt bonds		90,571	3% - 5%	8/18 - 4/30	1071	AAA	25.84%
Fixed income tax exempt bonds		1,800	1.63%	5/34	5784	AAA/A-1	0.51%
Fixed income tax exempt bonds		27,850	2% - 5.88%	2/19 - 8/40	1713	NR	7.95%
Fixed income tax exempt bonds		16,310	5% - 8.25%	7/23 - 9/39	5239	NR	4.65%
Money market mutual fund		999	1.16%	7/18	28	AAAm	0.29%
Subtotal		286,618					
Restricted:							
Commercial paper		33,296	2.24%	10/18	97	A-1	9.50%
Negotiable Certificates of Deposit		17,495	1.60%	7/18	24	A-1	4.99%
Money market mutual funds		13,097	1.26% - 1.70%	7/18 - 8/18	19 - 45	AAAm	3.73%
Subtotal		63,888					
Total County investments with fiscal agents		350,506					100.00%
Private Purpose investments:							
Money market mutual funds		1,165	1.54%	7/18	27	AAAm	100.00%
Total Private Purpose investments		1,165					100.00%
Other Agency investments:							
Money market mutual funds		1,207	1.46%	7/18	26	AAAm	100.00%
Total Other Agency investments		1,207					100.00%
Total investments with fiscal agents	$	352,878					

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;
- 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 group of assets.

Total pooled investments as of June 30, 2018, were valued at $9.949 billion. The fair value of pooled investments categorized according to the GASB Statement No. 72 fair value hierarchy totaled $9.600 billion, and are all classified as Level 2. Money market mutual funds totaling $349 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, 2018, were valued at $352.8 million. The fair value of investments with fiscal agents according to the GASB

(Amounts expressed in thousands unless otherwise noted)

72 fair value hierarchy totaled $285.6 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, $16.5 million, commercial paper, $33.2 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, 2018.

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

		Fair Value Measurements Using		
	June 30, 2018	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	$ 210,808		210,808	
U.S. government agencies	2,458,821		2,458,821	
U.S. treasury notes	474,142		474,142	
Supranational	668,215		668,215	
Commercial paper	2,994,041		2,994,041	
Negotiable certificates of deposit	2,794,513		2,794,513	
Total pooled investments and cash equivalents by fair value level	9,600,540		$ 9,600,540	
Pooled investments not subject to the fair value hierarchy				
Money market mutual funds	348,802			
Total pooled investments not subject to the fair value hierarchy	348,802			
Total pooled investments	$ 9,949,342			
Investments with fiscal agents by fair value level				
Fixed income tax exempt bonds	$ 285,619		285,619	
Total investments with fiscal agents by fair value level	285,619		$ 285,619	
Investments with fiscal agents not subject to the fair value hierarchy				
Money market mutual funds	16,468			
Commercial paper	33,296			
Negotiable certificates of deposit	17,495			
Total investments with fiscal agents not subject to the fair value hierarchy	67,259			
Total investments with fiscal agents	$ 352,878			

(Amounts expressed in thousands unless otherwise noted)

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

	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
Investment Type	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U.S. Treasury Obligations	5 years	5 years	None	None	None	None	None	None
U.S. Agency Obligations	5 years	5 years	None	None	None	35%	None	None
Local Agency Obligations	5 years	5 years	None	30%	None	10%	None	A
Bankers' Acceptances	180 days	180 days	40%	40%	30%	5%	None	A-1
Commercial paper (1)	270 days	270 days	40%	40%	10%	10%	A-1	A-1
Negotiable Certificates of Deposit	5 years	5 years	30%	30%	30%	10%	None	A
Repurchase Agreements	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 (3)	5 years	5 years	20%	20%	20%	5%	A/AA	A/AA
Supranationals (4)	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 in 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) Rating of “A” required for issuer, if rated; and rating of “AA” required for issue.

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

(Amounts expressed in thousands unless otherwise noted)

NOTE 4
Restricted Assets

Restricted assets include monies or other resources required to be set aside to repay principal and interest under debt covenants; and to comply with other legal or contractual requirements. For fiscal year 2018 restricted assets were as follows:

Table 11
Restricted Assets

Fund	Legal or Contractual Requirements	Debt Covenants
General Fund	$ 204	1,116
Nonmajor Governmental Funds		
Harmony Grove Community Facilities District - Special Revenue Fund		245
Housing Authority - Other Special Revenue Fund	387	
Tobacco Securitization Joint Special Revenue Fund		45,214
San Diego Regional Building Authority Debt Service Fund		7,715
SANCAL Debt Service Fund		12,496
Capital Outlay - Capital Projects Fund	105	

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 - $23.563 million:

This amount includes: $6.612 million in Senate Bill (SB) 90 cost reimbursements due the County for the provision of State mandated programs mostly for Handicapped & Disabled Students II/Seriously Emotionally Disturbed Students (SEDS) and Absentee Ballots. 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, $16.951 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 - $91.516 million:

This amount includes: $47.574 million in housing rehabilitation loan programs for low-income or special needs residents, and loans for low income housing down payments; $24.987 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; $3.417 million in low income housing developer loans; $1.050 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 $532 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 $125 thousand.

Loans- Business-type activities- $4.511 million:

This amount includes $958 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 $3.553 million owed to the AEF from the County of San Diego Successor Agency Private Purpose Trust Fund as a result of a loan to fund airport projects. In the Airport Enterprise Fund, this loan is presented as “Due From Other Funds”. See Note 8 to the financial statements, “Interfund Balances”.

(Amounts expressed in thousands unless otherwise noted)

Table 12
Receivables
Primary Government and Discretely Presented Component Unit
At June 30, 2018

		Accounts	Investment Earnings	Due From Other Government Agencies	Loans	Other	Total Receivables	Allowance For Doubtful Accounts	Receivables Net
Governmental activities:									
General Fund	$	4,147	11,455	320,484	66,235	1,208	403,529		403,529
Public Safety Special Revenue Fund				53,395			53,395		53,395
Tobacco Endowment Fund			4,127				4,127		4,127
Other Governmental Funds		25,543	6,921	41,292	23,699	699	98,154	(7,813)	90,341
Internal Service Funds		83	1,295	626		17	2,021		2,021
Total governmental activities - fund level	$	29,773	23,798	415,797	89,934	1,924	561,226	(7,813)	553,413
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund					1,582		1,582		1,582
Less: Due from Component Unit						(66)	(66)		(66)
Total governmental activities - Statement of Net Position	$	29,773	23,798	415,797	91,516	1,858	562,742	(7,813)	554,929
Business-type activities:									
Enterprise Funds	$	457	333	105	958		1,853		1,853
Add: loan receivable from the County of San Diego Successor Agency Private Purpose Trust Fund					3,553		3,553		3,553
Total business-type activities - Statement of Net Position	$	457	333	105	4,511		5,406		5,406
Component Unit:									
First 5 Commission of San Diego	$	2,755	180	3,424		145	6,504		6,504

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 $7.42 million at June 30, 2018. The lease revenue received by the County and the SDRBA for the year ended June 30, 2018 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, 2018.

Lease revenue from noncancelable operating leases for the year ended June 30, 2018 was approximately $9.40 million. Future minimum lease payments to be received under the direct financing and noncancelable operating leases are noted in **Table 13**.

(Amounts expressed in thousands unless otherwise noted)

Table 13
Lease Revenue
County Property Leased To Others

Fiscal Year	Direct Financing Leases	Operating Leases
2019	$ 1,633	$ 10,457
2020	1,265	8,822
2021		8,033
2022		7,607
2023		7,410
2024-2028		35,583
2029-2033		31,796
2034-2038		24,204
2039-2043		19,754
2044-2048		15,327
2049-2053		12,238
2054-2058		7,200
2059-2063		4,709
2064-2068		3,051
2069-2073		194
Total	$ 2,898	$ 196,385

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, 2017	Increases	Decreases	Ending Balance at June 30, 2018
Capital assets, not being depreciated/amortized:				
Land	$ 420,138	15,628	(4)	435,762
Easements	8,690	589		9,279
Construction in progress	83,816	168,157	(40,168)	211,805
Total capital assets, not being depreciated/amortized	512,644	184,374	(40,172)	656,846
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,976,440	67,958	(1,200)	2,043,198
Equipment	316,386	43,418	(14,684)	345,120
Software	87,709	8,730	(1,073)	95,366
Road infrastructure	2,709,108	28,629	(4,775)	2,732,962
Bridge infrastructure	76,588	5,358		81,946
Total capital assets, being depreciated/amortized	5,166,231	154,093	(21,732)	5,298,592
Less accumulated depreciation/amortization for:				
Buildings and improvements	(503,565)	(53,025)	1,115	(555,475)
Equipment	(186,538)	(29,682)	13,141	(203,079)
Software	(54,490)	(12,555)	1,073	(65,972)
Road infrastructure	(1,483,346)	(70,032)	2,103	(1,551,275)
Bridge infrastructure	(24,425)	(1,517)		(25,942)
Total accumulated depreciation/amortization	(2,252,364)	(166,811)	17,432	(2,401,743)
Total capital assets, being depreciated/amortized, net	2,913,867	(12,718)	(4,300)	2,896,849
Governmental activities capital assets, net	$ 3,426,511	171,656	(44,472)	3,553,695

(Amounts expressed in thousands unless otherwise noted)

Table 15
Capital Assets - Business-type Activities

	Beginning Balance at July 1, 2017	Increases	Decreases	Ending Balance at June 30, 2018
Capital assets, not being depreciated/amortized:				
Land	$ 11,593			11,593
Construction in progress	18,987	10,573	(19,957)	9,603
Total capital assets, not being depreciated/ amortized	30,580	10,573	(19,957)	21,196
Capital assets, being depreciated/amortized:				
Buildings and improvements	132,056		(181)	131,875
Equipment	2,372	252	(5)	2,619
Software	101			101
Road infrastructure	9,789	10,611		20,400
Sewer infrastructure	99,093	7,908		107,001
Total capital assets, being depreciated/ amortized:	243,411	18,771	(186)	261,996
Less accumulated depreciation/amortization for:				
Buildings and improvements	(50,803)	(3,750)	181	(54,372)
Equipment	(959)	(159)	6	(1,112)
Software	(23)	(20)		(43)
Road infrastructure	(1,728)	(510)		(2,238)
Sewer infrastructure	(46,434)	(2,084)		(48,518)
Total accumulated depreciation/ amortization	(99,947)	(6,523)	187	(106,283)
Total capital assets, being depreciated/ amortized, net	143,464	12,248	1	155,713
Business-type activities capital assets, net	$ 174,044	22,821	(19,956)	176,909

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	$ 12,402
Public protection	38,283
Public ways and facilities	71,182
Health and sanitation	13,021
Public assistance	4,799
Education	2,485
Recreation and cultural	8,846
Internal Service Funds	15,793
Total	$ 166,811

Table 17
Depreciation Expense - Business-type Activities

Airport Fund	$ 4,197
Jail Store Commissary Fund	2
Sanitation District Fund	2,324
Total	$ 6,523

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, 2018, the County General Fund's outstanding encumbrances totaled $444.554 million; the Public Safety Fund's outstanding encumbrances totaled $14.397 million; and, Nonmajor governmental funds' outstanding encumbrances totaled $93.296 million.

(Amounts expressed in thousands unless otherwise noted)

At June 30, 2018, major contracts entered into for structures and improvements and other commitments within governmental and business-type activities are noted in **Table 18**.

Table 18
Capital Commitments
At June 30, 2018

		Remaining Commitments
Governmental Activities		
General Fund:		
Construction of Regional Communications System	$	16,599
Improvements at Assessor/Recorder/County Clerk Branch Office		16,165
Development of Integrated Property Tax System		14,179
Construction of Crime Lab		10,449
Renovation of County Administration Center		8,186
Construction of Santa Ysabel Nature Center		6,613
Construction of the Borrego Springs Community Library		5,878
Construction of East County Regional Center (ECRC) Improvements		5,560
Construction of Sheriff Technology and Information Center		5,505
Construction of Pine Valley Fire Station		5,413
Borrego Springs Park Improvements		1,764
Construction of North Coastal HHSA Facility		1,448
Subtotal		97,759
Nonmajor Governmental Funds:		
Improvements of County Roads		6,532
Construction of Reche Road at Live Oak Elementary School		1,189
Subtotal		7,721
Internal Service Funds:		
Vehicle Acquisitions		18,773
Subtotal		18,773
Governmental Activities Subtotal		124,253
Business-type Activities		
Enterprise Funds:		
Construction of Sewer Monitoring System		1,678
Improvements at Rancho San Diego Pump Station		999
Business-Type Activities Subtotal		2,677
Total	$	126,930

(Amounts expressed in thousands unless otherwise noted)

NOTE 8
Interfund Balances

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

Table 19

Interfund Balances
At June 30, 2018

DUE TO	DUE FROM: General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Private Purpose Trust Fund	Total
General Fund		27,405	2,230	20,895	322	5,523	1,050	57,425
Public Safety	$ 955							955
Nonmajor Governmental	24,208	17		443	2,102	61	532	27,363
Nonmajor Enterprise	40			1	34		3,553	3,628
Internal Service	25,414			1,207	104	1,011		27,736
Total	$ 50,617	27,422	2,230	22,546	2,562	6,595	5,135	117,107

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

a) $1.050 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) $3.553 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) $532 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 mandated by California Health and Safety Code 34191.4.

For further discussion of the loans to the County of San Diego Successor Agency Private Purpose Trust Fund, refer to Note 33 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 $1.050 million Upper San Diego River Project loan and the “Due from other funds” for the County Low and Moderate Income Housing Asset fund's $532 thousand are included in the governmental activities' “Receivables, net”. The “Due from other funds” for the $3.553 million Airport Enterprise Fund's airport projects loan, is included in the business-type activities' “Receivables, net”. See Note 5 to the financial statements, “Receivables.”

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

(Amounts expressed in thousands unless otherwise noted)

NOTE 9
Interfund Transfers

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

Table 20

Transfers In/Transfers Out
At June 30, 2018

TRANSFERS IN	TRANSFERS OUT						
	General Fund	Public Safety	Tobacco Endowment	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund		285,308	6,000	14,352	818		306,478
Nonmajor Governmental	$ 207,892	380		6,927	3,973	1,970	221,142
Nonmajor Enterprise	333			50			383
Internal Service	11,363				13		11,376
Total	$ 219,588	285,688	6,000	21,329	4,804	1,970	539,379

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, 2018

	Vendors	Due to Other Government Agencies	Other	Total Payables
Governmental Activities:				
General Fund	$123,363	9,512	5,964	138,839
Other Governmental Funds	28,576	2,025	1,321	31,922
Internal Service Funds	49,910	133	2,570	52,613
Total governmental activities	$201,849	11,670	9,855	223,374
Business-type activities:				
Enterprise Funds	4,223	17	151	4,391
Component Unit:				
First 5 Commission of San Diego	$ 4,110	4,122		8,232

NOTE 11
Deferred Inflows of Resources: Unavailable Revenue

Table 22

Deferred Inflows of Resources - Non-pension/OPEB
At June 30, 2018

Unavailable Revenue	General Fund	Other Governmental Funds	Total
Property and miscellaneous local taxes	$ 40,035	478	40,513
Aid from other governmental agencies	12,051	26,654	38,705
Charges for services	1,285	1,782	3,067
Other	19,442	35,254	54,696
Total	$ 72,813	64,168	136,981

A large portion of the Unavailable revenue - aid from other governmental agencies consists primarily of $26.7 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 $5.4 million represents various other unavailable aid from other governmental agencies revenues.

(Amounts expressed in thousands unless otherwise noted)

Of the $54.7 million of Unavailable revenue - other, approximately $16.2 million are tobacco settlement receivables, $17.9 million are low and moderate income housing assistance receivables, $18.9 million is for the Sheriff Regional Communication System upgrade project, approximately $842 thousand is for interest receivable and $858 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 2038 (**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, 2018 was approximately $41 million, including $30.78 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	
2019	$	29,676
2020		27,771
2021		24,787
2022		22,048
2023		17,020
2024-2028		30,137
2029-2033		154
2034-2038		110
Total	$	151,703

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, 2018 was approximately $5.2 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 $5.576 million (fair value of $9.294 million less accumulated depreciation of $3.718 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, totaling $23 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.

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 its fair value of $15 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.

(Amounts expressed in thousands unless otherwise noted)

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 its fair value of $6.122 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
2019	$	3,841	2,671
2020		4,056	2,671
2021		4,233	2,671
2022		4,361	2,671
2023		4,491	2,671
2024-2028		15,362	10,681
Total minimum lease payments		36,344	24,036
Less: Amount representing interest		(9,652)	(3,037)
Net lease payments	$	26,692	20,999

Book Value

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

Table 25
Capital Lease - Book Value
At June 30, 2018

Capital Lease Property		Original Cost	Accumulated Amortization	Net Book Value
Building	$	30,416	5,705	24,711
Construction in Progress	$	9,247		9,247

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.

Details of the COPs and LRBs outstanding at June 30, 2018 are as follows:

(Amounts expressed in thousands unless otherwise noted)

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

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2018
2003 San Miguel Consolidated Fire Protection District Refunding LRB	$ 10,005	2.00 - 5.00%	2020	1,665
2009 Justice Facilities Refunding of 1997 Central Jail COP	48,300	2.00 - 5.00%	2026	26,730
2009 Justice Facilities Refunding of 1998 Courthouse COP	32,640	2.00 - 5.00%	2023	9,870
2011 Metropolitan Transit System Towers Refunding COP	19,260	1.00 - 5.00%	2020	3,880
2011 CAC Waterfront Park Project COP	32,665	3.00 - 5.125%	2042	28,955
2012 Cedar-Kettner Development Project COP	29,335	2.00 - 5.00%	2042	26,255
2014 Edgemoor and RCS Refunding COP Series 2014A (Edgemoor)	91,675	2.00 - 5.00%	2030	77,810
2014 Edgemoor and RCS Refunding COP Series 2014B (RCS) Taxable	2,075	0.415 - 1.920%	2019	520
2016 County Operations Center Refunding LRB	105,330	3.00 - 5.00%	2036	99,200
Total	$ 371,285			274,885

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
2019	$ 18,665	12,381	31,046
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
2024-2028	78,740	34,908	113,648
2029-2033	59,305	17,646	76,951
2034-2038	37,105	6,221	43,326
2039-2042	13,475	1,299	14,774
Subtotal	274,885	$ 114,573	$ 389,458
Add:			
Unamortized issuance premium	34,643		
Less:			
Unamortized discount	(140)		
Total	$ 309,388		

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.

Details of POBs outstanding at June 30, 2018 are as follows:

Table 28
Taxable Pension Obligation Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2018
2004 Series A	$ 241,360	3.28 - 5.86%	2023	150,740
2004 Series B1-2	147,825	5.91%	2025	147,825
2008 Series A	343,515	3.33 - 6.03%	2027	259,960
Total	$ 732,700			558,525

(Amounts expressed in thousands unless otherwise noted)

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
2019	$	49,760	30,585	80,345
2020		52,725	27,525	80,250
2021		55,915	24,265	80,180
2022		59,300	20,798	80,098
2023		62,835	17,097	79,932
2024-2027		277,990	27,137	305,127
Total	$	558,525	147,407	705,932

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 limit 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 have been 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.

Through fiscal year 2013, the County used a 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 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.

(Amounts expressed in thousands unless otherwise noted)

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, 2018 are as follows:

Table 30
Tobacco Settlement Asset-Backed Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2018
Series 2006A Senior Current Interest Bonds	$ 534,610	4.75 - 5.125%	2025-2046	448,085
Series 2006B CABs	19,770	6.25%	2046	231,820
2006B unaccreted appreciation CABs				(190,225)
Series 2006C CABs	8,686	6.40%	2046	107,950
2006C unaccreted appreciation CABs				(89,351)
Series 2006D CABs	20,565	7.10%	2046	335,105
2006D unaccreted appreciation CABs				(287,313)
Total	$ 583,631			556,071

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
2019	$ -	7,302	22,636	29,938
2020		7,800	22,636	30,436
2021		8,328	22,636	30,964
2022		8,894	22,636	31,530
2023	3,700	9,496	22,622	35,818
2024-2028	58,335	58,098	106,706	223,139
2029-2033	74,835	80,741	90,568	246,144
2034-2038	96,110	112,250	69,749	278,109
2039-2043	123,960	156,115	42,536	322,611
2044-2046	140,166	117,865	9,112	267,143
Subtotal	497,106	$ 566,889	$ 431,837	$ 1,495,832
Add:				
Accreted appreciation through June 30, 2018	58,965			
Subtotal	556,071			
Less:				
Unamortized issuance discount	(9,958)			
Total	$ 546,113			

As shown in **Table 31**, the unpaid accreted appreciation of the 2006 Bonds as of June 30, 2018 was $58,965, which will be paid in 2046.

Pledged revenue related to the 2006 Bonds for the year ended June 30, 2018 was as follows:

Table 32
Tobacco Settlement Asset-Backed Bonds - Pledged Revenues

			Fiscal Year 2018	
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Debt Principal & Interest Paid	Pledged Revenue Received
Series 2006 Tobacco Settlement Asset-Backed Bonds	2046	$ 1,554,798	$ 33,263	$ 32,527

(Amounts expressed in thousands unless otherwise noted)

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. In fiscal year 2018 the County received $344 thousand in proceeds from new OBF loans. As of June 30, 2018, eighteen OBF loans were outstanding, with remaining balances totaling $1.57 million.

Details of loans outstanding at June 30, 2018 for governmental activities are as follows:

Table 33
Loans - Governmental Activities

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2018
Loans - non internal service funds (ISF)				
Firebird Manor	$ 4,486	1.00%	2028	1,533
California Energy Comm Loan (Street Light & Maint Dist)	1,422	1.00%	2025	1,128
Sheriff RCS Land Purchase	68	6.78%	2026	48
Total loans - non-ISF	5,976			2,709
Loans - ISF				
San Diego Gas and Electric On Bill Financing (Facilities ISF)	3,732	0.00%	2029	1,573
Total loans - ISF	3,732			1,573
Total	$ 9,708			4,282

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
2019	$ 681	26	707
2020	597	23	620
2021	576	20	596
2022	472	17	489
2023	450	14	464
2024-2028	1,477	27	1,504
2029	29		29
Total	$ 4,282	127	4,409

Prior Year Defeasance of Long-Term Debt

In March 2016, the County defeased the San Diego Regional Building Authority Lease Revenue Bonds (County Operations Center and Annex Redevelopment Project) Series 2009A (2009A LRBs) by placing proceeds of the refunding bonds along with monies from the original issue in an irrevocable trust to provide for all future debt service payments on the 2009A LRBs. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the County's financial statements. At June 30, 2018, $112.645 million of the 2009A LRBs were legally defeased and remain outstanding.

(Amounts expressed in thousands unless otherwise noted)

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, 2018, the probable arbitrage rebate was zero.

NOTE 14
Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2018 were as follows:

Table 35

Changes in Long-Term Liabilities

		Beginning Balance at July 1, 2017	Additions	Reductions	Accreted Interest	Ending Balance at June 30, 2018	Amounts Due Within One Year
Governmental Activities:							
COPs, bonds & loans							
Certificates of participation and lease revenue bonds	$	293,620		(18,735)		274,885	18,665
Taxable pension obligation bonds		605,520		(46,995)		558,525	49,760
Tobacco settlement asset-backed bonds		559,374		(10,145)	6,842	556,071	
Loans - non-internal service funds (ISF)		3,016		(307)		2,709	310
Loans - internal service funds		2,233	344	(1,004)		1,573	371
Unamortized issuance premiums		37,482		(2,839)		34,643	2,839
Unamortized issuance discounts		(10,688)		590		(10,098)	(590)
Total COPs, bonds & loans	$	1,490,557	344	(79,435)	6,842	1,418,308	71,355
Other long-term liabilities:							
Capital Leases - non-ISF	$	6,071	45,495	(3,875)		47,691	4,098
Capital Leases - ISF		13		(13)			
Claims and judgments - ISF		228,150	44,273	(26,476)		245,947	49,707
Compensated absences - non-ISF		104,908	75,328	(72,496)		107,740	46,621
Compensated absences - ISF		2,317	1,906	(1,728)		2,495	1,037
Landfill postclosure		19,021	342			19,363	645
Pollution remediation		3,898		(529)		3,369	215
Total Other long-term liabilities	$	364,378	167,344	(105,117)		426,605	102,323
Total Governmental Activities	$	1,854,935	167,688	(184,552)	6,842	1,844,913	173,678
Business-type activities:							
Compensated absences		443	387	(368)		462	191
Total Business-type Activities	$	443	387	(368)		462	191

(Amounts expressed in thousands unless otherwise noted)

NOTE 15
Funds Used to Liquidate Liabilities

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

Table 36
Liquidated Liabilities

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

NOTE 16
Landfill Site Postclosure Care Costs

State laws and regulations require the placement of final 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, 2018 for the San Marcos Landfill was $19.363 million. This estimated amount is based on what it would cost to perform all postclosure maintenance over a 30 year period in calendar year 2018 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 $1.180 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 $1.201 million in fiscal year 2018). 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 on 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, 2018, the County's estimated pollution remediation obligations totaled $3.369 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) four 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, 2018, the aggregate conduit debt principal amount outstanding was $70.030 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.

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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, 2018, 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, 2018

Fund Type:	Purpose		Amount
Nonmajor Funds			
Special Revenue Funds			
Air Pollution Fund	Air pollution activities	$	25,609
Asset Forfeiture Program Fund	Law enforcement		10,405
Community Facilities District Funds - Other	Fire protection and suppression, emergency response, and the operation and maintenance of facilities		950
County Library Fund	Library services		12,615
County Low and Moderate Income Housing Asset Fund	County housing activities		215
County Service District Funds	Road, park lighting maintenance, fire protection and ambulance services		31,370
Edgemoor Development Fund	Edgemoor development		2,426
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		510
In Home Supportive Services Public Authority Fund	In home supportive services		84
Inmate Welfare Fund	Benefit, education, and welfare of jail inmates		14,724
Lighting Maintenance District Fund	Street and road lighting maintenance		2,919
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		2,191
Park Land Dedication Fund	Developing new or rehabilitating existing neighborhood or community park or recreational facilities		19,140
Total Nonmajor Funds (Special Revenue Funds)		$	123,158

(Amounts expressed in thousands unless otherwise noted)

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

At June 30, 2018, 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, 2018

Major Fund		
General Fund		
Teeter tax loss	$	9,349
Vector control		8,310
Parole revocation hearings		8,144
Fingerprinting equipment purchase and operation		7,492
Juvenile justice crime prevention		6,092
Probation Department activities		5,785
Mental health		5,290
Emergency medical services, various construction costs		4,362
Real estate fraud prosecution		4,272
Public Defender defense of indigent cases		3,712
Parks and Recreation land acquisition, improvements, stewardship and other activities		3,280
Juvenile probation camp		2,438
Probation community transition unit activities		2,066
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region		2,059
Sheriff automated warrant system		1,806
Sheriff law enforcement		1,743
Sheriff vehicle maintenance and replacement		1,622
Improvement, maintenance and operation of the Waterfront Park		1,172
Domestic violence and child abuse prevention		990
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles		542
Lease or purchase of California state approved voting systems, or components of voting systems		466
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities		192
Equipment replacement/system enhancement Caller ID Remote Access Network		112
Social services child safety education		78
Offset costs incurred to locate and notify victims to whom restitution is owed		63
Sheriff's correction training		2
Total General Fund	$	81,439
Nonmajor Funds		
Special Revenue Funds		
Flood Control District Fund		
Flood control future drainage improvements	$	17,096
Housing Authority - Other Fund		
Disaster related administration		44
Housing repairs and improvements		25
Total Nonmajor Special Revenue Funds	$	17,165
Total Nonmajor Funds	$	17,165
Total Fund Balances Restricted for Laws or Regulations of Other Governments: Other Purposes	$	98,604

(Amounts expressed in thousands unless otherwise noted)

NOTE 23
Fund Balances Committed to Other Purposes

At June 30, 2018, 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, 2018

Major Fund		
General Fund		
Regional communication system infrastructure enhancements	$	15,142
Parks expansion and improvements		11,195
Health based programs reducing adult/youth smoking		8,436
Pension unfunded actuarial accrued liability reduction		2,907
Department of Planning and Development Services activities		2,452
San Diego Fire Authority equipment replacement		2,433
Parks and Recreation land acquisition		2,019
Department of Environmental Health services		1,998
Sheriff's Department future capital expenditures		1,669
Registrar of Voters services		1,000
Sheriff's Department helicopter replacement		665
Management of conduit financing programs		612
Registrar of Voters equipment acquisition		445
South County Shelter capital improvements		188
Capital projects or major maintenance projects		91
Parks and Recreation turf replacement Sweetwater Valley		75
Future purchase of agricultural conservation easements		34
Capital Improvement		12
Total General Fund	$	51,373

NOTE 24
Fund Balances Assigned to Other Purposes

At June 30, 2018, 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, 2018

Major Fund		
General Fund		
Health, mental health and social services	$	40,490
Planning, land use, agriculture, watershed and other public services		25,476
Law enforcement, detention, legal and other protection services		18,909
Park and Recreation services		7,866
Hall of Justice future lease payments		4,000
Fire protection		3,969
Assessor/Recorder/County Clerk services		3,742
Registrar of Voters services		1,237
Treasurer-Tax Collector services		758
Maintenance		699
Animal Services		581
Total General Fund	$	107,727

(Amounts expressed in thousands unless otherwise noted)

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

At June 30, 2018, 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, 2018

Developing new or rehabilitating existing neighborhood or community park or recreational facilities	$	19,140
Benefit, education, and welfare of jail inmates		14,724
Library services		12,615
Law enforcement		10,405
Parole revocation hearings		8,144
Fingerprinting equipment purchase and operation		7,492
Juvenile justice crime prevention		6,092
Probation Department activities		5,785
Emergency medical services, various construction costs		4,362
Real estate fraud prosecution		4,272
Public Defender defense of indigent cases		3,712
Parks and Recreation land acquisition, improvements, stewardship and other activities		3,280
Street and road lighting maintenance		2,919
Juvenile probation camp		2,438
Edgemoor development		2,426
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		2,191
Probation community transition unit activities		2,066
Projects, programs and services that benefit Crest - Dehesa - Harbison Canyon - Granite Hills sub-region		2,059
Sheriff automated warrant system		1,806
Sheriff law enforcement		1,743
Sheriff vehicle maintenance and replacement		1,622
Improvement, maintenance and operation of the Waterfront Park		1,172
Domestic violence and child abuse prevention		990
Fire protection and suppression, emergency response, and the operation and maintenance of facilities		950
Administration, operation and conservation of trails, paths or other facilities for off-highway motor vehicles		542
Maintenance and operation of parks and recreation services, fire protection services, emergency response, street improvements, street lighting, and flood control services		510
Lease or purchase of California state approved voting systems, or components of voting systems		466
Housing activities		215
Acquisition, rehabilitation, construction and financing of courtrooms, courtroom buildings or court facilities		192
Equipment replacement/system enhancement Caller ID Remote Access Network		112
In home supportive services		84
Social services child safety education		78
Offset costs incurred to locate and notify victims to whom restitution is owed		63
Disaster related administration		44
Housing repairs and improvements		25
Sheriff's correctional training		2
Total Net Position Restricted for Laws or Regulations of Other Governments: Other Purposes	$	124,738

(Amounts expressed in thousands unless otherwise noted)

NOTE 26
Risk Management

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

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

At June 30, 2018, these liabilities discounted for anticipated investment return (public liability of 1% and workers' compensation of 2.5%), totaled $245.9 million, including $65.1 million in public liability and $180.8 million in workers' compensation. Changes in the balances of claim liabilities for fiscal years 2018 and 2017 are shown in **Table 42**.

Table 42
Risk Management - Changes in Claim Liabilities

		2018	2017
Employee Benefits Fund			
Unpaid claims, July 1	$	175,488	175,332
Incurred claims		28,202	23,201
Claim payments		(22,852)	(23,045)
Unpaid claims, June 30	$	180,838	175,488
Public Liability Insurance Fund			
Unpaid claims, July 1	$	52,662	38,163
Incurred claims		16,071	26,518
Claim payments		(3,624)	(12,019)
Unpaid claims, June 30	$	65,109	52,662

NOTE 27
Contingencies

Litigation

As of June 30, 2018, 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 $212 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 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 $1.4 million contributed primarily by the City and the County to supplement its operating revenues. In its latest report, SanGIS reported a decrease in net position of $67 thousand and ending net position of $259 thousand for the fiscal year ended June 30, 2017. 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 $41 thousand and ending net position of $123 thousand for the fiscal year ended June 30, 2017. Separate financial statements may be obtained from the Office of Emergency Services, 5580 Overland Ave., Suite 100, San Diego CA 92123 or by calling (858) 565-3490 or by E-mail at oes@sdcounty.ca.gov.

The San Diego Workforce Partnership (Partnership) funds job training programs to meet current and future workforce needs of employers in San Diego County. Two boards provide oversight and funding direction: The Consortium Policy Board and the Workforce Development Board (WDB). As a joint powers 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 representative of 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, 2017, the Partnership reported an increase in net position of $318 thousand and ending net position of $620 thousand. Complete financial reports may be obtained by writing to the San Diego Workforce Partnership, 3910 University Ave., 4th floor, San Diego CA 92105 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 $189 thousand and ending net position of $1.1 million for the fiscal year ended June 30, 2017. 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) 441-1693.

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 employees 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, 2017 SDCERA-PP membership totaled 41,900, consisting of the following: Retired members or beneficiaries currently receiving benefits - 18,247, Vested terminated members entitled to, but not yet receiving benefits - 5,659; and Active members - 17,994.

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 entrants.

(Amounts expressed in thousands unless otherwise noted)

Benefits Provided

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

Table 43
SDCERA - PP Tiers and Basic Provisions

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

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 have attained the age of 52, and have acquired five 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 50, and have acquired five 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 spouse or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

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

In addition to the aforementioned retirement, disability, death and survivor benefits, SDCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment (COLA), based upon the 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.

(Amounts expressed in thousands unless otherwise noted)

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, 2018 for 2017-18 was 11.33% 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, 2018 for 2017-18 was 42.58% (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 $487,841 for the year ended June 30, 2018.

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	39.45%	7.95 - 15.48%	23
General Tier A	39.45%	9.55 - 17.08%	8,367
General Tier B	39.45%	6.75 - 13.44%	1,575
General Tier C	32.98%	8.38%	4,453
Safety Tier A	55.74%	13.85 -20.38%	2,294
Safety Tier B	55.74%	10.74 - 15.99%	473
Safety Tier C	47.89%	14.77%	809

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, 2018, the County reported a liability of $3,433,950 for its proportionate share of the collective Net Pension Liability (NPL). The NPL was measured as of June 30, 2017 and was determined by rolling forward the Total Pension Liability (TPL) as of the June 30, 2016 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 market 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 2017; therefore 100% of the NPL for the Safety membership class is allocated to San Diego County.

(Amounts expressed in thousands unless otherwise noted)

For the County's General membership class, actual or statutorily required contributions for the fiscal year ended June 30, 2017 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, 2017, the County's proportionate share of employer contributions was approximately 93.136%, (General 90.022%, Safety 100%), which was an increase of approximately 0.238% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $627,457.

At June 30, 2018, 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	$ 487,841	
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	10,561	3,409
Changes of assumptions or other inputs	550,313	
Net difference between projected and actual earnings on pension plan investments	120,290	
Differences between expected and actual experience in the total pension liability	3,699	226,667
	$ 1,172,704	230,076

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

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

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

(Amounts expressed in thousands unless otherwise noted) 113

$487,841 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 ended June 30, 2019.

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
2019	$	164,576
2020		284,235
2021		130,337
2022		(124,361)
Total	$	454,787

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, 2017 (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 rate of return.

The long-term expected rate of return on pension plan investments (7.25%) 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 assumptions are summarized in the following table:

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 & 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%	

(Amounts expressed in thousands unless otherwise noted)

Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2017. 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 measured as of June 30, 2017.

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 measured as of June 30, 2017, 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	$ 5,364,248	$ 3,433,950	$ 1,847,771

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, 2017, the SDCERA-RHP membership totaled 4,740, consisting of the following: Retired members or beneficiaries currently receiving benefits - 4,564, Vested terminated members entitled to, but not yet receiving benefits - 153; and, Active members - 23.

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.

(Amounts expressed in thousands unless otherwise noted)

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 (generally at age 65), their HIA allowance changes to $300 per month, plus reimbursement for Medicare Part B premiums.

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

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

Table 50
Benefit Amount for Non-Disabled Retires

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

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

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

Contributions

The SDCERA-RHP is funded by employer contributions that are based on a biennial actuarial valuation, actuarially determined 20-year level dollar amortization schedule. The Actuarial Valuation of Other Postemployment Benefits (OPEB) as of June 30, 2016, established the fiscal year 2017-2018 employer contribution rate of 1.65% of covered payroll which amounted to $18.229 million in required contributions made by the County. The Internal Revenue Code limits employer contributions to a 401(h) account to a maximum of 25 percent of the employer's normal cost contributions to the pension plan.

(Amounts expressed in thousands unless otherwise noted)

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

At June 30, 2018, the County reported a liability of $132,163 for its proportionate share of the collective Net Other Postemployment Benefits Liability (NOL). The NOL was measured as of June 30, 2017 (measurement date), and determined based upon the results of the actuarial valuation as of June 30, 2017.

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, 2016 through June 30, 2017 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, 2017, the County's proportionate share of the NOL was approximately 92.594%, which was an increase of approximately 0.111% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized OPEB expense of $10,502.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Table 51
OPEB Deferred Outflows/Inflows

	Deferred Outflows of Resources
Contributions to the OPEB plan subsequent to the measurement date	$ 18,229
Net difference between projected and actual earnings on OPEB plan investments	329
	$ 18,558

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

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

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

$18,229 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 ended June 30, 2019.

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

Table 52
OPEB Expense

Year Ending June 30	Amount
2019	$ 82
2020	82
2021	82
2022	83
Total	$ 329

(Amounts expressed in thousands unless otherwise noted)

Actuarial Assumptions

The TOL in the June 30, 2017 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 4.50% to 9.75%, including inflation
Discount rate	7.25%, net of investment expenses
Health care trend	6.50% graded to ultimate 4.50% over 8 years
Health insurance allowance subsidy increases	0.00%

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

Healthy retirement. For General members and all beneficiaries, 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 above mortality tables contain 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, 2017 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, 2017 funding actuarial valuation for SDCERA-RHP.

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, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2017 is summarized in the following table:

(Amounts expressed in thousands unless otherwise noted)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap 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, 2017. 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, 2017.

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, 2017, 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, 2017 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 OPEB plan liability	$ 142,673	132,163	122,957

Healthcare Cost Trend Rate Sensitivity	1% Drecrease*	Current Discount Rate*	1% Increase*
County's proportionate share of net OPEB plan liability	$ 131,761	132,163	132,548

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

SDCERA-RHP Fiduciary Net Position

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

(Amounts expressed in thousands unless otherwise noted)

NOTE 31
Fund Deficit

Table 56		
Fund Deficit		
At June 30, 2018		
Internal Service Fund:		
Employee Benefits Fund	$	(14,362)
Facilities Management Fund		(26,824)
Public Liability Insurance Fund		(5,521)
Purchasing Fund		(121)

The Employee Benefits Fund deficit of $14.4 million, (a decrease of $10.2 million from the 2016-2017 fund deficit of $24.6 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 ending June 30, 2018. The liability increased to $180.8 million from the prior year's estimate of $175.5 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 Public Liability Insurance Fund deficit of $6 million, (a decrease of $4 million from the 2016-2017 fund deficit of $10 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 $65 million from the prior year's estimate of $53 million. The County intends to reduce the deficit through increased rate charges to County Departments in fiscal year 2018-19, primarily based on the 5 year history of actual expenditures by department.

The Facilities Management Fund and Purchasing Fund deficits of $26,824 and $121, respectively, resulted from adjustments attributed to reporting the County's proportionate shares of the SDCERA-PP net pension liability and the SDCERA-RHP net OPEB liability.

(Amounts expressed in thousands unless otherwise noted)

NOTE 32
Restatements

Change in Accounting Principle - In fiscal year 2018, the County implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the County was required to report its proportionate share of the collective SDCERA-RHP net OPEB liability; and, prior period adjustments were made to decrease the affected Enterprise Funds, Internal Service Funds, and the governmental activities and business-type activities beginning net positions for the prior period costs associated with reporting the net OPEB liability. The effects of these restatements are shown in **Table 57**.

Table 57

Restatement of Beginning Net Positions

Restatement - Enterprise Funds	Fund Financial Statements: Airport Fund	Fund Financial Statements: Sanitation District Fund	Fund Financial Statements: Total Enterprise Funds	Primary Government: Total Business-type Activities
Total net position at June 30, 2017	$ 119,718	122,174	244,321	$ 245,163
Adjustment for Net OPEB Liability	(300)	(362)	(662)	(662)
Adjustment for Deferred Outflows - Contributions to the OPEB Plan Subsequent to the Measurement Date	41	49	90	90
Total net position, restated June 30, 2017	$ 119,459	121,861	243,749	$ 244,591

Restatement - Internal Service Funds (ISF)	Facilities Management Fund	Fleet Services Fund	Purchasing Fund	Total Internal Service Funds	Total Governmental Activities
Total net position at June 30, 2017	$ (23,134)	61,523	(628)	47,886	$ 2,575,474
Adjustment for Net OPEB Liability	(2,369)	(454)	(538)	(3,361)	(3,361)
Adjustment for Deferred Outflows - Contributions to the OPEB Plan Subsequent to the Measurement Date	317	61	72	450	450
Total net position, restated June 30, 2017	$ (25,186)	61,130	(1,094)	44,975	
Adjustment for Net OPEB Liability - Non ISF					(136,206)
Adjustment for Deferred Outflows - Contributions to the OPEB Plan Subsequent to the Measurement Date					18,254
Total net position, restated June 30, 2017					$ 2,454,611

Restatement - Total Primary Government	Total Primary Government
Total net position at June 30, 2017	$ 2,820,637
Adjustment for Net OPEB Liability	(140,229)
Adjustment for Deferred Outflows - Contributions to the OPEB Plan Subsequent to the Measurement Date	18,794
Total net position, restated June 30, 2017	$ 2,699,202

NOTE 33

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 ($1.050 million), to the Airport Enterprise Fund (AEF) for the Airport Projects ($3.553 million) and to the County Low and Moderate Income Housing Asset Fund (CLMIHAF) ($532 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, 2018, 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 34

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.

(Amounts expressed in thousands unless otherwise noted)

SDCRA revenue refunding bonds outstanding at June 30, 2018 were the following:

Table 58
SDCRA Revenue Refunding Bonds

Issuance	Original Amount	Interest Rate	Final Maturity Date	Outstanding Balance at June 30, 2018
Revenue Refunding Bonds Series 2005A	$ 16,000	3.65 - 5.75%	2033	10,675
Total	$ 16,000			10,675

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

Table 59
SDCRA Revenue Refunding Bonds - Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2019	$ 525	579	1,104
2020	555	550	1,105
2021	580	521	1,101
2022	610	489	1,099
2023	645	455	1,100
2024-2028	3,790	1,686	5,476
2029-2033	3,970	478	4,448
Total	10,675	$ 4,758	$ 15,433
Less:			
Unamortized issuance discount	(24)		
Total	$ 10,651		

SDCRA pledged revenue for the year ended June 30, 2018 was as follows:

Table 60
SDCRA Revenue Refunding Bonds - Pledged Revenues

			Fiscal Year 2018	
Debt Pledged	Final Maturity Date	Pledged Revenue To Maturity	Debt Principal & Interest Paid	Pledged Revenue Received
Revenue Refunding Bonds Series 2005A	2033	$ 15,433	$ 1,416	$ 1,443

(Amounts expressed in thousands unless otherwise noted)

Changes in Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2018 were as follows:

Table 61

SDCRA Changes in Long-Term Liabilities

	Beginning Balance at July 1, 2017	Additions	Reductions	EndingBalance at June 30, 2018	Amounts Due Within One Year
Revenue Refunding Bonds Series 2005A	$ 11,475		(800)	10,675	525
Unamortized issuance discounts	(26)		2	(24)	(2)
Total	$ 11,449		(798)	10,651	523

NOTE 35

New Governmental Accounting Standards

Implementation Status

In June 2015, the GASB issued *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires cost-sharing employers, in financial statements prepared using the accrual basis of accounting, to recognize a liability for its proportionate share of the net OPEB liability (of all employers for benefits provided through the OPEB plan)-the collective net OPEB liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the OPEB plan are determined. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB.

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

In March 2016, the GASB issued *Statement No. 81, Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

In Fiscal Year 2018, the County determined that these requirements do not affect the financial reporting for the County, consequently this Statement is not currently applicable.

In March 2017, the GASB issued *Statement No. 85, Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The County has implemented the applicable portions of this Statement for the current fiscal year, pertaining to presentation of Other Postemployment Benefits payroll-related measures in required supplementary information. The County has determined that the remaining requirements of this Statement do not affect the financial reporting for the County, and consequently are not currently applicable.

In May 2017, the GASB issued *Statement No. 86, Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources; that is, resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In Fiscal Year 2018, the County determined that these requirements do not affect the financial reporting for the County, consequently this Statement is not currently applicable.

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 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.

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

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 April 2018 the GASB issued *Statement 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In June 2018 the GASB issued *Statement 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.

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 County's Proportionate Share of the Net Pension Liability

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

*Amounts presented above were based on the measurement periods ending 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 Contributions - Net Pension Liability

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

*Amounts presented above were based on the fiscal years ended 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 notes to required supplementary information.

OPEB

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 3
Schedule of County's Proportionate Share of the Net OPEB Liability

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

*Amounts presented above were based on the measurement period ending June 30, 2017.
Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

Table 4
Schedule of the County Contributions - OPEB

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

*Amounts presented above were based on the fiscal years ended June 30, 2018.
Note: This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

GENERAL FUND

For the Year Ended June 30, 2018
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 1,118,617	1,140,776	1,164,508
Licenses, permits and franchise fees	42,869	43,642	45,846
Fines, forfeitures and penalties	46,137	46,483	40,923
Revenue from use of money and property	7,943	8,752	29,986
Aid from other governmental agencies:			
State	1,233,369	1,267,437	1,275,047
Federal	713,960	729,550	682,809
Other	94,239	94,240	106,104
Charges for current services	408,576	410,972	386,593
Other	14,724	18,780	27,920
Total revenues	3,680,434	3,760,632	3,759,736
Expenditures:			
Current:			
General government:			
Assessor/recorder/county clerk - finance	46,527	48,105	40,348
Auditor and controller	27,752	28,479	25,831
Auditor and controller - information technology management services	13,913	13,981	8,032
Board of supervisors district #1	1,513	1,758	1,468
Board of supervisors district #2	1,571	1,692	1,584
Board of supervisors district #3	1,726	1,968	1,502
Board of supervisors district #4	1,510	1,758	1,393
Board of supervisors district #5	1,800	1,894	1,667
Board of supervisors general office	1,377	1,383	1,204
Chief administrative office - legislative and administrative	5,188	5,305	4,845
Civil service commission	516	537	452
Clerk of the board of supervisors - legislative and administrative	3,921	4,039	3,724
Community enhancement	5,409	5,409	5,407
Community projects	11,937	11,291	7,943
Community services	12,001	9,869	3,605
County communications office	3,128	3,282	2,842
County counsel	26,651	26,999	26,512
County technology office	20,113	20,242	13,323
Countywide general expense	128,828	139,958	20,776
Finance and general government - legislative and administrative	6,087	17,706	8,961
Finance and general government - other general	34,993	21,474	3,827
Finance and general government group - CAC major maintenance	8,193	8,193	7,484
Finance and general government group - finance	3,362	5,338	3,014
Health and human services - legislative and administrative	173	173	146
Human resources - other general government	4,244	4,413	4,696
Human resources - personnel	22,306	22,709	18,907
Land use and environment - legislative and administrative	7,725	8,502	4,283
Lease payments - bonds	241	241	
Public safety - legislative and administrative	20,375	15,877	6,638
Registrar of voters	22,776	22,725	19,299
Treasurer - tax collector	22,278	22,572	19,038
Total general government	468,134	477,872	268,751

Continued on next page

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Public protection:			
Agriculture, weights and measures	17,249	17,377	15,674
Agriculture, weights and measures - sealer	4,491	4,619	4,421
Assessor/recorder/county clerk - other protection	24,368	23,706	15,366
Child support	51,405	52,853	42,541
Citizens law enforcement review board	704	800	760
Contributions for trial courts	66,860	69,360	66,589
Department of animal services	18,489	18,875	16,003
District attorney - judicial	185,909	177,707	172,836
Fire protection, Office of emergency services	38,698	39,123	32,187
Grand jury	726	730	496
Local agency formation commission administration	467	467	467
Medical examiner	10,235	10,247	10,000
Office of emergency services	8,237	10,138	6,189
Penalty Assessment	3,129	3,129	
Planning and development services	48,936	52,790	35,681
Probation - detention and correction	156,527	161,106	145,911
Probation - juvenile detention	44,779	42,945	47,082
Public defender	87,348	86,085	79,639
Public works, flood control, soil and water, general	25,663	26,628	14,358
Sheriff - adult detention	287,801	290,608	284,986
Sheriff - detention and correction	4,687	4,927	4,573
Sheriff - other protection	3,022	4,196	4,962
Sheriff - police protection	537,297	530,378	477,552
Total public protection	1,627,027	1,628,794	1,478,273
Public ways and facilities:			
Public works, dept of gen	652	3,404	1,391
Public works, general - public ways	5,527	5,656	4,184
Total public ways and facilities	6,179	9,060	5,575
Health and sanitation:			
Environmental health	44,518	46,216	40,363
Health and human services agency - drug and alcohol abuse services	67,751	67,751	71,049
Health and human services agency - health	212,287	219,815	188,191
Health and human services agency - health administration	1,384	1,383	1,331
Health and human services agency - medical care	51,845	51,998	48,787
Health and human services agency - mental health	427,456	439,944	410,063
Total health and sanitation	805,241	827,107	759,784
Public assistance:			
Health and human services agency - medical services	8,196	8,208	7,286
Health and human services agency - other assistance	275,842	285,236	233,831
Health and human services agency - social administration	841,299	833,788	776,527
Health and human services agency - veterans' services	2,794	2,799	2,822
Probation - care of court wards	14,172	14,172	14,209
Total public assistance	1,142,303	1,144,203	1,034,675

Continued on next page

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

GENERAL FUND

For the Year Ended June 30, 2018
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Education:			
Agriculture, weights and measures	1,280	1,280	1,029
Total education	1,280	1,280	1,029
Recreation and cultural:			
Parks and recreation	44,488	48,125	37,492
Total recreation and cultural	44,488	48,125	37,492
Contingency reserve	23,983	23,983	
Capital outlay	97,816	111,807	113,224
Debt service:			
Principal	17,964	17,964	17,964
Interest	15,777	16,818	15,699
Total expenditures	4,250,192	4,307,013	3,732,466
Excess (deficiency) of revenues over (under) expenditures	(569,758)	(546,381)	27,270
Other financing sources (uses):			
Sale of capital assets			88
Issuance of capital leases:			
Face value of capital leases			45,495
Transfers in	319,841	319,876	306,478
Transfers out	(463,499)	(523,006)	(219,588)
Total other financing sources (uses)	(143,658)	(203,130)	132,473
Net change in fund balances	(713,416)	(749,511)	159,743
Fund balances at the beginning of year	2,144,613	2,144,613	2,144,613
Increase (decrease) in nonspendable inventories		2,771	2,771
Fund balances at end of year	$ 1,431,197	1,397,873	2,307,127

See notes to required supplementary information.

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

PUBLIC SAFETY FUND

For the Year Ended June 30, 2018
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Aid from other governmental agencies:			
State	$ 278,884	278,884	283,306
Total revenues	278,884	278,884	283,306
Expenditures:			
Current:			
Public protection:			
Public safety (Prop 172)	1,072	1,072	
Total public protection	1,072	1,072	
Total expenditures	1,072	1,072	
Excess (deficiency) of revenues over (under) expenditures	277,812	277,812	283,306
Other financing sources (uses):			
Transfers out	(300,085)	(300,085)	(285,688)
Total other financing sources (uses)	(300,085)	(300,085)	(285,688)
Net change in fund balances	(22,273)	(22,273)	(2,382)
Fund balances at beginning of year	61,821	61,821	61,821
Fund balances at end of year	$ 39,548	39,548	59,439

See notes to required supplementary information.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

TOBACCO ENDOWMENT FUND

For the Year Ended June 30, 2018

(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 1,900	1,900	1,442
Total revenues	1,900	1,900	1,442
Expenditures:			
Current:			
General government:			
Tobacco settlement	200	200	147
Total general government	200	200	147
Total expenditures	200	200	147
Excess (deficiency) of revenues over (under) expenditures	1,700	1,700	1,295
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)	(4,705)
Fund balances at beginning of year	303,463	303,463	303,463
Fund balances at end of year	$ 299,163	299,163	298,758

Budgetary Information

General Budget Policies

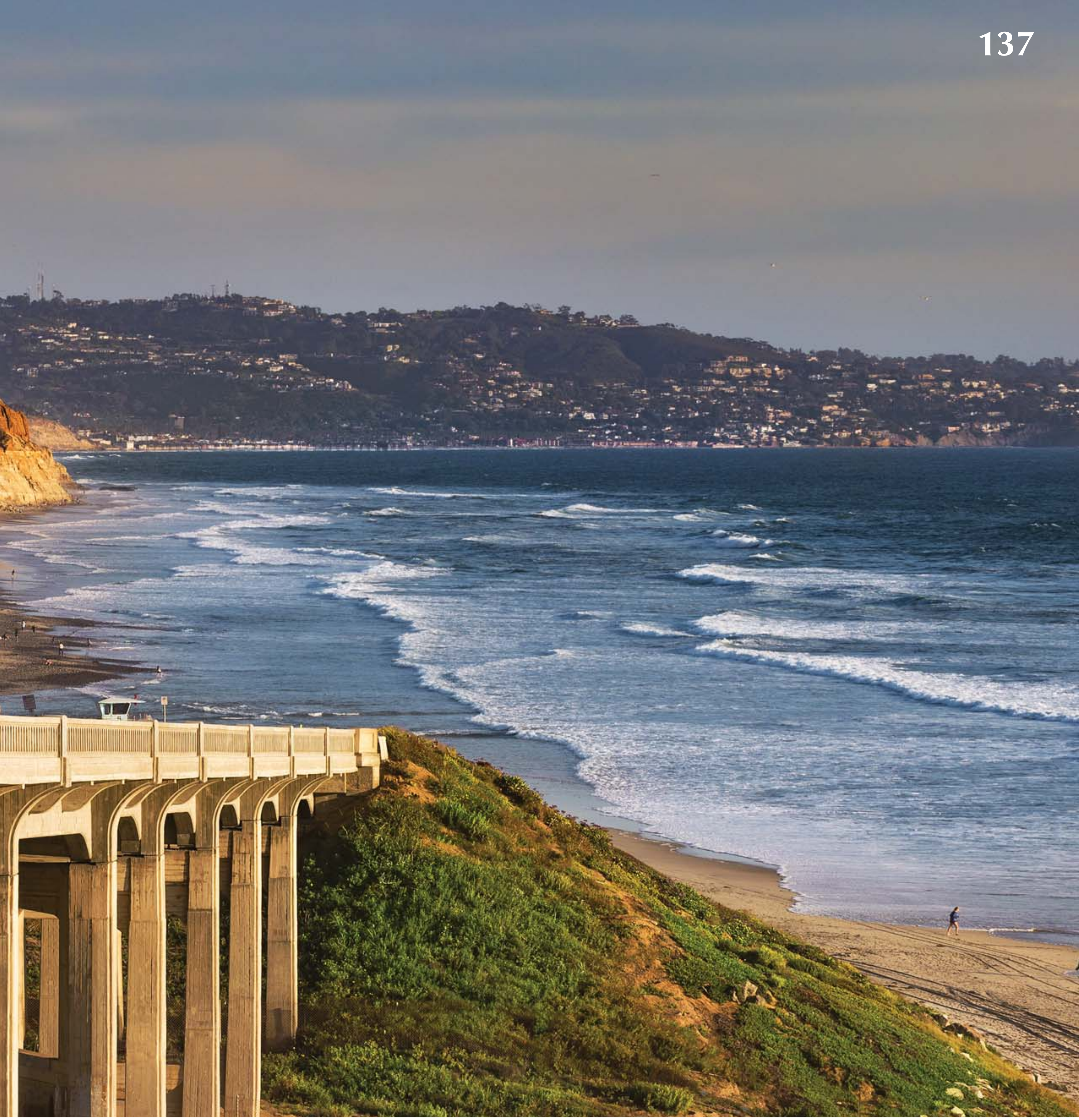
An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditures within departments. Annual budgets are not required to be adopted for the Tobacco Securitization Joint Special Revenue Fund; 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 generally accepted accounting principles (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 subsequent to the start of each new fiscal year by mid-August. 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 and expenditures 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.

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 FUNDS

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

Capital Outlay Fund

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

Harmony Grove Community Facilities District Fund

This fund is used to account for the expenditures of the Harmony Grove Village Special Tax A revenues and the proceeds from the sale of special tax bonds of the Harmony Grove Village Community Facilities District No. 2008-01. The monies are used to reimburse the developer for the construction of facilities in the Harmony Grove Community Facilities District Improvement Area 1. The fund is restricted for capital projects per the debt covenant.

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018
(In Thousands)

		Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and investments	$	375,944	2,557	13,862	392,363
Receivables, net		89,899	284	158	90,341
Property taxes receivables, net		506			506
Due from other funds		5,505	220	21,638	27,363
Inventories		1,708			1,708
Deposits with others		15			15
Prepaid items		321			321
Restricted assets:					
Cash with fiscal agents		387		105	492
Investments with fiscal agents		45,459	18,429		63,888
Lease receivable			1,782		1,782
Total assets		519,744	23,272	35,763	578,779
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable		10,876	5	21,041	31,922
Accrued payroll		1,583			1,583
Due to other funds		7,787	37	14,722	22,546
Unearned revenue		26,949			26,949
Total liabilities		47,195	42	35,763	83,000
DEFERRED INFLOW OF RESOURCES					
Non-pension:					
Property taxes received in advance		608			608
Unavailable revenue		62,386	1,782		64,168
Total deferred inflows of resources		62,994	1,782		64,776
FUND BALANCES					
Nonspendable:					
Not in spendable form:					
Loans, due from other funds and prepaids		4,270			4,270
Inventories and deposits with others		1,723			1,723
Restricted for:					
Creditors - Debt service		45,363	21,448		66,811
Grantors - Housing assistance		18,464			18,464
Laws or regulations of other governments:					
Future road improvements		128,589			128,589
Fund purpose		123,158			123,158
Other purposes		17,165			17,165
Committed to:					
Landfill closure, postclosure and landfill maintenance		68,757			68,757
Assigned to:					
Legislative and administrative services		2,066			2,066
Total fund balances		409,555	21,448		431,003
Total liabilities, deferred inflows of resources and fund balances	$	519,744	23,272	35,763	578,779

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

June 30, 2018
(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	County Service District Funds
ASSETS							
Pooled cash and investments	$	41,953	10,677	946	16,166	214	33,957
Receivables, net		3,171	50	4	146	4,414	465
Property taxes receivables, net					391		55
Due from other funds		79	5	78	552	532	12
Inventories		195	73		22		85
Deposits with others							
Prepaid items						3	
Restricted assets:							
Cash with fiscal agents							
Investments with fiscal agents							
Total assets		45,398	10,805	1,028	17,277	5,163	34,574
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable		119	248		601		2,610
Accrued payroll		288			457		
Due to other funds		302	79		676		393
Unearned revenue		18,885		78			
Total liabilities		19,594	327	78	1,734		3,003
DEFERRED INFLOWS OF RESOURCES							
Non-pension:							
Property taxes received in advance					457		71
Unavailable revenue					383	996	45
Total deferred inflows of resources					840	996	116
FUND BALANCES							
Nonspendable:							
Not in spendable form:							
Loans, due from other funds and prepaids						3,952	
Inventories and deposits with others		195	73		22		85
Restricted for:							
Creditors - Debt service							
Grantors - Housing assistance							
Laws or regulations of other governments:							
Future road improvements							
Fund purpose		25,609	10,405	950	12,615	215	31,370
Other purposes							
Committed to:							
Landfill postclosure and landfill maintenance							
Assigned to:							
Legislative and administrative services					2,066		
Total fund balances		25,804	10,478	950	14,703	4,167	31,455
Total liabilities, deferred inflows of resources and fund balances	$	45,398	10,805	1,028	17,277	5,163	34,574

Continued on next page

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

June 30, 2018
(In Thousands)

(Continued)	Edgemoor Development Fund	Flood Control District Fund	Harmony Grove Community Facilities District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund	Housing Authority - Other Fund	In Home Supportive Services Public Authority Fund
ASSETS						
Pooled cash and investments	$ 211	15,873	264	554	12,864	1,272
Receivables, net	4,217	275	1	17,923	7,657	13
Property taxes receivables, net		48				
Due from other funds		1,250		1	714	136
Inventories		65				
Deposits with others					15	
Prepaid items					1	
Restricted assets:						
Cash with fiscal agents					387	
Investments with fiscal agents			245			
Total assets	4,428	17,511	510	18,478	21,638	1,421
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable		74			510	8
Accrued payroll						87
Due to other funds	2,002	172		1	2,331	1,242
Unearned revenue				559	31	
Total liabilities	2,002	246		560	2,872	1,337
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance		64				
Unavailable revenue		40		17,918		
Total deferred inflows of resources		104		17,918		
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids					1	
Inventories and deposits with others		65			15	
Restricted for:						
Creditors - Debt service					217	
Grantors - Housing assistance					18,464	
Laws or regulations of other governments:						
Future road improvements						
Fund purpose	2,426		510			84
Other purposes		17,096			69	
Committed to:						
Landfill postclosure and landfill maintenance						
Assigned to:						
Legislative and administrative services						
Total fund balances	2,426	17,161	510		18,766	84
Total liabilities, deferred inflows of resources and fund balances	$ 4,428	17,511	510	18,478	21,638	1,421

Continued on next page

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

June 30, 2018

(In Thousands)

(Continued)		Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund	Other Special Revenue Funds	Park Land Dedication Fund
ASSETS						
Pooled cash and investments	$	68,552	14,042	3,095	1,795	19,106
Receivables, net		384	289	15	725	86
Property taxes receivables, net				12		
Due from other funds		2	1,962			1
Inventories			185	28		
Deposits with others						
Prepaid items						
Restricted assets:						
Cash with fiscal agents						
Investments with fiscal agents						
Total assets		68,938	16,478	3,150	2,520	19,193
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable		106	1,154	167	223	
Accrued payroll		28			5	
Due to other funds		47	415	10	17	53
Unearned revenue					84	
Total liabilities		181	1,569	177	329	53
DEFERRED INFLOWS OF RESOURCES						
Non-pension:						
Property taxes received in advance				16		
Unavailable revenue				10		
Total deferred inflows of resources				26		
FUND BALANCES						
Nonspendable:						
Not in spendable form:						
Loans, due from other funds and prepaids						
Inventories and deposits with others			185	28		
Restricted for:						
Creditors - Debt service						
Grantors - Housing assistance						
Laws or regulations of other governments:						
Future road improvements						
Fund purpose			14,724	2,919	2,191	19,140
Other purposes						
Committed to:						
Landfill postclosure and landfill maintenance		68,757				
Assigned to:						
Legislative and administrative services						
Total fund balances		68,757	14,909	2,947	2,191	19,140
Total liabilities, deferred inflows of resources and fund balances	$	68,938	16,478	3,150	2,520	19,193

Continued on next page ▶▶▶

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

June 30, 2018

(In Thousands)

(Continued)		Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
ASSETS				
Pooled cash and investments	$	134,403		375,944
Receivables, net		33,848	16,216	89,899
Property taxes receivables, net				506
Due from other funds		181		5,505
Inventories		1,055		1,708
Deposits with others				15
Prepaid items		317		321
Restricted assets:				
Cash with fiscal agents				387
Investments with fiscal agents			45,214	45,459
Total assets		169,804	61,430	519,744
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable		4,988	68	10,876
Accrued payroll		718		1,583
Due to other funds		47		7,787
Unearned revenue		7,312		26,949
Total liabilities		13,065	68	47,195
DEFERRED INFLOWS OF RESOURCES				
Non-pension:				
Property taxes received in advance				608
Unavailable revenue		26,778	16,216	62,386
Total deferred inflows of resources		26,778	16,216	62,994
FUND BALANCES				
Nonspendable:				
Not in spendable form:				
Loans, due from other funds and prepaids		317		4,270
Inventories and deposits with others		1,055		1,723
Restricted for:				
Creditors - Debt service			45,146	45,363
Grantors - Housing assistance				18,464
Laws or regulations of other governments:				
Future road improvements		128,589		128,589
Fund purpose				123,158
Other purposes				17,165
Committed to:				
Landfill postclosure and landfill maintenance				68,757
Assigned to:				
Legislative and administrative services				2,066
Total fund balances		129,961	45,146	409,555
Total liabilities, deferred inflows of resources and fund balances	$	169,804	61,430	519,744

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS
June 30, 2018
(In Thousands)

		Pension Obligation Bonds Fund	San Diego Regional Building Authority Fund	SANCAL Fund	Total Debt Service Funds
ASSETS					
Pooled cash and investments	$	806	728	1,023	2,557
Receivables, net		4	84	196	284
Due from other funds		220			220
Restricted assets:					
Investments with fiscal agents			5,933	12,496	18,429
Lease receivable			1,782		1,782
Total assets		1,030	8,527	13,715	23,272
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable			3	2	5
Due to other funds		37			37
Total liabilities		37	3	2	42
DEFERRED INFLOWS OF RESOURCES					
Non-pension:					
Unavailable revenue			1,782		1,782
Total deferred inflows of resources			1,782		1,782
FUND BALANCES					
Restricted for:					
Creditors - Debt service		993	6,742	13,713	21,448
Total Fund Balance		993	6,742	13,713	21,448
Total liabilities, deferred inflows of resources and fund balances	$	1,030	8,527	13,715	23,272

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
June 30, 2018
(In Thousands)

		Capital Outlay Fund	Total Capital Projects Funds
ASSETS			
Pooled cash and investments	$	13,862	13,862
Receivables, net		158	158
Due from other funds		21,638	21,638
Restricted Assets:			
Cash with fiscal agents		105	105
Total assets		35,763	35,763
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable		21,041	21,041
Due to other funds		14,722	14,722
Total liabilities		35,763	35,763
Total liabilities, deferred inflows of resources and fund balances	$	35,763	35,763

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018
(In Thousands)

		Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:					
Taxes	$	49,558			49,558
Licenses, permits and franchise fees		16,343			16,343
Fines, forfeitures and penalties		1,494			1,494
Revenue from use of money and property		9,733	2,244	2	11,979
Aid from other governmental agencies:					
State		85,901			85,901
Federal		145,705		179	145,884
Other		24,721		1,827	26,548
Charges for current services		43,478		3,254	46,732
Other		39,840	5,439	6,778	52,057
Total revenues		416,773	7,683	12,040	436,496
Expenditures:					
Current:					
General government		712	476	383	1,571
Public protection		8,406			8,406
Public ways and facilities		91,493		3,254	94,747
Health and sanitation		41,586			41,586
Public assistance		160,415			160,415
Education		40,209			40,209
Recreation and cultural		2,176			2,176
Capital outlay		28,179		126,282	154,461
Debt service:					
Principal		10,447	47,770		58,217
Interest		23,147	34,791		57,938
Total expenditures		406,770	83,037	129,919	619,726
Excess (deficiency) of revenues over (under) expenditures		10,003	(75,354)	(117,879)	(183,230)
Other financing sources (uses):					
Sale of capital assets		38			38
Transfers in		27,027	76,236	117,879	221,142
Transfers out		(21,329)			(21,329)
Total other financing sources (uses)		5,736	76,236	117,879	199,851
Net change in fund balances		15,739	882		16,621
Fund balances at beginning of year		393,932	20,566		414,498
Increase (decrease) in nonspendable inventories		(116)			(116)
Fund balances at end of year	$	409,555	21,448		431,003

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2018

(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	County Service District Funds
Revenues:						
Taxes	$		551	35,899		6,675
Licenses, permits and franchise fees	7,652					
Fines, forfeitures and penalties	1,221	128	3			
Revenue from use of money and property	484	149	11	197	15	505
Aid from other governmental agencies:						
State	3,870			304		32
Federal	2,237	778		2		483
Other	11,369			5,756		4,167
Charges for current services	764			877		8,923
Other	137	507		212	48	1,489
Total revenues	27,734	1,562	565	43,247	63	22,274
Expenditures:						
Current:						
General government						293
Public protection		541	264			1,235
Public ways and facilities						668
Health and sanitation	23,578					11,193
Public assistance						
Education				40,209		
Recreation and cultural						2,000
Capital outlay	512	263		855		69
Debt service:						
Principal						
Interest						
Total expenditures	24,090	804	264	41,064		15,458
Excess (deficiency) of revenues over (under) expenditures	3,644	758	301	2,183	63	6,816
Other financing sources (uses):						
Sale of capital assets	23					2
Transfers in	128			537		401
Transfers out	(657)	(325)		(1,546)		(2,228)
Total other financing sources (uses)	(506)	(325)		(1,009)		(1,825)
Net change in fund balances	3,138	433	301	1,174	63	4,991
Fund balances at beginning of year	22,669	10,070	649	13,546	4,104	26,453
Increase (decrease) in nonspendable inventories	(3)	(25)		(17)		11
Fund balances at end of year	$ 25,804	10,478	950	14,703	4,167	31,455

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, 2018
(In thousands)

(Continued)		Edgemoor Development Fund	Flood Control District Fund	Harmony Grove Community Facilities District Fund	Housing Authority - Low and Moderate Income Housing Asset Fund	Housing Authority - Other Fund
Revenues:						
Taxes	$		4,947	274		
Licenses, permits and franchise fees						
Fines, forfeitures and penalties						
Revenue from use of money and property		413	79	11	3	1,247
Aid from other governmental agencies:						
State			34			
Federal		5,557	3			132,389
Other			297			2,981
Charges for current services			990	11,191		2,027
Other		30	1			2,606
Total revenues		6,000	6,351	11,476	3	141,250
Expenditures:						
Current:						
General government		187				
Public protection			3,649			
Public ways and facilities				11,104		
Health and sanitation						
Public assistance					3	140,540
Education						
Recreation and cultural						
Capital outlay			564			
Debt service:						
Principal						148
Interest						16
Total expenditures		187	4,213	11,104	3	140,704
Excess (deficiency) of revenues over (under) expenditures		5,813	2,138	372		546
Other financing sources (uses):						
Sale of capital assets						
Transfers in			1,250			
Transfers out		(8,519)				
Total other financing sources (uses)		(8,519)	1,250			
Net change in fund balances		(2,706)	3,388	372		546
Fund balances at beginning of year		5,132	13,708	138		18,220
Increase (decrease) in nonspendable inventories			65			
Fund balances at end of year	$	2,426	17,161	510		18,766

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, 2018

(In thousands)

(Continued)		In Home Supportive Services Public Authority Fund	Inactive Wastesites Fund	Inmate Welfare Program Fund	Lighting Maintenance District Fund	Other Special Revenue Funds
Revenues:						
Taxes	$				1,212	
Licenses, permits and franchise fees						
Fines, forfeitures and penalties						142
Revenue from use of money and property		42	1,256	2,991	32	
Aid from other governmental agencies:						
State					8	377
Federal						
Other					2	
Charges for current services		1,098	99	31	1,600	1,780
Other				182		
Total revenues		1,140	1,355	3,204	2,854	2,299
Expenditures:						
Current:						
General government						
Public protection				2,608		109
Public ways and facilities					1,747	
Health and sanitation			5,252			1,563
Public assistance		19,872				
Education						
Recreation and cultural						
Capital outlay		164		1,158	162	
Debt service:						
Principal					154	
Interest					13	
Total expenditures		20,036	5,252	3,766	2,076	1,672
Excess (deficiency) of revenues over (under) expenditures		(18,896)	(3,897)	(562)	778	627
Other financing sources (uses):						
Sale of capital assets						
Transfers in		18,884		3,630		
Transfers out			(62)	(3,581)		(66)
Total other financing sources (uses)		18,884	(62)	49		(66)
Net change in fund balances		(12)	(3,959)	(513)	778	561
Fund balances at beginning of year		96	72,716	15,328	2,149	1,630
Increase (decrease) in nonspendable inventories				94	20	
Fund balances at end of year	$	84	68,757	14,909	2,947	2,191

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018
(In thousands)

(Continued)		Park Land Dedication Fund	Road Fund	Tobacco Securitization Joint Special Revenue Fund	Total Special Revenue Funds
Revenues:					
Taxes	$				49,558
Licenses, permits and franchise fees		2,734	5,957		16,343
Fines, forfeitures and penalties					1,494
Revenue from use of money and property		245	1,460	593	9,733
Aid from other governmental agencies:					
State			81,276		85,901
Federal			4,256		145,705
Other			149		24,721
Charges for current services			14,098		43,478
Other		9	1,860	32,759	39,840
Total revenues		2,988	109,056	33,352	416,773
Expenditures:					
Current:					
General government				232	712
Public protection					8,406
Public ways and facilities			77,974		91,493
Health and sanitation					41,586
Public assistance					160,415
Education					40,209
Recreation and cultural		176			2,176
Capital outlay			24,432		28,179
Debt service:					
Principal				10,145	10,447
Interest				23,118	23,147
Total expenditures		176	102,406	33,495	406,770
Excess (deficiency) of revenues over (under) expenditures		2,812	6,650	(143)	10,003
Other financing sources (uses):					
Sale of capital assets			13		38
Transfers in			2,197		27,027
Transfers out		(491)	(3,854)		(21,329)
Total other financing sources (uses)		(491)	(1,644)		5,736
Net change in fund balances		2,321	5,006	(143)	15,739
Fund balances at beginning of year		16,819	125,216	45,289	393,932
Increase (decrease) in nonspendable inventories			(261)		(116)
Fund balances at end of year	$	19,140	129,961	45,146	409,555

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

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

For the Year Ended June 30, 2018
(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	$	220	1,567	457	2,244
Other		5,439			5,439
Total revenues		5,659	1,567	457	7,683
Expenditures:					
Current:					
General government			476		476
Debt service:					
Principal		46,995	775		47,770
Interest		34,461	201	129	34,791
Total expenditures		81,456	1,452	129	83,037
Excess (deficiency) of revenues over (under) expenditures		(75,797)	115	328	(75,354)
Other financing sources (uses):					
Transfers in		76,216	10	10	76,236
Total other financing sources (uses)		76,216	10	10	76,236
Net change in fund balances		419	125	338	882
Fund balances at beginning of year		574	6,617	13,375	20,566
Fund balances at end of year	$	993	6,742	13,713	21,448

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

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2018

(In Thousands)

	Capital Outlay Fund	Harmony Grove Community Facilities District Fund	Total Capital Projects Funds
Revenues:			
Revenue from use of money and property	$ 2		2
Aid from other governmental agencies:			
Federal	179		179
Other	1,827		1,827
Charges for current services		3,254	3,254
Other	6,778		6,778
Total revenues	8,786	3,254	12,040
Expenditures:			
Current:			
General government	383		383
Public Ways and Facilities		3,254	3,254
Capital outlay	126,282		126,282
Total expenditures	126,665	3,254	129,919
Excess (deficiency) of revenues over (under) expenditures	(117,879)		(117,879)
Other financing sources (uses):			
Transfers in	117,879		117,879
Total other financing sources (uses)	$ 117,879		117,879
Net change in fund balances			
Fund balances at the beginning of year			
Fund balances at end of year			

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

AIR POLLUTION FUND

For the Year Ended June 30, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Licenses, permits and franchise fees	$	8,738	8,738	7,652
Fines, forfeitures and penalties		980	980	1,221
Revenue from use of money and property		196	196	484
Aid from other governmental agencies:				
State		12,443	20,684	3,870
Federal		2,817	2,817	2,237
Other		10,000	10,000	11,369
Charges for current services		541	541	764
Other				137
Total revenues		35,715	43,956	27,734
Expenditures:				
Current:				
Health and sanitation:				
Air pollution control, air quality Proposition 1B GMER program		7,281	15,521	1,281
Air pollution control, air quality State AQIP program		1,052	1,079	996
Air pollution control, improvement trust		627	10,306	545
Air pollution control, moyer program		3,887	3,887	1,430
Air pollution control, operations		22,659	22,996	19,326
Total health and sanitation		35,506	53,789	23,578
Capital outlay		1,728	1,728	512
Total expenditures		37,234	55,517	24,090
Excess (deficiency) of revenues over (under) expenditures		(1,519)	(11,561)	3,644
Other financing sources (uses):				
Sale of capital assets				23
Transfers in		10,303	10,303	128
Transfers out		(10,747)	(10,947)	(657)
Total other financing sources (uses)		(444)	(644)	(506)
Net change in fund balances		(1,963)	(12,205)	3,138
Fund balances at beginning of year		22,669	22,669	22,669
Increase (decrease) in nonspendable inventories			(3)	(3)
Fund balances at end of year	$	20,706	10,461	25,804

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

ASSET FORFEITURE PROGRAM FUND

For the Year Ended June 30, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Fines, forfeitures and penalties	$			128
Revenue from use of money and property		100	100	149
Aid from other governmental agencies:				
Federal		1,000	1,000	778
Other		27	27	507
Total revenues		1,127	1,127	1,562
Expenditures:				
Current:				
Public protection:				
District attorney asset forfeiture program - federal		500	500	7
District attorney asset forfeiture program - state		100	100	86
District attorney asset forfeiture program - US Treasury		25	25	
Probation asset forfeiture program		113	113	87
Sheriff's asset forfeiture program		854	581	353
Sheriff's asset forfeiture State		27	27	8
Total public protection		1,619	1,346	541
Capital outlay			274	263
Total expenditures		1,619	1,620	804
Excess (deficiency) of revenues over (under) expenditures		(492)	(493)	758
Other financing sources (uses):				
Transfers out		(1,310)	(1,310)	(325)
Total other financing sources (uses)		(1,310)	(1,310)	(325)
Net change in fund balances		(1,802)	(1,803)	433
Fund balances at beginning of year		10,070	10,070	10,070
Increase (decrease) in nonspendable inventories			(25)	(25)
Fund balances at end of year	$	8,268	8,242	10,478

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

COMMUNITY FACILITIES DISTRICT FUNDS - OTHER

For the Year Ended June 30, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$			551
Fines, forfeitures and penalties				3
Revenue from use of money and property				11
Aid from other governmental agencies:				
Other			78	
Total revenues			78	565
Expenditures:				
Current:				
Public protection:				
CSA 135 E Otay Mesa CFD 09-1 Special Tax A			270	264
Total public protection			270	264
Recreation and cultural:				
Horse Creek Ridge CFD 13-01 Interim			78	
Total recreation and cultural			78	
Total expenditures			348	264
Excess (deficiency) of revenues over (under) expenditures			(270)	301
Net change in fund balances			(270)	301
Fund balances at beginning of year		649	649	649
Fund balances at end of year	$	649	379	950

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

COUNTY LIBRARY FUND

For the Year Ended June 30, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	34,208	34,207	35,899
Revenue from use of money and property		105	105	197
Aid from other governmental agencies:				
State		267	267	304
Federal				2
Other		2,782	2,782	5,756
Charges for current services		1,138	1,138	877
Other		554	554	212
Total revenues		39,054	39,053	43,247
Expenditures:				
Current:				
Education:				
County library		42,716	42,650	40,209
Total education		42,716	42,650	40,209
Capital outlay		1,591	1,646	855
Total expenditures		44,307	44,296	41,064
Excess (deficiency) of revenues over (under) expenditures		(5,253)	(5,243)	2,183
Other financing sources (uses):				
Transfer In		462	537	537
Transfers out		(1,816)	(2,893)	(1,546)
Total other financing sources (uses)		(1,354)	(2,356)	(1,009)
Net change in fund balances		(6,607)	(7,599)	1,174
Fund balances at beginning of year		13,546	13,546	13,546
Increase (decrease) in nonspendable inventories			(17)	(17)
Fund balances at end of year	$	6,939	5,930	14,703

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, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$			15
Aid from other governmental agencies:				
Other		7	7	48
Total revenues		7	7	63
Expenditures:				
Current:				
Public assistance:				
CSHAF Gillespie housing		15	15	
CSHAF USDRIP housing		5	5	
Total public assistance		20	20	
Total expenditures		20	20	
Excess (deficiency) of revenues over (under) expenditures		(13)	(13)	63
Net change in fund balances		(13)	(13)	63
Fund balances at beginning of year		4,104	4,104	4,104
Fund balances at end of year	$	4,091	4,091	4,167

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

COUNTY SERVICE DISTRICT FUNDS

For the Year Ended June 30, 2018
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	$ 5,587	5,587	6,675
Revenue from use of money and property	182	182	505
Aid from other governmental agencies:			
State	24	24	32
Federal	161	161	483
Other	4,392	4,392	4,167
Charges for current services	9,408	9,581	8,923
Other	258	258	1,489
Total revenues	20,012	20,185	22,274
Expenditures:			
Current:			
General government:			
CSA 135 Zone B Del Mar Regional Communication System	49	49	44
CSA 135 Zone F Poway Regional Communication System	141	162	159
CSA 135 Zone H Solana Beach Regional Communication System	107	107	90
Total general government	297	318	293
Public protection:			
CSA 107 Elfin Forest fire mitigation		370	2
CSA 107 Elfin Forest fire mitigation fee		19	
CSA 107 Elfin Forest fire protection		3	
CSA 115 Pepper Drive fire protection	365	385	111
CSA 135 EMS fire protection	2,894	2,929	1,122
Total public protection	3,259	3,706	1,235
Public ways and facilities:			
PRD 6 Pauma Valley	158	158	9
PRD 8 Magee RD-PALA	223	223	4
PRD 9 B Santa Fe	79	79	2
PRD 10 Davis Dr	15	15	3
PRD 11 A Bernardo RD	49	49	4
PRD 11 C Bernardo RD	5	5	3
PRD 11 D Bernardo RD	49	49	19
PRD 12 Lomair	193	193	3
PRD 13 A Pala Mesa	115	115	70
PRD 13 B Stewart Canyon	34	34	4
PRD 16 Wynola	112	112	20
PRD 18 Harrison Park	197	197	7
PRD 20 Daily Road	397	397	153
PRD 21 Pauma Heights	534	534	5
PRD 22 W Dougherty St	8	8	2
PRD 23 Rock Terrace RD	20	20	2
PRD 24 MT Whitney RD	62	62	6
PRD 30 Royal Oaks-Carroll	36	36	4
PRD 38 Gay Rio Terrace	33	33	3
PRD 45 Rincon Springs	40	40	34
PRD 46 Rocoso Road	45	45	8
PRD 49 Sunset Knolls Road	43	43	5

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, 2018
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
PRD 50 Knoll Park Lane	56	56	2
PRD 53 Knoll Park Lane EX	157	157	3
PRD 54 Mt Helix	121	121	4
PRD 55 Rainbow Crest	380	380	7
PRD 60 River Drive	73	73	2
PRD 61 Green Meadow Way	190	190	8
PRD 63 Hillview Road	414	414	8
PRD 70 El Camino Corto	20	20	2
PRD 75 A Gay Rio Drive	177	177	4
PRD 75 B Gay Rio Drive	254	254	6
PRD 76 Kingsford Ct	52	52	4
PRD 77 Montiel Truck Trail	124	124	4
PRD 78 Gardena Way	56	56	3
PRD 80 Harris Truck Trail	258	258	3
PRD 88 East Fifth St	21	21	3
PRD 90 South Cordoba	50	50	3
PRD 94 Roble Grande Road	419	419	3
PRD 95 Valle Del Sol	211	211	3
PRD 99 Via Allondra Del Corvo	34	34	5
PRD 100 Viejas Lane View	32	32	3
PRD 101 A Hi Ridge Rd	10	10	4
PRD 101 Johnson Lake Rd	93	104	87
PRD 102 Mtn Meadow	151	150	13
PRD 103 Alto Drive	190	190	5
PRD 104 Artesian Rd	96	96	10
PRD 105 A Alta Loma Dr	62	62	5
PRD 105 Alta Loma Dr	76	76	5
PRD 106 Garrison Way ET AL	41	41	4
PRD 117 Legend Rock	9	126	9
PRD 123 Mizpah Lane	49	49	5
PRD 125 Wrightwood Road	19	19	5
PRD 126 Sandhurst Way	8	8	3
PRD 127 Singing Trails Dr	36	36	3
PRD 130 Wilkes Road	185	185	6
PRD 133 Ranch Creek Road	34	34	10
PRD 134 Kenora Lane	57	57	2
PRD 1003 Alamo Way	15	15	3
PRD 1005 Eden Valley Lane	75	75	4
PRD 1008 Canter	26	26	3
PRD 1010 Alpine Highlands	286	286	9
PRD 1011 La Cuesta	68	68	3
PRD 1012 Millar	50	50	5
PRD 1013 Singing Trails	34	34	4
PRD 1014 Lavender Pt Lane	48	48	2
PRD 1015 Landavo Drive ET AL	42	42	4
PRD 1016 El Sereno Way	65	65	5
Total public ways and facilities	7,371	7,498	668

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, 2018
(In Thousands)
(Continued)

	Original Budget	Final Budget	Actual
Health and sanitation:			
CSA 17 San Dieguito Ambulance	4,564	4,564	4,280
CSA 69 Heartland Paramedics	7,099	7,099	6,899
PRD 122 Otay Mesa East	6	6	
PRD 136 Sundance Detention Basin	33	33	14
Total health and sanitation	11,702	11,702	11,193
Recreation and cultural:			
CSA 26 LMD Zone 2 Julian	52	52	35
CSA 26 Rancho San Diego	112	132	96
CSA 26 San Diego landscape maintenance	121	136	131
CSA 81 Fallbrook Park	322	322	226
CSA 83 San Dieguito Local Park	549	518	326
CSA 128 San Miguel Park	485	485	468
CSA 83A 4S Ranch Park	451	462	453
PRD 26 A Cottonwood Village	285	285	147
PRD 26 B Monte Vista	302	302	118
Total recreation and cultural	2,679	2,694	2,000
Capital outlay	60	89	69
Total expenditures	25,368	26,007	15,458
Excess (deficiency) of revenues over (under) expenditures	(5,356)	(5,822)	6,816
Other financing sources (uses):			
Sale of capital assets			2
Issuance of bonds and loans			
Transfer In	402	402	401
Transfers out	(2,103)	(2,438)	(2,228)
Total other financing sources (uses)	(1,701)	(2,036)	(1,825)
Net change in fund balances	(7,057)	(7,858)	4,991
Fund balances at beginning of year	26,453	26,453	26,453
Increase (decrease) in nonspendable inventories		11	11
Fund balances at end of year	$ 19,396	18,606	31,455

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

EDGEMOOR DEVELOPMENT FUND

For the Year Ended June 30, 2018

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	258	258	413
Aid from other governmental agencies:				
Federal		3,049	3,049	5,557
Other				30
Total revenues		3,307	3,307	6,000
Expenditures:				
Current:				
General government:				
Edgemoor development fund		660	660	187
Total general government		660	660	187
Total expenditures		660	660	187
Excess (deficiency) of revenues over (under) expenditures		2,647	2,647	5,813
Other financing sources (uses):				
Sale of capital assets		5,888	2,684	
Transfers out		(8,562)	(8,562)	(8,519)
Total other financing sources (uses)		(2,674)	(5,878)	(8,519)
Net change in fund balances		(27)	(3,231)	(2,706)
Fund balances at beginning of year		5,132	5,132	5,132
Fund balances at end of year	$	5,105	1,901	2,426

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

FLOOD CONTROL DISTRICT FUND

For the Year Ended June 30, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	4,357	4,357	4,947
Revenue from use of money and property		20	20	79
Aid from other governmental agencies:				
State				34
Federal				3
Other		65	65	297
Charges for current services		134	133	990
Other				1
Total revenues		4,576	4,575	6,351
Expenditures:				
Current:				
Public protection:				
Flood control district		5,215	6,464	3,595
Stormwater maintenance, Blackwolf		9	9	2
Stormwater maintenance, Lake Rancho Viejo		100	98	48
Stormwater maintenance, Ponderosa Estates		8	10	4
Total public protection		5,332	6,581	3,649
Capital outlay		572	572	564
Total expenditures		5,904	7,153	4,213
Excess (deficiency) of revenues over (under) expenditures		(1,328)	(2,578)	2,138
Other financing sources (uses):				
Transfer In			1,250	1,250
Total other financing sources (uses)			1,250	1,250
Net change in fund balances		(1,328)	(1,328)	3,388
Fund balances at beginning of year		13,708	13,708	13,708
Increase (decrease) in nonspendable inventories			65	65
Fund balances at end of year	$	12,380	12,445	17,161

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

HARMONY GROVE COMMUNITY FACILITIES DISTRICT FUND

For the Year Ended June 30, 2018

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	469	469	274
Revenue from use of money and property				11
Charges for current services			10,953	11,191
Total revenues		469	11,422	11,476
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		201	201	16
Harmony Grove CFD 08-01 fire protection		290	290	135
Harmony Grove CFD 08-01 improvement			10,953	10,953
Total public ways and facilities		491	11,444	11,104
Total expenditures		499	11,452	11,104
Excess (deficiency) of revenues over (under) expenditures		(30)	(30)	372
Net change in fund balances		(30)	(30)	372
Fund balances at beginning of year		138	138	138
Fund balances at end of year	$	108	108	510

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, 2018
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$		3
Aid from other governmental agencies:			
Other	25	25	
Total revenues	25	25	3
Expenditures:			
Current:			
Public assistance:			
Other assistance - other budgetary entity	25	25	3
Total public assistance	25	25	3
Total expenditures	$ 25	25	3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

HOUSING AUTHORITY - OTHER FUND

For the Year Ended June 30, 2018

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	1,135	1,135	1,247
Aid from other governmental agencies:				
Federal		127,443	135,343	132,389
Other		1,034	3,034	2,981
Charges for current services		1,916	2,516	2,027
Other		1,274	1,274	2,606
Total revenues		132,802	143,302	141,250
Expenditures:				
Current:				
Public assistance:				
Other assistance - other budgetary entity		134,285	144,845	140,540
Total public assistance		134,285	144,845	140,540
Debt service:				
Principal		148	148	148
Interest		16	16	16
Total expenditures		134,449	145,009	140,704
Excess (deficiency) of revenues over (under) expenditures		(1,647)	(1,707)	546
Net change in fund balances		(1,647)	(1,707)	546
Fund balances at beginning of year		18,220	18,220	18,220
Fund balances at end of year	$	16,573	16,513	18,766

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, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$			42
Aid from other governmental agencies:				
Charges for current services		1,075	1,075	1,098
Total revenues		1,075	1,075	1,140
Expenditures:				
Current:				
Public assistance:				
IHSS public authority		16,082	21,362	19,872
Total public assistance		16,082	21,362	19,872
Capital outlay		164	164	164
Total expenditures		16,246	21,526	20,036
Excess (deficiency) of revenues over (under) expenditures		(15,171)	(20,451)	(18,896)
Other financing sources (uses):				
Transfer In		15,163	20,443	18,884
Total other financing sources (uses)		15,163	20,443	18,884
Net change in fund balances		(8)	(8)	(12)
Fund balances at beginning of year		96	96	96
Fund balances at end of year	$	88	88	84

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INACTIVE WASTESITES FUND
For the Year Ended June 30, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Revenue from use of money and property	$	244	245	1,256
Charges for current services		5,667	5,698	99
Total revenues		5,911	5,943	1,355
Expenditures:				
Current:				
Health and sanitation:				
Hillsborough maintenance		2	2	1
Duck pond landfill cleanup		14	14	15
Inactive waste site management		6,728	6,760	5,236
Total health and sanitation		6,744	6,776	5,252
Total expenditures		6,744	6,776	5,252
Excess (deficiency) of revenues over (under) expenditures		(833)	(833)	(3,897)
Other financing sources (uses):				
Transfers out		(67)	(67)	(62)
Total other financing sources (uses)		(67)	(67)	(62)
Net change in fund balances		(900)	(900)	(3,959)
Fund balances at beginning of year		72,716	72,716	72,716
Fund balances at end of year	$	71,816	71,816	68,757

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INMATE WELFARE PROGRAM FUND
For the Year Ended June 30, 2018
(In Thousands)

	Original Budget	Final Budget	Actual
Revenues:			
Revenue from use of money and property	$ 2,714	2,714	2,991
Charges for current services			31
Other	290	290	182
Total revenues	3,004	3,004	3,204
Expenditures:			
Current:			
Public protection:			
Probation inmate welfare	106	106	61
Sheriff's inmate welfare - adult detention	2,518	3,369	2,536
Sheriff's inmate welfare - police protection	20	20	11
Total public protection	2,644	3,495	2,608
Capital outlay	1,147	1,158	1,158
Total expenditures	3,791	4,653	3,766
Excess (deficiency) of revenues over (under) expenditures	(787)	(1,649)	(562)
Other financing sources (uses):			
Transfer In	2,640	3,502	3,630
Transfers out	(3,897)	(3,897)	(3,581)
Total other financing sources (uses)	(1,257)	(395)	49
Net change in fund balances	(2,044)	(2,044)	(513)
Fund balances at beginning of year	15,328	15,328	15,328
Increase (decrease) in nonspendable inventories		94	94
Fund balances at end of year	$ 13,284	13,378	14,909

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIGHTING MAINTENANCE DISTRICT FUND
For the Year Ended June 30, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Taxes	$	1,031	1,031	1,212
Revenue from use of money and property		5	5	32
Aid from other governmental agencies:				
State		8	8	8
Other				2
Charges for current services		1,506	1,506	1,600
Total revenues		2,550	2,550	2,854
Expenditures:				
Current:				
Public ways and facilities:				
San Diego lighting maintenance		2,587	2,587	1,747
Total public ways and facilities		2,587	2,587	1,747
Capital outlay		162	162	162
Debt service:				
Principal		155	155	154
Interest		12	12	13
Total expenditures		2,916	2,916	2,076
Excess (deficiency) of revenues over (under) expenditures		(366)	(366)	778
Net change in fund balances		(366)	(366)	778
Fund balances at beginning of year		2,149	2,149	2,149
Increase (decrease) in nonspendable inventories			20	20
Fund balances at end of year	$	1,783	1,803	2,947

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

OTHER SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2018

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Fines, forfeitures and penalties	$	16	16	142
Aid from other governmental agencies:				
State		392	392	377
Charges for current services		697	1,562	1,780
Total revenues		1,105	1,970	2,299
Expenditures:				
Current:				
Public protection:				
Agriculture, weights and measures - fish and game		18	18	18
Public works, survey		315	315	91
Total public protection		333	333	109
Health and sanitation:				
Sanitation - waste planning and recycling		1,303	2,168	1,563
Total health and sanitation		1,303	2,168	1,563
Total expenditures		1,636	2,501	1,672
Excess (deficiency) of revenues over (under) expenditures		(531)	(531)	627
Other financing sources (uses):				
Transfers out		(69)	(69)	(66)
Total other financing sources (uses)		(69)	(69)	(66)
Net change in fund balances		(600)	(600)	561
Fund balances at beginning of year		1,630	1,630	1,630
Fund balances at end of year	$	1,030	1,030	2,191

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

PARK LAND DEDICATION FUND

For the Year Ended June 30, 2018

(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Licenses, permits and franchise fees	$	57	57	2,734
Revenue from use of money and property		16	16	245
Other				9
Total revenues		73	73	2,988
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	2
Local Park Planning Area 25 Lakeside		5	5	3
Local Park Planning Area 26 Crest		2	2	1
Local Park Planning Area 27 Alpine		5	5	5
Local Park Planning Area 28 Ramona		608	608	10
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	
Local Park Planning Area 35 Fallbrook		243	243	71
Local Park Planning Area 36 Bonsall		5	5	
Local Park Planning Area 37 Vista		1	1	
Local Park Planning Area 38 Valley Center		131	131	74
Local Park Planning Area 39 Pauma		1	1	
Local Park Planning Area 40 Palomar-Julian		3	3	
Local Park Planning Area 41 Mount Empire		3	3	
Local Park Planning Area 42 Anza-Borrego		6	6	1
Local Park Planning Area 43 Central Mountain		3	3	1
Local Park Planning Area 45 Valle de Oro		5	5	5
Total recreation and cultural		1,042	1,042	176
Total expenditures		1,042	1,042	176
Excess (deficiency) of revenues over (under) expenditures		(969)	(969)	2,812
Other financing sources (uses):				
Transfers out		(605)	(2,015)	(491)
Total other financing sources (uses)		(605)	(2,015)	(491)
Net change in fund balances		(1,574)	(2,984)	2,321
Fund balances at beginning of year		16,819	16,819	16,819
Fund balances at end of year	$	15,245	13,835	19,140

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD FUND
For the Year Ended June 30, 2018
(In Thousands)

		Original Budget	Final Budget	Actual
Revenues:				
Licenses, permits and franchise fees	$	5,001	5,001	5,957
Revenue from use of money and property		440	440	1,460
Aid from other governmental agencies:				
State		88,733	92,650	81,276
Federal		14,489	16,318	4,256
Other				149
Charges for current services		10,785	12,070	14,098
Other		1,596	1,996	1,860
Total revenues		121,044	128,475	109,056
Expenditures:				
Current:				
Public ways and facilities:				
Public works, road		170,510	175,881	77,974
Total public ways and facilities		170,510	175,881	77,974
Capital outlay		24,446	24,445	24,432
Total expenditures		194,956	200,326	102,406
Excess (deficiency) of revenues over (under) expenditures		(73,912)	(71,851)	6,650
Other financing sources (uses):				
Sale of capital assets				13
Transfer In		1,942	2,197	2,197
Transfers out		(1,609)	(3,925)	(3,854)
Total other financing sources (uses)		333	(1,728)	(1,644)
Net change in fund balances		(73,579)	(73,579)	5,006
Fund Balances at the beginning of year		125,216	125,216	125,216
Increase (decrease) in nonspendable inventories			(261)	(261)
Fund balances at end of year	$	51,637	51,376	129,961


IRON MOUNTAIN
This Trail Adopted By
JOHN
TOMLINSON

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, 2018
(In Thousands)

		Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
ASSETS					
Current assets:					
Pooled cash and investments	$	18,733	4,235	49,924	72,892
Receivables, net		1,192	362	299	1,853
Due from other funds			1	74	75
Inventories		1	229	3	233
Total current assets		19,926	4,827	50,300	75,053
Noncurrent assets:					
Due from other funds		3,553			3,553
Capital assets:					
Land		10,504		1,089	11,593
Construction in progress		735		8,868	9,603
Buildings and improvements		119,820		12,055	131,875
Equipment		2,074	233	312	2,619
Software		101			101
Road infrastructure		20,400			20,400
Sewer infrastructure				107,001	107,001
Accumulated depreciation/amortization		(54,657)	(227)	(51,399)	(106,283)
Total noncurrent assets		102,530	6	77,926	180,462
Total assets		122,456	4,833	128,226	255,515
DEFERRED OUTFLOWS OF RESOURCES					
Pension:					
Contributions to the pension plan subsequent to the measurement date		1,020		1,099	2,119
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		23		24	47
Changes of assumptions or other inputs		1,181		1,293	2,474
Net difference between projected and actual earnings on pension plan investments		324		356	680
Difference between expected and actual experience in the total pension liability		8		9	17
OPEB:					
Contributions to the OPEB plan subsequent to the measurement date		39		47	86
Total deferred outflows of resources		2,595		2,828	5,423

Continued on next page ▶▶▶

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2018
(In Thousands)

(Continued)	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
LIABILITIES				
Current liabilities:				
Accounts payable	619	685	3,087	4,391
Accrued payroll	70		87	157
Due to other funds	274	2,058	230	2,562
Unearned revenue	229			229
Compensated absences	86		105	191
Total current liabilities	1,278	2,743	3,509	7,530
Noncurrent liabilities:				
Compensated absences	121		150	271
Net pension liability	7,383		7,875	15,258
Net OPEB liability	282		340	622
Total noncurrent liabilities	7,786		8,365	16,151
Total liabilities	9,064	2,743	11,874	23,681
DEFERRED INFLOWS OF RESOURCES				
Pension:				
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions	8		8	16
Differences between expected and actual experience in the total pension liability	467		511	978
Total deferred inflows of resources	475		519	994
NET POSITION				
Net investment in capital assets	98,977	6	77,926	176,909
Unrestricted net position	16,535	2,084	40,735	59,354
Total net position	$ 115,512	2,090	118,661	236,263

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

ENTERPRISE FUNDS

For the Year Ended June 30, 2018
(In Thousands)

		Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Operating revenues:					
Charges for current services	$	13,783	7,426	28,475	49,684
Other		70	2,683	136	2,889
Total operating revenues		13,853	10,109	28,611	52,573
Operating expenses:					
Salaries and employee benefits		4,288		5,321	9,609
Repairs and maintenance		2,664	17	5,312	7,993
Equipment rental		470	22	967	1,459
Sewage processing				15,040	15,040
Contracted services		5,741	3,212	1,164	10,117
Depreciation/amortization		4,197	2	2,324	6,523
Utilities		336		42	378
Cost of material			2,556		2,556
Fuel		57	4		61
Other		657	237	2,499	3,393
Total operating expenses		18,410	6,050	32,669	57,129
Operating income (loss)		(4,557)	4,059	(4,058)	(4,556)
Nonoperating revenues (expenses):					
Grants		329			329
Investment earnings		363	46	750	1,159
Gain (loss) on disposal of assets		(1)	4		3
Total nonoperating revenues (expenses)		691	50	750	1,491
Income (loss) before capital contributions and transfers		(3,866)	4,109	(3,308)	(3,065)
Transfers in		74		309	383
Transfers out		(155)	(4,448)	(201)	(4,804)
Change in net position		(3,947)	(339)	(3,200)	(7,486)
Net position (deficits) at beginning of year (restated, see Note 32 to the financial statements)		119,459	2,429	121,861	243,749
Net position (deficits) at end of year	$	115,512	2,090	118,661	236,263

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2018
(In Thousands)

	Airport Fund	Jail Stores Commissary Fund	Sanitation District Fund	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	$ 14,112	9,990	20,778	44,880
Cash received from other funds	9	1,032	7,737	8,778
Cash payments to suppliers	(6,284)	(5,766)	(21,260)	(33,310)
Cash payments to employees	(4,040)		(5,019)	(9,059)
Cash payments to other funds	(2,713)	(35)	(2,150)	(4,898)
Net cash provided (used) by operating activities	1,084	5,221	86	6,391
Cash flows from noncapital financing activities:				
Operating grants	2,002			2,002
Transfers from other funds	74		309	383
Transfers to other funds	(155)	(4,448)	(201)	(4,804)
Other noncapital increases	121			121
Net cash provided (used) by noncapital financing activities	2,042	(4,448)	108	(2,298)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,276)		(9,162)	(10,438)
Proceeds from sale of assets		3		3
Net cash provided (used) by capital and related financing activities	(1,276)	3	(9,162)	(10,435)
Cash flows from investing activities:				
Investment earnings	322	39	688	1,049
Net increase (decrease) in cash and cash equivalents	2,172	815	(8,280)	(5,293)
Cash and cash equivalents - beginning of year	16,561	3,420	58,204	78,185
Cash and cash equivalents - end of year	18,733	4,235	49,924	72,892
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(4,557)	4,059	(4,058)	(4,556)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (increase) in accounts receivable	204	(119)	(53)	32
Decrease (increase) in due from other funds		(1)	(43)	(44)
Decrease (increase) in inventory		(16)		(16)
Increase (decrease) in accounts payable	828	264	1,558	2,650
Increase (decrease) in accrued payroll	(1)		3	2
Increase (decrease) in due to other funds	100	1,032	56	1,188
Increase (decrease) in unearned revenue	64			64
Increase (decrease) in compensated absences	7		12	19
Pension expense	258		307	565
OPEB expense	(16)		(20)	(36)
Depreciation / amortization	4,197	2	2,324	6,523
Total adjustments	5,641	1,162	4,144	10,947
Net cash provided (used) by operating activities	1,084	5,221	86	6,391
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	$ 117		270	387

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, 2018
(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	$ 170,841	15,563	23,820	29,689	61,086
Receivables, net	771	371	415	55	281
Due from other funds	1,589	5,508	4,264	15,465	
Inventories		40	982		
Total current assets	173,201	21,482	29,481	45,209	61,367
Noncurrent assets:					
Due from other funds					
Capital assets:					
Construction in progress					
Buildings and improvements			2,963		
Equipment		6,526	121,196		
Software		440	213		
Accumulated depreciation/amortization		(2,914)	(76,323)		
Total noncurrent assets		4,052	48,049		
Total assets	173,201	25,534	77,530	45,209	61,367
DEFERRED OUTFLOW OF RESOURCES					
Pension:					
Contributions to the pension plan subsequent to the measurement date		7,542	1,443		
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		171	32		
Changes of assumptions or other inputs		8,779	1,778		
Net difference between projected and actual earnings on pension plan investments		2,436	569		
Difference between expected and actual experience in the total pension liability		59	11		
OPEB:					
Contributions to the OPEB plan subsequent to the measurement date		308	59		
Total deferred outlow of resources		19,295	3,892		

Continued on next page

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018
(In Thousands)

(Continued)		Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
LIABILITIES						
Current liabilities:						
Accounts payable		4,557	6,640	3,401	37,373	18
Accrued payroll			616	111		
Due to other funds		2,168	663	158	1,199	1,761
Unearned revenue			373	1		
Loans payable			371			
Compensated absences			726	102		
Claims and judgments		24,533				25,174
Total current liabilities		31,258	9,389	3,773	38,572	26,953
Noncurrent liabilities:						
Loans payable			1,202			
Compensated absences			1,021	143		
Claims and judgments		156,305				39,935
Net pension liability			54,313	10,624		
Net OPEB liability			2,228	427		
Total noncurrent liabilities		156,305	58,764	11,194		39,935
Total liabilities		187,563	68,153	14,967	38,572	66,888
DEFERRED INFLOWS OF RESOURCES						
Pension:						
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions			54	12		
Differences between expected and actual experience in the total pension liability			3,446	656		
Total deferred inflows of resources			3,500	668		
NET POSITION						
Net investment in capital assets			4,052	48,049		
Unrestricted net position		(14,362)	(30,876)	17,738	6,637	(5,521)
Total net position (deficits)	$	(14,362)	(26,824)	65,787	6,637	(5,521)

Continued on next page

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

June 30, 2018

(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	$	8,103	20,802	458	330,362
Receivables, net		32	96		2,021
Due from other funds		829	41	10	27,706
Inventories		4			1,026
Total current assets		8,968	20,939	468	361,115
Noncurrent assets:					
Due from other funds				30	30
Capital assets:					
Construction in progress		587			587
Buildings and improvements					2,963
Equipment		220	37,268		165,210
Software		397	14		1,064
Accumulated depreciation/amortization		(590)	(20,396)		(100,223)
Total noncurrent assets		614	16,886	30	69,631
Total assets		9,582	37,825	498	430,746
DEFERRED OUTFLOW OF RESOURCES					
Pension:					
Contributions to the pension plan subsequent to the measurement date		1,630			10,615
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		33			236
Changes of assumptions or other inputs		1,979			12,536
Net difference between projected and actual earnings on pension plan investments		577			3,582
Difference between expected and actual experience in the total pension liability		14			84
OPEB:					
Contributions to the OPEB plan subsequent to the measurement date		70			437
Total deferred outlow of resources		4,303			27,490

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COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018
(In Thousands)

(Continued)		Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
LIABILITIES					
Current liabilities:					
Accounts payable		123	501		52,613
Accrued payroll		122			849
Due to other funds		201	445		6,595
Unearned revenue					374
Loans payable					371
Compensated absences		209			1,037
Claims and judgments					49,707
Total current liabilities		655	946		111,546
Noncurrent liabilities:					
Loans payable					1,202
Compensated absences		294			1,458
Claims and judgments					196,240
Net pension liability		11,794			76,731
Net OPEB liability		505			3,160
Total noncurrent liabilities		12,593			278,791
Total liabilities		13,248	946		390,337
DEFERRED INFLOWS OF RESOURCES					
Pension:					
Changes in proportionate share and differences between employer's contributions and proportionate share of contributions		12			78
Differences between expected and actual experience in the total pension liability		746			4,848
Total deferred inflows of resources		758			4,926
NET POSITION					
Net investment in capital assets		614	16,886		69,601
Unrestricted net position		(735)	19,993	498	(6,628)
Total net position (deficits)	$	(121)	36,879	498	62,973

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018
(In Thousands)

		Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Operating revenues:						
Charges for current services	$	48,336	114,057	41,940	160,366	31,268
Other		244	1,293	360	7	
Total operating revenues		48,580	115,350	42,300	160,373	31,268
Operating expenses:						
Salaries and employee benefits			35,061	6,870		
Repairs and maintenance			23,885	8,904		
Equipment rental			57	3		
Contracted services		12,546	27,281	2,120	166,150	11,429
Depreciation/amortization			338	12,289		
Utilities			27,015	220		
Cost of material			4,328	140		
Claims and judgments		28,202				16,071
Fuel			268	8,545		
Other			3,932	1,931	967	2
Total operating expenses		40,748	122,165	41,022	167,117	27,502
Operating income (loss)		7,832	(6,815)	1,278	(6,744)	3,766
Nonoperating revenues (expenses):						
Grants			3,548			
Investment earnings		2,215		375		728
Interest expense			(12)			
Gain (loss) on disposal of assets			(9)	683		
Total nonoperating revenues (expenses)		2,215	3,527	1,058		728
Income (loss) before capital contributions and transfers		10,047	(3,288)	2,336	(6,744)	4,494
Capital contributions				1,475		
Transfers in		171	2,876	1,080	5,249	
Transfers out			(1,226)	(234)		
Change in net position		10,218	(1,638)	4,657	(1,495)	4,494
Net position (deficits) at beginning of year (restated, see Note 32 to the financial statements)		(24,580)	(25,186)	61,130	8,132	(10,015)
Net position (deficits) at end of year	$	(14,362)	(26,824)	65,787	6,637	(5,521)

Continued on next page

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Fund	Total Internal Service Funds
Operating revenues:				
Charges for current services	$ 8,601	8,018		412,586
Other	1,165			3,069
Total operating revenues	9,766	8,018		415,655
Operating expenses:				
Salaries and employee benefits	7,776			49,707
Repairs and maintenance	45	3,340		36,174
Equipment rental	17			77
Contracted services	1,719	421		221,666
Depreciation/amortization	113	3,053		15,793
Utilities	75			27,310
Cost of material	67	4		4,539
Claims and judgments				44,273
Fuel	1	1,165		9,979
Other	229			7,061
Total operating expenses	10,042	7,983		416,579
Operating income (loss)	(276)	35		(924)
Nonoperating revenues (expenses):				
Grants				3,548
Investment earnings	92	297		3,707
Interest expense				(12)
Gain (loss) on disposal of assets		124		798
Total nonoperating revenues (expenses)	92	421		8,041
Income (loss) before capital contributions and transfers	(184)	456		7,117
Capital contributions				1,475
Transfers in	1,667	333		11,376
Transfers out	(510)			(1,970)
Change in net position	973	789		17,998
Net position (deficits) at beginning of year (restated, see Note 32 to the financial statements)	(1,094)	36,090	498	44,975
Net position (deficits) at end of year	$ (121)	36,879	498	62,973

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2018
(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	$	291	3,444	1,528	288	590
Cash received from other funds		48,368	117,248	39,828	158,116	30,678
Cash payments to suppliers		(1,461)	(85,180)	(19,762)	(152,605)	(2,748)
Cash payments to employees			(33,107)	(6,512)		
Cash payments to other funds		(10,059)	(3,749)	(4,665)		(8,286)
Cash paid for claims and judgments		(22,852)				(3,624)
Net cash provided (used) by operating activities		14,287	(1,344)	10,417	5,799	16,610
Cash flows from noncapital financing activities:						
Operating grants			4,015			
Transfers from other funds		171	2,876	1,080	5,249	
Transfer to other funds			(1,226)	(234)		
Payments received on advances to other funds						
Principal paid on long-term debt			(1,004)			
Interest paid on long-term debt			(13)			
Proceeds from loans			344			
Net cash provided (used) by noncapital financing activities		171	4,992	846	5,249	
Cash flows from capital and related financing activities:						
Capital contributions				1,475		
Acquisition of capital assets			(120)	(19,341)		
Proceeds from sale of assets				968		
Principal paid on capital lease			(13)			
Net cash provided (used) by capital and related financing activities			(133)	(16,898)		
Cash flows from investing activities:						
Investment earnings		1,901		350		579
Net increase (decrease) in cash and cash equivalents		16,359	3,515	(5,285)	11,048	17,189
Cash and cash equivalents - beginning of year		154,482	12,048	29,105	18,641	43,897
Cash and cash equivalents - end of year		170,841	15,563	23,820	29,689	61,086

Continued on next page

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018
(In Thousands)

(Continued)		Employee Benefits Fund	Facilities Management Fund	Fleet Services Fund	Information Technology Fund	Public Liability Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)		7,832	(6,815)	1,278	(6,744)	3,766
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Decrease (increase) in accounts receivable		47	294	(82)	85	
Decrease (increase) in due from other funds		32	4,859	(862)	(2,054)	
Decrease (increase) in inventory			(6)	(247)		
Increase (decrease) in accounts payable		(181)	(2,179)	(1,533)	13,453	(7)
Increase (decrease) in accrued payroll			60	6		
Increase (decrease) in due to other funds		1,207	(17)	(787)	1,059	404
Increase (decrease) in unearned revenue			189			
Increase (decrease) in compensated absences			97	(3)		
Increase (decrease) in claims and judgments		5,350				12,447
Pension expense			1,968	383		
OPEB expense			(132)	(25)		
Depreciation / amortization			338	12,289		
Total adjustments		6,455	5,471	9,139	12,543	12,844
Net cash provided (used) by operating activities		14,287	(1,344)	10,417	5,799	16,610
Non-cash investing and capital financing activities:						
Capital acquisitions included in accounts payable	$			1,559		

Continued on next page

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2018
(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	$ 1,168			7,309
Cash received from other funds	8,476	7,977		410,691
Cash payments to suppliers	(343)	(251)		(262,350)
Cash payments to employees	(7,283)			(46,902)
Cash payments to other funds	(2,260)	(4,942)		(33,961)
Cash paid for claims and judgments				(26,476)
Net cash provided (used) by operating activities	(242)	2,784		48,311
Cash flows from noncapital financing activities:				
Operating grants				4,015
Transfers from other funds	1,667	333		11,376
Transfer to other funds	(510)			(1,970)
Payments received on advances to other funds			10	10
Principal paid on long-term debt				(1,004)
Interest paid on long-term debt				(13)
Proceeds from loans				344
Net cash provided (used) by noncapital financing activities	1,157	333	10	12,758
Cash flows from capital and related financing activities:				
Capital contributions				1,475
Acquisition of capital assets	(587)	(3,237)		(23,285)
Proceeds from sale of assets		289		1,257
Principal paid on capital lease				(13)
Net cash provided (used) by capital and related financing activities	(587)	(2,948)		(20,566)
Cash flows from investing activities:				
Investment earnings	82	261		3,173
Net increase (decrease) in cash and cash equivalents	410	430	10	43,676
Cash and cash equivalents - beginning of year	7,693	20,372	448	286,686
Cash and cash equivalents - end of year	8,103	20,802	458	330,362

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COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018
(In Thousands)

(Continued)	Purchasing Fund	Road and Communication Equipment Fund	Special District Loans Funds	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(276)	35		(924)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Decrease (increase) in accounts receivable				344
Decrease (increase) in due from other funds	(122)	(41)		1,812
Decrease (increase) in inventory	1			(252)
Increase (decrease) in accounts payable	98	(187)		9,464
Increase (decrease) in accrued payroll	(4)			62
Increase (decrease) in due to other funds	(565)	(76)		1,225
Increase (decrease) in unearned revenue				189
Increase (decrease) in compensated absences	84			178
Increase (decrease) in claims and judgments				17,797
Pension expense	460			2,811
OPEB expense	(31)			(188)
Depreciation / amortization	113	3,053		15,793
Total adjustments	34	2,749		49,235
Net cash provided (used) by operating activities	(242)	2,784		48,311
Non-cash investing and capital financing activities:				
Capital acquisitions included in accounts payable	$	504		2,063

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. Any portion of agency fund assets held at fiscal year end for other funds are reported in those funds rather than in the agency funds.

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018
(In Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY TAX COLLECTION FUNDS				
ASSETS				
Pooled cash and investments	$ 80,064	20,321,037	20,313,661	87,440
Receivables:				
Investment earnings receivable	1,439	13,373	12,352	2,460
Taxes receivable	66,462	12,888,974	12,894,900	60,536
Total assets	147,965	33,223,384	33,220,913	150,436
LIABILITIES				
Accounts payable	10,670	1,784,501	1,781,643	13,528
Due to other governments	137,295	33,055,165	33,055,552	136,908
Total liabilities	147,965	34,839,666	34,837,195	150,436
OTHER AGENCY FUNDS				
ASSETS				
Pooled cash and investments	348,029	22,245,539	22,218,280	375,288
Cash with fiscal agents	707	10,020	9,915	812
Investments with fiscal agents		1,207		1,207
Receivables:				
Accounts receivable	962	969	962	969
Investment earnings receivable	19,527	66,187	50,144	35,570
Total assets	369,225	22,323,922	22,279,301	413,846
LIABILITIES				
Accounts payable	64,000	2,612,884	2,597,034	79,850
Warrants outstanding	176,971	10,808,354	10,758,452	226,873
Due to other governments	128,254	2,780,512	2,801,643	107,123
Total liabilities	369,225	16,201,750	16,157,129	413,846
TOTAL AGENCY FUNDS				
ASSETS				
Pooled cash and investments	428,093	42,566,576	42,531,941	462,728
Cash with fiscal agents	707	10,020	9,915	812
Investments with fiscal agents		1,207		1,207
Receivables:				
Accounts receivable	962	969	962	969
Investment earnings receivable	20,966	79,560	62,496	38,030
Taxes receivable	66,462	12,888,974	12,894,900	60,536
Total assets	517,190	55,547,306	55,500,214	564,282
LIABILITIES				
Accounts payable	74,670	4,397,385	4,378,677	93,378
Warrants outstanding	176,971	10,808,354	10,758,452	226,873
Due to other governments	265,549	35,835,677	35,857,195	244,031
Total liabilities	$ 517,190	51,041,416	50,994,324	564,282

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.

These Tables contain information to help the reader understand how the County's financial performance and well-being have changed over time.

These Tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

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.

These Tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

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				
	2009	2010	2011	2012	2013
Net position					
Governmental activities					
Net investment in capital assets	$ 2,582,854	2,595,105	2,675,240	2,770,556	2,861,061
Restricted	314,107	247,585	529,808	553,249	619,855
Unrestricted	319,669	535,103	365,165	454,565	514,015
Total governmental activities net position	3,216,630	3,377,793	3,570,213	3,778,370	3,994,931
Business-type activities					
Net investment in capital assets	148,146	164,845	163,268	162,874	167,430
Restricted					
Unrestricted	88,909	87,254	89,602	87,348	81,185
Total business-type activities net position	237,055	252,099	252,870	250,222	248,615
Primary government					
Net investment in capital assets	2,731,000	2,759,950	2,838,508	2,933,430	3,028,491
Restricted	314,107	247,585	529,808	553,249	619,855
Unrestricted	408,578	622,357	454,767	541,913	595,200
Total primary government net position	$ 3,453,685	$ 3,629,892	$ 3,823,083	$ 4,028,592	$ 4,243,546

	Fiscal Year				
	2014	2015	2016	2017	2018
Net position					
Governmental activities					
Net investment in capital assets	$ 3,015,405	3,042,782	3,124,804	3,130,429	3,229,874
Restricted	669,832	619,565	604,917	596,862	666,597
Unrestricted (1)	655,954	(1,268,029)	(1,090,381)	(1,151,817)	(1,250,068)
Total governmental activities net position	4,341,191	2,394,318	2,639,340	2,575,474	2,646,403
Business-type activities					
Net investment in capital assets	171,911	167,453	167,282	174,044	176,909
Restricted					
Unrestricted (1)	78,547	67,948	68,586	71,119	60,216
Total business-type activities net position	250,458	235,401	235,868	245,163	237,125
Primary government					
Net investment in capital assets	3,187,316	3,210,235	3,292,086	3,304,473	3,406,783
Restricted	669,832	619,565	604,917	596,862	666,597
Unrestricted (1)	734,501	(1,200,081)	(1,021,795)	(1,080,698)	(1,189,852)
Total primary government net position	$ 4,591,649	2,629,719	2,875,208	2,820,637	2,883,528

(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.

Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities					
General government	$ 275,508	304,305	229,767	271,485	240,409
Public protection	1,158,162	1,091,910	1,128,967	1,179,815	1,236,708
Public ways and facilities	151,125	131,982	130,239	132,166	135,432
Health and sanitation	678,217	681,448	721,939	790,907	851,246
Public assistance	1,177,320	1,171,603	1,191,559	1,175,678	1,183,923
Education	42,424	39,165	35,734	34,669	34,104
Recreation and cultural	34,542	33,629	36,699	36,128	34,204
Interest on long-term debt	118,927	111,942	106,381	102,338	95,801
Total governmental activities expenses	3,636,225	3,565,984	3,581,285	3,723,186	3,811,827
Business-type activities					
Airport	10,614	12,389	12,876	12,736	14,107
Wastewater management	16,666	5,523	5,806	5,980	22,936
Sanitation district	5,794	18,831	21,699	22,335	5,754
Jail Stores Commissary					
Total business-type activities expenses	33,074	36,743	40,381	41,051	42,797
Total primary government expenses	3,669,299	3,602,727	3,621,666	3,764,237	3,854,624
Program revenues					
Governmental activities					
Charges for services:					
General government	93,939	90,503	92,085	99,872	98,205
Public protection	215,343	204,405	235,913	237,632	244,612
Other activities	133,834	150,461	160,067	168,851	153,958
Operating grants and contributions	2,181,366	2,192,591	2,211,946	2,317,522	2,467,966
Capital grants and contributions	60,703	33,246	25,329	11,005	32,728
Total governmental activities program revenues	2,685,185	2,671,206	2,725,340	2,834,882	2,997,469
Business-type activities					
Charges for services:					
Airport	9,397	9,299	11,301	11,568	11,077
Wastewater management	6,567	6,616	6,509	6,502	6,561
Sanitation district	20,114	19,823	20,431	18,406	18,564
Jail Stores Commissary					
Operating grants and contributions	12,974	15,330	1,544	539	4,933
Capital grants and contributions					
Total business-type program revenues	49,052	51,068	39,785	37,015	41,135
Total primary government program revenues	2,734,237	2,722,274	2,765,125	2,871,897	3,038,604
Net (Expense) Revenue					
Governmental activities	(951,040)	(894,778)	(855,945)	(888,304)	(814,358)
Business-type activities	15,978	14,325	(596)	(4,036)	(1,662)
Total primary government net (expense) revenue	$ (935,062)	(880,453)	(856,541)	(892,340)	(816,020)

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Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year					
		2014	2015	2016	2017	2018
Expenses						
Governmental activities						
General government	$	249,066	258,169	257,887	637,532	621,987
Public protection		1,312,074	1,309,087	1,359,423	1,455,462	1,435,847
Public ways and facilities		148,209	161,341	140,245	140,366	160,615
Health and sanitation		631,543	640,020	675,077	723,508	777,383
Public assistance		1,418,703	1,327,664	1,421,851	1,179,180	1,158,563
Education		35,647	37,686	41,086	38,477	39,107
Recreation and cultural		38,903	42,748	44,883	37,727	38,081
Interest on long-term debt		92,709	86,816	81,665	79,152	78,217
Total governmental activities expenses		3,926,854	3,863,531	4,022,117	4,291,404	4,309,800
Business-type activities						
Airport		14,118	14,664	14,439	14,518	18,399
Wastewater management						
Sanitation district		28,291	30,745	28,693	25,185	32,660
Jail Stores Commissary		4,816	4,506	5,362	6,007	6,050
Total business-type activities expenses		47,225	49,915	48,494	45,710	57,109
Total primary government expenses		3,974,079	3,913,446	4,070,611	4,337,114	4,366,909
Program revenues						
Governmental activities						
Charges for services:						
General government		100,328	92,109	99,531	111,389	105,676
Public protection		240,850	250,054	252,303	270,345	257,797
Other activities		169,274	162,578	164,721	165,846	189,520
Operating grants and contributions		2,519,619	2,467,817	2,543,749	2,407,522	2,589,141
Capital grants and contributions		114,310	39,224	12,947	16,296	9,360
Total governmental activities program revenues		3,144,381	3,011,782	3,073,251	2,971,398	3,151,494
Business-type activities						
Charges for services:						
Airport		12,647	11,984	12,044	14,302	13,783
Wastewater management						
Sanitation district		25,037	26,831	26,719	29,063	28,475
Jail Stores Commissary		5,659	4,538		7,141	7,426
Operating grants and contributions		3,793	702	3,513	5,659	329
Capital grants and contributions						
Total business-type program revenues		47,136	44,055	42,276	56,165	50,013
Total primary government program revenues		3,191,517	3,055,837	3,115,527	3,027,563	3,201,507
Net (Expense) Revenue						
Governmental activities		(782,473)	(851,749)	(948,866)	(1,320,006)	(1,158,306)
Business-type activities		(89)	(5,860)	(6,218)	10,455	(7,096)
Total primary government net (expense) revenue	$	(782,562)	(857,609)	(955,084)	(1,309,551)	(1,165,402)

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Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2009	2010	2011	2012	2013
General revenues and other changes in net position					
Governmental activities					
Taxes:					
Property taxes	$ 618,048	593,553	580,570	616,183	$ 587,145
Other taxes	15,167	15,991	16,207	17,200	20,912
Transient occupancy tax					
Real property transfer tax					
Miscellaneous taxes					
Intergovernmental unrestricted:					
Property taxes in lieu of VLF (1)	316,925	308,842	303,625	304,614	303,646
Sales and use taxes	22,435	20,576	22,457	25,055	24,809
Investment earnings	57,859	30,941	22,024	12,338	3,504
Other general revenues	118,929	85,693	104,260	110,676	90,789
Total governmental general revenues	1,149,363	1,055,596	1,049,143	1,086,066	1,030,805
Transfers	151	345	(778)	(28)	114
Extraordinary gain				10,423	
Total governmental activities	1,149,514	1,055,941	1,048,365	1,096,461	1,030,919
Business-type activities					
Investment earnings	2,237	1,046	582	1,151	46
Other general revenues	68	18	7	209	123
Total business-type general revenues	2,305	1,064	589	1,360	169
Transfers	(151)	(345)	778	28	(114)
Total business-type activities	2,154	719	1,367	1,388	55
Total primary government	1,151,668	1,056,660	1,049,732	1,097,849	1,030,974
Change in net position					
Governmental activities	198,474	161,163	192,420	208,157	216,561
Business-type activities	18,132	15,044	771	(2,648)	(1,607)
Total change in net position	$ 216,606	176,207	193,191	205,509	214,954

(1) In 2005, the County's share of vehicle license fee (VLF) was eliminated and replaced with property tax revenue.

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Table 2
County of San Diego
Changes in Net Position
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year					
		2014	2015	2016	2017	2018
General revenues and other changes in net position						
Governmental activities						
Taxes:						
Property taxes	$	627,709	648,974	680,434	720,645	758,427
Other taxes						
Transient occupancy tax		3,404	4,166	4,128	4,889	5,105
Real property transfer tax		20,074	21,049	24,589	23,960	25,910
Miscellaneous taxes		14	15	38	10	6
Intergovernmental unrestricted:						
Property taxes in lieu of VLF (1)		313,844	332,928	351,524	371,105	393,824
Sales and use taxes		24,871	27,847	28,898	27,779	30,744
Investment earnings		16,635	12,250	17,818	15,315	38,057
Other general revenues		132,612	93,889	82,745	88,038	93,604
Total governmental general revenues		1,139,163	1,141,118	1,190,174	1,251,741	1,345,677
Transfers		7,086	2,693	3,714	4,399	4,421
Extraordinary gain						
Total governmental activities		1,146,249	1,143,811	1,193,888	1,256,140	1,350,098
Business-type activities						
Investment earnings		502	336	1,622	523	1,159
Other general revenues		2,565	3,055	8,777	2,716	2,892
Total business-type general revenues		3,067	3,391	10,399	3,239	4,051
Transfers		(7,086)	(2,693)	(3,714)	(4,399)	(4,421)
Total business-type activities		(4,019)	698	6,685	(1,160)	(370)
Total primary government		1,142,230	1,144,509	1,200,573	1,254,980	1,349,728
Change in net position						
Governmental activities		363,776	292,062	245,022	(63,866)	191,792
Business-type activities		(4,108)	(5,162)	467	9,295	(7,466)
Total change in net position	$	359,668	286,900	245,489	(54,571)	184,326

(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				
	2009	2010	2011	2012	2013
General Fund					
Reserved	$ 266,434	162,257			
Unreserved	923,604	1,057,851			
Nonspendable(1)			11,257	12,443	12,347
Restricted (1)			214,956	245,713	295,264
Committed (1)			514,739	515,234	464,831
Assigned (1)			40,614	51,325	184,526
Unassigned (1)			612,814	663,132	644,454
Total general fund	1,190,038	1,220,108	1,394,380	1,487,847	1,601,422
All Other Governmental Funds					
Reserved	213,984	175,900			
Unreserved, reported in:					
Special Revenue Funds	668,626	705,469			
Capital Projects Funds	157,221	89,926			
Nonspendable (1)			5,148	5,281	5,600
Restricted (1)			372,730	424,512	433,952
Committed (1)			467,950	440,767	413,796
Assigned (1)					
Total other governmental funds	$ 1,039,831	971,295	845,828	870,560	853,348

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Reserved					
Unreserved					
Nonspendable (1)	$ 12,276	13,379	13,489	19,894	22,747
Restricted (1)	296,548	269,294	272,500	266,904	319,782
Committed (1)	492,175	478,980	591,941	677,058	796,086
Assigned (1)	217,628	328,588	381,202	483,464	480,063
Unassigned (1)	713,045	798,135	747,277	697,293	688,449
Total general fund	1,731,672	1,888,376	2,006,409	2,144,613	2,307,127
All Other Governmental Funds					
Reserved					
Unreserved, reported in:					
Special Revenue Funds					
Capital Projects Funds					
Nonspendable (1)	4,884	5,149	5,981	6,062	5,993
Restricted (1)	459,579	427,703	398,385	396,063	413,626
Committed (1)	395,291	379,711	371,622	376,179	367,515
Assigned (1)		228	917	1,478	2,066
Total other governmental funds	$ 859,754	812,791	776,905	779,782	789,200

(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				
	2009	2010	2011	2012	2013
Revenues:					
Taxes	$ 973,899	946,324	934,737	966,512	941,644
Licenses, permits and franchise fees	49,990	47,578	51,144	51,823	52,746
Fines, forfeitures and penalties	59,348	57,869	54,267	53,818	50,070
Revenue from use of money and property	70,911	46,100	39,545	29,765	21,918
Aid from other governmental agencies:					
State	1,161,312	1,136,756	1,192,401	1,276,289	1,374,266
Federal	858,066	963,285	945,168	969,818	946,356
Other	144,205	102,708	72,071	82,292	138,575
Charges for current services	316,214	318,283	359,239	369,586	366,442
Other	111,431	81,219	90,486	104,647	78,455
Total revenues	3,745,376	3,700,122	3,739,058	3,904,550	3,970,472
Expenditures:					
General government	249,324	205,456	223,290	210,375	226,648
Public protection	1,133,843	1,063,890	1,088,377	1,149,575	1,187,848
Public ways and facilities	85,802	66,393	61,967	64,922	66,514
Health and sanitation	669,725	675,256	714,022	782,504	840,735
Public assistance	1,172,400	1,169,287	1,184,632	1,171,662	1,178,112
Education	41,461	37,422	34,599	32,210	32,034
Recreation and cultural	32,561	29,982	33,054	33,302	31,092
Total CAFR Governmental functions	3,385,116	3,247,686	3,339,941	3,444,550	3,562,983
Capital outlay	179,662	205,512	186,342	212,304	165,737
Debt service:					
Principal	112,275	169,059	64,016	61,241	75,687
Interest	103,831	101,036	97,290	94,320	93,678
Bond issuance costs	3,959	739	349	374	393
Payment to refunded bond escrow agent		15,377	3,437		
Total expenditures	3,784,843	3,739,409	3,691,375	3,812,789	3,898,478
Excess (deficiency) of revenues over (under) expenditures	(39,467)	(39,287)	47,683	91,761	71,994
Other financing sources (uses)					
Sale of capital assets	31	365	2,673	740	5,997
Issuance of bonds and loans:					
Face value of bonds issued	136,885			32,665	29,335
Face value of loans issued					
Discount on issuance of bonds				(182)	
Premium on issuance of bonds	1,175	7,803	1,237		574
Refunding bonds issued:	443,515	80,940	19,260		
Payment to refunded bond escrow agent	(441,038)	(83,173)	(18,774)		
Transfers in	525,424	452,018	426,611	460,192	460,931
Transfers (out)	(525,689)	(457,683)	(430,527)	(465,106)	(472,183)
Total other financing sources (uses)	140,303	270	480	28,309	24,654
Extraordinary loss				(3,126)	
Net change in fund balances	$ 100,836	(39,017)	48,163	116,944	96,648
Debt service as a percentage of noncapital expenditures	5.99%	7.64%	4.60%	4.32%	4.54%

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Table 4
County of San Diego
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

(Continued)

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues:					
Taxes	$ 987,061	1,038,552	1,090,722	1,148,655	1,214,066
Licenses, permits and franchise fees	55,819	54,181	57,375	57,066	62,189
Fines, forfeitures and penalties	47,125	49,200	46,295	44,146	42,417
Revenue from use of money and property	34,855	23,033	28,396	23,079	43,407
Aid from other governmental agencies:					
State	1,513,606	1,490,603	1,487,655	1,482,536	1,644,254
Federal	919,151	917,901	959,399	796,594	828,693
Other	169,724	106,691	110,816	122,767	132,652
Charges for current services	389,224	387,788	398,705	411,488	433,325
Other	61,409	91,903	75,264	77,429	79,977
Total revenues	4,177,974	4,159,852	4,254,627	4,163,760	4,480,980
Expenditures:					
General government	231,370	237,875	233,180	260,005	270,469
Public protection	1,277,698	1,353,710	1,343,281	1,434,323	1,486,679
Public ways and facilities	75,565	73,991	70,946	75,901	100,322
Health and sanitation	620,319	644,865	670,871	731,034	801,370
Public assistance	1,410,925	1,346,078	1,426,134	1,184,697	1,195,090
Education	33,431	37,095	39,592	39,687	41,238
Recreation and cultural	31,604	36,838	37,800	39,325	39,668
Total CAFR Governmental functions	3,680,912	3,730,452	3,821,804	3,764,972	3,934,836
Capital outlay	264,015	160,474	185,065	120,509	267,685
Debt service:					
Principal	59,535	67,542	65,929	66,284	76,181
Interest	93,232	85,673	88,502	75,153	73,637
Bond issuance costs		583	761		
Payment to refunded bond escrow agent		8,461	12,481		
Total expenditures	4,097,694	4,053,185	4,174,542	4,026,918	4,352,339
Excess (deficiency) of revenues over (under) expenditures	80,280	106,667	80,085	136,842	128,641
Other financing sources (uses)					
Sale of capital assets	58,420	984	2,319	240	126
Issuance of bonds, loans and capital lease:					
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	478,533	434,541	470,175	474,286	527,620
Transfers (out)	(480,236)	(439,657)	(476,484)	(478,540)	(532,605)
Total other financing sources (uses)	56,717	1,649	1,660	2,108	40,636
Extraordinary loss					
Net change in fund balances	$ 136,997	108,316	81,745	138,950	169,277
Debt service as a percentage of noncapital expenditures	3.98%	3.94%	3.87%	3.62%	3.67%

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
2009	$ 398,804,220	$ 3,411,110	$ 3,604,712	$ 10,891,875	$ 9,043,072	$ 1,293,899	$ 406,374,946	1.00000
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

(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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Direct Rates (1)										
County of San Diego	0.138	0.140	0.140	0.140	0.140	0.139	0.140	0.139	0.139	0.139
Cities (3)	0.229	0.232	0.232	0.231	0.232	0.233	0.233	0.235	0.238	0.238
Schools (4)	0.597	0.594	0.594	0.595	0.594	0.594	0.593	0.592	0.590	0.590
Special Districts	0.036	0.034	0.034	0.034	0.034	0.034	0.034	0.034	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	0.050	0.063	0.066	0.073	0.073	0.103	0.102	0.105	0.103	0.109
Special Districts	0.007	0.008	0.008	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Total Overlapping Rates	0.061	0.075	0.078	0.086	0.086	0.116	0.115	0.118	0.116	0.122
Total Direct and Overlapping Rates	1.061	1.075	1.078	1.086	1.086	1.116	1.115	1.118	1.116	1.122

(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)

	2018			2009		
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	$ 8,117,227	1	1.65%	$ 4,217,344	1	1.07%
Qualcomm Inc	1,944,929	2	0.40%	1,243,048	5	0.32%
Irvine Company	1,252,565	3	0.25%	1,777,047	2	0.45%
Conrad Prebys Trust	1,085,184	4	0.22%			
Kilroy Realty LP	968,583	5	0.20%	1,438,252	4	0.37%
Southern California Edison Company	830,773	6	0.17%	1,529,640	3	0.39%
Host Hotels and Resorts	785,875	7	0.16%			
B S K Del Partners LLC	769,903	8	0.16%			
Pacific Bell Telephone Company	694,727	9	0.14%	852,867	9	0.22%
UTC Venture LLC	610,697	10	0.12%			
San Diego Expressway LP				1,200,000	6	0.31%
Arden Realty LP				1,041,162	7	0.26%
O C/S D Holdings LLC				1,003,047	8	0.25%
Genentech Inc				547,873	10	0.14%
Totals	$ 17,060,463		3.47%	$ 14,850,280		3.78%

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
2009	$ 4,063,749	$ 3,903,633	96.06%	$ 132,702	$ 4,036,335	99.33%
2010	3,962,945	3,821,278	96.43%	95,326	3,916,604	98.83%
2011	3,907,770	3,795,900	97.14%	59,838	3,855,738	98.67%
2012	3,929,873	3,819,892	97.20%	49,590	3,869,482	98.46%
2013	3,929,588	3,871,591	98.52%	34,593	3,906,184	99.40%
2014	4,059,836	4,011,889	98.82%	30,700	4,042,589	99.58%
2015	4,292,407	4,241,271	98.81%	30,365	4,271,636	99.52%
2016	4,533,155	4,489,098	99.03%	26,007	4,515,105	99.60%
2017	4,776,510	4,738,515	99.20%	24,426	4,762,941	99.72%
2018	5,068,261	5,019,394	99.04%	N/A	5,019,394	99.04%

(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				
	2009	2010	2011	2012	2013
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	$ 475,913	432,760	402,396	410,126	413,992
San Diego County Redevelopment Agency Revenue Refunding Bonds (2)	14,945	14,602	14,243		
Tobacco Settlement Asset-Backed Bonds	543,374	548,817	556,039	562,391	551,350
Pension Obligation Bonds	1,003,490	872,540	839,652	805,272	769,068
Capital and Retrofit loans	7,043	7,404	7,162	6,167	5,169
Capitalized Leases		242	212	185	152
Business-type Activities:					
Capital Loans	2,038	1,809	1,566	1,313	1,046
Total Primary Government	$ 2,046,803	$ 1,878,174	$ 1,821,270	$ 1,785,454	$ 1,740,777
Percentage of Personal Income (1)	1.52%	1.37%	1.20%	1.15%	1.11%
Per Capita (1)	$ 643	582	585	571	553

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental Activities:					
Certificates of Participation & Lease Revenue Bonds	$ 396,173	376,955	351,179	330,956	309,388
Tobacco Settlement Asset-Backed Bonds	551,442	542,883	546,110	548,832	546,113
Pension Obligation Bonds	732,330	692,338	649,860	605,520	558,525
Capital and Retrofit loans	5,124	5,188	6,020	5,249	4,282
Capitalized Leases	119	84	51	6,084	47,691
Business-type Activities:					
Capital Loans	766	475	171	0	
Total Primary Government	$ 1,685,954	$ 1,617,923	$ 1,553,391	$ 1,496,641	$ 1,465,999
Percentage of Personal Income (1)	0.99%	0.90%	0.83%	0.78%	0.75%
Per Capita (1)	$ 528	501	472	451	439

(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				
	2009	2010	2011	2012	2013
Certificates of Participation & Lease Revenue Bonds	$ 475,913	432,760	402,396	410,126	413,992
Less: Amounts Available in Debt Service Fund	50,513	35,547	26,867	26,860	28,140
Net Certificates of Participation & Lease Revenue Bonds	425,400	397,213	375,529	383,266	385,852
Pension Obligation Bonds	1,003,490	872,540	839,652	805,272	769,068
Less: Amounts Available in Debt Service Fund	15,741	3,364	2,117	629	161
Net Pension Obligation Bonds	987,749	869,176	837,535	804,643	768,907
Total Net Bonded Debt	$ 1,413,149	$ 1,266,389	$ 1,213,064	$ 1,187,909	$ 1,154,759
Percentage of Actual Taxable Value of Property (1)	0.35%	0.32%	0.31%	0.30%	0.29%
Per Capita (2)	$ 444	393	389	380	367

	Fiscal Year				
	2014	2015	2016	2017	2018
Certificates of Participation & Lease Revenue Bonds	$ 396,173	376,955	351,179	330,956	309,388
Less: Amounts Available in Debt Service Fund	27,728	28,798	20,107	19,992	20,455
Net Certificates of Participation & Lease Revenue Bonds	368,445	348,157	331,072	310,964	288,933
Pension Obligation Bonds	732,330	692,338	649,860	605,520	558,525
Less: Amounts Available in Debt Service Fund	423	877	375	574	993
Net Pension Obligation Bonds	731,907	691,461	649,485	604,946	557,532
Total Net Bonded Debt	$ 1,100,352	1,039,618	980,557	915,910	846,465
Percentage of Actual Taxable Value of Property (1)	0.27%	0.24%	0.22%	0.19%	0.17%
Per Capita (2)	$ 344	322	298	276	254

(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
2009	$ 5,079,687		5,079,687	100%
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%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	$ 506,826,182
Debt limit (1.25% of total assessed value) (2)	6,335,327
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	$ 6,335,327

(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
2009	$ 34,181	$ 156	$ 34,025	$ 10,000	$ 26,273	0.93
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	0.94
2014	27,256	195	27,061	5,750	24,453	0.98
2015	26,982	190	26,792	14,760	24,181	0.90
2016	26,680	130	26,550	3,355	23,480	0.69
2017	27,440	120	27,320	4,265	23,321	0.99
2018	32,759	232	32,527	10,145	23,118	0.99

(1) Operating expenses do not include interest.
(2) Tobacco Principal Debt Service requirements include Turbo Principal payments.

Table 13
County of San Diego
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	PersonalIncome (in thousands) (2)	Per Capita Personal Income (in dollars)	School Enrollment (3)	Unemployment Rate (4)
2009	3,185,462	$ 134,696,000	$ 42,285	496,702	9.7
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

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			2009		
Employer	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (3)
University of California, San Diego	34,448	1	2.26%	29,337	3	2.07%
Naval Base San Diego	34,185	2	2.24%			
Sharp HealthCare	18,364	3	1.20%	14,400	6	1.02%
County of San Diego (4)	17,413	4	1.14%	17,189	4	1.22%
Scripps Health	14,941	5	0.98%	12,622	7	0.89%
San Diego Unified School District	13,815	6	0.91%	14,555	5	1.03%
Qualcomm Inc.	11,800	7	0.77%	9,859	9	0.70%
City of San Diego	11,462	8	0.75%	11,087	8	0.78%
Kaiser Permanente San Diego	9,606	9	0.63%	7,618	10	0.54%
UC San Diego Health	8,932	10	0.59%			
Federal Government				41,600	1	2.94%
State of California				41,600	2	2.94%
Total	174,966		11.47%	199,867		14.13%

Sources:
(1) San Diego Business Journal
(2) California Labor Market Information
Percentage is calculated by dividing employees by total employment of 1,525,500 as of June 2018
(3) California Labor Market Information
Percentage is calculated by dividing employees by total employment of 1,414,600 as of June 2009
(4) County of San Diego 2018 and 2009 Operational Plans

Table 15
County of San Diego
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2009**	**2010**	**2011**	**2012**	**2013**
General	1,515	1,487	1,477	1,451	1,485
Public protection	7,879	7,575	7,362	7,430	7,638
Public ways and facilities	405	390	374	367	369
Health and sanitation	2,222	2,136	2,088	2,045	2,068
Public assistance	3,659	3,497	3,321	3,440	3,728
Education	312	293	277	256	251
Recreation and cultural	176	173	169	171	162
Total	16,168	15,551	15,068	15,160	15,701

	Fiscal Year				
Function	**2014**	**2015**	**2016**	**2017**	**2018**
General	1,479	1,485	1,529	1,515	1,531
Public protection	7,859	7,923	7,882	7,942	7,899
Public ways and facilities	366	356	370	388	385
Health and sanitation	2,029	1,994	1,987	2,059	2,092
Public assistance	4,160	4,368	4,462	4,552	4,583
Education	246	259	267	269	271
Recreation and cultural	172	166	171	172	177
Total	16,311	16,551	16,668	16,897	16,938

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	**2009**	**2010**	**2011**	**2012**	**2013**
General					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	94.00%	93.00%	94.00%	98.00%	74.30%
Assessor/Recorder/County Clerk: Percent of mandated assessments completed by close of annual tax roll	100.00%	100.00%	100.00%	99.00%	99.00%
Treasurer-Tax Collector: Secured taxes collected (% of total)	96.30%	97.00%	98.00%	97.00%	98.00%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	50.00%	53.00%	59.00%	64.00%	67.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	144,756	139,314	136,451	130,044	126,836
Sheriff: Daily average – number of inmates	5,141	4,751	4,622	4,846	5,274
District Attorney: Felony defendants received	28,150	27,744	26,619	25,983	27,745
District Attorney: Misdemeanor defendants received	29,512	28,896	28,926	26,800	25,080
Planning and Development Services: Percent of building inspections completed next day	100.00%	100.00%	100.00%	100.00%	100.00%
Planning and Development Services: Average permit center counter wait time (in minutes)	(1)	(1)	(1)	(1)	(1)
Animal Services: Percent of euthanized animals that were treatable	15.90%	24.00%	26.40%	25.30%	28.00%
Public ways and facilities					
Public Works: Protect water quality through Department of Public Works roads/drainage waste debris removal (cubic yards removed)	29,180	28,802	27,680	25,404	25,000
Health and sanitation					
Public Health Services: Children age 0-4 years receive age-appropriate vaccines	(1)	99.00%	99.00%	99.00%	99.50%
Public Health Services: Children age 11-18 years receive age-appropriate vaccines	(1)	97.00%	97.00%	99.00%	99.40%
Public Health Services: Children age 0-18 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Behavioral Health Services: Wait time for children's mental health outpatient treatment	7 days	5 days	5 days	5 days	4 days
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	96.00%	95.00%	96.00%	96.00%	97.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	87.00%	85.20%	82.00%	79.00%	83.00%
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	5.44	6.46	9.95	7.98	7.52
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and effectively managed	45,043	44,616	45,187	45,661	47,270
Parks and Recreation: Number of miles of trails managed in the County trails program	320	325	326	329	330

(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	**2014**	**2015**	**2016**	**2017**	**2018**
General					
Registrar of Voters: Percent of total mail ballots tallied by the Monday after Election Day	99.00%	98.00%	75.00%	59.00%	93.00%
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%	99.10%	99.30%	99.20%	98.50%
Public protection					
Child Support Services: Percent of current support collected (federal performance measure #3)	68.00%	71.00%	72.00%	73.00%	72.00%
Sheriff: Number of jail "A" (or unduplicated) bookings	89,936	82,702	81,975	80,177	81,412
Sheriff: Daily average – number of inmates	5,706	5,226	5,152	(1)	(1)
District Attorney: Felony defendants received	27,424	22,302	21,281	21,656	20,676
District Attorney: Misdemeanor defendants received	27,441	31,242	31,684	30,101	32,383
Planning and Development Services: Percent of building inspections completed next day	98.00%	98.00%	(1)	(1)	(1)
Planning and Development Services: Average permit center counter wait time (in minutes)	31	25	25	23	23
Animal Services: Percent of euthanized animals that were treatable	20.00%	12.80%	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)	60,045	27,010	22,152	20,586	19,290
Health and sanitation					
Public Health Services: Children age 0-4 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Public Health Services: Children age 11-18 years receive age-appropriate vaccines	(1)	(1)	(1)	(1)	(1)
Public Health Services: Children age 0-18 years receive age-appropriate vaccines	99.00%	99.00%	100.00%	100.00%	99.00%
Behavioral Health Services: Wait time for children's mental health outpatient treatment	3.5 days	(1)	(1)	(1)	(1)
Public assistance					
Aging & Independence Services: Face-to-face adult protective services investigations within 10 days	95.00%	97.00%	96.00%	96.00%	97.00%
Child Welfare Services: Foster children in 12th grade who achieve high school completion (diploma, certificate or equivalent)	79.00%	(1)	(1)	(1)	(1)
Child Welfare Services: Family participation in joint case planning and meetings quarterly	(1)	56.00%	77.00%	76.00%	79.00%
Self-Sufficiency Services: CalWORKs applications processed timely to help eligible families become more self-sufficient	(1)	96.00%	97.00%	97.00%	97.00%
Education					
County Library: Annual average circulation per item	6.84	7.47	7.82	7.82	7.51
Recreation and cultural					
Parks and Recreation: Number of parkland acres owned and effectively managed	47,907	48,098	48,565	48,836	49,800
Parks and Recreation: Number of miles of trails managed in the County trails program	336	359	363	363	364

(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	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General government										
Fleet vehicles	1,841	1,608	1,664	1,872	1,762	1,762	1,825	1,814	1,801	2,010
Buildings	1,135	1,092	1,096	1,085	1,126	1,136	1,114	1,123	1,153	1,092
Land	989	1,015	1,042	1,073	1,090	1,124	1,136	1,146	1,177	1,290
Public protection										
Building - sub stations	12	11	12	12	12	15	16	16	16	16
Patrol units	1,519	1,806	1,404	1,310	1,402	1,473	1,448	1,520	1,511	1,604
Detention facilities	10	10	10	10	9	10	10	10	11	9
Public ways and facilities										
Road miles	1,929.40	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
Bridges	178	178	178	196	200	200	201	201	204	208
Airports	7	7	7	7	7	7	7	7	7	7
Road stations	15	15	14	14	13	13	13	13	13	13
Health and sanitation										
Inactive landfills	17	23	23	23	23	23	23	23	23	23
Sewer lines miles	425.10	427.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00
Water pollution control facilities	3	4	5	5	5	6	1	1	1	1
Wastewater treatment plants (1)				3	3	3	3	3	3	3
Wastewater pump stations (1)				8	8	8	8	8	8	8
Public assistance										
Administration building	1	1	1	0	1	1	1	1	1	1
Housing facilities	6	6	6	6	6	6	6	5	5	5
Education										
Libraries	20	20	20	20	20	20	20	20	21	21
Recreation and cultural										
Parks/open space area	92	92	91	91	91	91	109	109	109	118
Campgrounds	8	8	8	8	8	8	8	8	8	8

(1) Trend data not available for 2007-11

Source: Various County departments


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Hang Glider flying in
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City skyline from Front Street on a
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County of San Diego, California

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