APPENDIX A

COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

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THE COUNTY

General

The County of San Diego (the "County") is the southernmost major metropolitan area in the State of California (the "State"). The County covers 4,207 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the geographic size of the State of Connecticut. The County's Fiscal Year 2024-25 Adopted Operational Plan (as defined herein), adopted on June 24, 2024 (the "Fiscal Year 2024-25 Adopted Budget"), is approximately $8.53 billion, of which $6.63 billion relates to the County's General Fund budget. The County's Revised Fiscal Year 2025-26 Recommended Operational Plan (the "Revised Fiscal Year 2025-26 Recommended Budget") is approximately $[__] billion, of which $[___] billion relates to the County's General Fund budget.

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

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

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

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County of San Diego Employees

General. Table 1 below sets forth the number of County employees for Fiscal Years 2014-15 through 2024-25:

TABLE 1
TOTAL COUNTY EMPLOYEES[(1)]

Year	Total Employees
2014-15	16,544
2015-16	16,549
2016-17	16,763
2017-18	16,891
2018-19	16,958
2019-20	17,344
2020-21	17,194
2021-22	17,066
2022-23	18,013
2023-24	
2024-25[(2)]	

Source: County of San Diego Department of Human Resources.
(1) Excludes temporary employees of the County. Data as of June 30 of the indicated year.
(2) Data as of May 31, 2025. [To be updated early June]

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

Current labor agreements include ongoing salary increases along with flexible benefit increases of 5.0% annually. Labor agreements that are currently in effect also include lump sum salary payments for members. Generally, the terms of the agreements with the Attorney and General Labor Organizations include ongoing annual wage increases that range between 2.75% and 5.0% in each of the three years of the agreements. The annual increases are effective at the beginning of each fiscal year for all Attorney and General Labor Organizations. The agreement with SEIU, Local 221 also includes additional wage increases for certain classifications. Lump sum payments for Attorney and General Labor Organizations include annual payments based on a percentage of salary (2.0%) or a dollar amount ($600 or $2,000).

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

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

OVERVIEW OF THE COUNTY'S FINANCIAL CONDITION

Fiscal Year 2024-25

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

Fiscal Year 2025-26

The County's Revised Fiscal Year 2025-26 Recommended Budget totals $[___] billion, an increase of [__]% or $[___] million from the Fiscal Year 2024-25 Adopted Budget. This increase is a part of an overall strategy to sustain core County services, limit growth in mandated programs, meet obligations to operate capital facilities set to open, and contain staffing or FTE (full time equivalent) growth to meet previous obligations or mandates. The Revised Fiscal Year 2025-26 Recommended Budget recommends approximately $[___] billion in General Fund appropriations and projects total revenues of $[__] billion. The primary categories of revenue supporting the County's General Fund include program revenue ([67]%), including State and federal revenue, fees, and charges for services and General Purpose Revenue ([30]%), a majority of which is supported by property tax revenue.

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

Future Fiscal Years

In connection with the County's Fiscal Year 2025-26 Recommended Budget, the County prepared projections for Fiscal Year 2026-27 through Fiscal Year 2029-30 that show that the County's General Fund is facing a potential funding gap (funding requests for a Fiscal Year exceeding expected revenues for that Fiscal Year) of approximately $120.3 million in Fiscal Year 2026-27 that grows to approximately $321.8 million in Fiscal Year 2029-30. The budget gap is primarily due to department requests for future program growth outpacing existing resources but also due to some slowing in growth of General Fund revenues due to legislative and economic factors. It is worthwhile to note that California Government Code Section 29040 requires County department heads to submit itemized requests to the Chief Administrative Officer (CAO), detailing financing sources and financing uses; the CAO is then required to compile such budget requests and submit the Recommended budget to the Board of Supervisors. After the County completed this process in preparation for Fiscal Year 2025-26, there was a projected $138.5 million gap between funding requests received and the resources available within the General Fund in the first year of the budget. To present a balanced budget, best practices, including mitigation strategies were implemented to reduce costs, reallocate resources, and streamline services, ensuring a budget that is balanced, while ensuring full compliance with federal and State mandates and requirements, as well as meeting the needs of the region. The County expects to deploy similar strategies in the future to mitigate any future funding gaps.

COUNTY FINANCIAL INFORMATION

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

Assessed Valuations

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

The County Assessor determines and enrolls a value for each parcel of taxable real property in the County every year in accordance with Proposition 13. Annually, property owners may appeal the assessed value of their property. Additionally, under the provisions of Proposition 8, property owners may apply for a temporary reduction in the assessed value when the market value of the real property, as of January 1 of the applicable tax year, falls below its assessed value. Once reduced, the County Assessor must annually review the value of the property until the factored Proposition 13 value is fully restored (adjusted with the annual consumer price index, not to exceed 2%). For Fiscal Year 2023-24, the County Assessor received 5,469 appeals, including appeals relating to real property, business personal property, boats and airplanes. As of May 31, 2025**,** the County Assessor has received [____] appeals, including appeals relating to real property, business personal property, boats and airplanes.

The County does not anticipate major increases in assessment appeals in the coming year. Higher interest rates are having no effect on the robust investor cash market, while at the same time those homeowners who purchased while interest rates were low are now not inclined to sell and then buy at the higher rates. This strong demand and low supply is putting upward pressure on home prices. The median home price in San Diego County increased from $825,000 in March 2024 to $869,000 in March 2025. On July 1, 2024, the County Assessor certified and closed the Fiscal Year 2024-25 assessment roll of all taxable property at a value of $[_____] billion (gross before exemptions), which reflected an increase of 5.49% (or $38,423,433,170) over the prior year.

Table 2 below sets forth the number of appeals received by the County Assessor and the number of affected parcels since Fiscal Year 2014-15.

TABLE 2
ASSESSMENT APPEALS
Fiscal Years 2014-15 through 2024-25

Fiscal Year	Appeals(1)	Parcels
2014-15	7,211	9,266
2015-16	4,826	5,822
2016-17	4,413	6,259
2017-18	3,708	5,208
2018-19	3,555	4,864
2019-20	4,183	4,974
2020-21	4,577	5,661
2021-22	4,386	5,578
2022-23	3,840	4,679
2023-24	5,469	6,373
2024-25(2)		

Source: County of San Diego Assessor/Recorder/County Clerk.
(1) Appeal may relate to the reassessment for one or more parcels.
(2) Data as of May 31, 2025.

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***Ad Valorem* Property Taxation**

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

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

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

Source: County of San Diego Auditor and Controller.
(1) Exemption figures include veterans, church, welfare, religious, college and cemetery exemptions
(2) Net Assessed Valuation for Tax Purposes figures include local secured, local unsecured, manufactured home, possessory interest, and state unitary valuation.

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

TABLE 4
TEN LARGEST TAXPAYERS
Fiscal Year 2024-25

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

Source: County of San Diego Auditor and Controller.
(1) Approximate Tax includes local secured and state unitary 1% tax, debt service tax and special assessments.

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

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

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

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

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

Secured Tax Rolls Statistics

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

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

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

Source: County of San Diego Auditor and Controller.
(1) Total Gross Assessed Value figures include local secured and state unitary valuation.
(2) Total Tax Amount includes local secured and state unitary 1% tax, debt service tax and special assessments.
(3) Delinquent Tax Amount represents the dollar value of tax due for delinquencies in the year shown that had not been collected as of June 30 of that year.
(4) Collection for Fiscal Year 2019-20 second installment of property taxes was negatively impacted by the COVID-19 Pandemic resulting in an increase in the Delinquent Tax Amount as a Percent of Total Tax Amount.
(5) Not available as delinquency percent is calculated at year end.

Liens and Redemption

Properties subject to a tax lien may be redeemed under a five-year installment plan by paying current taxes plus a minimum annual payment of 20% of the original redemption amount, a redemption fee of thirty-three dollars, a payment plan set-up fee of seventy-one dollars, and an annual plan maintenance fee of eighty-five dollars. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax-defaulted. Redemption interest accrues at 1.5% per month on the unpaid principal balance of the installment plan redemption amount during the period of the installment plan. The property becomes subject to sale by the County Treasurer-Tax Collector if taxes are unpaid after June 30 of the fifth year of default unless the property is on an installment plan of redemption prior to the power to sell arising.

Financial Statements

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

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

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

(Table continued on subsequent page.)

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

(Table continued on subsequent page.)

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

Source: County of San Diego Auditor and Controller.

(1) Amounts are receivables and payables between General Fund and other County funds based on actual or estimated claims outstanding.

(2) To conform with Governmental Accounting Standards Board (GASB) Statements 33 and 34, activities from various Internal Agency Funds are included in the General Fund.

(3) Formerly classified and referred to as "Deferred Revenues".

(4) The General Fund's fund balance classification of Assigned to Subsequent One-time Expenditures represents a GASB Statement 54 recommended classification of fund balance in circumstances in which a portion of existing fund balance is included as a budgetary resource in the subsequent year's budget to eliminate a projected excess of expected expenditures over expected revenues. For the County of San Diego, this amount represents Board of Supervisors approved one-time uses of fund balance.

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

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

(Footnotes to table on prior page.)

Source: Annual Comprehensive Financial Reports of the County.

(1) Represents various base rental payments made to the San Diego County Capital Asset Leasing Corporation ("SANCAL") and the San Diego Regional Building Authority ("SDRBA") treated as debt service payments in the General Fund as SANCAL and the SDRBA are blended component units of the County.

(2) In Fiscal Year 2019-20, $19.450 million of fixed interest rate certificates of participation County of San Diego Certificates of Participation (Justice Facilities Refunding Series 2019) (the "Series 2019 COPs"), were executed and delivered by the San Diego County Capital Asset Leasing Corporation. The Series 2019 COPs' proceeds, along with funds on hand with the Trustee, were used to refund $31.805 million of outstanding County of San Diego Certificates of Participation (Series 2009 Justice Facilities Refunding). This is the amount reported in the General Fund. The transaction is further described in Note 13 "Long-Term Debt" in the Notes to the Financial Statements of the County's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2020. In Fiscal Year 2020-21, $45.725 million of fixed interest rate certificates of participation – County of San Diego Refunding Certificates of Participation, Series 2020 COPs $21.910 million Series 2020A (Tax Exempt) (County Administration Center Waterfront Park) and $23.815 million Series 2020B (Federally Taxable) (Cedar and Kettner Development) (collectively, the "Series 2020 COPs") were executed and delivered by the San Diego County Capital Asset Leasing Corporation. The Series 2020 COPs' proceeds, along with funds on hand with the Trustee, were used to refund the entire $27.545 million of Outstanding Series 2011 County Administration Center Waterfront Park Certificates of Participation, and to refund the entire $24.860 million of Outstanding Series 2012 Cedar and Kettner Certificates of Participation. This is the amount reported in the General Fund. The transaction is further described in Note 13 "Long-Term Debt" in the Notes to the Financial Statements of the County's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

(3) Revenues from the Public Safety Augmentation Sales Tax (Proposition 172) and the tobacco securitization proceeds are recognized in the Special Revenue funds and treated as operating transfers when moved to the General Fund to reimburse expenditures incurred.

(4) For all fiscal years presented, "Transfers Out" generally represents contributions to the Pension Obligation Bond fund; contributions to capital funds for General Fund projects; and, County contributions to the Library fund and the In-Home Supportive Services ("IHSS") Public Authority fund.

General Fund Budget

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

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

County's Fiscal Year 2024-25 Budget

The Fiscal Year 2024-25 Adopted Budget for the County's General Fund included expenditures of approximately $6.63 billion and revenues and other financing sources of approximately $6.63 billion. In accordance with the normal practice of the County, the Fiscal Year 2024-24 Adopted Budget was adjusted to reflect carry-over appropriations from the prior fiscal year and program needs not included in the Fiscal

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

County's Fiscal Year 2024-25 Financial Position

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

Salary & Benefits

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

Public Safety Group

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

Health and Human Services Agency ("HHSA")

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

Land Use and Environment Group ("LUEG")

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

Finance and General Government Group ("FGG")

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

Services & Supplies

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

Public Safety Group

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

Health and Human Services Agency

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

- Behavioral Health Services primarily due to contracted services associated with a range of mental health and substance use disorder programs to align with anticipated spending which adjusts for contractor staffing vacancies and projected utilization in residential bed days;

- Public Health Services ("PHS") primarily from procurement delays associated with identification and timing of lab equipment delivery, installation, and validation testing, IT project delays due to ongoing contract negotiations, lesser use of contracts in the immunizations program to align with projected spending with the grant resources and workplan, and in contracted temporary staffing costs associated with the demobilization of COVID-19 associated activities;

- Homeless Solutions and Equitable Communities tied to the Federal Emergency Management Agency Shelter and Services Program as the program was never developed due to changes in available funding; to align projected spending for CDC Community Health Worker Resilient grant, projected lower costs tied to the Community Services Block Grant Communities in Action program, and overall contract savings primarily tied to outreach, conflict resolution and refugee support services that were carried forward from the prior year; and tied to refugee services due to lower than projected eligible population;

- Aging & Independence Services ("AIS") tied to lesser use in contracted services in Home Safe and California Department of Aging programs by utilizing internal County staffing to support the programs and the roll out of Modernizing Older California Act programs over future fiscal years, an adjustment to align the budget to the anticipated In-Home Support Services ("IHSS") Maintenance of Effort for IHSS Individual Providers, and due to the phased implementation needed to accommodate the increasing number of participants in the San Diego Veterans Independence Service at Any Age program;

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

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

Land Use and Environment Group

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

Finance and General Government Group

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

Other Charges

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

Capital Asset/Land Acquisition

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

Capital Assets Equipment

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

Expenditure Transfer & Reimbursements

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

Operating Transfers Out

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

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

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

Taxes Other Than Current Secured

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

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

Taxes Current Property

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

Other Financing Sources

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

Fines, Forfeitures & Penalties

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

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

Intergovernmental Revenues

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

Public Safety Group

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

Health and Human Services Agency

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

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

Land Use and Environment Group

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

Finance and General Government Group

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

Finance Other

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

Charges for Current Services

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

Revenue from Use of Money & Property

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

Miscellaneous Revenues

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

Licenses, Permits & Franchises

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

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

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

	2023-24 Adopted Budget	2023-24 Amended Budget[1]	2024-25 Adopted Budget	2024-25 Amended Budget[2]	Projected Third-Quarter Results[3]	Variance from Amended Budget[4]	[2025-26 Recommended Budget[5]]
APPROPRIATIONS							
Public Safety	$2,171,518	$2,521,667	$2,278,636	$2,538,428	$2,528,486	$(9,942)	$2,417,558
Health and Human Services	3,174,806	3,617,223	3,421,159	3,747,453	3,647,724	(99,728)	3,476,573
Land Use and Environment	254,889	381,924	331,741	454,599	433,722	(20,876)	288,400
Finance and General Government and Other	610,321	1,239,809	596,146	1,157,241	1,131,027	(26,243)	524,855
Contingency Reserve and Increases in Fund Balance Components	0	0	0	0	0		0
Total Appropriations	$6,211,534	$7,760,623	$6,627,684	$7,897,722	$7,740,961	$(156,761)	$6,707,387
BUDGETED REVENUES							
Current Property Taxes	$ 909,848	$ 929,489	$976,097	$976,097	$982,808	$6,710	$1,026,068
Taxes Other Than Current Property Taxes	652,806	664,220	706,299	706,299	730,359	25,059	754,302
Licenses, Permits and Franchises	57,173	57,819	57,769	57,769	54,560	(3,209)	60,572
Fines, Forfeitures and Penalties	40,965	44,592	40,803	44,076	45,693	1,671	46,085
Use of Money and Property	49,680	49,680	65,829	65,829	60,321	(5,507)	57,929
Aid from Other Government Agencies	3,355,356	3,781,312	3,567,779	3,762,080	3,652,625	(109,455)	3,640,635
Charges for Current Services	468,727	473,251	476,005	481,511	462,406	(19,104)	494,174
Miscellaneous Revenues and Other Financing Sources	625,615	726,349	542,911	656,628	657,355	727	575,157
Total Budgeted Revenues	$6,160,170	$6,726,710	$6,433,495	$6,750,292	$6,646,130	$(104,161)	$6,654,926
Estimated Fund Balance Component Decreases	$ 51,364	$ 51,364	$68,330	$68,330	$68,330	$0	$52,461
Estimated Use of Fund Balance to be Assigned	0	0	125,858	125,858	125,858	0	0
Estimated Use of Fund Balance for Encumbrances	0	982,548		953,424	900,643	0	0
Total Resources Utilized	$6,211,534	$7,760,623	$6,627,684	$7,897,722	$7,740,961	$(104,161)	$6,707,387
Net savings from the Fiscal Year 2024-25 Amended Budget						$52,600	

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

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

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

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

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

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

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

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

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

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

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

County's Fiscal Year 2025-26 Recommended Budget and the Operational Plan

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

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

The County's Fiscal Year 2025-26 Adopted Operational Plan was adopted on [June 25, 2025]. The Fiscal Year 2025-26 Adopted Operational Plan is substantially similar to the Fiscal Year 2025-26 Recommended Operational Plan.

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

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

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

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

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

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

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

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

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

Summary of Total Appropriations in the Recommended Operational Plan. The Recommended Operational Plan includes appropriations totaling approximately $8.62 billion for Fiscal Year 2025-26 and $8.35 billion for Fiscal Year 2026-27. This is an increase of $85.8 million or 1.0% for Fiscal Year 2025-26 from the Fiscal Year 2024-25 Adopted Budget. Appropriations for the General Fund are approximately

$6.71 billion, a $79.7 million or 1.2% increase from the Fiscal Year 2024-25 Adopted Budget. The General Fund constitutes 77.9% of the County's total appropriations. Further, the Recommended Operational Plan reflects a net staffing decrease of 190.00) staff years primarily attributable to the Health and Human Services Agency as part of ongoing efforts to streamline operations, including restructuring in some areas; de-prioritize discretionary services in order to allocate local funds to mandated services; and align to State performance requirements in areas where we exceed required processing timeframes. .

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

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

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

Health and Human Services Agency – includes a net increase of approximately $65.4 million or 1.9% from the Fiscal Year 2024–25 Adopted Budget. During last year's budget process several strategies were employed to help bridge essential services in the face of a projected State budget deficit, slowing growth in Realignment revenue driven by sales tax receipts, and overall escalating costs to continue existing services. Heading into Fiscal Year 2025–26, conditions remain very similar but now with added significant uncertainty around federal funding streams which represent over 37% of HHSA's budget. While HHSA has been preparing and adjusting to the budget constraints that have been on the horizon, the full impact of changes at the federal level as well as potential impacts from the State's budget are not yet known.

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

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

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

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

Finance Other – includes a net decrease of approximately $69.0 million or 15.3% from the Fiscal Year 2024–25 Adopted Budget. Many of the appropriations in this group vary little from year to year, but some are one-time and can fluctuate significantly. Major changes include: decrease in Countywide General Expenses due to the reduction of one-time appropriation, as well as the non-recurrence of appropriation for contingencies; decrease in Contributions to Capital Program and lower appropriations for Lease Payments due to increased interest earnings which are used to offset lease payments; increases in Countywide Shared Major Maintenance due to one-time critical major maintenance projects across the enterprise; increases in the Public Liability ISF due to anticipated increases in settlements relating to liability payments; increases in Employee Benefits ISF due to a combination of anticipated increase in Excess Workers' Compensation insurance, actual claims/trends, and increased contract and software costs; increases in Insurance ISF to support insurance premium for Mexican Auto (non-emergency and emergency), Government Crime Bonds, Property, U.S. Custom Bonds, Cyber Liability, Aircraft, and Airport; increases in appropriations to fund the cost of financing the County's short-term cash borrowing program; and increases in appropriations for the Community Enhancement program.

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

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

The County released the Revised Fiscal Year 2025-26 Recommended Budget on [June 13, 2025]. The Revised Fiscal Year 2025-26 Recommended Budget includes total appropriations of $[__] billion for Fiscal Year 2025-26 and $[__] for Fiscal Year 2026-27. This is an increase of $[__] million, or [__], for Fiscal Year 2025-26 from the Fiscal Year 2025-26 Recommended Budget for a total increase of $[__] million, or [__], from the Fiscal Year 2024-25 Adopted Budget.

Appropriations for the General Fund are $[__] billion— a $[__] million or [__]% increase from the Fiscal Year 2025-26 Recommended Budget for a total proposed increase of $[__] million or [__]% from the Fiscal Year 2024-25 Adopted Budget. The General Fund constitutes [__]% of the County's total appropriations.

Further, the Revised Fiscal Year 2025-26 Recommended Budget reflects a staffing increase of 12.00 staff years from the Fiscal Year 2025-26 Recommended Budget for a total staffing increase of [84.00] staff years from the Fiscal Year 2024-25 Adopted Budget.

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

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

Public Safety Group – The Revised Fiscal Year 2025-26 Recommended Budget increases the PSG appropriation by $[__] million for a total appropriation of $[__] billion in Fiscal Year 2025-26. There is no change in staff years from the Recommended Budget

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

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

Finance and General Government Group – The Revised Fiscal Year 2025-26 Recommended Budget increases the FGG appropriation by $[__] million for a total appropriation of $[__]million in Fiscal Year 2025-26. Additionally, the Revised Recommended Budget increases staff years by [__], or [__]%, from the Fiscal Year 2025-26 Recommended Budget. This is a total increase of [___] staff years or [__]% from the Fiscal Year 2024-25 Adopted Budget.

Capital Program – The Revised Fiscal Year 2025-26 Recommended Budget increases the Capital Program appropriation by $[__] million for a total appropriation of $[__] million in Fiscal Year 2025-26. There is no change in staff years from the Fiscal Year 2025-26 Recommended Budget.

Finance Other – The Revised Fiscal Year 2025-26 Recommended Budget increases the FO appropriation by $[__] million for a total appropriation of $[__] million in Fiscal Year 2025-26. There is no change in staff years from the Fiscal Year 2025-26 Recommended Budget.

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

The Fiscal Year 2024-25 Adopted Budget for the County's General Fund includes expenditures of approximately $8.53 billion and revenues and other financing sources of approximately $8.53 billion. Additionally, in accordance with the normal practice of the County, at the end of the first quarter of Fiscal Year 2024-25, the Fiscal Year 2024-25 Adopted Budget was adjusted to reflect carry-over appropriations from the prior fiscal year and program needs not included in the Fiscal Year 2024-25 Adopted Budget. See "STATE OF CALIFORNIA BUDGET INFORMATION – Impacts on the County" for a description of the impact of the Fiscal Year 2024-25 State Budget Act on the Fiscal Year 2024-25 Adopted Budget

Minimum General Fund Balance Policy

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

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

General Fund Status Update

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

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

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

Restoration of Fund Balances and Reserves

In accordance with the Code of Administrative Ordinance Sec. 113.3, Restoration of General Fund Reserve Minimum Balance, in the event that the General Fund Reserve falls below the minimum required balance, the Chief Administrative Officer shall present a plan to the Board for restoration of those targeted levels. The plan shall restore balances to targeted levels within one (1) to three (3) years, depending on the use, reasons for use, and severity of the event. In the event that the General Fund Reserve is used to serve as a short-term financing bridge, the plan shall include mitigation of long-term structural budgetary imbalances by aligning ongoing expenditures to ongoing revenues. The projections as of the Third Quarter Report are anticipated to be below the General Fund Reserve Minimum Balance. The restoration plan to replenish the General Fund Reserve Minimum Balance will be based on prior year costs anticipated to be reimbursed by FEMA in Fiscal Year 2025-26 and future operating results and over-realized Assessed Value growth for general purpose revenue in Fiscal Year 2026-27 and 2027-28. If FEMA reimbursements do not come in as projected, additional resources will be required in order to meet the minimum required balance.

Other Operational Impacts

The San Diego Regional Water Quality Control Board ("RWQCB") adopted a resolution entitled Revised Total Maximum Daily Loads ("TMDL") for Indicator Bacteria, Project I - Twenty Beaches and Creeks in the San Diego Region, Including Tecolote Creek (the "Resolution") that became effective on April 4, 2011. The Resolution impacts eight watersheds within the region, requiring that the water quality of highly urbanized watersheds be returned to pre-development levels by 2021 for dry weather conditions and by 2031 for wet weather conditions. Along with other local agencies, the County shares responsibility for five of these eight watersheds named in the Resolution. Since the April 4, 2021 dry weather condition compliance deadline, the County and other local agencies have been required to meet the water quality objectives established in the Resolution. The RWQCB has made the Resolution enforceable by incorporating its requirements into the San Diego Regional Municipal Storm Water Permit ("Permit") that was issued in 2013. The Permit requires that the bacteria TMDL be included in implementation plans called Water Quality Improvement Plans ("WQIPs"). The County collaborates with other stakeholders in addressing the bacteria TMDL requirements in each of the WQIPs for five watersheds. The completed plans were approved by the RWQCB in 2015 and 2016. These plans indicate that the responsible agencies are only prepared to implement the actions identified in the plans as existing resources allow.

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

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

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

The County is also subject to two additional TMDLs outside of the bacteria TMDL. A TMDL is currently in effect for sediment in Los Penasquitos Lagoon with a compliance date of December 2034. Corrective actions for this TMDL include cost-sharing a lagoon restoration effort with the Los Penasquitos watershed agencies. County costs for this project have been recently estimated at approximately $2 million. A TMDL for nutrients in Rainbow Creek within the Santa Margarita River Watershed was adopted by the RWQCB in 2005 and has been past due since December 2021. The County has requested a Time Schedule Order to extend the final compliance date for this TMDL and is actively investing in projects in the Rainbow Creek watershed that will total approximately $20 million.

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

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

Temporary Transfers

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

Temporary Transfers per fiscal year through Fiscal Year 2024-25, with such Temporary Transfers ranging between $900,000 and $77.1 million each and totaling between $7.9 million and $119.4 million per fiscal year.

San Diego County Employees Retirement Association

The following information concerning the Retirement Association has been excerpted from publicly available sources that the County believes to be accurate, or otherwise obtained from the Retirement Association. The Retirement Association is not obligated in any manner for payment of debt service on the Series 2024 Certificates described in the forepart of the Official Statement, and the assets of the County's pension plan are not available for such payment. The Retirement Association issues publicly available reports, including its financial statements, required supplementary information and actuarial valuations for the herein described pension plan and retiree health plan. The reports are available on the Retirement Association's website: https://www.sdcera.org/about-sdcera/finance. Information on the Retirement Association's website is not incorporated herein by reference.

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

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

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

General Funding Practices of the Retirement Association.

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

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

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

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

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

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

Demographic Assumptions. The Board of Retirement and the Actuary review the various demographic assumptions that are employed in calculating the normal cost rates against actual experience at least every three years. The actuarial analysis contained in the 2024 Valuation was based in part on the various demographic assumptions in the experience study for July 1, 2018 through June 30, 2021 (the "2022

Experience Study"). The 2022 Experience Study resulted in changes to certain assumptions, including pre- and post-retirement mortality rates, the assumed future merit and longevity pay increases for current employees, the assumed rates of disability, the assumed retirement ages of active employees, and the assumed ordinary withdrawal and vested termination rates, all of which were used to prepare the 2024 Valuation. The next Experience Study is expected to be conducted in 2025 with respect to results as of July 1, 2021 through June 30, 2024. The Board of Retirement will be receiving the 2025 Experience Study in May and June of 2025.

Economic Assumptions. The Actuary prepares a review of economic actuarial assumptions every three years in conjunction with the demographic study. The actuarial analysis contained in the 2024 Valuation was based in part on the following major economic assumptions: an annual net investment return assumption of 6.50%; Consumer Price Index increases of 2.50% per year; assumed retiree COLA increases ranging from 2.00% to 3.00% per year based on membership tier; and assumed active member annual salary increases of inflation at 2.50% plus "across the board" real salary increases of 0.50% per year.

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

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

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

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

Historical Funding Status. Table 9 below sets forth for the last ten fiscal years ended June 30, 2024 the amount of the total Employer Contributions and Employer Offsets made by the County and the other Employers. The contribution amounts are based on the market value of the pension assets, the valuation value of the pension assets, the actuarial accrued liability of the pension system, the UAAL and the funded ratio of the Retirement Association as of the end of the second preceding fiscal year.

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

Valuation Date (June 30)	Net Market Value of Assets	Valuation Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Fiscal Year	Employer Contribution[1]	Employer Offsets[1]
2015	$10,330.3	$10,535.3	$13,080.0	$2,544.7	80.5%	2017	$417.9	$20.9
2016	10,261.3	11,030.6	14,349.0	3,318.5	76.9	2018	520.7[2]	3.8
2017	11,397.0	11,566.9	14,937.9	3,370.9	77.4	2019	532.4[3]	0.0
2018	12,274.5	12,365.7	15,763.2	3,397.6	78.5	2020	568.9[4]	0.0
2019	12,862.9	12,932.2	16,955.1	4,022.9	76.3	2021	615.7	0.0
2020	12,909.0	13,715.9	17,741.2	4,025.3	77.3	2022	632.6	0.0
2021	16,126.3	14,671.5	18,339.9	3,668.4	80.0	2023	669.0[5]	0.0
2022	14,504.0	15,763.8	20,541.3	4,777.5	76.7	2024	864.5[6]	0.0
2023	15,771.3	16,513.0	21,628.7	5,155.7	76.3	2025	842.8	0.0
2024	17,619.4	17,568.0	22,669.8	5,101.8	77.5	2026	896.3	0.0

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

(1) The Employer Contribution and Employer Offsets amounts reflect the aggregate contribution amount of all Employers and not only that of the County. In each year the amounts indicated in the Employer Contribution column are the recommended annual required contribution as reported in the SDCERA Actuarial Valuation and Review dated as of the end of the second preceding year ended June 30, plus any discretionary contributions made by the County. All Employer Offsets were eliminated for Fiscal Year 2019.

(2) Includes $498.2 million of required contributions plus an additional discretionary contribution of $22.5 million.

(3) Includes $518.6 million of required contributions plus an additional discretionary contribution of $13.8 million.

(4) Includes $558.9 million of required contributions plus an additional discretionary contribution of $10.0 million.

(5) Includes $660.2 million of required contributions plus an additional discretionary contribution of $8.8 million.

(6) Includes $833.4 million of required contributions plus an additional discretionary contribution of $31.1 million.

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

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

TABLE 10
PROSPECTIVE FUNDING STATUS OF THE RETIREMENT ASSOCIATION
Fiscal Years Ended June 30, 2023 through 2030
($ In Millions)

Fiscal Year	Employer Contributions(1)(2)(3)	Valuation Date (June 30)	UAAL(1)(2)(3)	Funded Ratio(1)(3)
2023(4)	$660	2021	$3,668	80.0%
2024(5)	833	2022	4,777	76.7
2025	843	2023	5,156	76.3
2026	896	2024	5,102	77.5
2027	728	2025	4,585	79.9
2028	763	2026	4,640	80.3
2029	796	2027	4,623	81.0
2030	815	2028	4,371	82.5

Source: July 14, 2023 Segal Consulting Projection Scenario 6, Annual Retirement Association Valuations.

(1) Employer Contribution for Fiscal Year 2024-25 and Fiscal Year 205-26 is from the valuation reports dated June 30, 2023 and June 30, 2024, respectively.

(2) The following assumptions have been applied in preparing the foregoing estimates for Fiscal Year 2024-25 and beyond:

(a) Except as indicated below, reflects the economic and non-economic assumptions adopted by the Retirement Association Board for the June 30, 2024 valuation, and assumes all of the actuarial assumptions that were approved for use would be met in the future.

(b) Under the Retirement Association Board's asset smoothing method, deferred investment returns are amortized in layers over a rolling five year period. At June 30, 2024, there was a net total of $51.4 million in deferred investment return gains to be amortized in future years.

(c) The projections assume an expected rate of return of 6.50% in Fiscal Year 2023-24 and thereafter as well as all other economic and demographic assumptions adopted by the Board of Retirement.

(d) Projections exclude the impact of any additional contributions that the County has made to pay off its UAAL.

(e) Projected covered payroll for the June 30, 2024 valuation and used to project Fiscal Year 2025-26 employer contributions totaled $1,861.3 million. Future year projections assume salary increases of 3.00% (2.50% inflation plus 0.50% "across-the-board" real salary increase) per year.

(f) The projections account for the gradual reduction in the employer's aggregate normal cost rate as a larger proportion of the new County members joining the Retirement Association are covered under General Tier D and Safety Tier D. See "THE COUNTY – County of San Diego Employees – Retirement Amendments" for a description of the new retirement tier.

(g) The projections assume that employers, including the County, will make contributions that are at least equal to the normal cost of the pension plan until the funded ratio exceeds 120%.

(h) This actuarial valuation is based on plan assets as of June 30, 2024. The plan's funded status does not reflect short-term market fluctuations but rather is based on the market value of assets on the last day of the plan year. This actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population due to COVID-19. The next experience study including mortality will be conducted in 2025.

(3) The County is obligated to make approximately 94% of the annual Employer Contributions to the Retirement Association and the other participating employers are obligated to make approximately 6% of the annual Employer Contributions to the Retirement Association, based on the estimated relative percentage of payroll of the County and the other participating employers for Fiscal Year 2023-24.

(4) Does not include additional discretionary contributions of $8.8 million in Fiscal Year 2022-23.

(5) Does not include additional discretionary contributions of $31.1 million in Fiscal Year 2023-24.

County's Proportionate Share of Net Pension Liability. Pursuant to GASB Statement No. 68 ("GASB 68"), the County must recognize its proportionate share of the Retirement Association's Net Pension Liability ("Net Pension Liability") directly on its balance sheet. The Net Pension Liability represents the excess of the total pension liability over the fiduciary net position of the Retirement Association's pension plan. For Fiscal Year 2023-24, the County reported a Net Pension Liability of $5.230 billion for its proportionate share, a decrease of approximately $85 million from the $5.315 billion liability reported for Fiscal Year 2022-23. The liability decrease was primarily due to favorable investment experience. The Net Pension Liability for Fiscal Year 2023-24 was measured as of June 30, 2023. For more information, the annual GAS 68 report prepared by the Associations' actuary can be found on the SDCERA website.

Investment.

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

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

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

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

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

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

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

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

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

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

The next three-year experience study is scheduled to be performed by the Retirement Association's actuary in spring 2025 with recommendations, if adopted, used in the valuation report as of June 30, 2025.

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

Transfers of Investment Earnings by the Retirement Association.

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

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

- First, "Available Earnings" are determined for the accounting period as the sum of "actuarial earnings" (defined as the difference between the Actuarial Value of Assets at the end of the period and the Actuarial Value of Assets at the beginning of the period, less non-investment cash flow), the balance in the Statutory Contingency Reserve and the balance in the Undistributed Excess Earnings Reserve. If this number is negative, no interest will be posted. The balance in the Undistributed Excess Earnings Reserve will be transferred first to the Smoothed Market Value Transition Reserve until exhausted and then to the County Contribution Reserve.

- Second, if the number calculated in the first step is positive, then interest will be credited to the Member Deposit Reserve at the Member Crediting Rate.

- Third, if Available Earnings remain, interest will be credited to the Valuation Reserves at the Regular Interest Rate. If Available Earnings are not sufficient, then the amount of Available Earnings will be credited first to the Retirement Allowances Reserve, then the County Contribution Reserve, and last to the Smoothed Market Value Transition Reserve.

- Fourth, if Available Earnings remain, they will be transferred to the Statutory Contingency Reserve in the amount required to maintain the Statutory Contingency Reserve balance at 1% of market value.

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

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

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

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

Other Postemployment Benefits (OPEB)

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

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

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

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

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

Valuation of the Retirement Association's Post-Retirement Healthcare Benefits. The Actuary prepared their latest OPEB valuation as of June 30, 2024 (the "2024 OPEB valuation") with respect to the eligible retirees and benefit levels set by the Retirement Association in compliance with the requirements of GASB 74. For the total plan for all employers, the 2024 OPEB valuation reported a Total Liability of $77.8 million less the Plan Fiduciary Net Position assets of $65.4 million, resulting in a Net Liability of $12.4 million. Table 12 below reports comparative numbers for valuation years since June 30, 2018. The 2024 OPEB Valuation also reflected a funded ratio of 87.5%, an increase from 51.2% reported for 2023. The Actuarially Determined Contribution ("ADC") for 2024 totaled approximately $20.6 million, representing 1.20% of covered payroll, compared to 1.16% for 2023. The OPEB valuation for June 30, 2024 is based on the same assumed investment rate of return of 6.50% as the pension plan. The next OPEB valuation will be as of June 30, 2025.

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

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

Funding Progress

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

Employer Contributions (All Employers)
($ in thousands)

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

Sources: Segal Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 20, 2024 and Actuarial Valuation of OPEB based on Measurement Date for Employer Reporting as of June 30, 2024 (GASB 75) and the Retirement Association's Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024.

(1) In addition, the County paid an advance payment of $_____ (in thousands) for Fiscal Year 2025.

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

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

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

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

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

Source: Retirement Association's Annual Comprehensive Financial Reports.

STAR COLA Benefits

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

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

Pension Obligation Bonds

The County has issued taxable pension obligation bonds ("POBs") from time to time and transferred the proceeds to the Retirement Association to reduce the UAAL existing at the time of issuance of the POBs. Under California law, the obligation to fund the UAAL by making actuarially required contributions is an obligation imposed by law. The effect of issuance of POBs is to finance that obligation and convert it from an obligation to make actuarially required contributions to an obligation to make interest and principal payments on bonds which are sold to the public.

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

Pension Related Payments and Obligations

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

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

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

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

(1) These Employer Contribution amounts reflect the projected aggregate contribution amounts of all Employers and not only that of the County. The County share of Employer Contributions are estimated to be approximately 94% based on the estimated relative percentage of payroll of the County for Fiscal Year 2021-22.

(2) Estimated. The amounts indicated are subject to the same assumptions as set forth in footnotes (1), (2) and (3) to Table 10 "Prospective Funding Status of the Retirement Association" herein.

(3) Consists of regular principal and interest payments.

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

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

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

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

Risk Management

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

The County has exposure related to workers' compensation and general liability. In accordance with Government Accounting Standards Board Statement 10, "Accounting and Financial Reporting for Risk Financing and Relating Insurance Items" ("GASB Statement 10"), the County established two Internal Service Funds ("ISF"), the Public Liability Internal Service Fund and the Employee Benefits Internal Service Fund to report all of its uninsured risk management activities. The County analyzes the value of its loss exposure by using the services of an independent actuary to determine the valuation in accordance GASB Statement 10. The County obtains actuarial reports each year for workers' compensation and general liability. The County's Public Liability ISF allocates the costs of providing claims services to the County's operating funds as a "premium" charge. The allocation rate is based on a weighted risk factor: 90% allocated based on the last five years' loss experience, and 10% based on staff hours of exposure. This method effectively serves as a premium charge to the departments. The Employee Benefits ISF is the fund out of which workers' compensation and unemployment insurance claims are paid. The liability supported by the actuary for claims and judgments payable is reported as long-term debt. As the cost of providing workers' compensation self-insurance becomes more dependent on the number of employees in a department, workers' compensation rates are charged to individual departments based on that department's ten-year claim history and the risk factor based on its blend of occupational groups as established by the State's Workers' Compensation Insurance Rating Bureau. The County's allocation rate related to workers' compensation costs is based on 80% of each department's ten-year claims experience and 20% on the exposure/risk of the job classifications in the department.

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

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

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

The Department of Human Resources, Risk Management Division evaluates the extent and adequacy of its purchased insurance coverage on a continual basis. Typically, the County purchases its insurance as part of the Public Risk Innovation, Solutions, and Management (PRISM) risk pool, which is a group of California public entities which experience the same types of risks and exposure to loss. The County reviews all insurance policies annually to ensure appropriate levels of coverage are maintained.

Litigation

There are a number of lawsuits and claims pending against the County. The County does not believe any of the lawsuits or claims pending against the County will materially and adversely impair the County's ability to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2024 Certificates and perform its other obligations as and when due or otherwise meet its outstanding lease or debt obligations.

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

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

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

Short-Term Borrowing

The County has issued tax and revenue anticipation notes ("TRANs") to the extent necessary or desirable for the purpose of financing seasonal cash flow requirements for General Fund expenditures. The Notes will be the first TRANs the County has issued since 2013.

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

The County has no outstanding general obligation bonds. As of June 1, 2025, the County had POBs outstanding in the aggregate principal amount of $140.4 million. As of June 1, 2025, the County had lease revenue bonds ("LRBs") and Certificates of Participation ("COPs") outstanding in the aggregate principal amount of $351.1 million. As of June 1, 2025, there were approximately $491.4 million aggregate principal amount of long-term General Fund obligations outstanding. The annual long-term lease payments and annual debt service payments on the LRBs, COPs and POBs of the County aggregate to approximately $100.1 million for Fiscal Year 2024-25, net of capitalized interest. Debt service on the aforementioned obligations and evidences of indebtedness are paid from amounts in the County's General Fund, a portion of which is reimbursed with amounts from various other revenue sources. The County has no outstanding variable rate obligations and does not have an outstanding liquidity facility in support of payment of any of its outstanding bonds payable from General Fund revenues. See "COUNTY FINANCIAL INFORMATION – Pension Obligation Bonds" herein.

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

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

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

[1] The outstanding 2016A COC Refunding Bonds are expected to be refunded with proceeds of the Series 2025 Certificates and certain other available moneys on the date of issuance of the Series 2025 Certificates. The lease will also be moved from SDRBA to SANCAL.
Source: The County of San Diego, Office of Financial Planning.

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

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

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

(1) Amounts may not total due to rounding. Includes debt service paid from capitalized interest funds and does not include the Notes [or the Refunding Certificates of Participation, Series 2025 (County Operations Center) expected to be issued on or around July 21, 2025].
(2) The outstanding 2016A COC Refunding Bonds are expected to be refunded with proceeds of the Series 2025 Certificates and certain other available moneys on the date of issuance of the Series 2025 Certificates.
(3) Amounts for Fiscal Year 2024-25 include payments already made during the current fiscal year as of June 1, 2025. **[NTD: COP issuance and how it will be reflected in the table if at all]**
Source: County of San Diego, Office of Financial Planning.

	LEASE FINANCINGS (CERTIFICATES OF PARTICIPATION & LEASE REVENUE BONDS)								PENSION OBLIGATION BONDS			
Fiscal Year	2019 Justice Facilities	2020 Cedar & Kettner Development Refunding	2020 CAC Waterfront Park Refunding	2021 Youth Transition Campus	2023 Public Health Lab and Capital Improvements	2024 Edgemoor Refunding	2016A COC Refunding(2)	COPs & LRBs Total	2004 Pension Obligation Bonds	2008 Pension Obligation Bonds	POBs Total	TOTAL GENERAL FUND PAYMENTS
Total	$5,122,125.00	$26,092,058.16	$25,775,393.75	$89,728,500.00	$317,360,000.00	$36,197,559.72	$100,220,875.00	$600,496,511.63	$58,942,023.75	$171,007,377.18	$229,949,400.93	$830,445,912.56

Anticipated Capital Financings

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

Long-Term Financial Obligations and Management Policy

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

Swap Policy

In 2004, the DAC approved an Interest Rate Swap Policy (the "Swap Policy") establishing guidelines for the execution and management of the County's use of interest rate and other swaps and other similar products (the transactions involving such products being referred to herein as "Swap Transactions"). The Swap Policy is reviewed, and updated as necessary, annually by the DAC. The County may integrate Swap Transactions into its overall debt and investment management programs in a prudent manner to, among other things, enhance the relationship between risk and return with respect to debt or investments, achieve significant savings as compared to products available in the cash market, provide a higher level of savings, lower level of risk, greater flexibility, or other direct benefits not available in the cash market and achieve more flexibility in meeting overall financial objectives than can be achieved in conventional markets, all in accordance with the parameters set forth in the Swap Policy and consistent with the County's overall long-term financial obligation management policy. Pursuant to the Swap Policy, the total notional amount of all Swap Transactions executed by the County shall not exceed 10% of the aggregate outstanding principal amount of the County's long-term obligations at the time of execution. The County has no outstanding Swap Transactions.

Overlapping Debt and Debt Ratios

Table 18 sets forth a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. and dated as of June 1, 2025. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report does not include the Series 2024 Certificates described in the forepart of this Official Statement.

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

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

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

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

(Continued from prior page.)

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

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 2.18%
Combined Direct Debt ($491,435,000) 0.06%
Combined Total Debt 2.66%

Ratios to Redevelopment Incremental Valuation ($88,607,641,271):
Total Overlapping Tax Increment Debt..0.86%

SAN DIEGO COUNTY INVESTMENT POOL

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

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

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

General

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

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

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

Treasury Pool's Portfolio

As of April 30, 2025, the securities in the Treasury Pool had a market value of $[________] and a book value of $[_________], for a net unrealized loss of $[_______].

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

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

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

Investments of the Treasury Pool

Authorized Investments. Investments of the Pool are placed in those securities authorized by various sections of the California Government Code, which include obligations of the United States Treasury, Agencies of the United States Government, local and State bond issues, bankers acceptances, commercial paper of prime quality, certificates of deposit (both collateralized and negotiable), repurchase and reverse repurchase agreements (for which the maximum exposure of the Pool is restricted to 40% and 20%, respectively), medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), asset backed (including mortgage related), pass-through securities, and specific supranational debt securities.

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

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

Certain Information Relating to Pool

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

[Remainder of page intentionally left blank.]

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

	Par Value	Book Value	Market Value	Percentage of Portfolio	Market Price	Days to Maturity(1)	Yield to Maturity (2)	Accrued Interest	Unrealized Gain/Loss
Asset Backed Securities									
Agency									
Bank Deposit									
Commercial Paper									
Corporate									
LAIF									
Local Government Investment Pool									
Money Market Funds									
Municipal Bonds									
Negotiable CDs									
Supranational Securities									
U.S. Treasuries									
Totals for April 2025									
Totals for March 2025									
Change From Prior Month									
Portfolio Effective Duration									

	Monthly Return(3)	Annualized	Fiscal Year to Date Return	Annualized	Calendar Year to Date Return	Annualized
Book Value						

Source: The County.

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

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

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

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

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A

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

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

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

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

Article XIII B

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

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

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

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

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

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

The Board of Supervisors adopted the annual appropriation limit for Fiscal Year 2023-24 of approximately $7.1 billion. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the Fiscal Year 2023-24 Adopted Budget, the funds subject to limitation total approximately $3.5 billion and are approximately $3.6 billion below the Article XIII B limit.

Proposition 46

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

Proposition 62

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

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

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

Proposition 218

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the County, to impose and collect both existing and future taxes, assessments, fees and charges. The County is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the County does not presently believe that the potential impact on the financial condition of the County as a result of the provisions of Proposition 218 will adversely affect the County's ability to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2024 Certificates and perform its other obligations as and when due.

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

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

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

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The County is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the County would be able to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2024 Certificates as and when due or any of its other obligations payable from the County General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the County, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to make Base Rental Payments in amounts sufficient to pay principal and interest evidenced by the Series 2024 Certificates, as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by an agency subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIII C upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the County, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, the County does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the County to pay the principal of and interest on the Series 2024 Certificates as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the fees and charges that presently finance them are reduced or repealed.

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

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

Proposition 1A

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

Proposition 22

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

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

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

Proposition 26

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

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

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

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

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

Future Initiatives

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

STATE OF CALIFORNIA BUDGET INFORMATION

State of California Budget Information

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

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

State Budget for Fiscal Year 2024-25

On June 27, 2024, the Governor approved the State Budget Act for Fiscal Year 2023-24 (the "Fiscal Year 2023-24 State Budget Act"). The State faces a budget deficit after two years of unprecedented surpluses. The Fiscal Year 2023-24 State Budget Act recognizes a downturn in revenues in the State due to a declining stock market, high inflation, rising interest rates and high-wage job losses. The Fiscal Year 2023-24 State Budget Act reflects slower revenue growth than previously anticipated and an estimated $31.7 billion budget gap. However, the Fiscal Year 2023-24 State Budget Act addresses this gap through balanced solutions, including funding shifts ($9.3 billion), spending reductions and pullbacks ($8.1 billion), delayed spending ($7.9 billion over multiple years), revenue and internal borrowing ($6.1 billion), and trigger reductions ($340 million that will be restored in the Fiscal Year 2025-26 State Budget, if resources are available), while preventing severe program cuts.

Impacts on the County

The Fiscal Year 2024-25 State Budget Act reductions are focused on areas with large, recent temporary spending increases, such as housing and homelessness, transportation, natural resources, climate, and energy. Despite these reductions, the Fiscal Year 2024-25 State Budget Act maintains investments in essential programs in education, healthcare, climate, public safety and social services while expediting the construction of certain infrastructure projects.

Additional features of the Fiscal Year 2024-25 State Budget Act that may affect the County include, but are not limited to, the following:

- Maintains commitments of more than $800 million in multiple programs to improve public safety—including task forces fighting the spread of fentanyl and combatting retail theft—as well as local law enforcement grants totaling over $255 million over three years.

- $265 in Fiscal Year 2023-24 for the Behavioral Health Bridge Housing Program to address immediate housing and treatment needs of individuals experiencing unsheltered homelessness wo have serious behavioral health conditions. The County may potentially receive additional grant funding.

- $19 million in Fiscal Year 2023-24 and $12.5 million in Fiscal Year 2024-25 from the State Suicide and Behavioral Health Crisis Services Fund to support eligible call center behavioral crises services. The County anticipates that funding will cover the County cost which is approximately $1.5 million.

- The Fiscal Year 2021-22 State Budget Act provided $429 million one-time general fund monies to support local library infrastructure projects. The Fiscal Year 2022-23 State Budget Act provided an additional $50 million and assumed an additional $100 million in fiscal year 2023-24 to support local library infrastructure projects. The Fiscal Year 2023-24 State Budget Act proposes delaying the $100 million to fiscal years 2024-25 ($33 million), 2025-26 ($33 million), and 2026-27 ($34 million). The Fiscal Year 2023-24 State Budget Act also reappropriates approximately $128.7 million general fund to support an amended version of the Local Library Infrastructure Grants program. The County expects that funds will be given to the State library and will pursue grant opportunities when they become available.

- $5.1 billion in additional program funding as part of the $8.8 billion multi-year increase for local transit capital infrastructure and zero emission vehicle projects.

- $135.5 million general fund over two years to support local agencies working to reduce urban flood risk and $75 million one-time general fund to support local flood control projects, including communities impacted by recent storms.

- $150 million one-time general fund to continue humanitarian support efforts in partnership with local providers at the Southern California Border.

- $61 million one-time Opioid Settlements Fund over four years to provide grants to local health jurisdictions and community-based organizations to support syringe exchange and disposal program activities, including treatment navigators.

- $14 million one-time Opioid Settlements Fund over four years for fentanyl program grants to increase local efforts in education, testing, recovery, and support services to implement Chapter

783, Statutes of 2022 (AB 2365), and to support innovative approaches to make fentanyl test strips and naloxone more widely available.

- $35.8 million ongoing ($12.2 million general fund) for Local Child Support Agencies to help mitigate increased staffing costs, caseload, and call volumes, to maintain current service levels.

- $6.1 billion ($306.2 million general fund, $87.5 million Mental Health Services Fund, $2.1 billion Medi-Cal County Behavioral Health Fund, and $3.6 billion federal funds) over five years for the Department of Health Care Services and the Department of Social Services to implement the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Demonstration, effective January 1, 2024.

- $74.8 million, $35.8 million, $24.8 million and $24.1 million in fiscal years 2023-24, 2024-25, 2025-26 and 2026-27, respectively, from the Opioid Settlements Fund to expand the Naloxone Distribution Project to increase distribution to first responders, law enforcement, community-based organizations, and county agencies.

- $406.5 million ($159.5 million general fund) to reflect a revised budgeting methodology for county CalFresh administration activities, pursuant to Chapter 537, Statutes of 2022 (AB 207). The County anticipates receiving a portion of this new funding.

- Maintains $97.5 million general fund over four years, beginning in 2022-23, for various public health workforce training and development programs.

- $128.9 million general fund in Fiscal Year 2023-24, $234 million general fund in 2024-25, $290.6 million in Fiscal Year 2025-26, and $290.8 million general fund in 2026-27 and annually thereafter for the Department of Health Care Services and Judicial Branch to implement the CARE Act (Chapter 319, Statutes of 2022). Of this amount, $67.3 million general fund in Fiscal Year 2023-24, $121 million general fund in Fiscal Year 2024-25, and $151.5 million in Fiscal Year 2025-26 and annually thereafter is to support estimated county behavioral health department costs for the CARE Act.

- $2.2 billion total funds, over five years, for the Behavioral Health Continuum Infrastructure Program, of which $50 million in Fiscal Year 2022-23 is for the Department of General Services with short-term statutory exemption, to deploy to small homes in counties including the County.

- $1.0 billion additional in one-time general fund for a fifth round of Homeless Housing, Assistance, and Prevention Program ("HHAP"). The Fiscal Year 2021-22 State Budget Act also supplements the fifth round of HHAP with $360 million general fund in reappropriated funds from prior HHAP rounds which were not previously obligated or awarded. The County could receive a funding allocation of approximately $12.8 million if distributed similarly to the prior rounds. To date, the County has received a total of $37.9 million from rounds 1 through 4.

- $400 million in one-time general fund for a third round of Encampment Resolution Funding grants of which the County could be an awardee. The County has previously received $16.8 million in prior rounds and the County has submitted an additional application for grand funding and is awaiting a decision.

- $175.3 million ($40.8 million general fund, $114.9 million federal funds, and $19.6 million Medi-Cal County Behavioral Health Fund) at full implementation to allow up to six months of rent or temporary housing to eligible individuals experiencing homelessness or at risk of homelessness.

- Decrease of $92.1 million ($89.3 million general fund and $2.8 million various funds) in Fiscal Year 2023-24, and $95.8 million beginning in Fiscal Year 2025-26 ($93 million general fund and $2.8 million various funds) associated with the closure and cease of operations of the Division of Juvenile Justice as of June 30, 2023. For Fiscal Year 2023-24, the projected costs of youth transferred from the Division of Juvenile Justice to the Youth Development Academy are approximately $21.4 million, which is higher than what was projected in the County's Fiscal Year 2023-24 Adopted Budget.

- $194 million general fund in Fiscal Year 2023-24 and inclusive of the required county floor for the Juvenile Justice Realignment Block Grant to provide funding to counties to deliver appropriate rehabilitative housing and supervision services for realigned youth.

- Restores $40 million one-time general fund to provide counties with funding for indigent defense providers, including public defenders, alternate defenders, and other qualifying entities that provide indigent defense for qualifying workload resulting from criminal matters. This funding is for the third year of a three-year pilot program, bringing the total three-year amount to $140 million one-time general fund. The Governor's January Proposed Budget and May Revision of the Fiscal Year 2023-24 State Budget proposed to eliminate the full $50 million of anticipated funding for the third year. This would have resulted in a $4.1 million loss in grant funding for the San Diego County Public Defender. The Fiscal Year 2023-24 State Budget Act restored $40 million resulting in a $10 million decrease in anticipated funding, the San Diego County Public Defender estimates $0.8 million revenue loss for year three.

- $9.3 million general fund for county probation departments to supervise the temporary increase of individuals on Post Release Community Supervision as a result of Proposition 57 credit-earning opportunities. The County could potentially see a decrease in funding due to a temporary increase in the average daily population of individuals on Post Release Community Supervision with an estimated decrease of $0.8 million to the County's Probation Department.

- $1 million for the San Diego County Sheriff's Department for support of fentanyl investigations to target transnational smuggling and trafficking.

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

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

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

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

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

The May revision to the Fiscal Year 2025-26 Proposed Budget was released on May 10, 2025 (the "May Revise") and updated certain State budget projections. The May Revise noted [______]..

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

- a proposal to allocate bond funding for multiple wildfire mitigation and prevention projects, for many of which counties are eligible either as individual applicants or in partnership with regional organizations (including state conservancies);

- $148.2 million (Proposition 4) to implement state water quality requirements for habitat and dust suppression on the exposed lakebed at the Salton Sea;

- an additional $93.5 million ($55 million general fund) in Fiscal Year 2025-26 for counties to continue implementation efforts under the Behavioral Health Services Act;

- general fund support for Community Assistance, Recovery and Empowerment (CARE) Act activities, including $36.6 million in Fiscal Year 2024-25, $47.1 million in Fiscal Year 2025-26, and $51.1 million in Fiscal Year 2026-27 and annually thereafter for behavioral health agency activities of California; and

- the Transit and Intercity Rail Capital Program ("TIRCP") to receive $564 million in combined resources from the general fund ($384 million) and Greenhouse Gas Reduction Fund ($180 million); a sub-program that distributes funding through the TIRCP on a population-based formula to regional transportation planning agencies, which can use the money to fund transit operations or capital improvements, to receive $1 billion in combined resources from the general fund ($812 million) and Greenhouse Gas Reduction Fund ($188 million).

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

Future State Budgets

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

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

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

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

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

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

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

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

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

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

According to a San Diego Association of Governments report as of February 2023, unemployment rates are lower than the pre-pandemic levels and the County has experienced a 77% reduction in the unemployment rate from the record high unemployment rate seen in May 2020. COVID-19 contributed to the decline of certain consumer activity, including air travel, tourism and retail and recreation, however, the County continues to experience significant recovery in these areas. In 2023, total visitation to San Diego is expected to reach 91% of pre-pandemic levels and hotel room demand in the County has recovered to 94% of its 2019 level. However, general consumer good sales have softened as a result of higher food and fuel prices and tourism and retail are the industries likely to be the most affected if the region experiences a recession.

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Population

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

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

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

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

(1) As of January 1 of the year shown.

(2) As of July 1 of the year shown.

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Employment

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

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

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

Sources: County and State Data – California Employment Development Department; National Data – U.S. Department of Labor, Bureau of Labor Statistics.
(1) Data is not Seasonally Adjusted.
(2) Preliminary data as of March 2025.

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

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

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

Source: California Employment Development Department, 2020 Benchmark.
(1) Reflects independent rounding.
(2) Preliminary data as of March 2025.

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Largest Employers

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

TABLE 23
SAN DIEGO COUNTY
Ten Largest Employers
(As of June 30, 2024)[(1)]

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

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

Regional Economy

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

TABLE 24
SAN DIEGO COUNTY
GROSS DOMESTIC PRODUCT
2019-2023

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

Sources: U.S. Bureau of Economic Analysis.

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

Building Activity

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

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

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

Source: Construction Industry Research Board and California Homebuilding Foundation.
(1) Reflects data as of May 31, 2024.

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Commercial Activity

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

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

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

Source: California Department of Tax and Fee Administration.

Personal Income

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

TABLE 27
MEDIAN HOUSEHOLD INCOME[(1)]
2018 through 2023

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

Source: U.S. Census Bureau – retrieved from FRED, Federal Reserve Bank of St. Louis.
[(1)] Estimated as of December 20, 2024. In Inflation-adjusted dollars.

Transportation

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

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

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

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

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

Visitor and Convention Activity

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

Military Economic Activity

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

Education

Forty-two independent school districts provide educational programs for the elementary and secondary public school children in San Diego County. Each school system is governed by a locally elected board of education and administered by a superintendent or other chief administrative officer appointed by the board of education. In San Diego County there are three types of school districts: elementary, union high and unified. Elementary districts educate elementary students, union high districts educate for the most part secondary students, and unified districts educate both elementary and secondary students. There are currently 13 unified, 23 elementary and 6 union high school districts in San Diego County.

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

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