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Audit: City of San Diego Earns Top Ranking for Financial Health

INDEPENDENT AUDITOR NOTES KEY INDICATORS SHOW CITY OF SAN DIEGO CONSISTENTLY BESTS COMPARABLE CITIES IN FISCAL HEALTH

SAN DIEGO – The City of San Diego ranks first in financial health among similar-sized cities across the country – a top ranking it has held for eight consecutive years, according to a new report from the independent City Auditor’s Office.

The [Performance Audit of the City’s Financial Condition](#) also concluded the results are a testament to the discipline of City leaders – including Mayor Kevin L. Faulconer and the City Council – through the implementation of strong fiscal policies, practices and controls. The Council held a hearing Monday to accept the report.

“We’ve written San Diego’s comeback story over the past 10-plus years and now cities look to us – no longer as a cautionary tale, but as a big city that has its financial house in order and is tackling the difficult issues people confront every day,” Mayor Faulconer said. “It took a lot of collaboration, cooperation and tough decisions to get San Diego back on track, and now we are better prepared than ever for an economic downturn or any other financial hurdle that comes our way.”

Recent actions under Mayor Faulconer that have contributed to the City’s continued good financial health include increasing reserves for the General Fund from 14% to 16.7% and establishing a new pension stabilization reserve to reduce the impact of unanticipated increases to the City’s annual pension payment. Reserves continue to be funded each year at increased levels in accordance with the City’s reserve policy.

The audit, which focused on activity and balances through fiscal year 2018, found that San Diego’s financial condition scored first or second in nearly every category, and first overall for the last eight years,

compared to similarly sized cities, including Phoenix, Philadelphia, San Antonio, Dallas, San Jose and Austin.

The auditor analyzed 10 financial metrics designed to assess performance in four areas: financial position, revenues, debt and capital assets. The test included both short-term and long-term aspects of financial well-being and relied on audited financial data published in cities' Comprehensive Annual Financial Reports.

“The Mayor and Council have maintained sound financial policies and practices over the years, allowing the City to continue to build upon its strong financial standing,” said Rolando Charvel, the City’s Chief Financial Officer. “In addition to maintaining cash reserves to protect the City from economic downturns, unforeseen events and increases in pension costs, the City adopts a structurally balanced budget each year, maintains strong expenditure controls, conducts long-term financial planning and adheres to responsible and equitable debt practices.”

The results of the audit were consistent with the City's strong credit rating. These include "AA" ratings from Standard and Poor's and Fitch Ratings and Aa2 from Moody's Investors Service.

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