



County of San Diego

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December 10, 2008

Honorable Members of the Board of Supervisors
County of San Diego
San Diego County Administration Center
San Diego, California, 92101

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the County of San Diego (County) for the fiscal year ended June 30, 2008, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

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

Macias Gini & O'Connell LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of San Diego's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of

transmittal and should be read in conjunction with it.

COUNTY PROFILE

San Diego County is the southernmost major metropolitan area in the State of California and covers 4,261 square miles, extending 70 miles along the Pacific Coast from Mexico to Orange County, and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern boundary. The County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert in the east. 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 resources and population are located. The average annual rainfall in the coastal areas is 10 inches, so the County is highly dependent on imported water.

The County population in January 2008 was estimated to be 3,146,274, an increase of 1.5% over the January 2007 estimated figure of 3,098,269, and it is the second largest county by population in California behind Los Angeles county. There are 18 incorporated cities in the County; of them, the City of San Diego is the



largest, with a population of approximately 1.337 million, and Del Mar is the smallest, with a population of approximately 4.6 thousand. In addition, Tijuana, Mexico, with a population of approximately 1.5 million, is a substantial urban neighbor with a shared border, workforce, and economy.

The racial and ethnic composition of the County is as diverse as its geography. According to population projections by the State of California Department of Finance, San Diego's population breakdown in 2010 will be 46% White, 34% Hispanic, 11% Asian and Pacific Islander, 6% Black, and 3% all other groups. From 1990 to 2000, the growth in the Hispanic population, 47%, significantly exceeded total County population growth of 13%. San Diego Association of Governments (SANDAG) projects that both the Hispanic and Asian population shares will continue to increase through 2030. SANDAG also projects an older San Diego County by 2030, based on statistics such as median age.

COUNTY GOVERNMENT, ECONOMY AND OUTLOOK

County Government

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. The Chief Administrative Officer appoints the Chief Financial Officer and the Auditor and Controller. Elected officials head the offices of the Assessor/ Recorder/ County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

Many of the County's functions are required under County ordinances or by state or federal mandate, as County government is the delivery system for federal and state as well as local programs. The County supports a wide range of services to its residents including regional services such as elections, public health and welfare, and environmental services. The County also provides municipal services to the unincorporated areas including law

enforcement, land use planning, parks, and infrastructure such as roads and waste disposal. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, with eligible costs subject to reimbursement according to specific guidelines; however, not all mandated costs are reimbursed.

Economy and Outlook

In mid-September, 2008, after several months of economic uncertainty, the financial markets in the U.S. began experiencing considerable turmoil to which the federal government has responded with a plan to restore liquidity and unlock the credit markets that was set in motion on October 3, 2008. The liquidity and credit crisis has spread to the international market as well. County of San Diego management continues to monitor and assess the national and international economic and financial events. The implications of these events are being examined to evaluate the impact these conditions have on the local economy, the cost of and demand for County services, and the resources available to provide them.

In recent years, the County has enjoyed economic stability. Much of San Diego's economic strength has been derived from employment gains, commercial and industrial development, and steady population growth. For example, the unemployment rate for the County has been lower than that of the State for the last 8 years. While the unemployment rate has remained lower than the State rate, the County's unemployment rate has increased from 4.59% in 2007 to 6.4% as of July 2008. The State unemployment rate as of July 2008 is 7.6%. Since the early 1990's San Diego County has seen an increasing diversification of economic activity into research and development and product manufacturing in the telecommunications, biotechnology, military products, electronics and information technology areas. This diversification is expected to help maintain overall stability despite the increase in unemployment rates.

The County's economic base consists 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. Highlights of County employment as of July 2008 are listed below:

- ◆ Non-agricultural employment totaled 1,302,800 jobs. This represents a loss of 4,600 jobs from the adjusted July 2007 employment figures.
- ◆ The services industry constitutes the largest employment sector and accounted for approximately 46.5% of non-agricultural employment, with a total of 605,700 employed.
- ◆ The wholesale and retail trade industries were the second largest, with the non-government sector, comprising approximately 14.7% of non-agricultural employment totaling of 191,300 jobs.
- ◆ Government accounted for approximately 16.6% of non-agricultural employment. Due to San Diego's military presence, it is anticipated to remain relatively stable.
- ◆ Manufacturing accounted for an additional 7.8% of non-agricultural employment.
- ◆ The construction sector is greatly influenced by the general health of the economy, and in particular, population and housing growth. Construction employment, which accounted for 6.2% of total non-agricultural employment or 81,300 jobs, was down 7,500 jobs from July 2007. Continued slowing in residential building permits, increased foreclosures and declining home prices are all expected to continue to negatively impact construction jobs through the end of 2008 and into 2009.
- ◆ The financial sector, including finance, insurance, real estate and related employment, represents 5.8% of non-agriculture employment. Financial activities experienced a reduction of 4,700 jobs since July 2007.
- ◆ Agriculture accounted for approximately 0.84% of total employment.
- ◆ As noted above, from July 2007 to July 2008, the San Diego County region experienced a net job loss of 4,600. This compares to an increase of 11,500 jobs the previous year. It is projected that the economy will continue to

contract and the downturn will extend into the first two quarters of 2009 and perhaps beyond.

County revenues that are affected by the state of the local economies include property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by interest rates and the general economy. Although short and long-term interest rates are low by historical standards and are expected to moderate further, there is continued uncertainty about the general direction that the national, state and local economies are headed in 2009 given the distress in the financial markets.

An impact of the overall housing market decline is an improvement in the California Association of Realtors index for first-time buyers throughout California. Based on the California Association of Realtors' First Time Buyer Housing Affordability Index, San Diego's housing affordability index, (the percentage of households that can afford to purchase an entry-level home) increased to 41% in March, up from 31% in December 2007, and up from 21% in June 2006. This index is based on an adjustable rate mortgage and assumes a 10% down payment and a first-time buyer purchase of a home equal to 85% of the prevailing median price. The improvement in the percentage of households that could afford to buy an entry-level home in San Diego was based on the market driven drop in entry-level priced homes and the corresponding adjustment to the monthly payment needed (including taxes and insurance) and an adjustment to the qualifying income level for the lower priced entry-level homes. Availability of credit and uncertainty about the future direction of home prices, however, has constrained the market.

Sources: State of California Department of Finance, San Diego Association of Governments (SANDAG) - San Diego's Regional Planning Agency, the State of California Employment Development Department, and the California Association of Realtors.



GENERAL MANAGEMENT SYSTEM

The General Management System (GMS) is the formal comprehensive guide for planning, implementing, monitoring and rewarding all functions and processes of County Government. The GMS establishes good business practices and fiscal discipline, both of which are essential to achieve the County of San Diego's vision, "A County Government that has earned the respect and support of its residents." The purpose of the GMS is to optimize the efficient application of resources in the delivery of services to our residents. These resources include not just taxpayer dollars, but all San Diego County assets, including our unique natural and cultural resources, the expertise and creativity of County employees, and the informed interest of County residents. The idea behind the GMS is straightforward: County government will be able to provide superior services if it sets sound goals and applies strong management principles to achieve those goals.

The County had an adopted annual budget of \$4.73 billion and about seventeen thousand employees (staff years) who serve about three million residents spread over more than 4,000 square miles. Coordination, fiscal and operational discipline, and shared commitment are vital. The GMS facilitates and organizes the goal setting process. The GMS then links goal setting and long-range planning and resource allocation to goal attainment, which includes monitoring, evaluation, cooperation, motivation, and recognition. The GMS helps ensure that County employees adhere to core principles, promoting a culture that values our employees, partners, and customers and institutionalizes continuous improvement and innovation.

The GMS process begins with a long-range, five-year strategic planning process. This is followed by the short-term, two-year operational planning process, which encompasses the budget process, wherein each department's strategic objectives and resources allocated to achieving them are detailed. Monitoring and control take place throughout the year. Evaluation mechanisms are used to ensure that goals are tracked, plans followed, and risks identified. Functional threading maximizes

efficient use of personnel and material resources by coordinating staff and linking the functions they perform. Motivation, rewards, and recognition encourage continuing progress by rewarding those who meet and exceed goals. The system completes a full circle in a fiscal year and begins again with a review of the Strategic Plan and development of a new Operational Plan.

County management defines and communicates GMS objectives. Lines of authority flow from the Board of Supervisors to the Chief Administrative Officer (CAO), Assistant CAO (ACAO), and the five Group General Managers/Deputy CAOs. These senior managers supervise appointed department heads, from whom authority flows down to line staff. Despite the crucial role of management, the success of the GMS depends on strong and effective leadership at all levels of County service. Every County employee is expected to help set goals, strive to achieve them, and be rewarded for achievement.

The GMS helps ensure that sound planning, preparedness, and improvement become permanent organizational ethics. With the GMS as a guide, the County continues to use strong fiscal management practices, while remaining focused on providing superior services to County residents. The principles and procedures outlined by the GMS are meant to apply to every County function on an ongoing basis.

STRATEGIC AND OPERATIONAL PLANNING (BUDGETARY) PROCESS

As noted above, a five-year Strategic Plan is updated annually to provide long-term direction to County managers and staff. Each fiscal year a two-year Operational Plan is prepared and details each department's strategic objectives and the resources required to achieve them. The Operational Plan is monitored regularly and is linked to the GMS system of rewards and recognition. The annual Line-Item Budget incorporates the first year of the Operational Plan and is formally adopted by the Board of Supervisors pursuant to Government Code 29000 et seq. During the year, departments may request budget adjustments for new and existing programs. In addition, the Chief Administrative Officer



reviews the status of the County's performance against budget in a quarterly status report to the Board of Supervisors.

FINANCIAL (BUDGETARY) POLICIES

Government Code Sections §29000 through §30200 provide the statutory requirements pertaining to the form and content of the County's Budget. Government Code Section 29009 requires a balanced budget in the proposed and final budgets, defined as "the budgetary requirements shall equal the available financing".

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

County Administrative Code Article VII establishes the components and timeline for the budget process and establishes the Chief Administrative Officer as responsible for budget estimates and submitting recommendations to the Board of Supervisors.

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

Board of Supervisors Policies

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

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

B-71 Fund Balance and Reserves: Establishes guidelines regarding the use of fund balance and the maintenance of reserves in order to protect the fiscal health and stability of the County. Expenditures for services are subject to fluctuations in demand and revenues are

influenced by changes in the economy and by State and federal regulations. This policy ensures the County is prepared for unforeseen events by establishing and maintaining prudent levels of fund balance and reserves.

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

M-26 Legislative Policy: Long-Term Financing of Local Agencies: Calls on the Legislature to redress inequitable State funding formulas.

Administrative Manual

0030-01 Full Cost Recovery of Services: Establishes a procedure within the framework of Board of Supervisors Policy B-29, to serve as guidance in the process of recovering full costs for services provided to agencies or individuals outside the County of San Diego organization under grants or contracts or for which fees may be charged.

0030-03 Application and Acceptance of Grants: Establishes a procedure within the framework of Board of Supervisors Policy B-29, to serve as guidance when requesting the Board of Supervisors approval of the application and acceptance of grants, awards, or revenue contracts.

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

0030-13 Budget Program/Project Follow-Up: Sunset dates will be placed on programs intended to have limited duration, and related staff and other resources will not be shifted to other activities without the Board of Supervisors' approval.

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

0030-18 Transfers Of Excess Cash Balances To General Fund: Provides for transfer of excess cash balances to the General Fund from funds within the County's area of financial and cash management which contain earnings or



moneys in excess of those funds' requirements.

0030-19 Revenue Match Limitation: Revenue matches will be limited to the mandated level unless clear justification is provided which results in a waiver of this policy by the Board of Supervisors.

0030-22 Revenue Management - Auditor and Controller & Chief Administrative Responsibilities: Chief Financial Officer/Auditor and Controller and Chief Administrative Officer are responsible for reviewing and evaluating revenues from all sources in order to maximize these revenues within legal provisions and to institute internal controls and systems to be used by departments to estimate, claim, and collect revenues.

STRATEGIC INITIATIVES AND ACHIEVEMENTS

The failure of State government to develop a viable long-term solution to its budget imbalance remains a risk to funding and stability of County programs, since State aid is the primary source of County revenues. The widening gap between state funding and the cost of administering services is coupled with a slowing economy. The County faces the prospect of losing significant funding from the State, which is grappling with the economic downturn in the context of its lack of financial solvency and discipline while at the same time, revenues the County receives directly, such as property and sales taxes, are flattening or decreasing and the cost of fuel, building materials and other materials needed to provide services to the public continues to rise.

In spite of this, County government continues to follow the map of the five-year long-term Strategic Plan developed within the discipline of the GMS. The County's Strategic Plan defines broad organization-wide goals for the future, known as Strategic Initiatives, which help prioritize County efforts and programs and form the basis for allocating resources. The Strategic Initiatives are:

- ◆ **Kids** - Improve opportunities for children.
- ◆ **The Environment** - Manage resources to ensure environmental preservation, quality of life, and economic development.
- ◆ **Safe and livable Communities** - Promote safe and livable communities.

The Strategic Plan also sets forth key organizational disciplines necessary to maintain a high level of operational excellence and accomplish the Strategic Initiatives. The Required Disciplines serve as enablers to the Strategic Initiatives and encompass the remainder of County business. These Required Disciplines are:

- ◆ Fiscal Stability
- ◆ Customer Satisfaction
- ◆ Regional Leadership
- ◆ Skilled, Competent and Diverse Workforce
- ◆ Essential Infrastructure
- ◆ Accountability/Transparency
- ◆ Continuous Improvement
- ◆ Information Technology

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

Kids

- ◆ The Health and Human Services Agency reduced the numbers of children growing up in foster care through improved services to families and strong adoption efforts. Keeping children in their homes, with other family members and in their own communities, maintains stability and improves their odds for success in school. A total of 127 referrals of foster youth were made by year-end to San Pasqual Academy (SPA), a residential education campus for foster youth which is currently operating at full capacity. Graduating high school is critically important to the long-term success of these youth, and the rate for SPA youth and other foster youth exceeded our goal at 86% (diploma, certificate or equivalent). To promote long-term success beyond foster care, the Agency pursued and received \$4.0 million in



new State funding for transitional housing, added 122 new housing sites for youth, and signed an agreement with California State University San Marcos that gives foster youth guaranteed admission.

- ◆ The District Attorney's Office collaborated with the Superior Court, the Probation Department, and the San Diego Defense Bar to establish a family violence protocol that provides early treatment intervention for juveniles in custody.
- ◆ The Probation Department provided resources, services, and referrals that increased resiliency of juveniles and families and reduced the number of juveniles who entered or re-entered the juvenile justice system resulting in 88% of juvenile offenders successfully completing informal supervision and who did not re-offend within one year of completion of informal supervision.
- ◆ The Medical Examiner contributed to research efforts in childhood death by actively participating in the San Diego County Child Fatality Committee, the Methamphetamine Strike Force, the Medical Examiners and Coroners Alert Project, the National Institute of Child Health and Development, and the California Sudden Infant Death Syndrome (SIDS) Advisory Council.
- ◆ The Department of Child Support Services implemented the outbound auto-dialer which automatically contacted non-custodial parents' residential and cell phones. Auto-dialers were initiated for reminders of pending court dates, requests for delinquent child support payments, notification of the first payment due, requests to contact the office regarding legal documents, and notification of a potential license suspension.
- ◆ The Parks and Recreation Department supported the County's Childhood Obesity Action Plan and Greater San Diego Recreation and Parks Coalition for Health and Wellness by providing over 100 health-related events, classes, and activities

throughout the San Diego region for over 6,000 youth, exceeding the goal of providing 85 events and classes for 2,500 youth.

- ◆ The Parks and Recreation Department provided community service opportunities for youths to encourage community activism and involvement by facilitating 75 community volunteer projects for 600 youth participants.
- ◆ The Department of Public Works enhanced school children's safety throughout the unincorporated county.
 - * Worked with school administrations to analyze, identify, and implement school zone improvements for pedestrians, bicyclists, buses, and automobiles at 16 schools (goal was 13) (16% of all public schools in the unincorporated area).
 - * Repainted and re-marked crosswalks and roadway legends adjacent to all 116 public school locations throughout the unincorporated county.
 - * Completed construction or awarded construction contracts for seven Capital Improvement Projects that improve traffic flow around schools and provide safe routes to schools.
- ◆ The Department of Public Works educated children on watershed protection and water quality by conducting 182 presentations to school children (achieving goal) at 40% of the unincorporated county's 57 K-6 schools as a long-term strategy for achieving positive behavioral changes. They also taught children the value of conserving energy and helping the environment by promoting recycling and composting at 45 county schools by June 2008 (achieving goal), and by helping school administrators to implement or enhance recycling programs, which was completed at two schools.

The Environment

- ◆ The Office of Emergency Services led and coordinated the regional response for the County's three million residents to the devastating wildfires in October 2007. The County's Operational Area Emergency Operations Center was in full operation for 24



hours a day for three weeks with over 85 County, city, State, and federal agencies working to ensure regional coordination.

- ◆ The Department of Public Works took immediate action to respond to the October 2007 Firestorm and helped with the recovery efforts. Following are highlights of these accomplishments:
 - * Provided emergency base at Gillespie Airport for Cal Fire Aircraft and Base Camp Personnel: Supported 1,200 Cal Fire aircraft flights from Gillespie, Ramona, and Fallbrook Airports. Provided land at Gillespie Field for over 1,000 fire fighting personnel, 500 fire units and a large animal evacuation shelter for more than 100 displaced horses and other farm/domestic animals.
 - * In conjunction with the County Office of Emergency Services, developed unprecedented Reverse 911 capability for warning residents in areas with debris flow and flooding risks.
 - * Repaired fire damages in right-of-way within 15 to 60 days of fires (replaced traffic control signs, guardrail, culverts; removed fire-damaged trees; installed temporary bridge at Pamo Road; installed rock fence on Del Dios Highway).
 - * Installed check dams (temporary dams) across watercourses using more than 150,000 sandbags and gravel bags and constructed other temporary levees with the assistance of multiple California Conservation Corps crews; installed 45,000 feet of fiber rolls (woven tubular rolls) along hillsides and slopes; installed 12,000 feet of K-rails (temporary concrete barriers) along roadways, and hydro-mulched 500 acres to help control erosion.
 - * Installed erosion control devices protect homes and roads and operated erosion control centers to assist residents in burned areas. The department completed 1,038 property assessments and distributed 167,861 sandbags, 9,628 fiber rolls, 46,927 stakes, and 3,395 (2 lb.) bags of seed which were provided by the Department of Agriculture, Weights and Measures.
- ◆ The Parks and Recreation Department converted the Fallbrook Community Center into a Local Assistance Center (LAC) to help displaced fire victims during the October 2007 Firestorm. Nearly 8,200 evacuees used the LAC for assistance or resource from October 2007 to January 2008. The department reopened the majority of the 41 parks that were closed due to the impact of the October 2007 Firestorm within a month. Removed debris and made those repairs necessary to ensure public safety.
- ◆ The Department of Public Works conducted 449 watershed site investigations (goal was 340) to identify and help prioritize flood control projects that will ultimately reduce flooding risks in communities. These investigations provide crucial data for understanding the condition of receiving waters in all eight watersheds and how they are impacted by discharges from unincorporated communities.
- ◆ The Department of Public Works removed 29,580 cubic yards of debris (achieving goal) from culverts, drainage channels, and roads through a systematic cleaning program to prevent pollution of our rivers, bays, and ocean. In addition, the department cleaned 417 miles of sewer mains (goal was 400) within the County's sanitary sewer system to protect public health and the environment by minimizing the risk of sanitary sewer overflows.
- ◆ The Parks and Recreation Department expanded and protected park resources by acquiring 400 acres of additional parkland throughout the County and adding 10 miles of trails to the County Trails System. This exceeded the goal of acquiring 300 acres of parkland over two years. The Department is more than 50% complete in meeting its goal of adding 15 miles of trails over two years.
- ◆ The Parks and Recreation Department opened four new preserves including Barnett Ranch, Santa Margarita, Del Dios Highlands, and Lakeside Linkage which provide trail opportunities for the public.



Safe and Livable Communities

- ◆ The District Attorney, Sheriff's Department, and Probation Department continued to develop and implement innovative prisoner re-entry programs that aim to decrease the recidivistic behavior of offenders in local custody who re-enter society
- ◆ The Office of Emergency Services enhanced the region's ability to respond to emergencies by planning for the care of special needs populations during a disaster and by training 200 County staff to serve as emergency shelter workers. In addition, the department collaborated with the City of San Diego to create a joint plan for a next-generation regional communications system to improve communication among regional agencies.
- ◆ The District Attorney developed interagency procedures to promote proactive investigation of fraud and nursing home crimes against the elderly. The department developed a curriculum to increase law enforcement expertise in the area of human trafficking investigation and prosecution. They also provided sex offender related public safety educational forums and trainings for law enforcement, schools, and the community.
- ◆ The Probation Department increased public safety and offender accountability through intensive supervision, monitoring compliance with Court ordered conditions of Probation, and use of community and custodial interventions.
- ◆ To improve access to health care, HHSa continued to build upon the recommendations of the Healthcare Safety Net Study. A disease management program, targeting high-cost medical conditions of diabetes and high blood pressure, was initiated. HHSa issued a request for proposals for \$5.0 million to improve care coordination, implement best practices, and strengthen linkages between hospital and clinics. Furthermore, over 25 different State health care legislative proposals were reviewed to determine impact on the local health care safety net.
- ◆ The Department of Public Works provided enhanced crosswalk lighting and/or flashers to benefit pedestrian safety. In addition, they sought and obtained funding to retrofit six signalized intersections with countdown pedestrian indications that display a clear message to the pedestrian to enhance pedestrian safety. They also awarded construction contracts for eight (non school-related) Capital Improvement Projects in county communities that enhance safety and improve traffic flow, exceeding the goal of awarding seven projects.
- ◆ The Department of Public Works improved flood control by updating four new Drainage Master Plans (additional 40% of the county's special drainage areas) serving Spring Valley, Ramona, North County and Alpine. The plans identify and help prioritize flood control projects that will ultimately reduce flooding risks in communities.
- ◆ The Parks and Recreation Department enhanced nine local and nine regional parks for the public by completing eight major projects, five paving projects, and ten other park enhancement projects totaling \$17 million.
- ◆ The Parks and Recreation Department hosted ribbon cutting ceremonies for the opening of four new County park facilities including the Goodan Ranch Center, Otay Valley River Park Trails - Stage 1, Plaza Bonita Bikeway, and the Spring Valley Gym and Teen Center. They also hosted ground breaking ceremonies for the nature center at San Elijo Lagoon, the Lakeside Baseball Park, and new playground and picnic areas at Hilton Head Park.
- ◆ The County Library opened new branches in Encinitas and La Mesa and completed the first full year of operation of the 4-S Ranch branch west of Rancho Bernardo.
- ◆ The Housing and Community Development Department conducted 14,400 inspections, ensuring all assisted housing meets federal housing quality standards.



CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

OTHER AWARDS AND RECOGNITIONS

Even with the financial and environmental challenges of Fiscal Year 2008, the County was recognized for many activities that highlight progress in the Strategic Plan Initiatives. County programs received awards for operational and service delivery achievements, technological innovations, and prudent fiscal management.

- ♦ San Diego County received 39 awards at the 2008 annual Achievement Awards competition sponsored by the National Association of Counties (NACo). This was the fourth year in a row that the County has received more awards than any other U.S. county. The winning programs, which span all five County business groups, were recognized for being innovative and successful, and for promoting quality, efficiency, and a responsive county government. The programs receiving awards included Workforce Academy for Youth, Preschool Development Health Screening in Libraries, Ramona Grasslands and Santa Maria Creek Restoration, Firestorm 2007 Rebuilding Workshops, Web Referral for Aging and Independence Services,

Substance Abuse Recovery Management System, Prison Reentry Program and the Public Assistance Fraud Diversion Program.

- ♦ In May 2008, the County received the Golden Watchdog Award from the San Diego Taxpayers Association for its AlertSanDiego mass notification system. The Watchdog Award program honors agencies that exemplify efficient use of tax dollars. Capable of reaching 1.1 million households in San Diego within three hours, the internet-based AlertSanDiego program uses email, text, and phone messages to circulate emergency information county-wide. During Firestorm 2007, San Diego County used its newly implemented AlertSanDiego program to circulate emergency information to 500,000 county residents.
- ♦ The County of San Diego took top honors in the 2008 Digital Counties Survey conducted by the Center for Digital Government. The Center for Digital Government recognizes counties using information technology in increasingly innovative ways and improving service to their citizens.
- ♦ The Department of Parks and Recreation received a Project of the Year Award from the American Public Works Association for the Miracle Field at San Dieguito Park. The field opened in May 2007 and was the first Southern California baseball field designed to provide recreational opportunities for children with special needs. The award was granted based on the exemplary collaborative effort that took place between the County and the community in order to make the Miracle Field a reality. This project also received an Award of Excellence for Facility Design at the 2008 California Parks and Recreation Society (CPRS) Annual Conference.
- ♦ For the sixth consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada recognized the County with the Distinguished Budget Presentation Award for the Adopted Operational Plan: Fiscal Years 2007-08 & 2008-09.



- ◆ The Department of General Services' County Operations Center (COC) Campus Redevelopment Project was nominated for a Smart Growth Award by the Urban Land Institute of San Diego/Tijuana. The Project consolidates departments and functions from nine locations into a new COC campus. The Smart Growth Awards recognize planning and design achievements that fulfill and advance the principles of smart growth.
- ◆ The County Library's LEARN/Laubach ESL Program is one of 18 programs selected by NACo as a recipient of a 2008 Acts of Caring Awards. Acts of Caring Awards recognize the top county volunteer programs in the country. The program is a partnership between the Library's adult literacy program, LEARN (Libraries Empower All to Read Now), and the Laubach Literacy Council of San Diego County. Through this partnership, volunteer tutors are trained to teach English as a Second Language (ESL) to adult immigrants and non-English speakers in the County Library branches. By the end of its first year, 25 volunteer tutors were teaching 76 students at 6 library branches.
- ◆ The American Library Association (ALA) selected the Library's Gateway/Al Bawaba Project as the winner of the 2008 ALA/Information Today, Inc. Library of the Future Award. This national award honors the library that has developed the most innovative customer training program for information technology. The Gateway Project was developed to allow Middle Eastern immigrants to utilize the Library's free computer classes in their native Arabic language.
- ◆ The Water Quality Basin at Woodside Avenue in Lakeside received the American Public Works Association Award for Environmental Project of the Year in 2007. This water quality basin provides treatment to urban runoff from the surrounding community. The basin will help prevent pollutants within the urban runoff from entering these downstream waterways.
- ◆ The Department of Parks and Recreation's Ramona Grasslands Preserve Area Specific Management Directives (ASMDs) received the Outstanding Environmental Resources Document Award from the Association of Environmental Professionals San Diego Chapter. The award honors environmental documents which can serve as a resource for a wide range of environmental professionals. The goal of the Ramona Grasslands Preserve ASMDs is to balance preservation of the natural biological and cultural resources in the Preserve, while aligning with the management strategies of the North County Multiple Species Conservation Program.
- ◆ The Department of Media and Public Relations' County Television Network (CTN) received 14 awards at the National Association of Telecommunications Officers & Advisors conference in October 2007. The County was the recipient of an Honorable Mention in the category of Large Staff Overall Excellence. In addition, awards received included four First Place awards, four Second, and Third Place awards and Honorable Mentions for four additional programs. Programs awarded First Place honors include: "Count Me In: The Voting Process in San Diego County" - Profile of a City/County Department; "Sam the Cooking Guy" - Innovative Program; "Don't Fall for It" Seniors, and "Don't Mess with Asbestos" - Public Health.
- ◆ The San Diego Chapter of the American Society of Civil Engineers recognized the County's Department of Public Works with the awards for the following five projects: 1) an Outstanding Project Award for the Water Quality Basin at Woodside Avenue project in Lakeside which exemplified the water quality benefits that can be obtained with limited space in an urban environment; 2) an Award of Excellence for the Firestorm 2007 Emergency Flood/Erosion Protection Project which protected homes and roads by assessing sites and implementing erosion control measures over 500 acres of charred land; 3) an Award of Excellence for the Wildcat Canyon Road Improvements project which improved operational safety of the road, provided safe wildlife/equestrian under-road crossings, relieved traffic



congestion issues and minimized effects of potential increases in traffic volume; 4) an Award of Merit for the Central Avenue Flood Improvements project for which the County, with the help of a FEMA grant, constructed one of the largest flood control facilities in the unincorporated area; 5) and Award of Excellence for the Rancho San Diego State Routes 54 & 95 Widening project which widened portions of the two state routes from four lanes to six lanes and included bike lanes in both directions.

- ◆ The County's Rabies Detection Program received accolades at the World Rabies Day Conference sponsored by the Federal Centers for Disease Control and Prevention

(CDC). The unique partnership between the San Diego County Animal Disease Diagnostic Lab and the County Public Health Lab has resulted in the most comprehensive rabies monitoring and prevention program in the state and serves as a model for other jurisdictions.

- ◆ In September 2007, the County OES received accreditation from the Emergency Management Accreditation Program Commission. The County is the first state or local agency in California to receive this accreditation and one of only 14 nationwide. The accreditation recognizes the region's ability to prepare for and respond to disasters.

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Respectfully,

DONALD F. STEUER
Chief Financial Officer

TRACY M. SANDOVAL
Auditor and Controller

