COUNTY OF SAN DIEGO

Adopted Operational Plan | Fiscal Years 2008-2009 & 2009-2010

Walter F. Ekard
Chief Administrative Officer

Donald F. Steuer
Chief Financial Officer

Board of Supervisors

Greg Cox, District 1
Dianne Jacob, District 2
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Ron Roberts, District 4
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COUNTY OF SAN DIEGO - STATE OF CALIFORNIA

GOVERNMENT FINANCE OFFICERS ASSOCIATION

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For the Fiscal Year Beginning

July 1, 2007

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The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **San Diego County, California** for its annual budget for the fiscal year beginning **July 1, 2007.** In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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County of San Diego

County of San Diego

Board of Supervisors

Organizational Chart

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Excellence in Governing

Board of Supervisors

Greg Cox
District 1
Chair

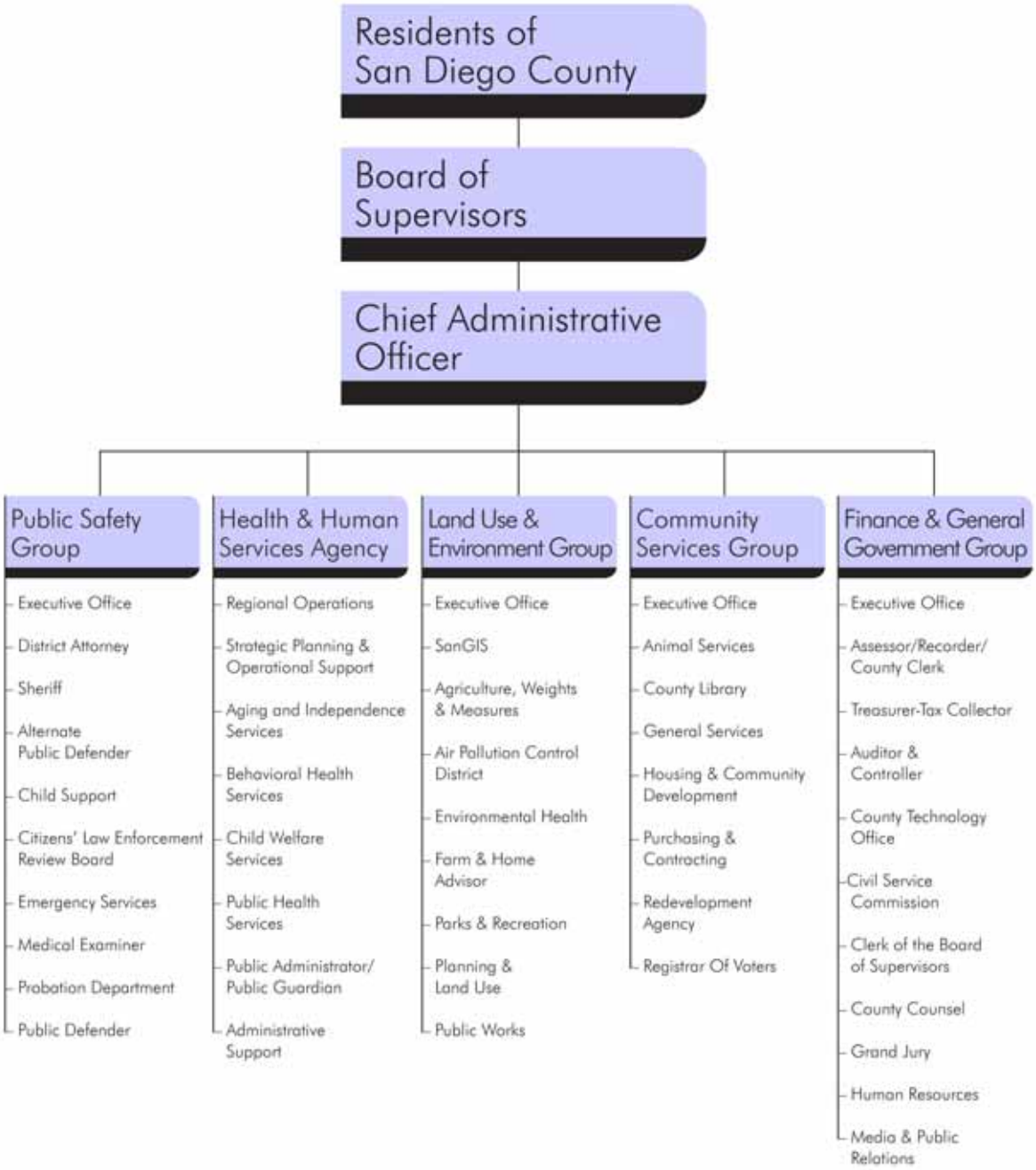
Dianne Jacob
District 2
Vice Chair

Pam Slater-Price District 3

Ron Roberts District 4

Bill Horn District 5

Organizational Chart



Message from the Chief Administrative Officer

The next two years will be challenging for San Diego County government. The Operational Plan presented in this document reflects that sober reality. With the local and national economy stagnating, Counties - which administer myriad programs on behalf of the State and which must carry out state mandates - are hit with a proverbial "double whammy." Counties are losing significant amounts of funding from the State, which is grappling with the economic downturn in the context of its own lack of financial solvency and discipline. At the same time, revenues the County receives directly, such as property and sales taxes are flattening or are down - while the cost of fuel, building materials, and other material needed to provide services to the public continues to fluctuate.

This Operational Plan presents a total adopted budget of $5.19 billion and 17,189 staff years for Fiscal Year 2008-09 and describes how these dollars will be spent to meet the highest priority health, safety, and infrastructure needs of the region. These amounts reflect an increase of $456.4 million and 148.50 staff years over the Fiscal Year 2007-08 Adopted Budget. It must be noted, however, that when the Board of Supervisors adopted this budget on July 22, 2008, the State had not yet adopted its budget. Rather than create undue alarm by speculating in the County's Operational Plan on alternative scenarios that might be enacted, departments were directed to put together their budgets as conservatively as possible and to be prepared with contingency plans and mitigation strategies should the budget enacted by the State impact the services they deliver. The State's budget was signed into law on September 23, 2008, and as a result, some adjustments to the County's Operational Plan will be necessary. A summary of the service areas affected by the State's budget may be found in the review of total funding sources beginning on page 37.

In tough economic times, it is even more essential that the County maintain a long-term fiscal perspective that balances both operating and capital needs. This Operational Plan continues our commitment to reducing pension related debt by paying down early an additional $44.0 million in pension obligation bond principal, which will save taxpayers millions of dollars in interest costs. It also maintains the Board's discipline with respect to capital maintenance and renewal and addressing major maintenance requirements.

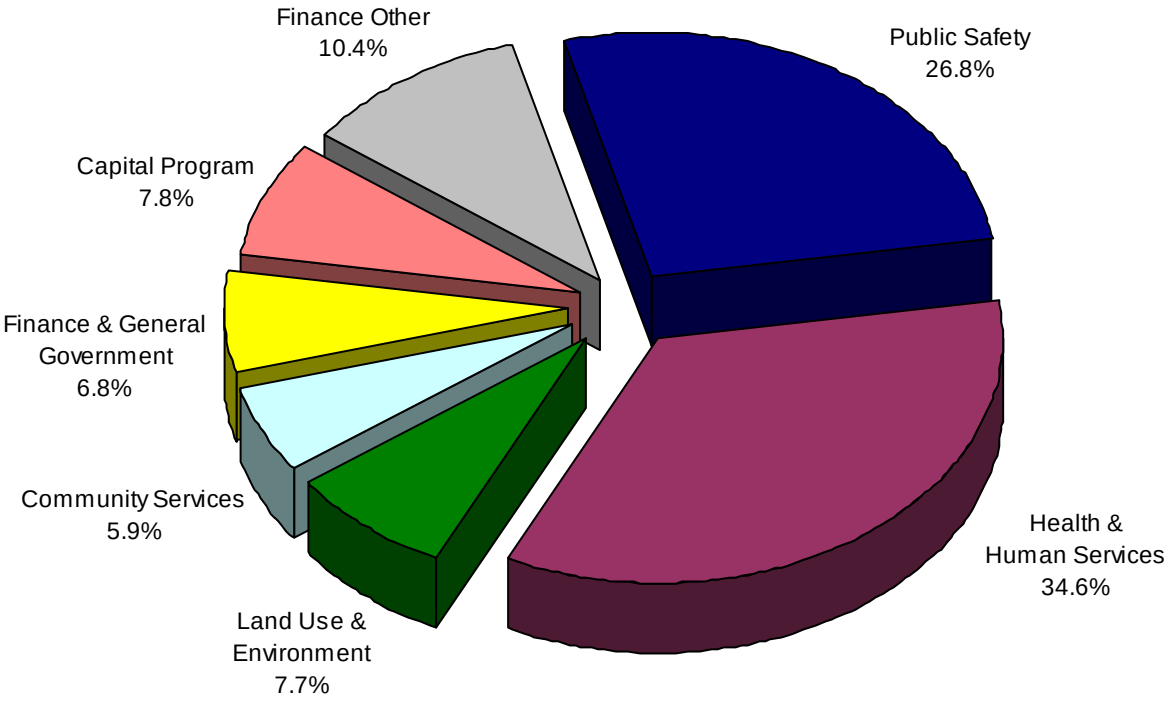
Maintaining essential services and meeting immediate needs without shortchanging future generations will be challenging in this time of budgetary and economic uncertainty. However, if any organization is prepared to weather a fiscal storm, it is ours.

We've worked hard during the past decade to become an organization that values fiscal discipline, holds itself accountable for performance, and stresses continuous improvement and customer service at every level, in every department. Our Board of Supervisors has experience setting priorities, making difficult choices, and balancing budgets. And our employees have experience delivering quality services in new and innovative ways that stretch taxpayer dollars and respond to our community's changing needs. These strengths, combined with the mature and seasoned leadership of the Board of Supervisors, are the tools we will use to respond to the changes expected to occur.

Walter F. Ekard, Chief Administrative Officer

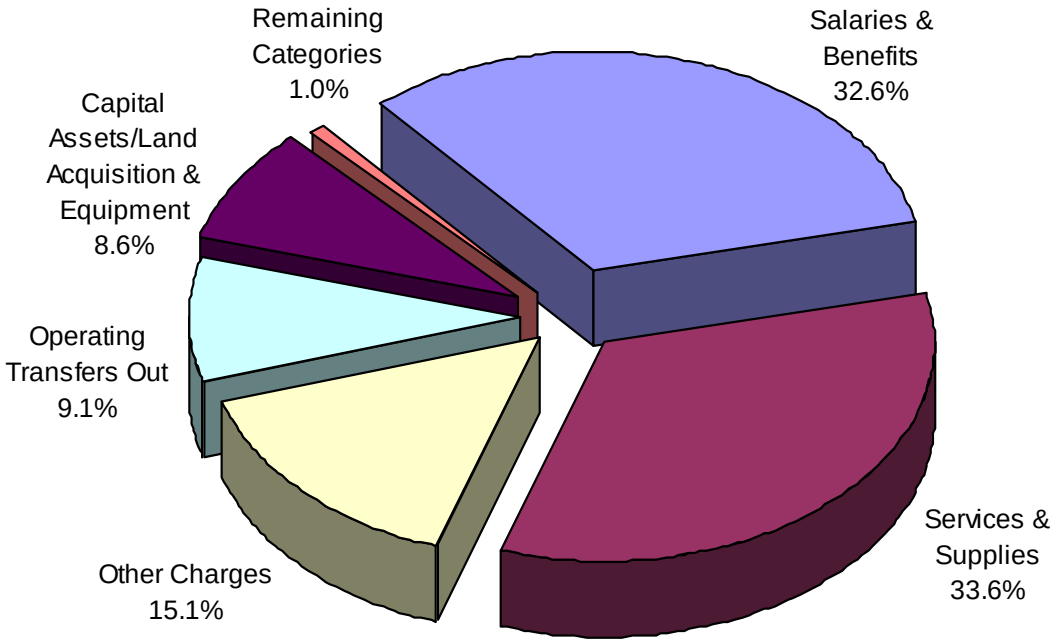
2008-09 Adopted Budget at a Glance

Adopted Budget by Functional Area



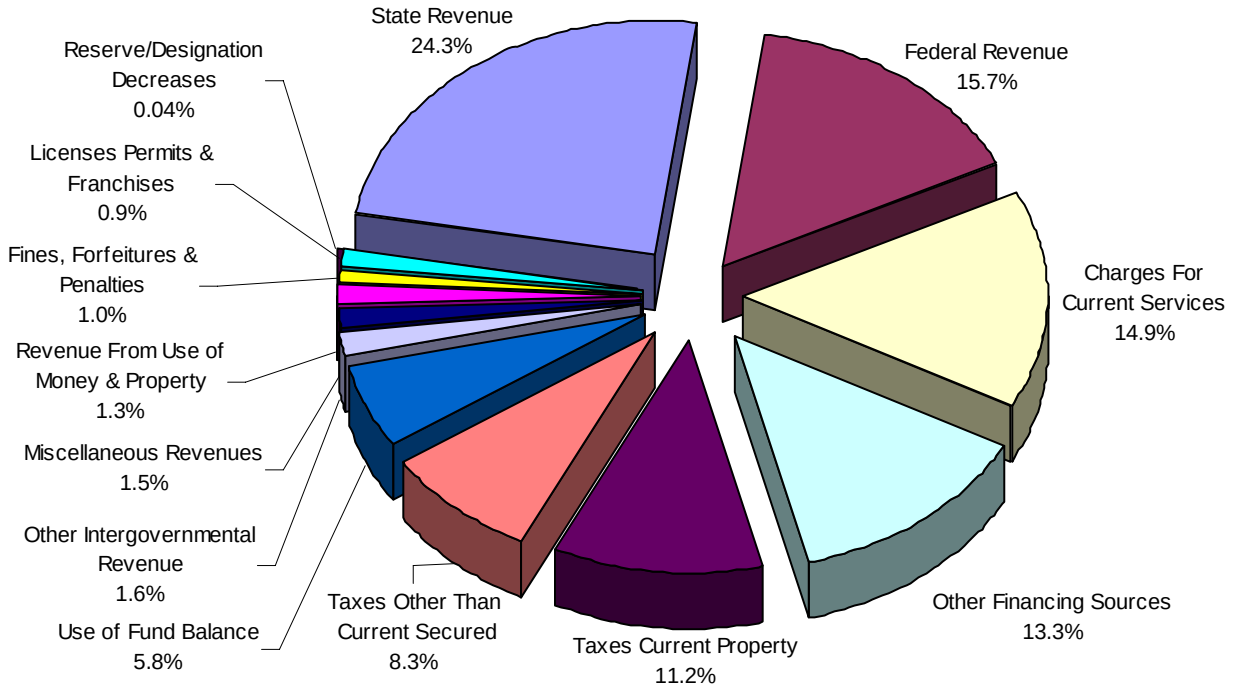
Functional Area	Budget in Millions	Percentage of Total Budget
Public Safety	$ 1,388.9	26.8%
Health & Human Services	1,797.7	34.6%
Land Use & Environment	399.8	7.7%
Community Services	303.7	5.9%
Finance & General Government	350.6	6.8%
Capital Program	406.2	7.8%
Finance Other	541.2	10.4%
Total	$ 5,188.1	100.0%

Adopted Budget by Category of Expenditure



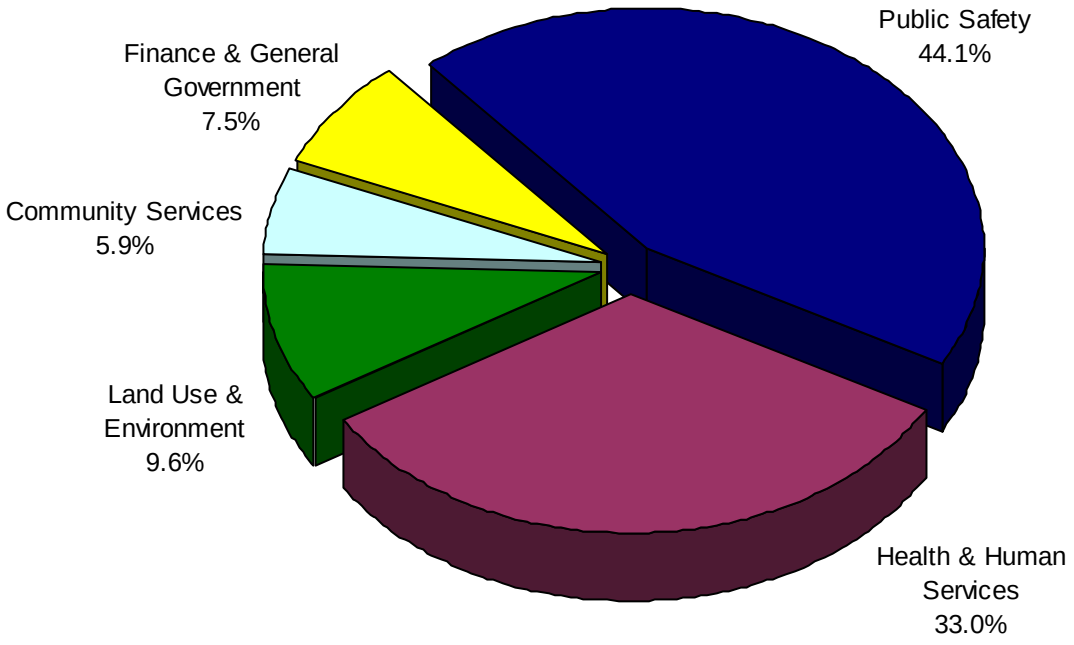
Category of Expenditure	Budget in Millions	Percentage of Total Budget
Salaries & Benefits	$ 1,691.6	32.6%
Services & Supplies	1,741.7	33.6%
Other Charges	785.7	15.1%
Operating Transfers Out	472.7	9.1%
Capital Assets / Land Acquisition	421.7	8.1%
Capital Assets Equipment	24.9	0.5%
Remaining Categories:		
Management Reserves	41.2	0.8%
Contingency Reserves	24.4	0.5%
Reserve/Designation Increases	4.1	0.1%
Exp Transfer & Reimbursements	(19.7)	(0.4%)
Total	$ 5,188.1	100.0%

Adopted Budget by Category of Revenue



Category of Revenue	Budget in Millions	Percentage of Total Budget
State Revenue	$ 1,262.2	24.3%
Federal Revenue	816.2	15.7%
Charges For Current Services	773.1	14.9%
Other Financing Sources	692.6	13.3%
Taxes Current Property	580.9	11.2%
Taxes Other Than Current Secured	432.6	8.3%
Use of Fund Balance	298.8	5.8%
Other Intergovernmental Revenue	81.8	1.6%
Miscellaneous Revenues	79.4	1.5%
Revenue From Use of Money & Property	65.8	1.3%
Fines, Forfeitures, & Penalties	53.8	1.0%
Licenses, Permits, & Franchises	48.5	0.9%
Reserve/Designation Decreases	2.3	0.0%
Total	$ 5,188.1	100.0%

Adopted Staffing by Group



Staffing by Group	Staff Years *	Percentage of Total Staffing
Public Safety	7,574.50	44.1%
Health & Human Services	5,677.50	33.0%
Land Use & Environment	1,643.00	9.6%
Community Services	1,013.00	5.9%
Finance & General Government	1,281.00	7.5%
Total	17,189.00	100.0%

* A staff year in the Operational Plan context equates to one permanent employee working full-time for one year. County Salaries and Benefits costs are based on the number of staff years required to provide a service.

San Diego County Profile and Economic Indicators

County History & Geography

San Diego County became the first of California's original 27 counties on February 18, 1850, shortly after California became the 31st State in the Union. The County functions under a Charter adopted in 1933, including subsequent amendments. At the time of its creation, San Diego County comprised much of the southern section of California. The original County boundaries included San Diego, along with portions of what are now Imperial, Riverside, San Bernardino, and Inyo counties.

The original territory of nearly 40,000 square miles was gradually reduced until 1907, when the present boundaries were established. Today, San Diego County 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 border.

Juan Rodriguez Cabrillo discovered the region that eventually became San Diego on September 20, 1542. Although he named the area San Miguel, it was renamed 60 years later by Spaniard Don Sebastion Vizcaino. He chose the name San Diego in honor of his flagship and his favorite saint, San Diego de Alcala.

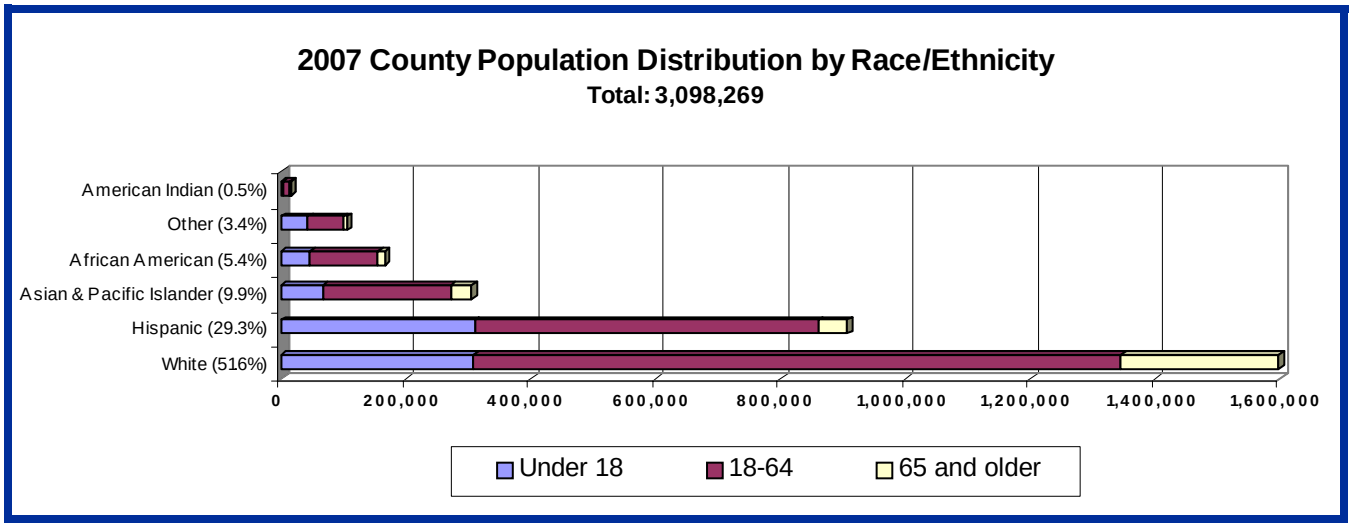
San Diego County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert in the east. The Cleveland National Forest occupies much of the interior portion of the county. The climate is equable in the coastal and valley regions where most resources and population are located. The average annual rainfall is only 10 inches, so the county is highly reliant on imported water.

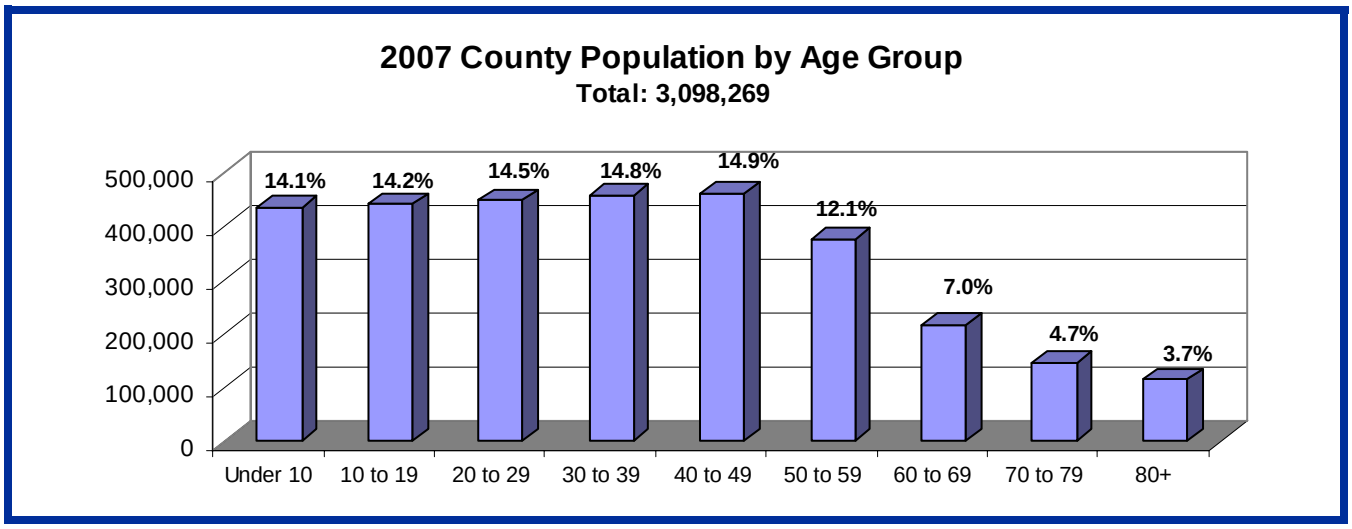
County Population

San Diego County is the southernmost major metropolitan area in the State of California. The State of California Department of Finance estimates the County's population to be 3,146,274 as of January 2008, an increase of approximately 1.5% over the estimated January 2007 total of 3,098,269. The County of San Diego is the second largest county by population in California. The total population of the county has grown 11.8% since 2000. A breakdown by city and unincorporated area is shown in the table below.

City	2000	2007	2008
Carlsbad	78,247	101,337	103,811
Chula Vista	173,556	227,723	231,305
Coronado	24,100	22,957	23,101
Del Mar	4,389	4,548	4,580
El Cajon	94,869	97,255	97,934
Encinitas	58,014	63,259	63,864
Escondido	133,559	141,788	143,389
Imperial Beach	26,992	27,709	28,200
La Mesa	54,749	56,250	56,666
Lemon Grove	24,918	25,451	25,611
National City	54,260	61,115	61,194
Oceanside	161,029	176,644	178,806
Poway	48,044	50,830	51,103
San Diego	1,223,400	1,316,837	1,336,865
San Marcos	54,977	79,812	82,743
Santee	52,975	55,158	56,068
Solana Beach	12,979	13,418	13,500
Vista	89,857	94,962	95,770
Unincorporated	442,919	481,216	491,724
Total	2,813,833	3,098,269	3,146,274

The regional population forecast for 2030 is estimated at 4.0 million according to the San Diego Association of Governments (SANDAG), a 42% increase from calendar year 2000. San Diego County's racial and ethnic composition is as diverse as its geography. According to a projection by the State Department of Finance (May 2004), 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. The County's 2007 estimated population distribution and population by age group, according to SANDAG's latest available data, is highlighted in the charts below.





Economic Indicators

U.S. Economy

The U.S. economy's revised Gross Domestic Product (GDP) growth for 2007 was 2.0%. This compares to a 2006 adjusted growth of 2.8%, versus an adjusted 2.9% growth in 2005 and 3.6% in 2004. 2007 quarterly growth figures were revised as follows: 0.1% in the first quarter was followed by 4.8%, 4.8%, and -0.2% in the second, third, and fourth quarters, respectively. The fourth quarter of 2007 saw the largest downward revision, from 0.6% to -0.2%, which was due to lower personal consumption expenditures than initially calculated and to lower exports of services. GDP growth for 2008 is projected to be weak, with projections ranging from 1.2% to 1.5%. First quarter 2008 growth of 1.0% has been followed by second quarter "preliminary" growth of 3.3%. The feared decline in real GDP in the first half of the year has been avoided, supported primarily by federal fiscal stimulus efforts. However, growth in the third and fourth quarters is expected to be negative as the effects of the fiscal stimulus fades. A sustainable recovery is not expected to emerge until mid-2009 as house prices bottom out, the Federal Reserve's monetary stimulus efforts kick in, and financial institutions begin to lend more freely.

Some significant risks facing the U.S. economy in 2008 include the slump in the housing sector, credit tightening, weakening labor market, high energy and commodity prices, and a widening federal budget deficit. The downturn in the housing market, which was a significant drag in 2007, remains the biggest damper on growth through 2008. Housing starts are expected to drop to approximately 850,000 units in 2008, down from 2,073,000 in 2005. Credit availability has also continued to tighten as financial distress has spread beyond the sub-prime mortgage market. In 2007, rising public and private nonresidential construction spending helped cushion the blow from plunging residential construction and state and local construction, but this sector now shows declines. Faster spending growth and slower revenue growth combined with the cost of the stimulus package will raise the federal budget deficit in 2008.

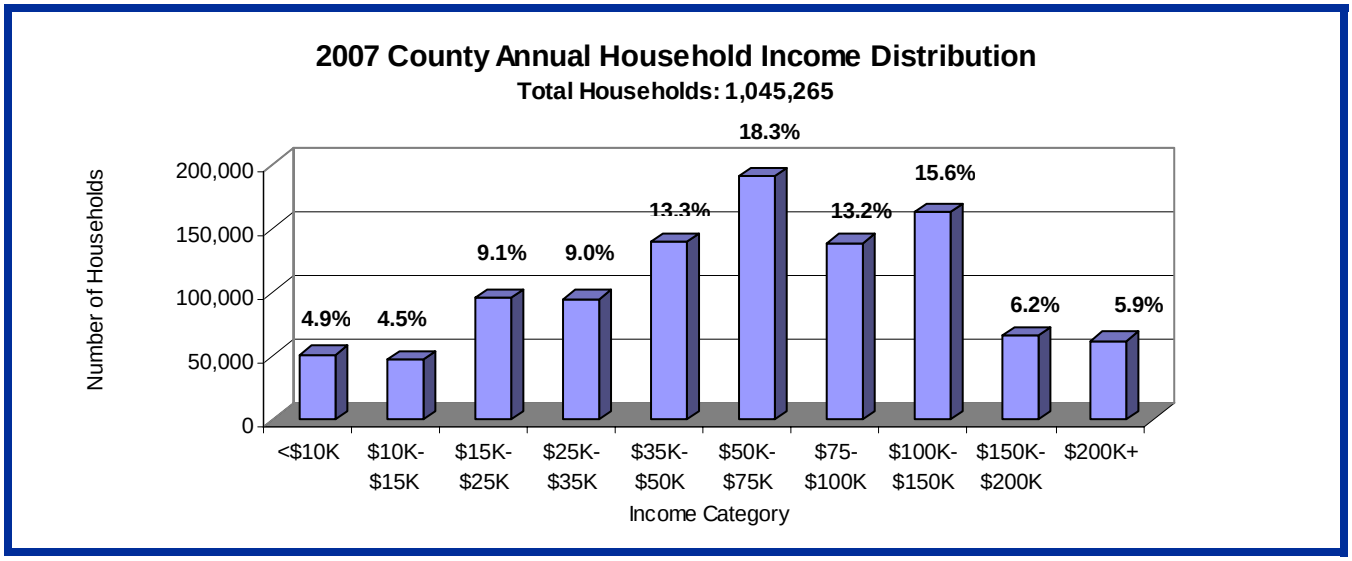
California Economy

California's economy, like the U.S. economy, grew for the most part at a healthy rate through 2006. California payroll jobs experienced growth of 1.8%; the job growth also contributed to real personal income growth of 3.0%; and adjusted taxable sales grew 0.8%. The unemployment rate continued to decline, dropping down to 4.9% in 2006, versus 5.4% in 2005, 6.2% in 2004, and 6.8% in 2003. In 2007, however, California's economic outlook weakened with leading indicators showing mixed results: payroll job growth dropping to 0.7%, real personal income growth coming in at 2.7%, adjusted taxable sales declining by 2.3%, and unemployment rate rising to 5.4%. The gross state product (GSP) estimated growth in 2007 was 3.2%, down from 4.2% in 2006, 3.8% in 2005 and 4.9% in 2004. California's economy is expected to remain weak in 2008. GSP growth is projected to drop to 1.1%, the number of jobs is expected to improve marginally by 0.1%, taxable sales will continue to decline by 2.4%, and personal income is anticipated to grow by 1.5%.

San Diego Economy

San Diego's economy has enjoyed economic stability in recent years, but has not been immune from the issues facing the nation and the State. Much of San Diego's economic strength is derived from employment gains, commercial and industrial development, and population growth. San Diego County has also seen an increasing diversification of economic activity and has matured as a hub for research and development and product manufacturing in telecommunications, biotechnology, military products, electronics, and information technology. International trade and implementation of the North American Free Trade Agreement (NAFTA) continue to be an economic strength for the county.

Approximately one-half of San Diego County's population is part of the civilian labor force (1,577,300 in July 2008). The region is also home to perhaps the largest military complex in the world. While the San Diego region has seen employment gains of 2.2% in 2001, 1.9% in 2002, 1.2% in 2003, 2.0% in 2004, 1.4% in 2005, 1.4% in 2006, and 0.8% in 2007, the region is reporting employment declines for January through July 2008 of approximately 677 jobs or 0.05%. The average monthly unemployment rate for the 12 month period between August 2007 and July 2008 was 5.2%. As of July 2008, the unemployment rate stood at 6.4%. By comparison, the State of California unemployment rate was 6.2% for the same 12 month period and California's July 2008 unemployment rate was 7.6%. San Diego's unemployment rate continues to compare favorably to the State rate, but it is expected to be higher than the U.S. rate (5.4% projected for 2008). San Diego's median household income was $50,384 in 2002, $49,886 in 2003, $51,012 in 2004, $56,335 in 2005, $59,591 in 2006, and $61,794 in 2007 as measured by the U.S. Census Bureau.



As noted above, a significant downturn in the housing market has occurred nationwide, including in San Diego County. As a result, the California Association of Realtors index for first-time buyers throughout California shows an improvement for San Diego. The percentage of households that could afford to buy an entry-level home in San Diego 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 with 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.

Another measure of the downturn in housing is the rate of foreclosures, as well as the companion indices of foreclosures compared to notices of loan default and also compared to deeds recorded. In San Diego County, foreclosures have risen by 1,421%, from a low of 553 in 2004 to 8,416 in 2007. For the first seven months of 2008, they are 188% above the same period in 2007. Foreclosures compared to notices of loan default averaged approximately 11.6% from 2003 through 2005. However, this percentage jumped to 20.0% in 2006 and 37.9% in 2007 and it is currently at 49.3% as of July 2008. Foreclosures compared to total deeds recorded averaged 0.3% over the three-year period of 2003, 2004 and 2005. This percentage increased to 1.3% in 2006 and 6.3% in 2007 and it is at 16.6% through July 2008.

Although San Diego tourism slowed in 2007 with the number of visitors declining by 2.0% compared to 2006, tourism continued to be a stimulus to the local economy. Total visitor spending of $7.9 billion amounted to a 2.3% increase over 2006 total visitor spending. The "Tourism Outlook" for San Diego County in 2008 is for continued moderate growth, with a 1.8% increase in the number of visitors and a 4.0% increase in visitor spending. As of June 2008, total visitor spending is up 4.8% compared to the same six month period in 2007.

Impact on County Services

The state of the economy plays a significant role in the cost of and demand for County services and the resources available to provide them. A weakened real estate market affects the operations and program revenues of a number of County departments including the Assessor/Recorder/County Clerk in the area of document recordings. It challenges the Department of Planning and Land Use to balance construction activity fluctuations with fiscal and customer service stability. It impacts the Library's ability to maintain service hours and provide a collection that meets the needs of patrons. Other economic impacts can be seen in Parks and Recreation where a slowdown in land development delays the provision of park facilities slated to be funded from parkland dedication ordinance fees. A weakened real estate market also negatively affects general purpose revenue growth which is relied upon to sustain core local discretionary services and to provide new or expanded services in response to County residents' needs. Please see the Summary of General Fund Financing Sources and General Purpose Revenue sections beginning on page 43 for further information on select revenue trends.

Sources: San Diego Association of Governments (SANDAG) - San Diego's Regional Planning Agency, State of California Department of Finance, San Diego Regional Chamber of Commerce, the UCLA Anderson Forecast, the State of California Employment Development Department, the California Association of Realtors, the San Diego Convention and Visitors Bureau, Global Insight, U.S. Census Bureau, and U.S. Department of Commerce - Bureau of Economic Analysis.

Understanding the Adopted Operational Plan

Governmental Structure

A five-member Board of Supervisors elected to four-year terms in district, nonpartisan elections governs the County. There are 18 incorporated cities in the County and a large number of unincorporated communities. The County provides a full range of public services, including public assistance, law enforcement, detention and correction, health and sanitation, recreation, and others. These services are provided by four business Groups (Community Services, Finance and General Government, Land Use and Environment, and Public Safety) and the Health and Human Services Agency, each headed by General Managers [Deputy Chief Administrative Officers (DCAOs)], who report to the Chief Administrative Officer (CAO). Within the Groups, there are four departments that are headed by elected officials - District Attorney and Sheriff (Public Safety Group) and the Assessor/Recorder/County Clerk and Treasurer-Tax Collector (Finance and General Government Group).

The General Management System

The County's General Management System (GMS) is the framework that establishes and guides County operations and service delivery to residents, businesses, and visitors. For the last decade the County has moved from near bankruptcy to fiscal stability by using basic business principles embodied in the operating guidelines set forth in the GMS. The County sets goals, prioritizes resources, evaluates performance, ensures cooperation, and rewards accomplishments in a structured and coordinated way. By doing so, the County of San Diego moves away from the negative image of "red tape" and "government bureaucracy" into an organization that values and implements efficiency, innovation, and fiscal discipline and one that provides focused, meaningful services to improve lives and benefit the community.

The years from 1997 to 2007 are referred to as the County's "Decade of Excellence." During those years the County saved $380 million through managed competitions and reengineering. The goal was to cut bureaucracy, improve public service and manage funds to give the best rate of return to taxpayers. All this was accomplished by using the GMS to set sound goals and apply sound management principles to achieve those goals.

At the heart of the GMS are five overlapping components that help make sure that the County asks and answers crucial questions:

Strategic Planning asks: *Where do we want to go? T*he Strategic Plan looks ahead five years to anticipate significant needs, challenges, and risks that are likely to develop. Long-range strategic planning requires assessing both where we are, and where we want to be.

Operational Planning asks: *How do we get there from here?* Operational Planning allocates resources to specific programs and services that support the County's long-term goals over the next two fiscal years. This includes adoption of an annual budget and approval in principle of a second year spending plan.

Monitoring and Control asks: *How is our performance?* Monitoring and Control shows whether we are on track to achieve the County's goals. We evaluate progress at regular intervals and make necessary adjustments. Progress is evaluated monthly, quarterly, and annually.

Functional Threading asks: *Are we working together?* Although the County is divided into distinct groups, departments, and divisions for operational purposes, the County has many critical functions and goals that cross these organizational lines. Functional threading ensures coordination throughout the organization to pursue shared goals, solve problems, and exchange information.

Motivation, Rewards, and Recognition asks: *Are we encouraging excellence?* County employees must embrace the GMS disciplines. This requires setting clear expectations,

providing incentives, evaluating performance, and rewarding those who meet or exceed expectations. Motivation, Rewards, and Recognition encourages individual and group excellence. The Operational Incentive Plans, Quality First Program, the Do-It-Better-By-Suggestion (DIBBS) program, and department recognition programs are the primary ways the County recognizes and rewards employees for excellent performance.

The five GMS components form an annual cycle that is renewed each fiscal year with review of the Strategic Plan and development of a new Operational Plan.

Strategic Plan

The County's Strategic Plan identifies key goals and disciplines, outlining the County's priorities for accomplishing our mission over a five-year period. The County's Strategic Plan is a forward-looking document that lays out where the organization should be going, while the GMS helps to make sure we get there.

The Board of Supervisors provides ongoing policy direction to the Chief Administrative Officer (CAO). The CAO, in conjunction with his Executive Team, reviews the County's mission, strengths, and risks to develop and refine the Strategic Plan.

The County's 2008-13 Strategic Plan defines broad, organization-wide goals for the future, known as Strategic Initiatives, which help prioritize specific County efforts and programs and form the basis for allocating resources. Most of what the County does supports at least one of these three Strategic Initiatives:

- Kids (Improve opportunities for children),
- Environment (Manage resources to ensure environmental preservation, quality of life, and economic development), and
- 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 include the balance of County business. These Required Disciplines are:

- Fiscal Stability - maintain fiscal stability to ensure our ability to provide services our customers rely on, in good times and in bad.
- Customer Satisfaction - ensure customers are satisfied with the services we provide, as a key indicator of our operational performance.
- Regional Leadership - as a regional leader, we forge cooperative partnerships and leverage additional resources for the residents of San Diego County.
- Skilled, Competent and Diverse Workforce - develop a committed, capable and diverse workforce that turns plans and resources into achievement and success.
- Essential Infrastructure - provide the essential infrastructure, both physical and cyber, to ensure that the resources are in place to provide superior service delivery to our citizens.
- Accountability/Transparency - assure accountability to ourselves and the public by requiring that County business be conducted as openly as possible, resulting in the efficient and ethical use of public funds.
- Continuous Improvement - achieve operational efficiency through continuous efforts to improve and innovate, thereby maximizing value for our taxpayers.
- Information Technology - optimize the use of information technology systems as a tool to organize and access data to improve operational efficiency, decision making, and service to customers.

To ensure the Strategic Plan incorporates a fiscal perspective, the CAO, Chief Financial Officer, and General Managers annually assess the long-term fiscal health of the County and review a five-year forecast of revenues and expenditures to which all departments contribute. This process leads to the development of preliminary short and medium term operational objectives and resource allocations necessary to achieve them.

To further align the County's goal setting process with resource allocation, the Strategic Plan is reflected in the program objectives in the Operational Plan and in the performance plans for departments and employees.

Context for Strategic and Operational Planning

To be effective, the goals we set and resources we allocate should be consistent with our purpose as an organization. The context for all strategic and operational planning is provided by the County's Mission, Guiding Principles, and Vision. First and foremost, the Strategic Plan sets the course for accomplishing the County's mission:

To provide the residents of San Diego County with superior County services in terms of quality, timeliness, and value in order to improve the region's Quality of Life.

This mission reflects commitment to anticipating, understanding, and responding to the critical issues that affect residents. The Strategic Plan also upholds the County's Guiding Principles, the core values that articulate our organization's ethical obligations to County residents and basic standards to which County employees must adhere. These four Guiding Principles are:

- Provide for the safety and well-being of those San Diego communities, families, individuals, and other organizations we serve.
- Preserve and enhance the environment in San Diego County.
- Ensure the County's fiscal stability through periods of economic fluctuations and changing priorities and service demands.
- Promote a culture that values its customers, employees, and partners and institutionalizes continuous improvement and innovation.

Achieving its Strategic Initiatives and maintaining operational excellence allows the County to realize its Vision:

A County Government that has earned the respect and support of its residents.

This Operational Plan provides the County's financial plan for the next two fiscal years (July 1, 2008 through June 30, 2010). Pursuant to Government Code §29000 et al., however, State law allows the Board of Supervisors to formally adopt only the first year of the Operational Plan as the County's budget. The Board approves the second year of the plan in principle for planning purposes.

The Groups, the Agency, and their respective departments develop specific objectives as part of the preparation of the Operational Plan. Objectives are clear discussions of anticipated levels of achievement for the next two years. They communicate the entity's core services and organizational priorities. The objectives include measurable targets for accomplishing specific goals plus a discussion of the proposed resources necessary to meet those goals. The Operational Plan details each department's major accomplishments during the past fiscal year as related to achievement of the goals laid out in the County's five-year Strategic Plan. The Operational Plan also discusses high-level objectives of each department's operations for the next two years, projects the resources required to achieve them, and identifies and tracks outcome-based performance measures.

During Fiscal Year 2005-06, the County launched an extensive effort to demonstrate performance to citizens through meaningful and uncomplicated performance

measures. The focus was shifted from reporting on what was happening to the organization, to what is happening in the lives of citizens, customers, and stakeholders because of County services. Each department is now required to measure performance in terms of outcomes - how they affect peoples' lives - not just a count of the activities they perform. Inclusion of performance outcomes continued in 2006-07 and 2007-08, and it remains a priority for Fiscal Years 2008-09 and 2009-10.

Several documents are produced to aid in budget development and deliberations:

The CAO Proposed Operational Plan is a comprehensive overview of the Chief Administrative Officer's (CAO) proposed plan for the County's operations for the next two fiscal years, including:

- Summary tables showing financing sources and expenditures for all County funds;
- A summary of the County's short- and long-term debt;
- A detailed section by Group/Agency and Department/ Program describing their missions, prior year accomplishments, operating objectives, staffing by program, expenditures by category, revenue amounts and sources, and performance measures;
- A listing of planned capital projects and discussion of capital projects included in the proposed budget and the operating impact of the capital projects scheduled for completion during the next two fiscal years; and
- Other supporting material including a glossary.

Public Review and Hearings — The Board conducts public hearings on the Operational Plan for a maximum of 10 days. This process commences with Community Enhancement Program presentations.

All requests for increases to the Proposed Operational Plan must be submitted to the Clerk of the Board in writing by the close of public hearings. Normally, the CAO submits a Proposed Change Letter recommending modifications to the Proposed Operational Plan. Additionally, members of the Board of Supervisors, the general public, and county advisory boards may submit Proposed Change Letters.

Change Letters are proposed changes to the CAO Proposed Operational Plan submitted by the CAO and members of the Board of Supervisors. The CAO Change Letter updates the CAO Proposed Operational Plan with information that becomes available after the document is presented to the Board of Supervisors. Such modifications may be due to Board actions that occurred subsequent to the submission of the CAO Proposed Operational Plan or recent changes in State or federal funding. The CAO Change Letter typically contains a schedule of revisions by department along with explanatory text.

Referrals To Budget are status updates on items on which the Board of Supervisors has deferred action during the current fiscal year so that they may be considered in the context of the overall budget. The Clerk of the Board tracks referrals to budget. As Budget Deliberations approach, the status of each referral is updated and included in a compilation of all the referrals made throughout the year. This document is submitted to the Board of Supervisors for its review and for discussion with affected departments during Budget Deliberations.

Citizen Advisory Board Statements are the comments of citizen committees on the CAO Proposed Operational Plan.

Deliberations — After the conclusion of public hearings, the Board of Supervisors discusses the Proposed Operational Plan, requested amendments, and public testimony with the CAO and other County officials as necessary. Based on these discussions, the Board gives direction to the CAO regarding the expenditure and revenue levels to be included in the adopted Operational Plan. Board of Supervisors deliberations are scheduled for one week and are generally completed by the end of June.

Referrals From Budget are requests made by the Board of Supervisors during Budget Deliberations for additional information to assist them in making decisions during the

fiscal year. The applicable Group/Agency is responsible for providing requested information to the Board of Supervisors. The status of each referral from budget is tracked by the Clerk of the Board to ensure that the information is provided.

The Adopted Operational Plan shows the Board of Supervisors' adopted budget for the immediate budget year and the plan approved in principal for the following year. The Adopted Operational Plan is an update of the CAO Proposed Operational Plan reflecting revisions made by the Board of Supervisors during Budget Deliberations. Unlike the CAO Proposed Operational Plan, which displays the two prior years' adopted budgets and the proposed amounts for the two upcoming years, the Adopted Operational Plan provides perspective by displaying actual expenditures and revenue at the Group/Agency and Department level for the two prior fiscal years, as well as the adopted and amended budget for the immediate prior fiscal year. The amended budget for each department is the budget at the end of the fiscal year. It reflects the adopted budget plus any amounts carried forward from the previous year through the encumbrance process and any changes that were authorized during the year. Any budget-to-actual comparisons are best made using the amended budget as a base.

Note on Actual General Purpose Revenues and Use of Fund Balance in departmental tables —Each department's budget table shows the funding sources for its programs for the indicated budget years, including various categories of program revenue, fund balance, reserve/designation decreases, and general purpose revenue. For any given budget year, the amount of the general revenue allocation is intended to be fixed, meaning that the amount is anticipated to be the same for the adopted budget, the amended budget, and the actuals. Exceptions are made due to unique one-time events. In the case of the use of fund balance, the amount in the actual column may be either positive or negative. The sum of the actual fund balance, any reserve/designation decreases, and the general revenue allocation equals the total amount of non-program revenue funding sources used to support the actual expenditures of the department.

Budget Modifications — State Law permits modifications to the adopted budget during the year with approval by the Board of Supervisors or, in certain instances, by the Chief Financial Officer. There are two options for requesting a mid-year budget adjustment from the Board of Supervisors:

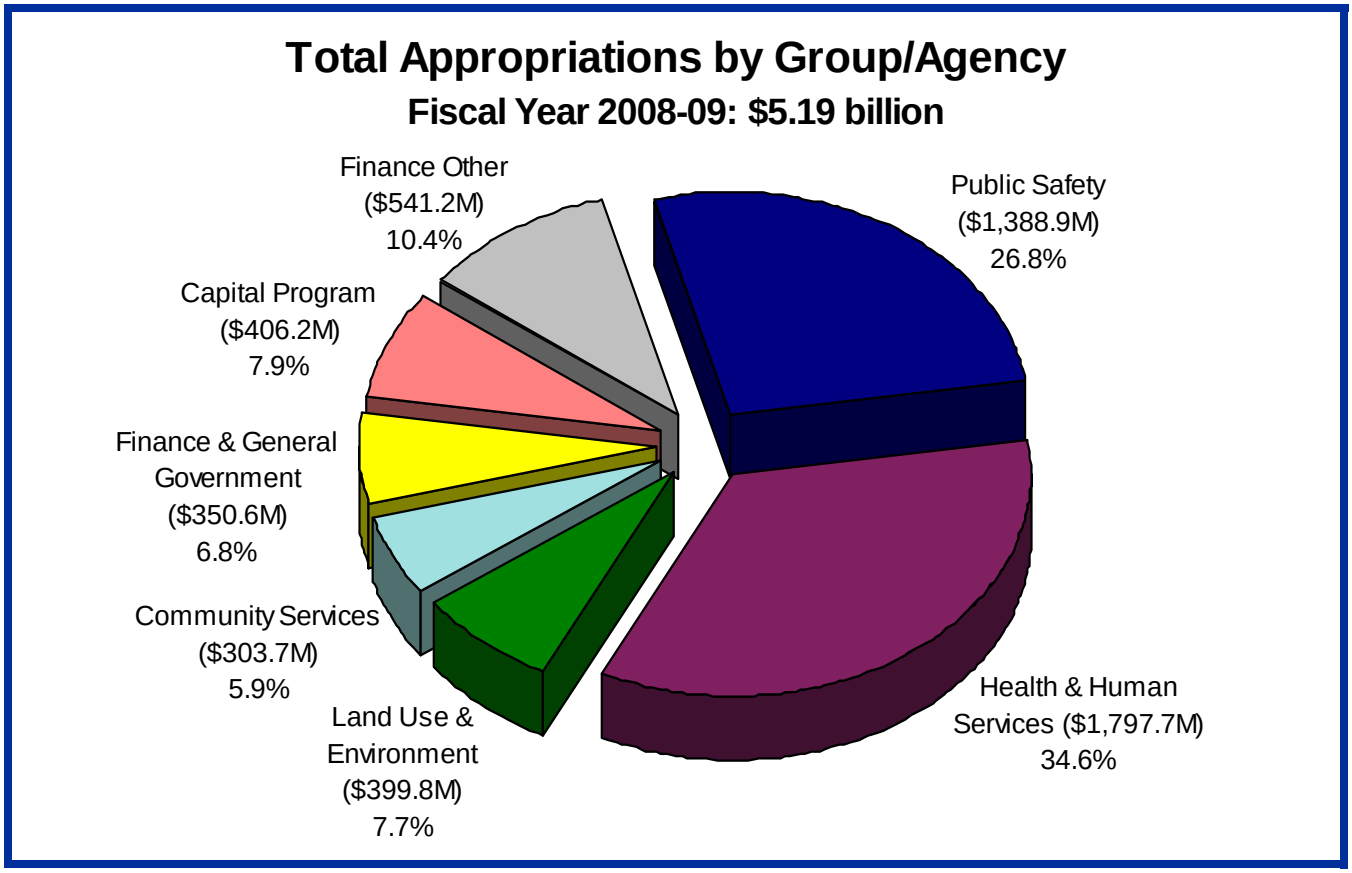
- Board of Supervisors Regular Agenda Process - Budget modifications are generally made due to unforeseen and program-specific changes. In compliance with Government Code §29130, increases in appropriations require a four-fifths vote by the Board of Supervisors after the budget is adopted.

  Such changes could include requests for additional appropriations as a result of additional revenues for specific programs or a contract modification. Items placed on the agenda that have a fiscal or budgetary impact are reviewed and approved by the Chief Financial Officer and County Counsel. Contract modifications also require the approval of the Purchasing Agent.
- Quarterly Status Reports - The Chief Administrative Officer provides a quarterly budget status report to the Board of Supervisors that may also recommend appropriation changes to address unanticipated needs or make technical adjustments to the budget.

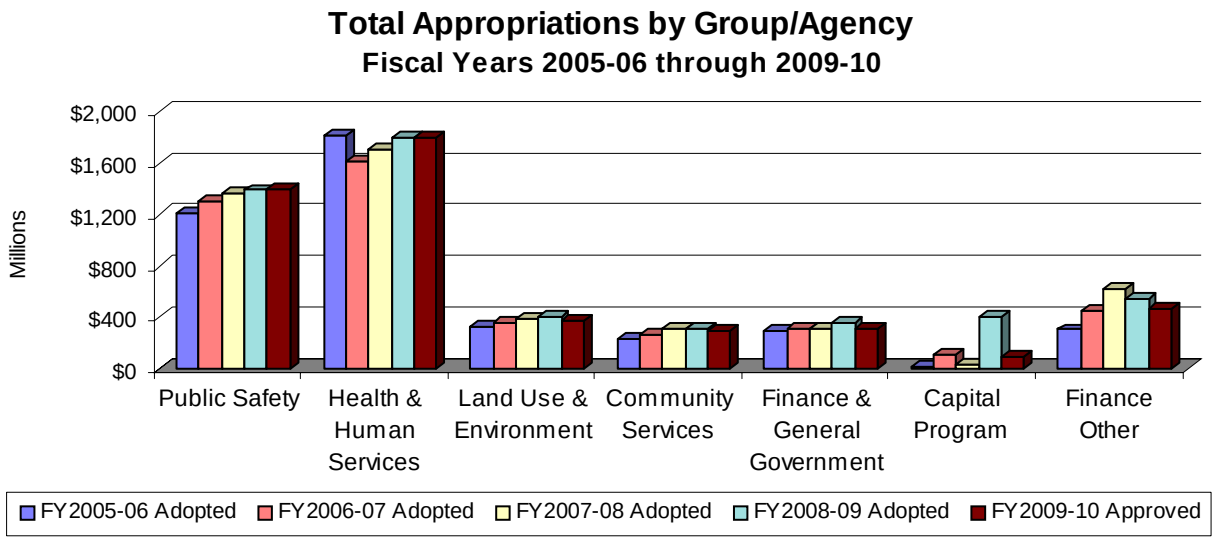
All Funds: Total Appropriations

Total Appropriations by Group/Agency

Appropriations total $5.19 billion in the Adopted Operational Plan for Fiscal Year 2008-09 and $4.74 billion for Fiscal Year 2009-10. This is an increase of $456.4 million or 9.6% for Fiscal Year 2008-09 from the Fiscal Year 2007-08 Adopted Budget. Looking at the Operational Plan by Group/Agency, appropriations increase in Public Safety, Health and Human Services, Land Use and Environment, Community Services, Finance and General Government, and the Capital Program, with Finance Other decreasing appropriations.



The pie chart above shows each Group/Agency's share of the Fiscal Year 2008-09 Adopted Budget, while the bar chart and table on the following page compare the Fiscal Years 2008-09 and 2009-10 appropriations to the three prior fiscal years. An overview of the County's Operational Plan for Fiscal Year 2008-09 is presented below by Group/Agency that highlights changes and key areas of emphasis. Appendix A: All Funds - Budget Summary provides a summary of expenditures and financing sources by account group for the entire County and for each Group and the Agency. More detail by department begins on page 91.



Total Appropriations by Group/Agency (in millions)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
Public Safety	$ 1,203.9	$ 1,304.5	$ 1,366.0	$ 1,388.9	$ 1,400.6
Health & Human Services	1,821.2	1,613.8	1,712.1	1,797.7	1,801.6
Land Use & Environment	328.3	349.7	384.1	399.8	377.1
Community Services	236.5	255.2	303.3	303.7	295.6
Finance & General Government	289.1	303.6	315.6	350.6	309.2
Capital Program	7.0	102.4	34.1	406.2	87.2
Finance Other	300.8	445.5	616.6	541.2	470.9
Total	$ 4,186.9	$ 4,374.8	$ 4,731.7	$ 5,188.1	$ 4,742.1

Public Safety Group (PSG) — A net increase of 1.7% or $22.9 million over the Fiscal Year 2007-08 Adopted Budget. Additional resources are budgeted to address the safety of wards and staff in juvenile institutions, to implement Senate Bill (SB) 81, *Juvenile Justice Realignment Act*, supported by State block grant funds, for the prosecution of crime, for law enforcement services, to address the autopsy caseload of the Medical Examiner, to address increases in operating costs, including County self insurance costs, a transfer from the Health and Human Services Agency of a contract for medical services to juvenile detainees, and for negotiated wage and benefit adjustments. Resources are included for a

90-day lease of two Bombardier CL-415 Superscoopers™ and a 150-day lease for one Aero Commander 690 aerial supervision aircraft to enhance the region's fire suppression capability.

Overall cost increases are partially offset by expenditure reductions due to a decrease in transfers of funds received from Proposition 172, *Local Public Safety Protection and Improvement Act*, sales tax revenues and decreases to align expenditures with available revenues in the Department of Child Support Services.

Key areas of focus in the coming year include:

- Keeping communities safe through regional leadership and partnerships in public safety and criminal justice administration,
- Developing new models in criminal justice, including a model for a behavioral health court, to improve outcomes for offenders and to reduce recidivism,
- Conducting multi-agency operations to enhance community safety,
- Continuing to strengthen the County's ability to respond to an emergency,
- Promoting the well-being of children and the self-sufficiency of families through the success of the child support program,
- Enhancing the safety of and services to juvenile offenders, and
- Focusing on efficiency, performance results, and evidence-based practices to identify the most effective public safety strategies to sustain public safety services during this period of economic uncertainty.

Health and Human Services Agency (HHSA) —A net increase of 5.0% or $85.5 million from the Fiscal Year 2007-08 Adopted Budget. Increases reflect negotiated wage and benefit adjustments, growth in In-Home Supportive Services, expansion in mental health services associated with the Mental Health Services Act, one-time dollars for Business Process Reengineering Projects, an increase in Management Reserves, and appropriations to cover transitional costs with the opening of the new Edgemoor facility in early 2009. Offsetting decreases include the transfer to the Public Safety Group of the oversight of a contract with California Forensic Medical Group for medical services to juvenile detainees.

Key areas of focus in the coming year include:

- Assisting at-risk and vulnerable children under 10 years of age, through the current child welfare system, and through strategies like the Nurse Family Partnership program, the Screening, Assessment, Referral, and Treatment initiative, and the School Success program,
- Strengthening the health care safety net by providing new mental health prevention and early intervention services, opening a new state-of-the-art health care campus to replace the existing Edgemoor facility, and implementing and monitoring key Healthcare Safety Net strategies,
- Protecting the public's health by partnering with the County Office of Emergency Services on the Mobile Field Hospital Program, and
- Pursuing strategies and technology that assist the workforce to provide timely, responsive, and efficient services to the community, while preparing for local impacts of the State's continuing fiscal problems such as launching eQuest (a new electronic referral system that will improve access to health services to children with physical limitations).

Land Use and Environment Group (LUEG) — A net expenditure increase of 4.1% or $15.7 million from the Fiscal Year 2007-08 Adopted Budget. Increases include appropriations for negotiated wage and benefit adjustments, for additional contracts under the County's Fire Services Enhancement Program and for stewardship of open space lands acquired under the Multiple Species Conservation Program.

Key areas of focus in the coming year include:

- Protecting the County's $1.5 billion agricultural industry from damaging pests, noxious non-native weeds, and diseases,
- Reducing the risk of structure loss during wildfires and increasing wildland fire protection for the residents living within the unincorporated county through land use policies, regulations, and improved fire protection and emergency response,
- Completing required toxic air contaminant emission health risk assessments to verify compliance of new and expanding businesses with health risk standards,
- Protecting public health and helping prevent disease by updating the West Nile Virus Response Plan,
- Expanding and protecting Park resources, improving infrastructure, and adding additional parkland throughout the County,
- Preserving and enhancing the quality of life for County residents by implementing habitat conservation programs such as the Multiple Species Conservation Program and the Special Area Management Plan,
- Award and manage construction contracts for Capital Improvement projects in various County communities to enhance safety and improve traffic flow,
- Ensuring 100% of County Airports' development and improvement projects are designed to meet future demands, and
- Protecting and preserving the County's water quality and watersheds.

Community Services Group (CSG) — A net increase of 0.2% or $0.5 million from the Fiscal Year 2007-08 Adopted Budget. Significant decreases are due to elections-related activities that were budgeted in Fiscal Year 2007-08, but will not repeated in Fiscal Year 2008-09. Significant offsetting increases in costs are related to additional permanent staff, negotiated wage and benefit adjustments for existing staff, contract service payments, and major maintenance projects. Finally, two reserve designations for the Registrar of Voters are increased, one for the election cycle and one for future voting equipment replacement.

Key areas of focus in the coming year include:

- Conducting the November 2008 Statewide general election,
- Increasing Library programs for adults and to improve literacy through the use of technology as well as staff,
- Maintenance and repair of existing County facilities and construction of new facilities,
- Improving medical treatment of animals to make them adoptable sooner,
- Helping to provide safe and sanitary affordable housing, and
- Implementing programs in the Upper San Diego River Improvement Project Area of the County Redevelopment Agency including the Lakeside Fire District Cooperative Agreement to assist with the financing and development of a new Lakeside fire station.

Finance and General Government Group (FGG) — A net increase of 11.1% or $35.1 million from the Fiscal Year 2007-08 Adopted Budget. Material changes include funding for negotiated wage and benefit adjustments, the upgrade of core financial and human resource software applications, the development of a Data Warehouse, a Business Case Management System, and ongoing technology costs. Management Reserves increases will support all unanticipated needs in the Finance and General Government Group, including revenue shortfalls which may manifest due to the weakening economy.

Key areas of focus in the coming year include:

- Maintaining the County's fiscal stability through sound accounting, auditing, budgetary practices, and management discipline,

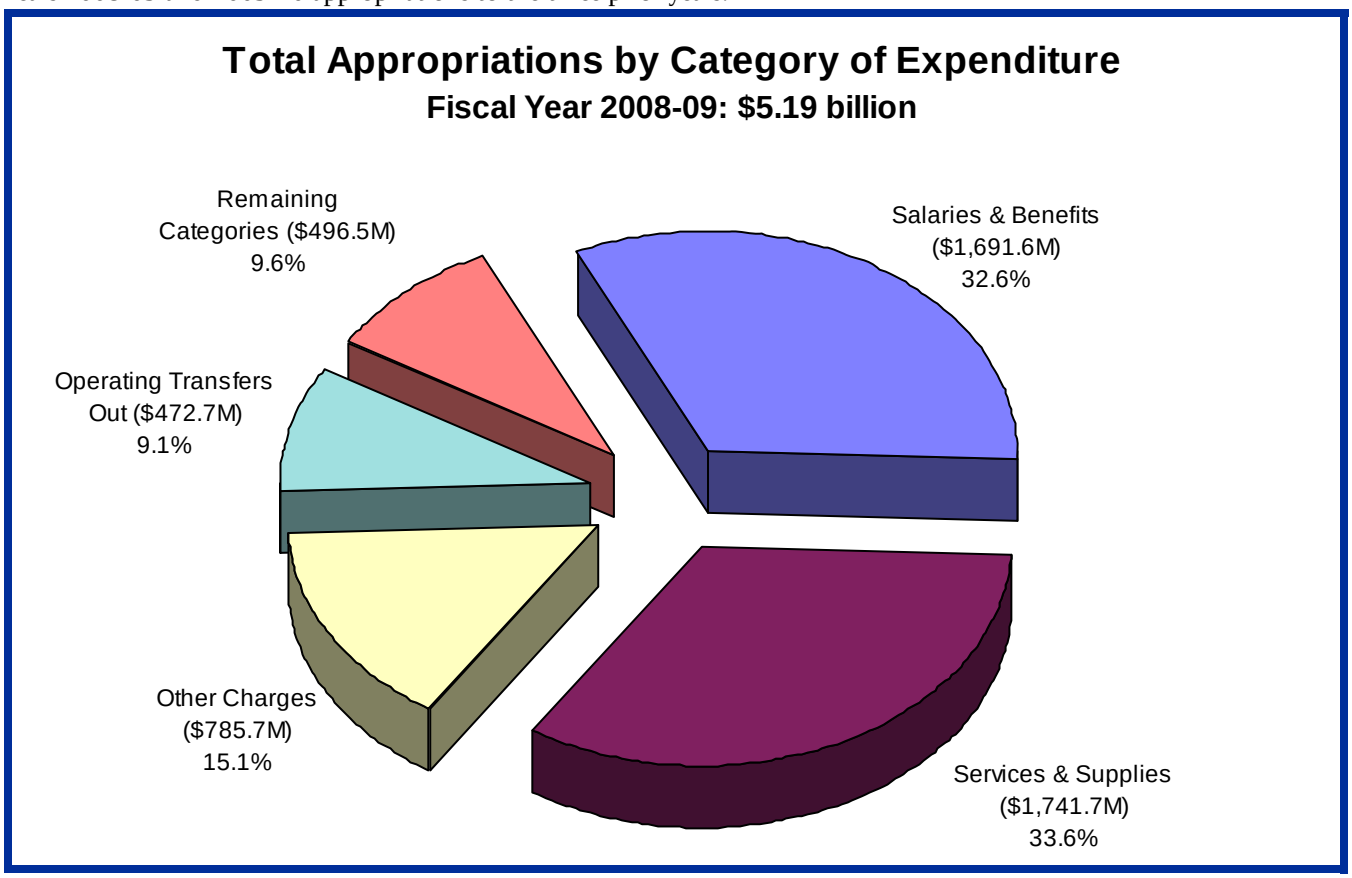
- Maintaining a robust, diverse, and capable workforce,
- Maintaining a high credit rating,
- Aggressively pursing opportunities to restructure the County's debt portfolio to maximize taxpayer savings,
- Maintaining a strong Treasurer's Investment Pool,
- Developing a new Integrated Property Tax System,
- Providing the highest quality legal services to the Board of Supervisors and County departments, and
- Maintaining the investment in modern information technology.

Capital Program — A net increase of $372.0 million from Fiscal Year 2007-08 or a 1,090.4% increase. The increase is due to a change in the mix and value of capital projects compared to Fiscal Year 2007-08. The main reason for the increase in Fiscal Year 2008-09 is the addition of $308.3 million for the redevelopment of the County Operations Center (COC) and $56.0 million for the relocation of offices at either the COC or the COC Annex that will not be part of the new COC campus. Appropriations are also included for the Lincoln Acres Library and Community Center, Sweetwater Summit Campground, the Multiple Species Conservation Program, the County Administration Center Waterfront Park, replacement of the North Central Public Health Clinic, fire recovery improvements at Oakoasis Park, and reconstruction of the San Pasqual Academy residences and administrative buildings that were destroyed in Firestorm 2007. Appropriations are also included in the Edgemoor Development Fund to pay debt service on the 2005 Edgemoor bonds.

Finance Other — A net decrease of $75.3 million or 12.2% from Fiscal Year 2007-08. Many of the ongoing expenses in this group vary little from year to year, but some expenses reported here are one-time and can fluctuate significantly from year to year. Significant areas of expenditure for Fiscal Year 2008-09 include a $167.7 million general fund contribution to the Capital Program to carry out the projects noted above and an additional early Pension Obligation Bond principal pay down of $44.0 million.

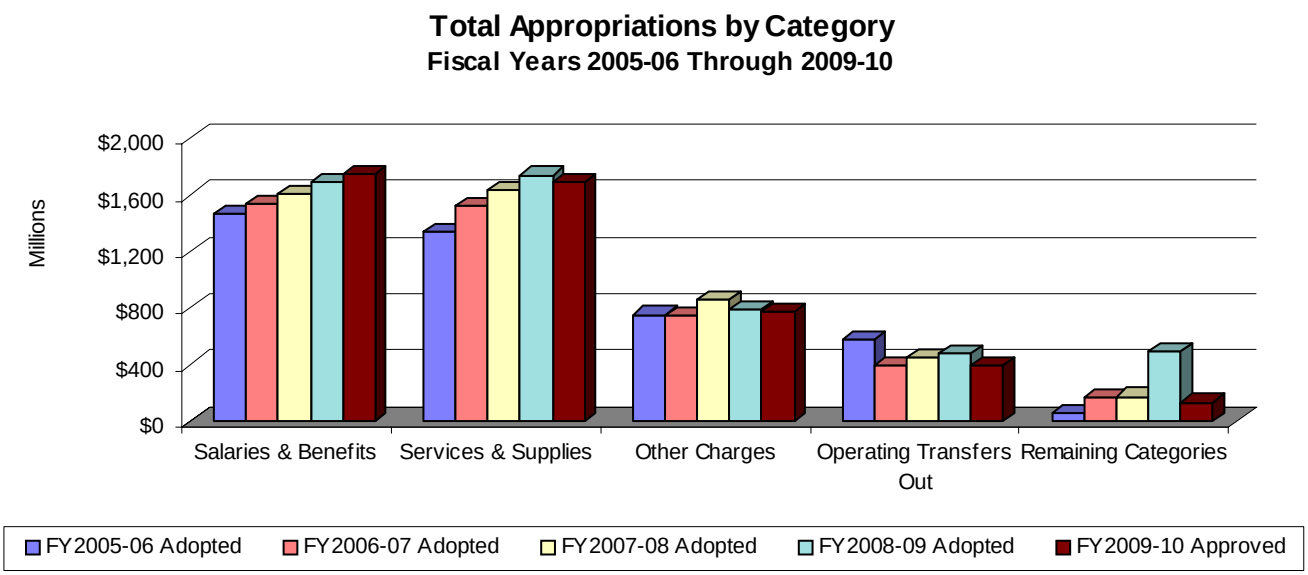
Total Appropriations by Category of Expenditure

The pie chart below shows the Adopted Operational Plan broken down by category of expenditure. As noted previously, the Fiscal Year 2008-09 Operational Plan is increasing overall by $456.4 million from the Fiscal Year 2007-08 Adopted Operational Plan and decreasing by $446.0 million in Fiscal Year 2009-10. The pie chart below shows the share of the Fiscal Year 2008-09 Operational Plan for each category of expenditure, while the bar chart and table on the next page compare the Fiscal Years 2008-09 and 2009-10 appropriations to the three prior years.



Changes include:

- Salaries and Benefits are increasing by a net $78.4 million or 4.9%. The increase reflects negotiated wage and benefit adjustments and the addition of 148.50 staff years. The increase in Fiscal Year 2009-10 of $54.8 million or 3.2% represents an allowance for anticipated labor cost increases and an overall decrease of 13.50 staff years. See Total Staffing on page 34 for a summary of staffing changes by functional area.
- Services and Supplies are increasing by $105.7 million or 6.5%. Increases are budgeted in many accounts within Services and Supplies, most notably a $22.5 million increase for the In-Home Supportive Services program



Total Appropriations by Category (in millions)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
Salaries & Benefits	$ 1,467.8	$ 1,539.6	$ 1,613.2	$ 1,691.6	$ 1,746.4
Services & Supplies	1,339.7	1,519.8	1,636.0	1,741.7	1,696.0
Other Charges	751.6	746.5	863.4	785.7	777.8
Operating Transfers Out	573.5	396.6	446.2	472.7	391.5
Remaining Categories:					
Capital Assets/Land Acquisition	18.3	106.5	49.4	421.7	89.8
Capital Assets Equipment	16.0	19.7	32.1	24.9	17.6
Exp Transfer & Reimbursements	(17.4)	(17.5)	(19.0)	(19.7)	(20.2)
Contingency Reserves	15.7	24.1	24.1	24.4	25.2
Reserve/Designation Increase	4.3	2.6	57.9	4.1	0.3
Management Reserves	17.3	36.8	28.5	41.2	17.6
Total	$ 4,186.9	$ 4,374.8	$ 4,731.7	$ 5,188.1	$ 4,742.1

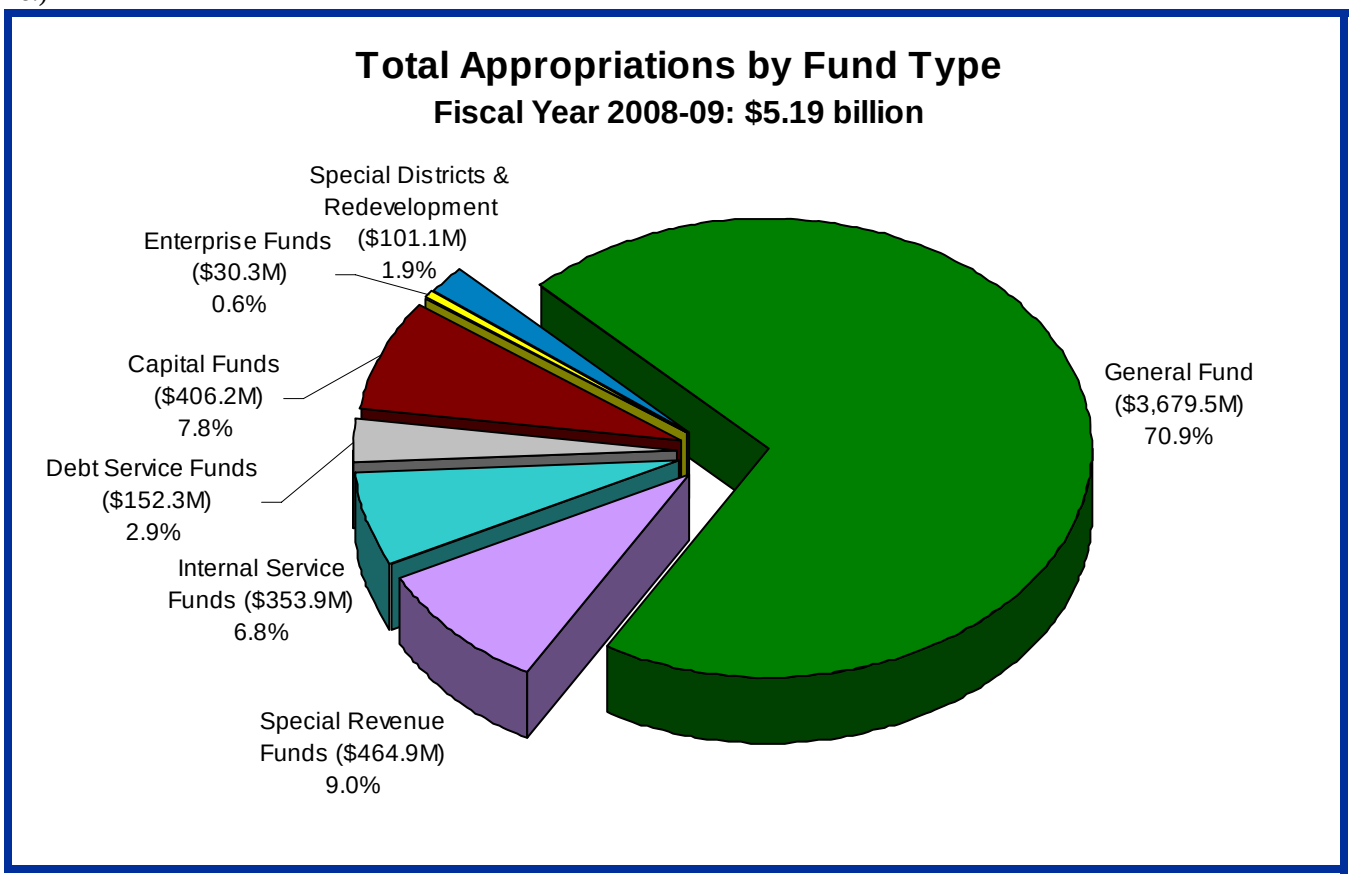
associated with caseload growth and related individual provider payments, a $12.7 million increase in contracted mental health services, primarily related to the voter approved Proposition 63, *The Mental Health Services Act*, and $5.7 million to strengthen the region's fire protection system. Other increases include funds for contracted and consultant services, information technology costs, public liability costs, and internal service fund costs for major maintenance. A decrease of 2.6% is shown for Fiscal Year 2009-10.

- Other Charges are decreasing by $77.7 million or 9.0%. This category includes items such as aid payments, debt service payments, interest expense, right-of-way easement purchases, and various other payments including contributions to trial courts and to Community Enhancement and Community Projects program grantees. The decrease in Fiscal Year 2008-09 is mainly related to extraordinary expenses budgeted in Fiscal Year 2007-08 for the early principal pay down of $118.0 million of the 2002 taxable Pension Obligation Bonds. Fiscal Year 2008-09 appropriations include $44.0 million to pay down additional principal of the 2002 POBs, Series B-1. A net decrease of 1.0% is planned in Fiscal Year 2009-10.
- Capital Assets/Land Acquisition, which includes capital improvement projects and property acquisitions, is increasing $372.3 million or 753.7% from Fiscal Year 2007-08. Of the $421.7million budgeted for Fiscal Year 2008-09, $403.0 million is for projects in the Capital Program, with the remainder in the Airport Enterprise Fund, and the Alpine, Lakeside, and Spring Valley sanitation districts. The main reason for the increase in Fiscal Year 2008-09 is the addition of $308.3 million for the reconstruction of the County Operations Center (COC) and $56.0 million for office space for departments currently housed at the COC or COC Annex that will not be part of the new COC campus. Of the $89.8 million for Fiscal Year 2009-10, $75.0 million is seed money for a new Women's Detention Facility, $2.5 million is for the continued purchase of land in support of the Multiple Species Conservation Program with the remainder for projects in the Alpine, Lakeside, and Spring Valley sanitation districts. The amount of money available for new projects or project expansion varies from year to year, but capital appropriations at the project level are generally considered to be one-time.
- Capital Assets Equipment, which primarily includes routine internal service fund purchases of vehicles and heavy equipment, is decreasing by $7.2 million or 22.6% from last year. The decrease is mainly due to one-time expenditures planned for Fiscal Year 2007-08 related to the new Edgemoor facility and to equipment for the Registrar of Voters that will not be repeated in Fiscal Year 2008-09. A decrease of 29.3% is planned for Fiscal 2009-10 due to anticipated lower requirements for that year.
- Expenditure Transfers and Reimbursements are increasing by $0.7 million or 3.8%. Activity in this account reflects the transfer of expenses to another department for services provided. A transfer can occur because a funding source requires the expenses to be recorded in that department for revenue claiming. The Expenditure Transfers and Reimbursement accounts are negative amounts to avoid the duplication of expenditures. One significant example is the agreement between the Health and Human Services Agency (HHSA) and the District Attorney's Public Assistance Fraud Unit. This unit investigates and prosecutes suspected fraudulent public assistance cases for HHSA. The District Attorney offsets the budgeted expenses with a negative amount in the Expenditure Transfers and Reimbursements account. HHSA budgets the expense for that activity in a Services and Supplies account offset by the appropriate State/federal revenue account. An increase of $0.4 million in Fiscal Year 2009-10 is for the District Attorney's Public Assistance Fraud Unit.

- Contingency Reserves are appropriations that are set aside for unanticipated needs during the year. In Fiscal Year 2008-09, three funds have a contingency reserve. The General Fund contingency reserve is $20.3 million, which is an increase of $0.3 million or 1.2% over Fiscal Year 2007-08, in order to comply with Board of Supervisors Policy B-71, *Fund Balance and Reserves*. This policy requires that the General Fund contingency reserve be equivalent to 2% of budgeted general purpose revenues. The Employee Benefits Internal Service Fund has a $4.0 million contingency reserve and is not changing from Fiscal Year 2007-08. The Fleet Internal Service Fund has a $0.1 million contingency reserve, which is a 3% increase over Fiscal Year 2007-08. In Fiscal Year 2009-10, Contingency Reserves increase by 3.3%.
- Reserve/Designation Increases can vary from year to year depending upon the need to set aside fund balance for specific uses. In Fiscal Year 2008-09, the most significant fund balance designations total $4.0 million for the Registrar of Voters Department to provide sustaining funding for election years with fewer billable participating jurisdictions and for voting equipment replacement. In Fiscal Year 2007-08, the most significant item budgeted in this category was the conversion of a $55.5 million fund balance designation to a general reserve. The decrease of $3.8 million in Fiscal Year 2009-10 is primarily related to the one-time Reserve/Designations that were added in the prior fiscal year.
- Operating Transfers Out, the accounting vehicle for transferring the resources of one fund to pay for activities in another, are increasing by $26.5 million or 5.9%. Various transfers between funds are increasing and decreasing with the largest increase in Fiscal Year 2008-09 being the transfer between the General Fund and the Capital Outlay Fund for various capital projects. The largest decrease is related to the prior year early payoff of the PINES portion of the 2002 taxable Pension Obligation Bonds. Also decreasing is the transfer to the General Fund of revenues from Proposition 172, *Local Public Safety Protection and Improvement Act*, as a result of lower projected revenues in the Proposition 172 fund. A decrease of 17.2% is planned for Fiscal Year 2009-10 and is primarily related to one-time items in Fiscal Year 2008-09 that are not repeated in the subsequent year.
- Management Reserves are increasing by $12.7 million or 44.7%. The level of Management Reserves can vary from year to year. They are used to fund one-time projects or to serve as a prudent cushion for revenue and economic uncertainties at the Group/Agency level.

Total Appropriations by Fund Type

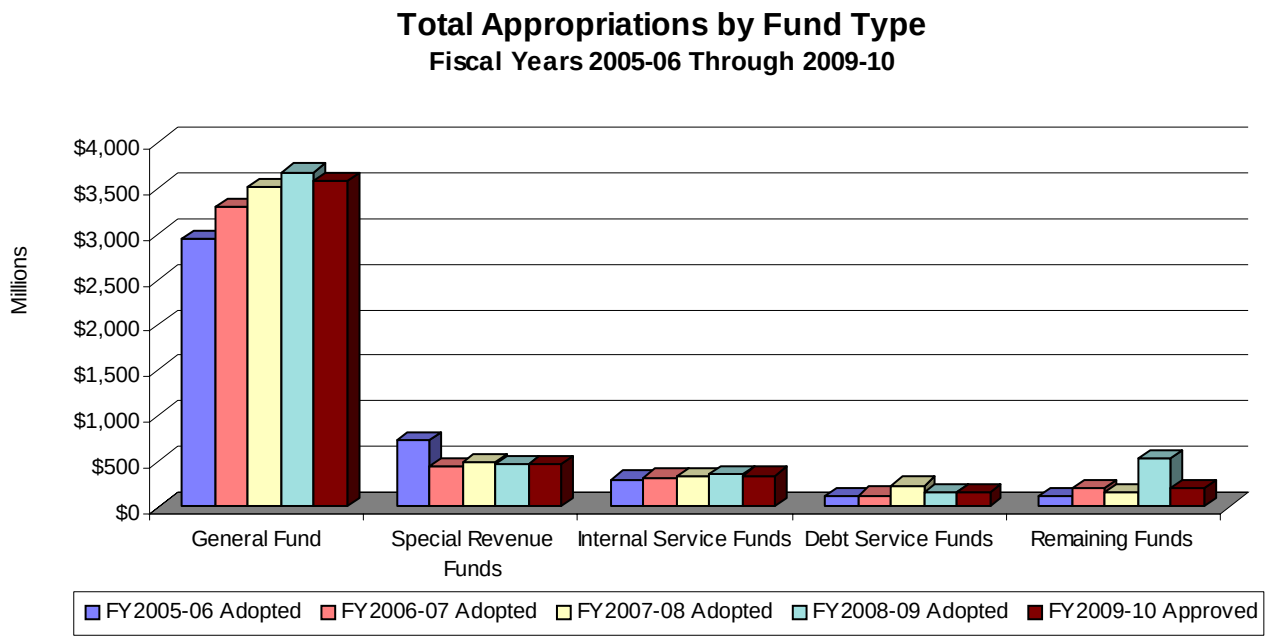
The financial transactions of the County are recorded in individual funds and account groups. The State Controller prescribes uniform accounting practices for California counties. Various revenue sources are controlled and spent for purposes that require those funds to be accounted for separately. Accordingly, the following funds/fund types provide the basic structure for the Operational Plan. Appendix B: Budget Summary and Changes in Fund Balance provides expenditure amounts for County Funds by Type of Fund and by Group/Agency. (See also "Measurement Focus and Basis of Accounting" on page 76.)



Governmental Fund Types

General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund is the County's primary operating fund.

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (other than for major capital projects). Examples include Road, Library, Asset Forfeiture, and Proposition 172 Special Revenue funds.



Total Appropriations by Fund Type (in millions)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
General Fund	$ 2,943.9	$ 3,289.5	$ 3,520.9	$ 3,679.5	$ 3,575.8
Special Revenue Funds	720.8	443.4	491.8	464.9	464.1
Internal Service Funds	302.6	319.6	333.5	353.9	344.1
Debt Service Funds	110.5	125.6	234.5	152.3	150.7
Capital Project Funds	7.0	102.4	34.1	406.2	87.2
Enterprise Funds	20.7	17.8	29.4	30.3	17.8
Special Districts & Redevelopment Funds	81.3	76.6	87.5	101.1	102.4
Total	$ 4,186.9	$ 4,374.8	$ 4,731.7	$ 5,188.1	$ 4,742.1

Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Debt Service Funds account for the accumulation of resources for, and the payment of, principal and interest on general long-term debt. The Debt Service Funds include bond principal and interest payments and administrative

expenses for Pension Obligation Bonds. A discussion of long- and short-term financial obligations can be found on page 63.

Proprietary Fund Types

Internal Service Funds account for the financing of goods or services provided by one department to other departments of the County, or to other governmental units, on a cost-reimbursement basis. Examples include the Facilities Management, Fleet, Purchasing and Contracting, Employee Benefits, Public Liability, and Information Technology Internal Service Funds.

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. Enterprise funds are also used for any activity whose principal external revenue sources meet any of the following criteria:

- Issued debt is backed solely by fees and charges,
- Cost of providing services must legally be recovered through fees and charges, and
- Government's policy is to establish fees or charges to recover cost of provided services.

Examples include the Airport and Sanitation District Funds.

Special Districts & Redevelopment Funds

Special Districts are separate legal entities that provide for specialized public improvements and services deemed to benefit properties and residents financed by specific taxes and assessments. The special districts were established to provide authorized services such as air pollution control, sanitation, flood control, road, park, lighting maintenance, fire protection or ambulance service to specific areas in the county.

Redevelopment Funds provide a method of eliminating slums and blighted areas, improving housing, expanding employment opportunities, and providing an environment for the social, economic and psychological growth, and well-being of all citizens of the county. They are used to count for the proceeds of redevelopment area incremental taxes, interest revenues and temporary loans. Redevelopment project expenditures, in accordance with California community redevelopment law, include redevelopment planning, design, improvement costs, professional services, and administrative costs.

Appropriations Limits

Spending limits for the County are governed by the 1979 passage of California Proposition 4, *Limitation of Government Appropriations* (Article XIII B of the California Constitution, commonly known as the Gann initiative or Gann Limit). Proposition 4 places an appropriations limit on most spending from tax proceeds.

The limit for each year is equal to the prior year's spending with upward adjustments allowed for changes in population and the cost of living. Most appropriations are subject to the limit. However, Proposition 4 and subsequently Proposition 99 (1988), *Tobacco Tax and Health Protection Act*, Proposition 10 (1998), *California Children and Families First Act*, and Proposition 111 (1990), *Traffic Congestion Relief and Spending Limitations Act*, exempt certain appropriations from the limit. These exemptions include capital outlay, debt service, local government subventions, new tobacco taxes, appropriations supported by increased gas taxes, and appropriations resulting from national disasters.

When the limit is exceeded, Proposition 4 requires the surplus to be returned to the taxpayers within two years. Appropriations in the two-year period can be averaged before becoming subject to the excess revenue provisions of the Gann Limit. As shown in the following table, the County continues to be far below the Gann Limit.

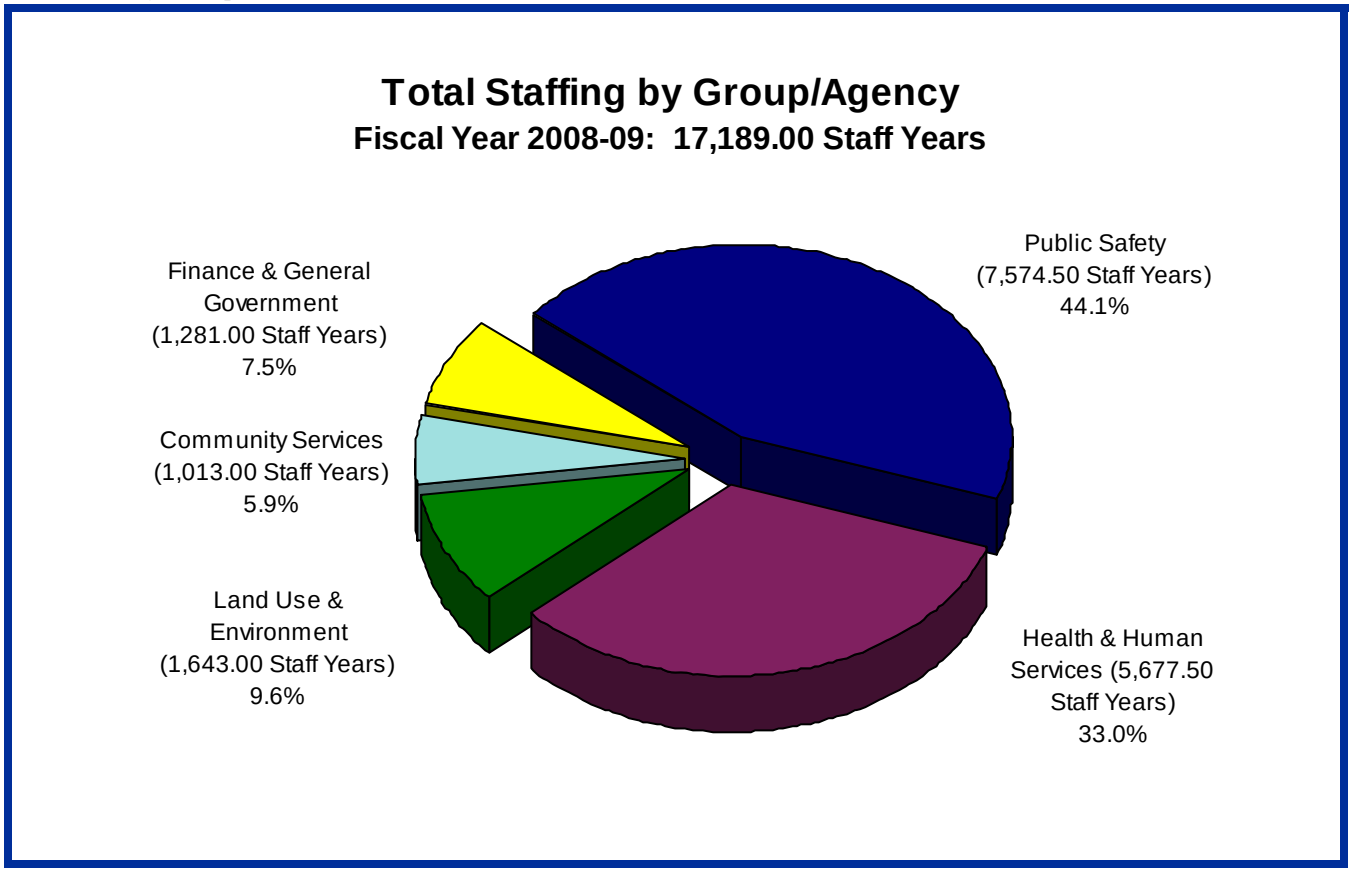
San Diego County Appropriation Limit (in millions)

	Fiscal Year 2002-03	Fiscal Year 2003-04	Fiscal Year 2004-05	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09
Gann Limit	$ 2,832	$ 2,949	$ 3,081	$ 3,300	$ 3,433	$ 3,619	$ 3,825
Appropriations subject to the limit	$ 597	$ 714	$ 717	$ 877	$ $1,002	$ 1,287	$ 1,340

All Funds: Total Staffing

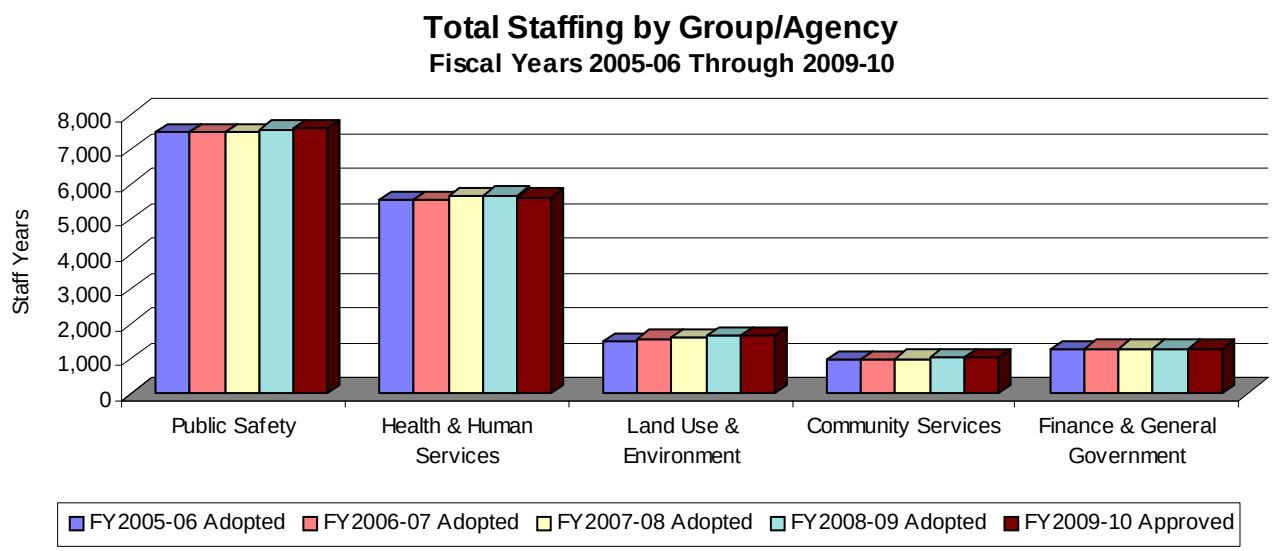
Total Staffing

Staff years[1] for Fiscal Year 2008-09 are 148.50 more than the Adopted Budget for Fiscal Year 2007-08, an increase of 0.9% to 17,189.00 staff years. A net decrease of 13.50 staff years is expected in Fiscal Year 2009-10. The staffing changes are summarized below by Group.



[1] One staff year equates to one permanent employee working full-time for one year.

The Public Safety Group (PSG) has a net increase of 99.00 staff years or 1.3%. Child Support Services decreases by 30.00 staff years to align staffing with available revenues. Four other PSG departments have staff year increases. The District Attorney increases by 14.00 staff years to enhance and strengthen the dedicated effort of investigating and prosecuting workers' compensation insurance fraud crimes and to better enable the department to effectively and efficiently provide prosecutorial services in response to a 13% increase in total felony cases issued, a 17% increase in the number of trials, and a 14% increase in serious or violent felonies in the South Bay over the past five years.



Total Staffing by Group/ Agency (staff years)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
Public Safety	7,478.50	7,487.00	7,475.50	7,574.50	7,593.50
Health & Human Services	5,549.92	5,552.92	5,663.00	5,677.50	5,632.00
Land Use & Environment	1,497.00	1,559.00	1,612.00	1,643.00	1,643.00
Community Services	979.00	974.00	1,009.00	1,013.00	1,026.00
Finance & General Government	1,267.50	1,271.00	1,281.00	1,281.00	1,281.00
Total	16,771.92	16,843.92	17,040.50	17,189.00	17,175.50

The Sheriff increases by 17.00 staff years to implement tuberculosis screening at the San Diego Central Jail, to staff the recently opened 4S Ranch Substation, to modify the law enforcement contract with the city of Vista, and to address workload in the Court Services Unit and the Crime Lab. The Probation Department has a net increase of 97.00 staff years, which includes an increase of 47.00 staff years to meet requirements of Senate Bill 81, *Juvenile Justice Realignment Program*, and an increase of 52.00 staff years to maintain a safe environment for wards and staff in the juvenile detention facilities. These increases are offset by a decrease of 2.00 staff years due to a decrease in Proposition 69, DNA, Fingerprint, Unresolved Crime and Innocence Protection Act, data collection activities. The Medical Examiner adds 1.00 staff year to address a 14% increase in the annual number of cases. In Fiscal Year 2009-10, Probation increases staffing levels by 19.00 staff years in the juvenile detention facilities to maintain a safe environment for wards and staff.

The Health and Human Services Agency (HHSA) has an increase of 14.50 staff years or 0.3%. This includes 10.00 staff years in Medi-Cal eligibility to support new mandated Medi-Cal citizenship requirements, and 4.50 staff years due to County Medical Services program modifications.

The new Edgemoor Skilled Nursing Facility is scheduled to open in early 2009. Efficiencies in its operations are expected to yield significant staff savings. HHSA reflects a reduction of 45.50 staff years in Fiscal Year 2009-10 associated with these efficiencies. This change includes the reduction of 32.50 staff years and the transfer of 13.00 facilities maintenance positions from HHSA to the Community Services Group, Department of General Services.

The Land Use and Environment Group (LUEG) has an increase of 31.00 staff years or 1.9%. Agriculture, Weights and Measures increases by 6.00 staff years - 5.00 staff years for the Pierce's Disease Control Program State contract to protect the grape industry from the Glassy-winged Sharpshooter, the insect that transmits Pierce's Disease, and 1.00 staff year in the Standards Enforcement division to assist with point-of-sale scanner inspections. Environmental Health increases by 1.00 staff year to provide radiological health services and the investigation of incidents and accidents involving ionizing radiation. Planning and Land Use increases by 3.00 staff years to provide program support for the enhanced Fire Prevention Program. The Department of Public Works increases staffing by a net of 21.00 staff years; 20.00 of which are in the Road Fund to meet various operational needs. An increase of 2.00 staff years in the Airport Enterprise Fund will provide needed support for managing lease agreements and inspection and maintenance resulting from additional aviation and non-aviation development. An increase of 1.00 staff year in the Waste Water Enterprise Fund will provide support for the increased workload associated with two new sewer maintenance districts. As a result of restructuring the workload within the Inactive Waste Management fund, 2.00 staff years are being reduced.

The Community Services Group (CSG) increases staffing by a net of 4.00 staff years, an increase of 0.4%. The Department of General Services has a net increase of 1.00 staff year, which includes a decrease of 3.00 staff years resulting from a transfer of responsibility, offset by an increase of 4.00 staff years to support increased workload for capital and maintenance projects. Animal Services adds 2.00 staff years to enhance medical services to accelerate the diagnosis and treatment of shelter animals, to get animals healthy faster and to reduce wait times for adoptions. Due to decreased federal administrative funding, the Department of Housing and Community Development will decrease staff by 1.00 staff year. Finally, the Department of Purchasing and Contracting adds 2.00 staff years to support County procurement services. In Fiscal Year 2009-10, CSG increases facilities maintenance staff by 13.00 staff years to provide maintenance to the new Edgemoor Skilled Nursing Facility. These positions will be transferred from the Health and Human Services Agency.

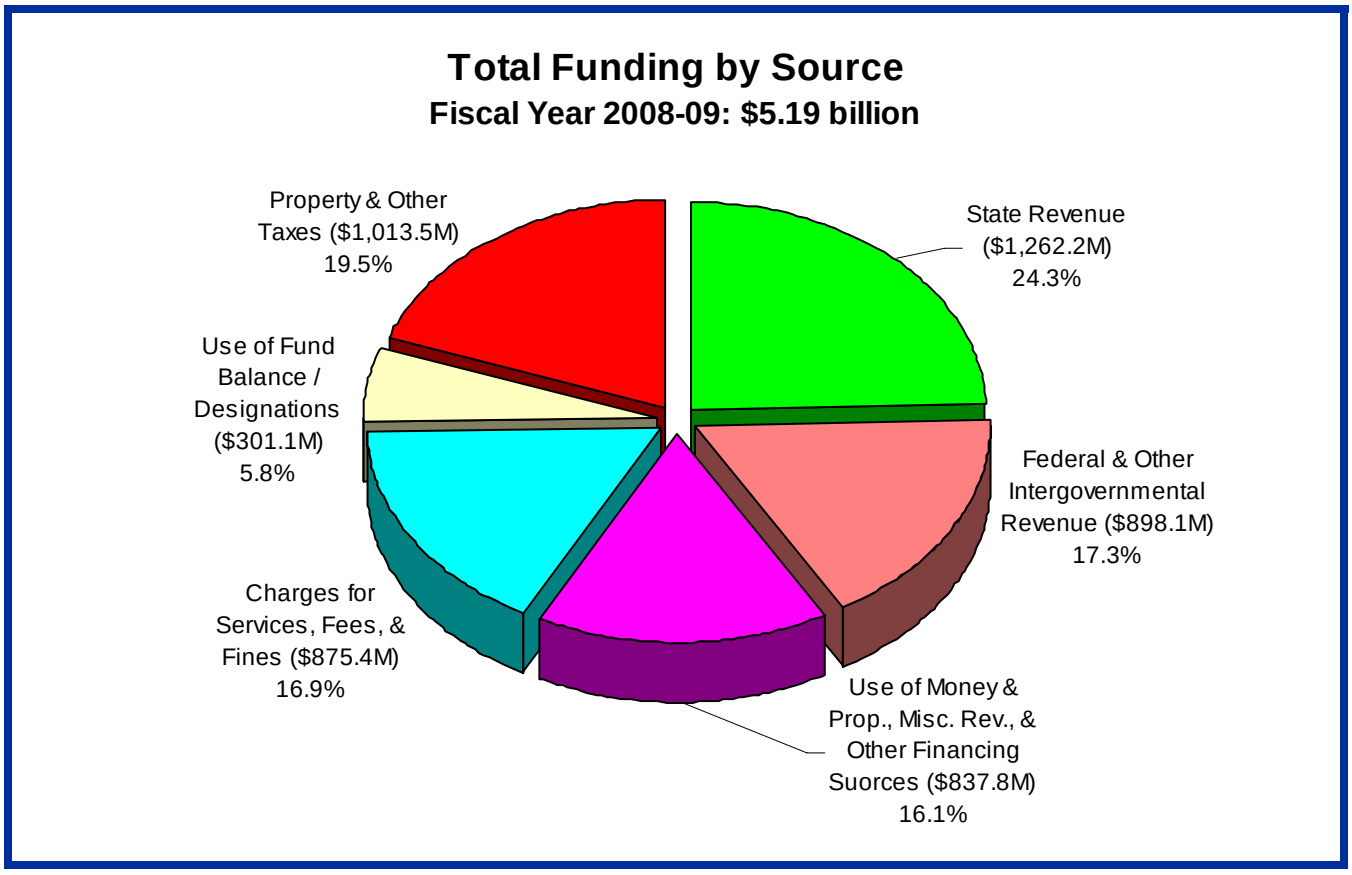
The Finance and General Government Group (FGG) has no staff year changes.

More detail on staff year changes can be found in each Group/Agency section of the Operational Plan that begins on page 91.

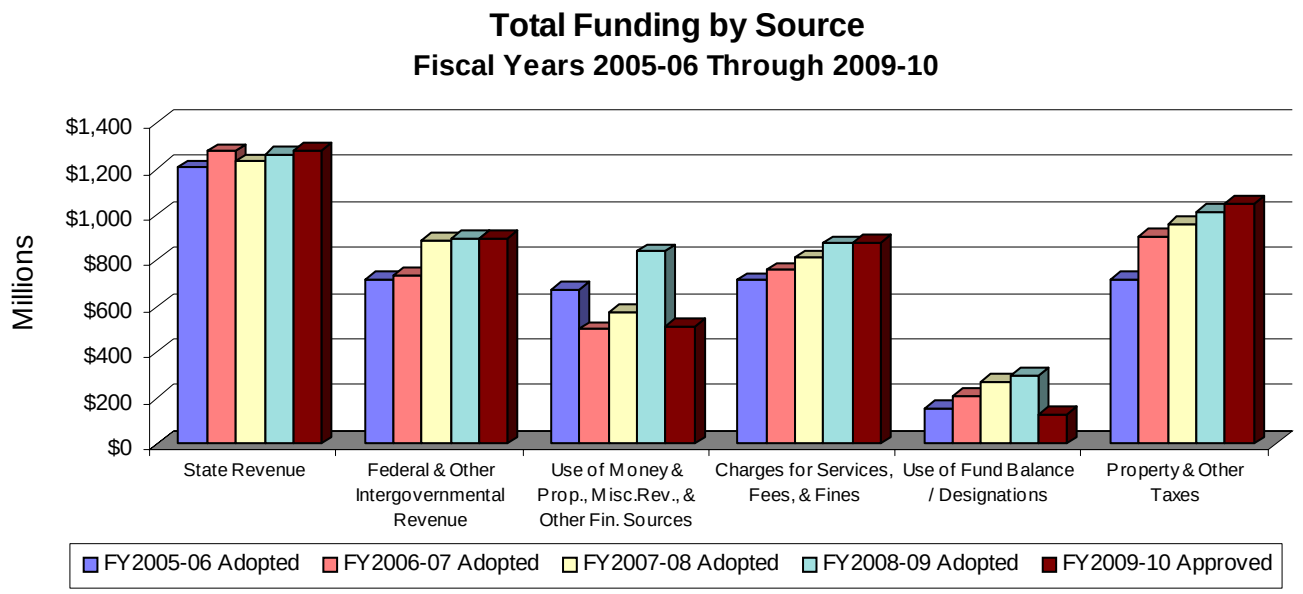
All Funds: Total Funding Sources

Total Funding by Source

Total resources available to support County services for Fiscal Year 2008-09 are expected to be $5.19 billion, an increase of $456.4 million or 9.6% from the Fiscal Year 2007-08 Adopted Budget. Total resources are anticipated to decrease by $446.0 million or 8.6% in Fiscal Year 2009-10. For Fiscal Year 2008-09, the combination of State Revenue ($1.3 billion), federal revenue ($816.2 million), and other intergovernmental revenue ($81.8 million) supplies 41.6% of the financing sources for the County's budget. Another 38.8% ($2.0 billion) comes from the combination of charges for current services, interfund operating transfers, fund balance, licenses, permits and franchises, reserve/designation decreases, and other miscellaneous sources.



Finally, locally generated, general purpose funding sources, including property tax, property tax in lieu of vehicle license fees, sales tax, real property transfer tax, transient occupancy tax, and miscellaneous other revenues, account for 19.5% ($1.0 billion) of the financing sources for the County's budget. An explanation of the various General Fund Financing Sources by Category and General Purpose Revenue by Source can be found on pages 45 and 51, respectively.



Total Funding by Source (in millions)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
State Revenue	$ 1,205.6	$ 1,275.4	$ 1,230.5	$ 1,262.2	$ 1,279.0
Federal Revenue	629.5	619.9	797.5	816.2	817.0
Other Intergovernmental Revenue	87.8	112.9	91.8	81.8	82.7
Use of Money & Property, Miscellaneous Revenue, and Other Financing Sources	675.5	498.9	572.0	837.8	509.6
Charges for Services, Fees, and Fines	714.6	757.8	811.7	875.4	881.2
Property & Other Taxes	717.6	903.0	957.5	1,013.5	1,046.3
Reserve/Designation Decreases	5.3	4.2	57.6	2.3	15.7
Use of Fund Balance	151.1	202.8	213.1	298.8	110.7
Total	$ 4,186.9	$ 4,374.8	$ 4,731.7	$ 5,188.1	$ 4,742.1

Overall Change

The $456.4 million increase in the Fiscal Year 2008-09 Adopted Budget is the net of increases in some funding sources and decreases in others. In the table above, State Revenue; Federal Revenue; Charges for Services, Fees, & Fines; Use of Money & Property, Miscellaneous Revenue, and Other Financing Sources; Property & Other Taxes; and Use of Fund Balance increase a combined $521.7 million. Reductions totaling $65.3 million are in the categories of Reserve/ Designation Decreases and Other Intergovernmental Revenue.

Change by Source

State Revenue increases by $31.7 million overall in Fiscal Year 2008-09. This is largely due to increases in the Health and Human Services Agency (HHSA) of $46.7 million and an adjustment in the Capital Program of $1.0 million, offset by decreases in the Public Safety Group (PSG) of approximately $5.7 million, Land Use and Environment Group (LUEG) of $9.7 million, and Community Services Group (CSG) of $0.6 million. The increase in Health and Human Services Agency includes additional funding in Behavioral Health Services associated with Mental Health Services Act programs, other mental health services, and an adjustment to Alcohol and Drug Services' Proposition 36, *Substance Abuse and Crime Prevention Act*, funding to its State allocation level. Funding is increasing for In-Home Supportive Services (IHSS) individual provider costs in Aging and Independence Services, and for Medi-Cal Administrative activities in Regional Operations. $1.0 million in Proposition 40, *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002*, funding was budgeted for the Otay Valley Regional Park Trail Improvement Project in Fiscal Year 2008-09. While an overall net increase in State Revenue is budgeted, some component categories are budgeted to decrease, namely in PSG as a result of significant slowing in Proposition 172, *Local Public Safety Protection and Improvement Act*, sales tax revenues; in LUEG, specifically in the Department of Public Works primarily related to the decrease in Proposition 1B, *Highway Safety, Traffic Reduction, Air Quality, and Port Security*, revenues for Asphalt Resurfacing contracts awarded in Fiscal Year 2007-08, but partially offset by Proposition 42, *Transportation Congestion Improvement Act*, transportation revenue increases; and a decrease in CSG in the Registrar of Voters due to net changes in grant and Senate Bill 90, *Tax Relief Act*, reimbursements, but partially offset by increases in State Revenue in Housing and Community Development.

Federal Revenue increases by 2.3% ($18.8 million) primarily in HHSA in Aging and Independence Services due to increases in IHSS individual provider costs. An increase in PSG in the Sheriff's Department is due to the rebudget of Homeland Security, Office of Traffic Safety, Project Safe Neighborhoods and Internet Crimes Against Children grants. A reclassification of grant revenue to federal revenue in the Department of Environmental Health in LUEG also contributes to the overall countywide increase. A reduction in CSG occurs in the Department of Housing and Community Development due to decreases in federal grant funding for multi-year projects.

Other Intergovernmental Revenue decreases by $10.0 million. This is due in part to a decrease in PSG in the Sheriff's Department for High Intensity Drug Trafficking Area (HIDTA) funding, which will be handled via a trust in Fiscal Year 2008-09, and to a decrease in Finance Other in the Pension Obligation Bond Fund due to a shift in the classification of non-County aid from other government agencies to charges for services.

Use of Money & Property, Miscellaneous Revenue, and Other Financing Sources

Revenue from Use of Money & Property increases by $3.3 million in Fiscal Year 2008-09. The increase in this category is largely in Public Works from interest on deposits and investments, equipment rental fees, and increases in equipment rental cost replacement. An increase in the Capital Program in the Edgemoor Development Fund in

rents and concessions is also budgeted. Further, a decrease in total interest on deposits and investments is projected for the County's discretionary General Purpose Revenue based on anticipated interest rate declines and a shift in interest crediting on balances in the Employee Benefits Internal Service Fund to that fund instead of to the General Fund. This decrease is mostly offset by an increase in interest earnings in the Employee Benefits Internal Service Fund.

Miscellaneous Revenues increase by $4.4 million. The increase in this category is primarily in Finance Other for the San Pasqual residences and administrative buildings replacement funded by third party recoveries, but partially offset by anticipated decreases in the Pension Obligation Bond (POB) fund related to the floating to fixed rate swap agreement that governs a portion of the 2002 POBs. An increase in the Capital Program for the Oakoasis Park Improvements Project based on insurance proceeds held in the Firestorm 2003 Trust Fund also contributes to the overall increase. A decrease in the Land Use and Environment Group Department of Public Works is due to a decrease in the contribution from the Environmental Trust Fund for Inactive Waste Site Management Operations and in the Department of Parks and Recreation related to the non-recurrence of one-time funding from insurance proceeds for Firestorm 2003 recovery projects.

Other Financing Sources increase by a net of $258.1 million. There is an overall increase in Operating Transfers from the General Fund for various Capital Projects and from proceeds from long-term debt related to the proposed County Operations Center (COC) and Annex Redevelopment project. See the Capital Program section and the Finance Other section on pages 487 and 553 respectively, for more information. This increase is offset by a reduction from Fiscal Year 2007-08 in one-time funding for the early pay off of the Public Income Notes (PINES) principal portion of the 2002 POBs. In addition, Proposition 172 revenues have experienced significant slowing; budgeted operating transfers from Proposition 172 are reduced by $20.5 million in Fiscal Year 2008-09.

Charges for Services, Fees, and Fines

Charges for Current Services increase by $63.5 million. Some of the increases across the County are in General Services for increased cost reimbursement associated with contracted services, fuel, parts, and major maintenance projects; in the Registrar of Voters due to the greater number of billable jurisdictions that participate in the General Election as compared to the Primary election; in the Sheriff's Department for increased levels and costs of contracted law enforcement services; in the Information Technology Internal Service Fund due to increased charges to departments for anticipated one-time information technology initiatives including the Enterprise Resource Planning Application Upgrade, the Enterprise Data warehouse, and the Business Case Management System; and in Finance Other in the Pension Obligation Bond Fund due to additional charges to departments related to the early pay down of POB principal and in the Public Liability Fund because of an increased share of the Public Liability costs being charged out to departments in Fiscal Year 2008-09.

Licenses, Permits, & Franchises increase by $1.0 million. A portion of the increase in the Sheriff's Department is due to an amendment to the San Diego County Code of Regulatory Ordinances that increased licenses and fees effective January 2008. An increase in Media and Public Relations is due to changes in State law that requires a new method of calculating franchise license revenue, and the remainder is budgeted growth in franchise fees in the General Purpose Revenue.

Fines, Forfeitures, & Penalties decrease by $0.8 million. The primary source of the decrease is in the Sheriff's Department due to the decreased amount of planned expenditures for the Cal-ID program and corresponding decrease in funding from the Cal-ID trust fund.

Property and Other Taxes increase by $56.0 million, primarily in the General Fund, as a result of moderate growth in assessed value. (See the section on General Purpose Revenue by Source on page 51 for more information on the changes in these funding sources.)

Finally, the Use of Fund Balance increases by $85.7 million due to normal fluctuations in one-time projects, and the use of Reserves/Designations decrease by $55.3 million compared to Fiscal Year 2007-08. The decrease in the use of Reserves/ Designations in the General Fund is directly related to the non-recurring, one-time technical adjustment in Fiscal Year 2007-08 to convert a $55.5 million fund balance designation to a general reserve as defined in Government Code §29085-29086, which allows the creation of a general reserve and restricts increasing or decreasing the amount to the time of budget adoption. See the individual Group/Agency sections of this Operational Plan beginning on page 91 for the breakdown of financing sources by department.

Risks to Funding Projections: State of California's Budget

On September 23, 2008, the Governor signed the Fiscal Year 2008-09 Budget for the State of California into law. As expected, reductions were made in several areas. Since the budget was passed, however, the turmoil in the financial markets and the resultant drag on the economy has dramatically impacted State revenues, with personal income and corporate tax receipts down approximately 10% in September from the State's 2008 May Revision for revenue forecast. The Governor has indicated that further reductions may be necessary, but at the time of this writing it is too soon to determine whether County services will be affected.

Impact on the County's Adopted Operational Plan

The County did not speculate on the outcome of the State's budget in preparing its own budget, but instead developed contingency plans for service areas being discussed for reduction. The primary areas of reduction in the State's 2008-09 Budget that affect services delivered by the County are in Health and Human Services and Public Safety. In addition, the State's 2008-09 Budget requires redevelopment agencies to make a collective one-time payment into the Educational Revenue Augmentation Fund (ERAF) of $350 million. While details of this payment are not known, the County believes the loss for the County's redevelopment agency to be approximately $270,000. The payments that the County receives from the various redevelopment agencies throughout the county, based on statute or agreement, may be also be negatively affected by this requirement depending upon the terms of the individual agreements. Funds received are used for public safety, library, and general government purposes. The estimated exposure is approximately $2.9 million.

In the area of Health and Human Services, program reductions will occur in CalWORKs administration, Alcohol and Drug Services, In-Home Supportive Services, miscellaneous Aging Services, Adult Protective Services, Food Stamp Administration, Mental Health Managed Care and miscellaneous Public Health services. In addition, a reduction in Medi-Cal reimbursement rates will affect revenues for patient services at the Edgemoor Skilled Nursing Facility. The Medi-Cal rate reduction was anticipated in the development of the budget for services at Edgemoor. In the other areas, the County will meet the funding reductions either through staff attrition that has already been occurring or in the case of Alcohol and Drug Services, through the scaling back of contracted services. The impact on client services will be potentially longer wait times or a limitation on the number of people who can be served. The estimated revenue loss is $10.0 million to $12.0 million.

In the area of Public Safety, reductions will occur in juvenile services, Substance Abuse Crime Prevention Act and the Substance Abuse Offender Treatment Program, Citizens Option for Public Safety and Juvenile Justice Crime Prevention Act programs, and various Criminal Justice grant

programs (victim and witness services, high technology theft, identity theft, vertical prosecution, spousal abuse prosecution and others). In addition, all funding under the Mentally Ill Offender Crime Reduction grant is eliminated and the amount the State will pay to the County to cover booking fees that were previously paid by arresting agencies has been reduced. Contracts under which the County provides services to the State for juvenile dependency representation and court security services are also expected to be scaled back. The County will meet the funding cuts through reductions in staff through attrition and scaling back of contracted services, which will impact services for at-risk juveniles, for juvenile offenders and for their families. Specialized services to mentally ill adult and juvenile offenders will be reduced. Fewer resources will be directed to specialized investigation and prosecution of crime. The estimated revenue loss is $7.0 million to $8.0 million.

Positive features in the State budget for the County include a $9.0 million reimbursement for the cost of the February 2008 Presidential Primary, and $4.4 million for local streets and roads projects from Proposition 1B, *Highway Safety, Traffic Reduction, Air Quality, and Port Security,* bond funds. The added road project funds will both address road needs and serve as an economic stimulus.

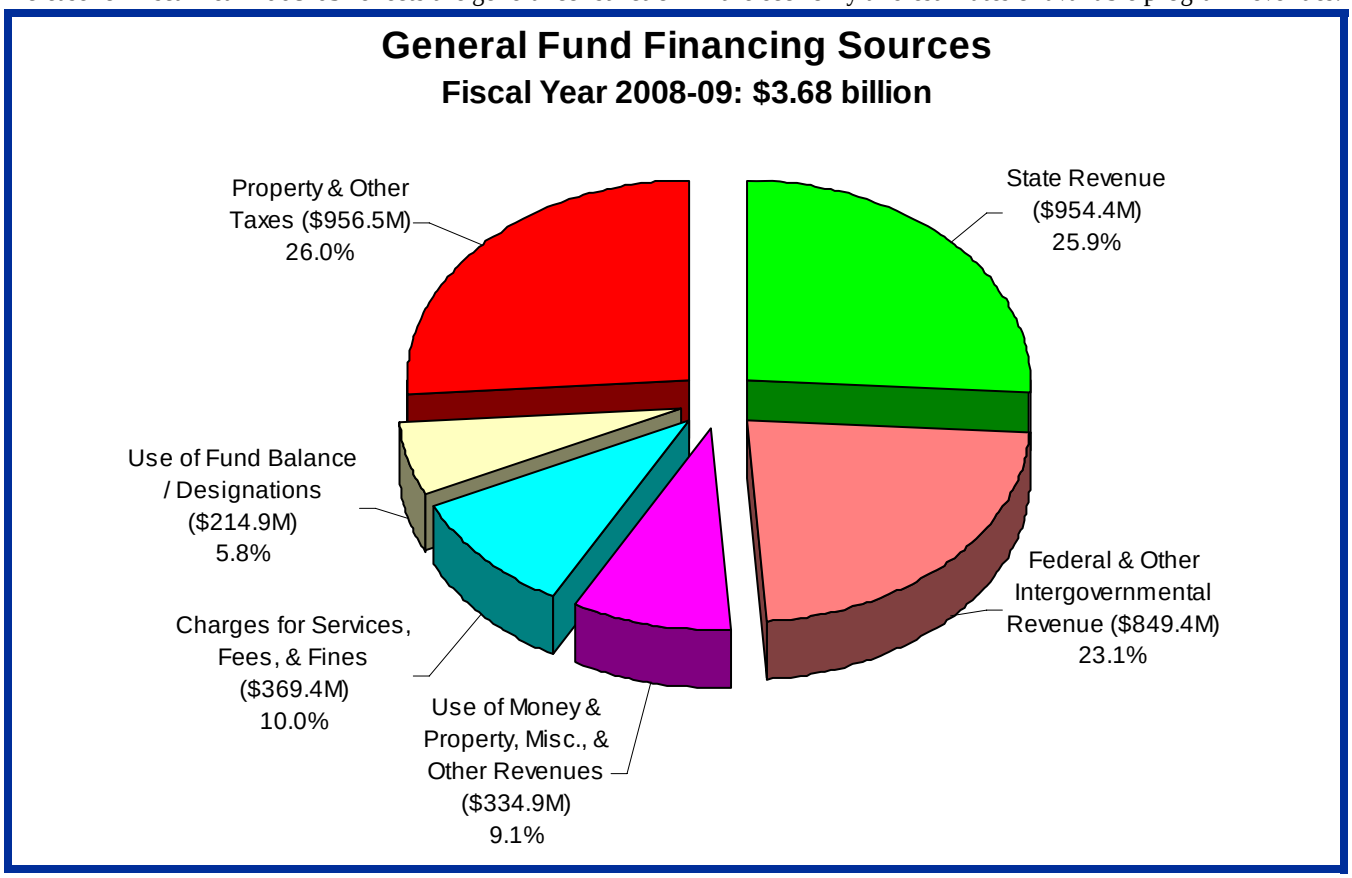
The County plans to make adjustments to its Fiscal Year 2008-09 Adopted Budget in December upon the first formal review by the Board of Supervisors of the condition of the County's Operational Plan.

Sources: State of California 2008-09 State Budget and California State Association of Counties Final Budget Summary

Summary of General Fund Financing Sources

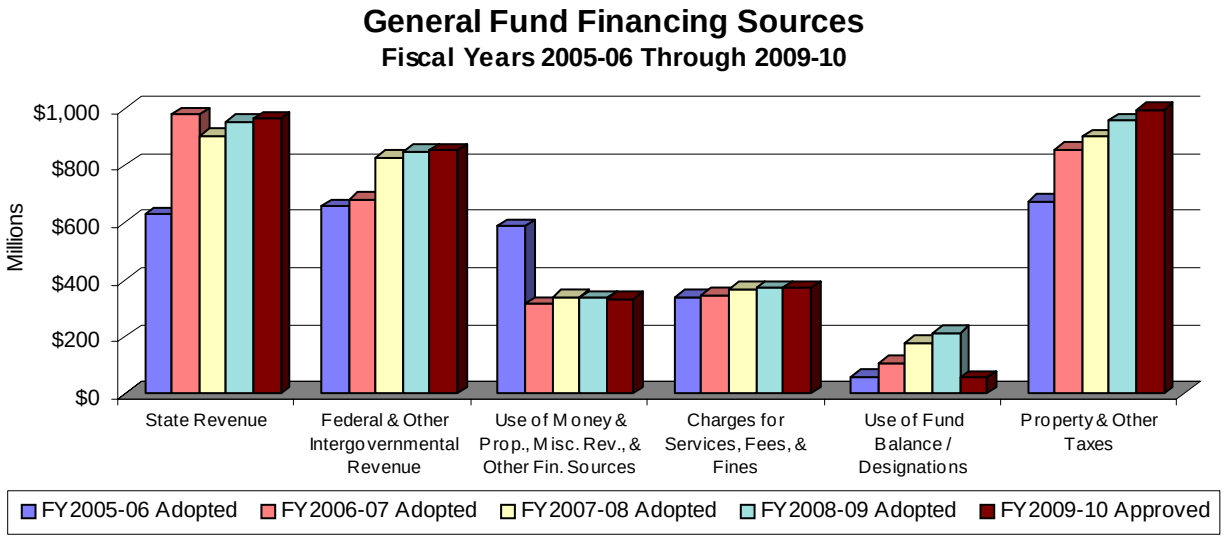
Summary of General Fund Financing Sources

The General Fund is the County's largest single and primary operating fund. It is used to account for all financial resources of the County except those required to be accounted for in other funds. In the Adopted Operational Plan, General Fund Financing Sources total $3.68 billion for Fiscal Year 2008-09, a $158.6 million or 4.5% increase from Fiscal Year 2007-08. They are expected to decrease by $103.7 million or 2.8% in Fiscal Year 2009-10. In comparison, the Fiscal Year 2007-08 budget was 7% above the prior year, while the previous five fiscal years saw an average annual growth rate of 5.5%. The 4.5% increase for Fiscal Year 2008-09 reflects the general constriction in the economy and estimates of available program revenues.



Further slowing is expected in Fiscal Year 2009-10. Program and general purpose revenues are expected to grow by a combined 1.6%, but a reduction in the planned use of fund balance in Fiscal Year 2009-10 results in an overall decrease in financing sources from Fiscal Year 2008-09.

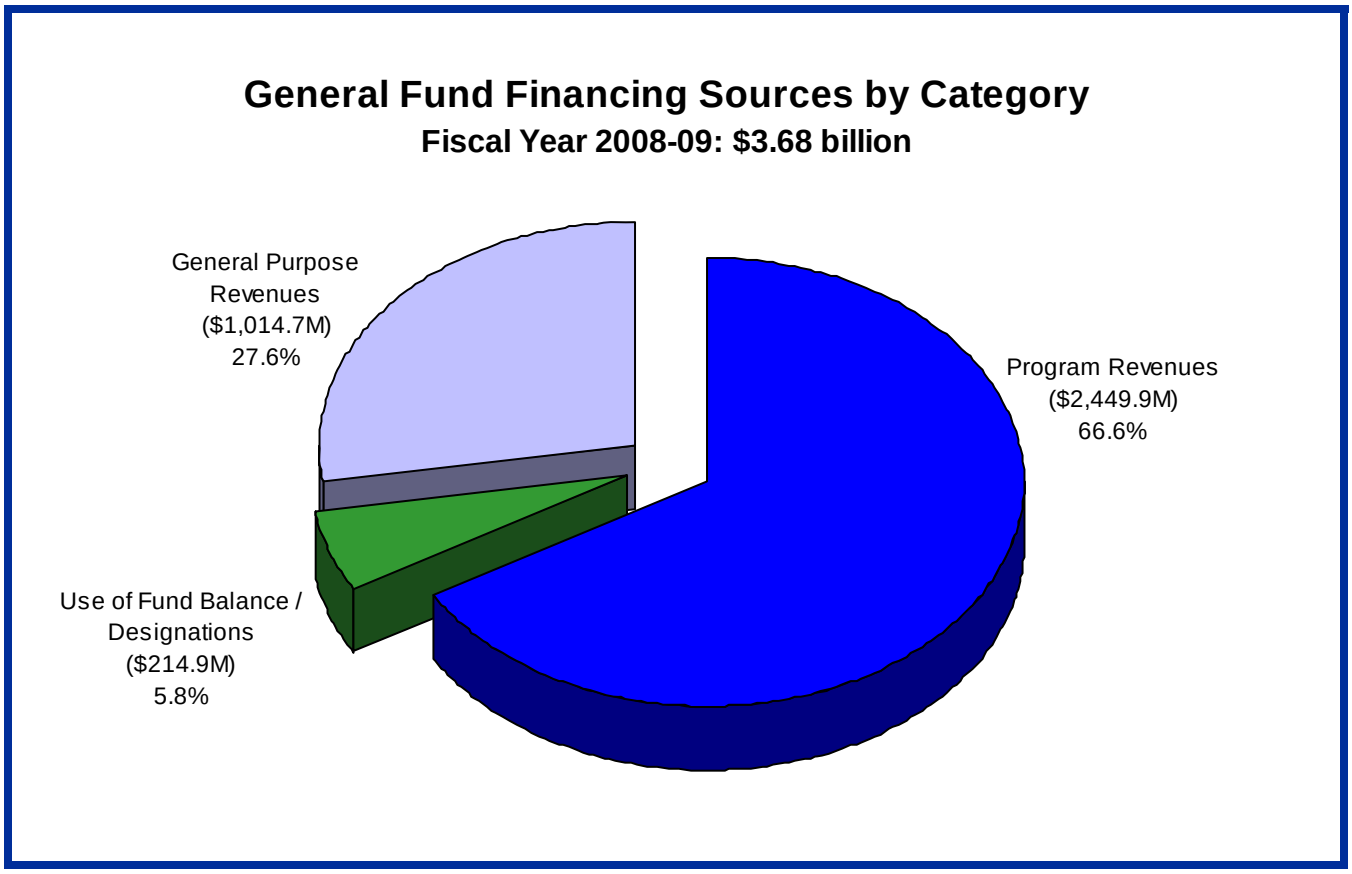
The pie chart above and the graph and table below show the same breakdown of financing sources by account group as shown in the preceding All Funds: Total Funding Sources section. Because the significant year-to-year changes in the General Fund were part of the discussion in the All Funds: Total Funding section, they will not be repeated here.



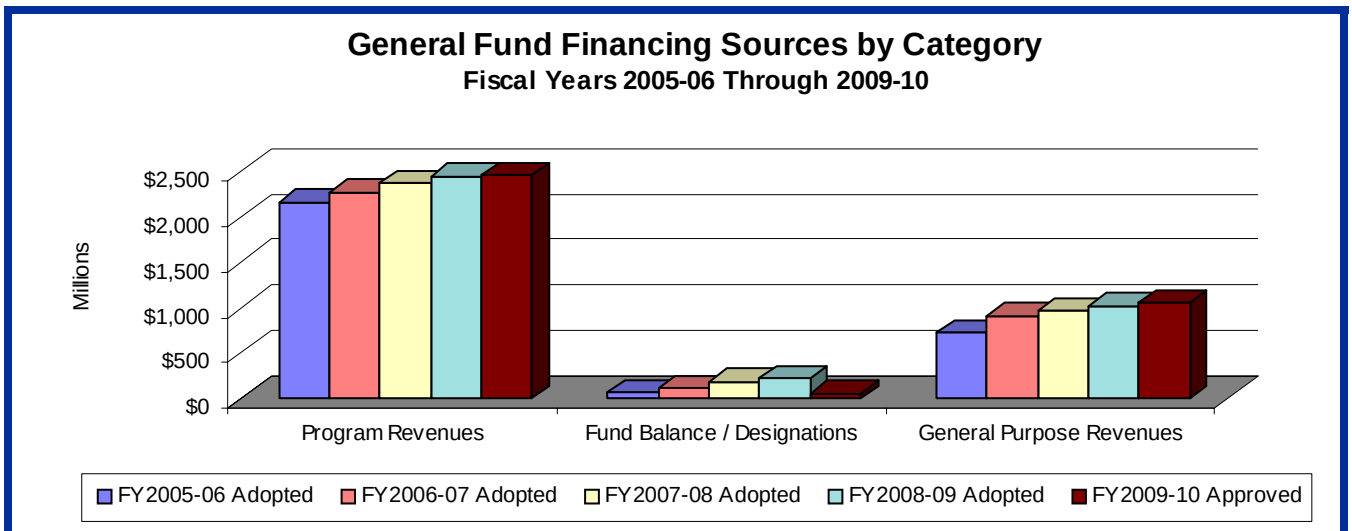
General Fund Financing Sources (in millions)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
State Revenue	$ 628.6	$ 979.6	$ 903.8	$ 954.4	$ 965.9
Federal & Other Intergovernmental Revenue	656.7	683.2	827.9	849.4	854.0
Use of Money & Property, Miscellaneous Revenue, and Other Financing Sources	586.5	315.8	340.5	334.9	333.0
Charges for Services, Fees, & Fines	338.4	345.6	366.2	369.4	371.1
Use of Fund Balance/Reserves	60.2	108.5	180.4	214.9	56.8
Property & Other Taxes	673.5	856.8	902.2	956.5	995.0
Total	$ 2,943.9	$ 3,289.5	$ 3,520.9	$ 3,679.5	$ 3,575.8

General Fund Financing Sources by Category

The preceding section displayed General Fund financing sources by account type. This section looks at General Fund financing sources according to how they are generated. From that perspective, they can be categorized as one of three funding types: Program Revenues, General Purpose Revenues, or Use of Fund Balance (including Reserve/Designation decreases).



Program Revenues, as the name implies, are dedicated to and can be used only for the specific programs with which they are associated. These revenues make up 66.6% of General Fund Financing Sources in Fiscal Year 2008-09, 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 3.1% over the Fiscal Year 2007-08 Adopted Budget compared to an average annual growth for the last five years of 3.7%. Health and Human Services Agency manages 67% of the program revenues; Public Safety Group manages 25%; and the balance is managed across the County's other service delivery groups. Following are some of the largest and most closely watched Program Revenues. Please see the



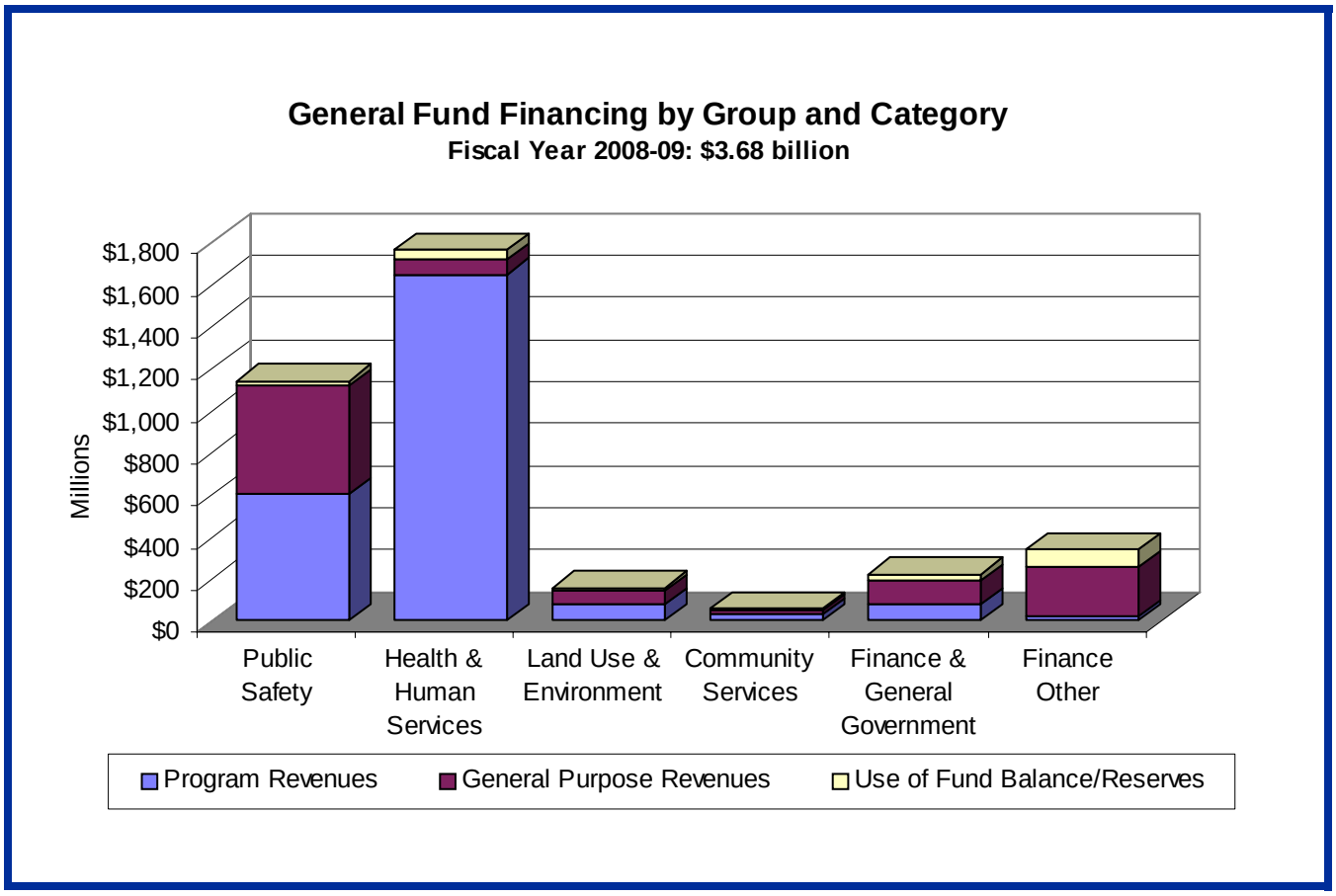
General Fund Financing Sources by Category (in millions)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
Program Revenues	$ 2,162.7	$ 2,274.7	$ 2,376.9	$ 2,449.9	$ 2,463.5
Use of Fund Balance / Designations	60.2	108.5	180.4	214.9	56.8
General Purpose Revenues	721.0	906.3	963.6	1,014.7	1,055.4
Total	$ 2,943.9	$ 3,289.5	$ 3,520.9	$ 3,679.5	$ 3,575.8

individual Group/Agency sections beginning on page 91 for more specific information on the various other program revenues.

- Health and Social Services Realignment Revenues ($315.0 million in Fiscal Year 2008-09 and $327.2 million in Fiscal Year 2009-10) are received from the State to support health, mental health, and social services programs. The term Realignment refers to the transfer in 1991 of responsibility from the State to counties for certain health, mental health, and social services programs, along with the provision of dedicated sales tax and vehicle license fee revenues to pay for these services. Between Fiscal Years 2002-03 and 2006-07, annual revenue growth averaged 5.3%. An increase of 2.4% was budgeted for Fiscal Year 2007-08; however, revenues were lower than budget in Fiscal Year 2007-08 by approximately $12.7 million because of the economic downturn. For Fiscal Year 2008-09, revenues are expected to be below the 2007-08 budgeted amount by 2.6% ($8.4 million). An increase of 3.9% is anticipated in Fiscal Year 2009-10.
- Proposition 172 - Public Safety Sales Tax Revenues ($235.9 million in Fiscal Year 2008-09 and $240.9 million in Fiscal Year 2009-10) support regionwide public safety services provided by three Public Safety

Group departments - the Sheriff, District Attorney, and Probation. The revenue source is a dedicated one-half cent of the statewide sales tax that was approved by the voters in 1993 and is distributed to counties and cities based on the relative levels of taxable sales in each county to the total taxable sales in all qualified counties. Between Fiscal Years 2002-03 and 2006-07, annual budgeted revenue growth averaged 7.1%. For Fiscal Year 2007-08, an increase of 4.8% was budgeted; however, revenues were significantly lower than budget in Fiscal Year 2007-08 due to the slowing in several sectors of the economy that have impacted retail sales. For Fiscal Year 2008-09, revenues are expected to decrease by 5.6% from the 2007-08 budget, followed by an increase of 2.1% in Fiscal Year 2009-10. As a result of this decrease, general purpose revenues are being substituted to maintain core services in these three departments. See also, the discussion of general purpose revenue allocations on page 56.

- Tobacco Settlement Revenues ($32.2 million in Fiscal Year 2008-09 and $24.2 million in Fiscal Year 2009-10) by Board of Supervisors policy are dedicated to healthcare-based programs. These revenues are the result of the historic Master Settlement Agreement in 1998 between the California Attorney General and several other states and the four major tobacco companies. The agreement provided more than $206 billion in Tobacco Settlement Payments over 25 years in exchange for the release of all past, present, and future claims related to the use of tobacco products. California agreed to distribute its share of the settlement to its counties based on population.
- To reduce the risk of non-receipt of the Tobacco Settlement Payments, some counties and states opted to securitize these payments. Securitization is a process whereby the owner of the receivable sells the right to that income stream to a third party in exchange for an up-front payment. The County of San Diego helped to pioneer this process and received $466 million in January 2002 in exchange for its Tobacco Settlement Payments. The net proceeds were placed in an endowment fund and are spent pursuant to the Board Policy. In May 2006, the County securitized additional anticipated receipts and added $123.5 million to the endowment fund. These proceeds will enable the County to fund approximately $27.5 million of health care programs annually through approximately 2034. The $32.2 million budgeted in Fiscal Year 2008-09 reflects $8.0 million in one-time, non-securitized Tobacco Settlement funds and $24.2 million in Securitized Tobacco funds. Another $3.3 million will be appropriated and retained in the Tobacco Securitization Special Revenue Fund as an unallocated reserve in Fiscal Year 2008-09. A request will be submitted to the Board if the additional resources are needed.



General Purpose Revenues (GPR) make up 27.6% of General Fund Financing Sources. Please see the separate discussion of General Purpose Revenues beginning on page 51.

Use of Fund Balance/Designations ($214.9 million in Fiscal Year 2008-09 and $56.8 million in Fiscal Year 2009-10), including reserve/designation decreases, represents 5.8% of General Fund Financing Sources in Fiscal Year 2008-09. Fund Balance is the result of careful management of resources Countywide in past years. It is both a resource that can be used for one-time expenses and one that serves as a cushion for unexpected events or requirements. By its nature, fund balance is not suitable for the support of ongoing operations. Board Policy B-71, *Fund Balance and Reserves*, provides for the Chief Administrative Officer to make recommendations regarding the use of fund balance and requires that an amount of fund balance equivalent to at least 10% of budgeted General Purpose Revenues be maintained as unreserved, undesignated and unappropriated. For Fiscal Year 2008-09, that amount is $101.5 million. The amount of fund balance used in this Adopted Operational Plan is consistent with that policy.

The following list details the various uses of fund balance in Fiscal Year 2008-09:

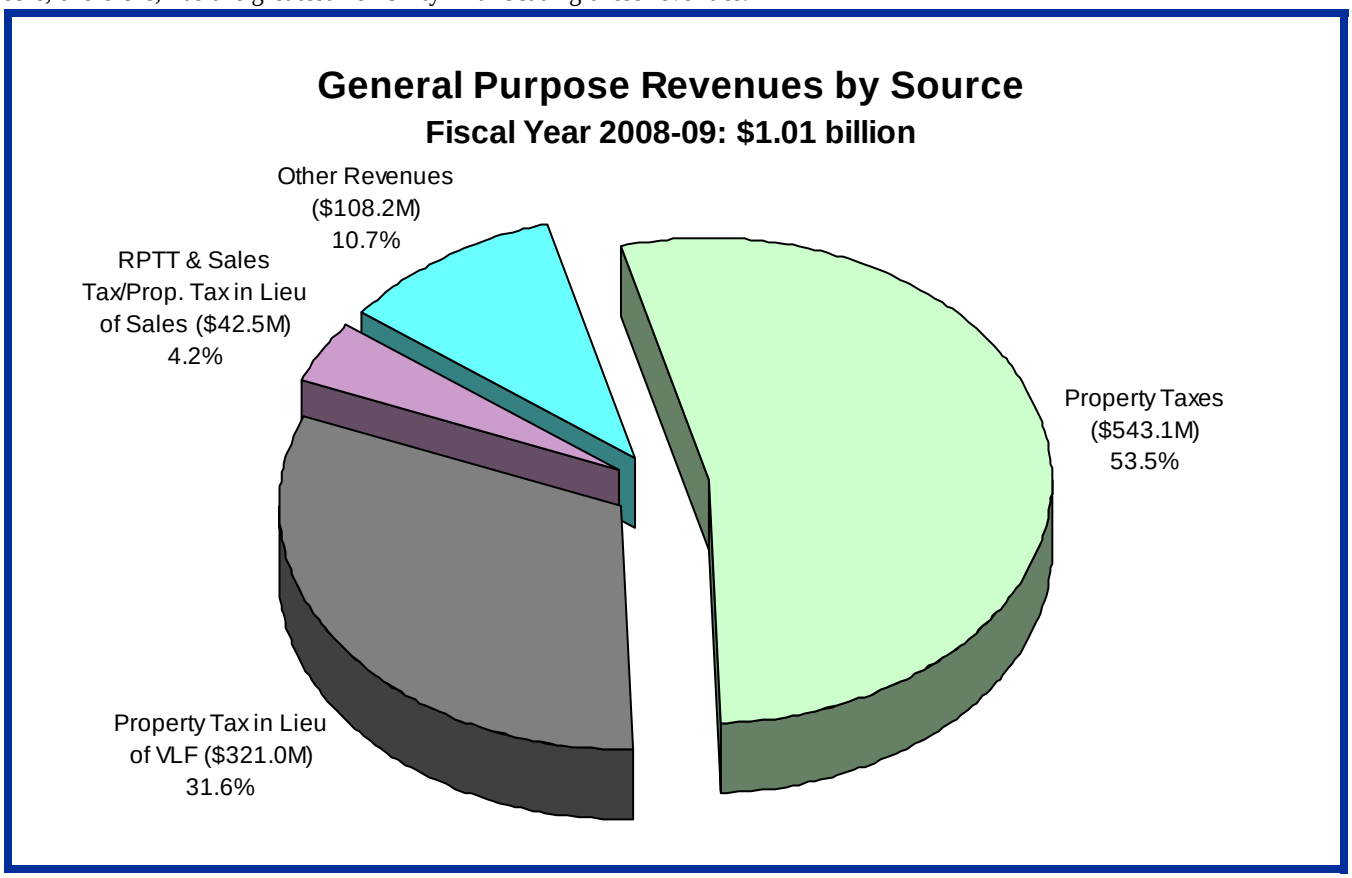
- Potential costs related to death penalty indigent defense cases,
- Potential retroactive costs associated with County Medical Services,
- One-time capital needs for the volunteer fire protection districts via the Fire Protection and Emergency Medical Services Grant Program,
- Equipment at the Lemon Grove Sheriff's Station,
- Funds for enhancing personnel recruitment efforts for the Sheriff's Department,
- Lease costs of two firefighting Bombardier CL-415 Superscoopers and related support aircraft costs,
- Business Process Reengineering projects,
- Furniture, fixtures and equipment and transition costs associated with the new Edgemoor Skilled Nursing Facility,
- Major maintenance projects,
- Emergency communication plan exercises,
- Purchase of two HIV mobile clinic vehicles,
- General Plan Update/Zoning Ordinance project costs,
- Environmental Impact Report to analyze a zoning ordinance amendment,
- Planning Environmental Review Board room upgrades,
- Fire prevention consultant contracts and Dead, Dying and Diseased Tree Removal program contract costs,
- Alpine Forest Conservation Initiative Lands Evaluation Plan funding,
- Consultant studies in support of the Multiple Species Conservation Program (MSCP),
- Automated permit system to serve customers of the departments of Planning and Land Use, Public Works and Environmental Health,
- Upgrade of the automated check-in system for customers at the Ruffin Road land use counters,
- Sweetwater Authority water supply permit amendments,
- Sweetwater River Park cleanup,
- Fund balance designations for the Registrar of Voters for low revenue election years and for replacement equipment,
- Purchase of minor equipment, such as telephone equipment, and 120 mobile computers for Facilities Management,
- Emergency generator for the Fleet maintenance shop facility,
- Animal Services Incident Command Vehicle,
- Board Letter business process reengineering costs,
- Asbestos abatement in the County Administration Center Recorder's Office,
- Various information technology projects, such as:
  - Document imaging projects,
  - Online data system for Health Care Policy Administration,
  - Upgrade to the public health lab computer system and the Visual Confidential Morbidity Reporting system,
  - Software upgrade for Project Care,
  - Software purchase to measure the effectiveness of contracted services,
  - I-Access security card entry system for County facilities,
  - Enhancements to the Documentum enterprise content management application and environment,
  - Animal Services business software,
  - Oracle database upgrades,
  - Clerk of the Board's Office initiative to digitize microfilm, and

- Chief Technology Office cross-functional help desk, Business Case Management System rollout and conversion to a new developer deposit solution.
- Master plans for Valle de Oro and Sweetwater Drainage projects,
- County matching funds for Woodside Avenue drainage project,
- Various capital projects, including:
  - MSCP land acquisition,
  - North Central Public Health Clinic replacement,
  - Lincoln Acres Library and Community Center building replacement,
  - Office space for departments currently housed at the County Operations Center (COC) or COC Annex that will not be part of the new COC campus, and
  - Sweetwater Regional Park Campground improvements.
- Expansion of the scope of the Cardiff Branch Library improvement project,
- Grants provided to community organizations, and
- Management reserves.

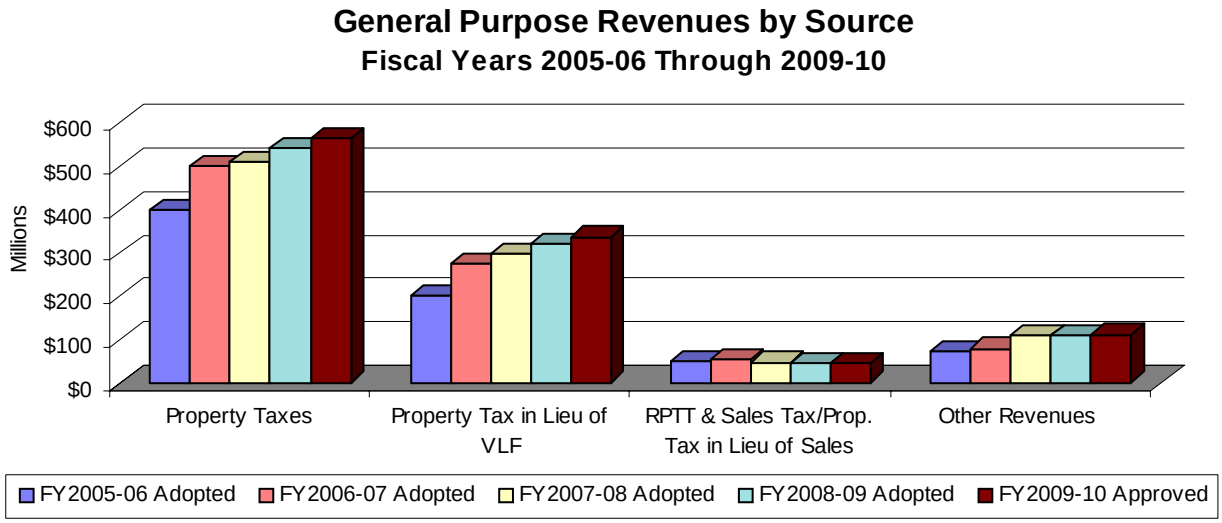
General Purpose Revenues

General Purpose Revenues by Source

General Purpose Revenues for Fiscal Years 2008-09 and 2009-10 are budgeted at $1.01 billion and $1.06 billion, respectively. As noted on page 45, they represent approximately 27.6% of General Fund Financing Sources. The revenues come from property taxes, property tax in lieu of vehicle license fees (VLF), sales tax, real property transfer tax (RPTT), and miscellaneous other sources. They may be used for any purpose that is a legal expenditure of County funds. The Board of Supervisors, therefore, has the greatest flexibility in allocating these revenues.



The growth in these revenues is principally affected by the local and State economies. In fact, over 85% of general purpose revenues is tied to activity in the real estate market. While the growth in General Purpose Revenues (GPR) averaged 6.2% annually from Fiscal Year 1999-00 through Fiscal Year 2005-06, the budgeted growth for Fiscal Year 2006-07 was 25.7% ($185.3 million) over the Fiscal Year 2005-06 Adopted Budget. This growth was due to unique circumstances related to the restoration of property tax that was shifted to schools under a two-year agreement with the State, a sizeable adjustment to the Property Tax in Lieu of Vehicle License Fees by the State of California, and strong growth in supplemental property taxes combined with a change in the distribution formula that shifted more



General Purpose Revenues by Source (in millions)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
Property Taxes	$ 400.5	$ 499.3	$ 511.4	$ 543.1	$ 563.9
Property Tax in Lieu of VLF	200.5	274.5	297.1	321.0	336.7
RPTT & Sales Tax/Prop. Tax in Lieu of Sales Tax	47.6	54.2	46.2	42.5	44.3
Other Revenues	72.5	78.4	108.9	108.2	110.5
Total	$ 721.0	$ 906.3	$ 963.6	$ 1,014.8	$ 1,055.4

supplemental taxes to the County as a result of the property tax in lieu of VLF legislation. Growth in Fiscal Year 2007-08 was budgeted at 6.3%, closer to the historic average. For Fiscal Year 2008-09, GPR growth is estimated to be 5.3% ($51.1 million). The projected growth rate for Fiscal Year 2009-10 is expected to decelerate further to 4.0% ($40.7 million). Details of these increases are discussed below.

Property Tax Revenue, ($543.1 million in Fiscal Year 2008-09 and $563.9 million in Fiscal Year 2009-10), including current secured, current supplemental, and current unsecured, at 53.5% of the total, is the most significant source of General Purpose Revenues. For Fiscal Year 2008-09, budgeted property tax revenue is $31.7 million or 6.2% higher than budgeted for Fiscal Year 2007-08. Property tax revenue growth of 3.8% or $20.9 million is projected for Fiscal Year 2009-10.

The modest increase in property tax revenue is based on the slowed demand for housing in the county as evidenced by the reduction in residential building permits, year over year decline in the median price of homes, a significant increase

in notices of default and foreclosure, and slowing in total deeds recorded. These factors are partially mitigated by relatively low interest rates and the area's population growth. The table below presents a summary of historical and projected property tax revenues to show the changes by category.

Current Secured property taxes ($511.8 million in Fiscal Year 2008-09 and $532.4 million in Fiscal Year 2009-10) are budgeted to increase by $37.2 million in Fiscal Year 2008-09 over the adopted level for Fiscal Year 2007-08. The Fiscal Year 2008-09 amount assumes a 6.0% increase in the local secured assessed value over the actual current secured assessed value growth for 2007-08, and factors in an allowance for tax increment allocations to redevelopment agencies and an allowance for delinquent property tax payments. Because the actual current secured assessed value growth for Fiscal Year 2007-08 exceeded the budgetary assumption (9.96% actual compared to the projected growth of 7.5%), the growth in secured property taxes on a budget to budget basis is 7.8%. Comparing Fiscal Year 2007-08 actual revenue to Fiscal Year 2008-09 budgeted revenue, the increase is 6.6%. Current real estate market conditions and the weakness in supplemental property taxes, as described below, indicate that further slowing of growth in these revenues.For Fiscal Year 2009-10, a 5% increase in local secured assessed value was assumed.

Current Supplemental property taxes ($15.1 million in Fiscal Year 2008-09 and $15.4 million in Fiscal Year 2009-10) are derived from net increases to the tax roll during the budget year and are, therefore, more difficult to predict. Supplemental property tax revenues were $29.5 million in Fiscal Year 2005-06. They dropped to $23.4 million in Fiscal Year 2006-07. The actual amount of these revenues in Fiscal Year 2007-08 was 32.7% less than budgeted ($14.0 million actual versus $20.8 million budgeted) as a result of weakness in assessed value growth from the slowing in the real estate market. The adopted budget assumes the overall weakness will continue through the next two fiscal years with budgeted figures remaining well below the higher amounts realized in 2005-06 and 2006-07. The Fiscal Year 2008-09 budgeted amount is approximately $1.1 million above the year-end actual amount for Fiscal Year 2007-08 followed by a slight increase of $0.4 million in Fiscal Year 2009-10.

Current Unsecured property taxes ($16.2 million in Fiscal Year 2008-09 and $16.1 million in Fiscal Year 2009-10) do not build on a prior year base. The roll is forecasted based on trends and available information at the time the budget is developed. Growth of 1.1% is budgeted for Fiscal Year 2008-09 over the Fiscal Year 2007-08 Adopted Budget, with a marginally more cautious projection for Fiscal Year 2009-10.

Property Tax Summary (in millions)

	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2006-07 Actuals	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2007-08 Actuals	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
Current Secured	$ 452.2	$ 444.9	$ 474.6	$ 480.1	$ 511.8	$ 532.4
Current Supplemental	31.7	23.4	20.8	14.0	15.1	15.4
Current Unsecured	15.3	16.4	16.0	16.6	16.2	16.1
Total	$ 499.3	$ 484.6	$ 511.4	$ 510.7	$ 543.1	$ 563.9

Property Tax in Lieu of Vehicle License Fees (VLF) comprises 31.6% ($321.0 million) of the budgeted General Purpose Revenues in Fiscal Year 2008-09 and 31.9% ($336.7 million) in Fiscal Year 2009-10. This revenue source replaced the previous distribution of vehicle license fees to local governments. In Fiscal Year 2004-05, the State established initial allocations from the VLF Property Tax Compensation Fund to cities and counties. Per the implementing legislation, revenue levels are now based on the growth in gross taxable unsecured and local secured assessed value, which is estimated to be 5.8% for Fiscal Year 2008-09. The Fiscal Year 2009-10 revenue growth is estimated using a 4.9% assessed value growth calculation.

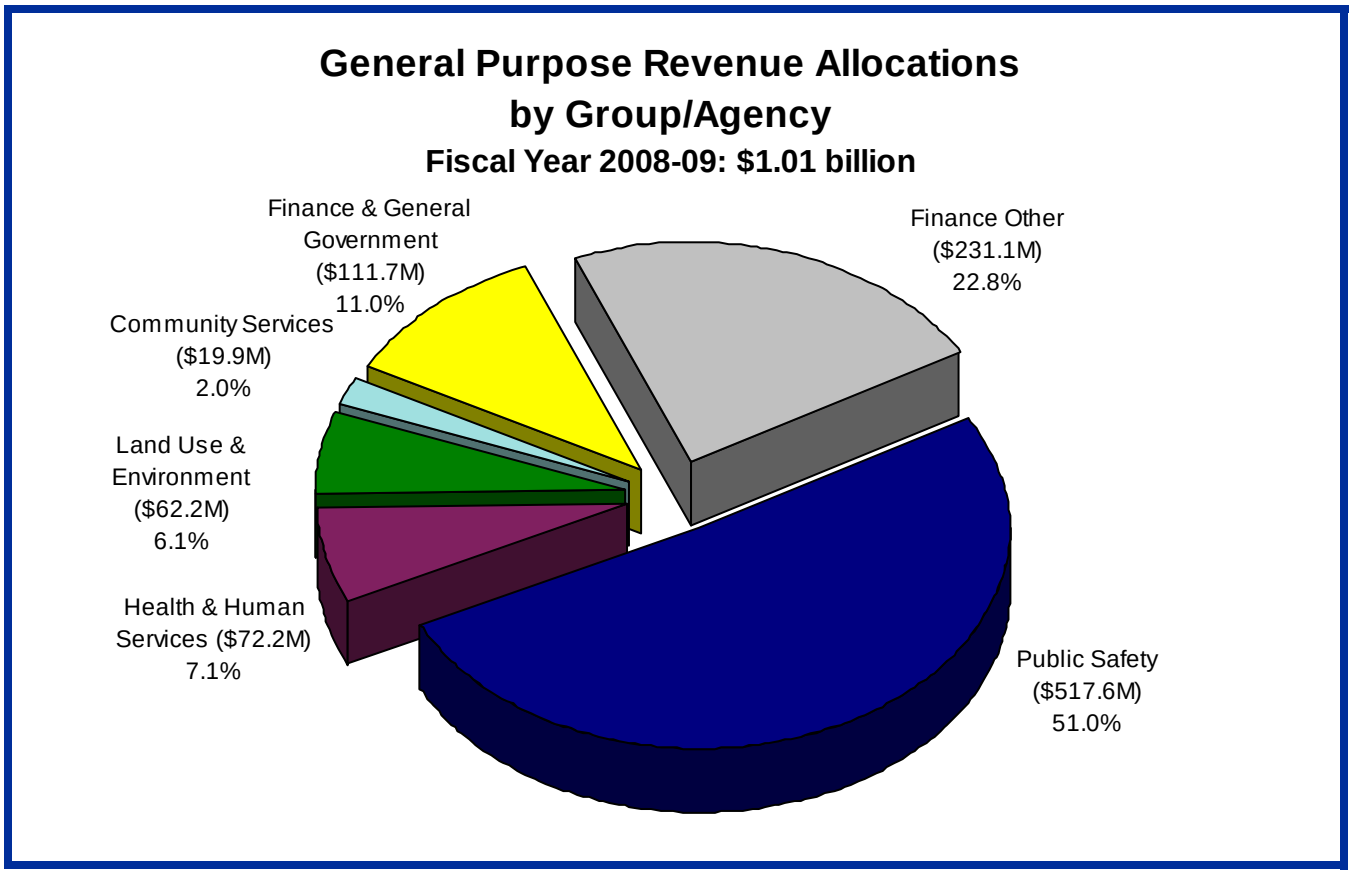
Sales & Use Tax Revenue ($24.8 million in Fiscal Year 2008-09 and $25.3 million in Fiscal Year 2009-10) represents about 2.4% of General Purpose Revenues and is derived from taxable sales by businesses located in unincorporated county areas. These amounts reflect both the Sales Tax revenues and the In Lieu Local Sales & Use Tax replacement funding that will be transferred from the Educational Revenue Augmentation Fund (ERAF). The In Lieu Local Sales & Use Tax is referred to as the "triple flip" and was effective July 1, 2004. Assembly Bill (AB) 7 XI, *California Fiscal Recovery Financing Act*, one of the 2003-04 State budget bills, enabled the State to redirect one-quarter cent of the local sales and use tax to the State to repay up to $15 billion in bonds authorized by Proposition 57 (2004), *Economic Recovery Bond Act*, to help the State refinance its past debt. In turn, the lost local sales tax revenues are replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF. Sales & Use Tax revenue has been growing moderately over the past few years in concert with population growth and new retail business formation in the unincorporated area. Currently, however, retail sales in the unincorporated area are following statewide flattening to marginally declining trends. Consequently, the amount budgeted for Fiscal Year 2008-09 is approximately $0.03 million (0.1%) above the Fiscal Year 2007-08 Adopted Budget. Sales Tax growth in Fiscal Year 2009-10 is anticipated to be $0.5 million (2.0%) over Fiscal Year 2008-09.

Real Property Transfer Tax (RPTT) Revenue for Fiscal Year 2008-09 is budgeted at $17.7 million, a 17.3% ($3.7 million) decrease from the Fiscal Year 2007-08 Adopted Budget, reflecting the slowing in the volume and value of real estate transactions. Revenues are projected to rebound by $1.3 million or 7.4% in Fiscal Year 2009-10 with an assumption that property re-sales will marginally improve compared to Fiscal Year 2008-09. The Real Property Transfer Tax is paid when any lands, tenements, or other realty exceeding $100 in value are sold and granted, assigned, transferred or conveyed to the purchaser. The tax rate, set by the State, is $1.10 per $1,000 of assessed valuation. The County realizes 100% of the revenues from transactions in the unincorporated area and 50% of the revenues from transactions in the incorporated areas.

Other Revenues for Fiscal Year 2008-09 total $108.2 million and increase to $110.5 million in Fiscal Year 2009-10. The Fiscal Year 2008-09 amount represents a 0.7% or $0.7 million decrease over the Fiscal Year 2007-08 Adopted Budget total. Various revenue sources make up this category including interest on deposits, fines, fees and forfeitures, redevelopment agency tax increment, prior year adjustments on property taxes, franchise revenue, payment from the city of San Diego in lieu of booking fees, and other miscellaneous revenues. The decrease in revenues is primarily due to anticipated lower interest earnings on deposits as a result of a decline in interest rates that is partially offset by growth in redevelopment agency tax increment.

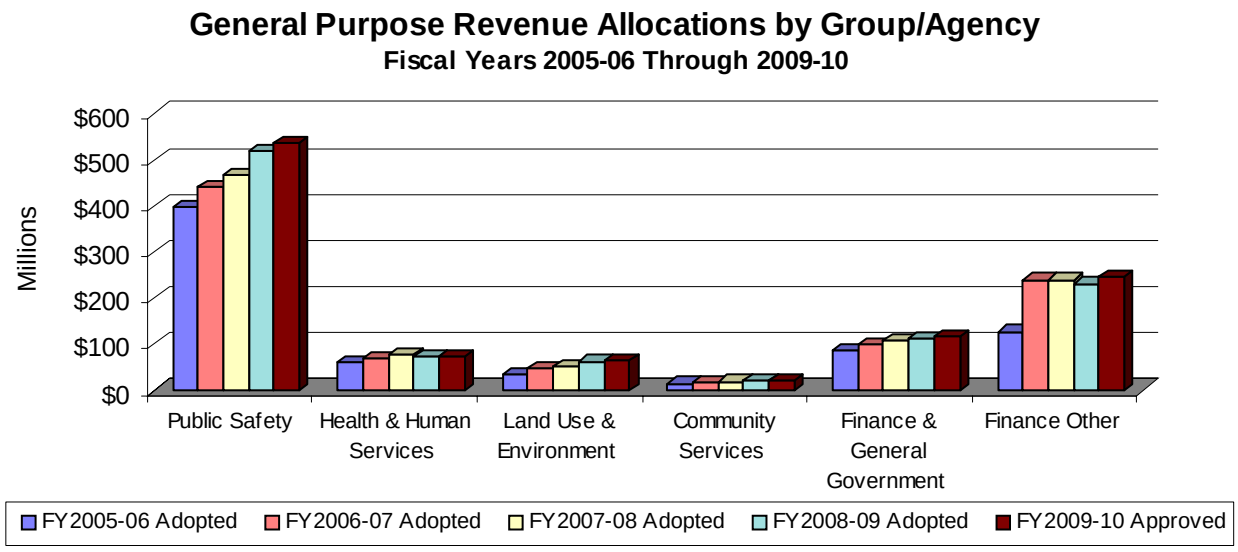
Allocation of General Purpose Revenues by Group

General Purpose Revenues (GPR) are allocated annually based on an analysis of available program revenues, federal/State service delivery obligations, and the priorities and strategic direction set by the Board of Supervisors. While the recommended Fiscal Year 2008-09 budget for the Public Safety Group represents 26.8% of total County expenditures, the allocation of General Purpose Revenues for services in that Group equals 51.0% of the total GPR. By contrast, the Health and Human Services Agency's budget represents 34.6% of total County expenditures but, because of significant amounts and funding from program revenues, requires only 7.1% of the total GPR.



As noted below, the General Purpose Revenues in Fiscal Year 2008-09 increased by $51.1 million over the Fiscal Year 2007-08 budgeted level and are anticipated to increase by an additional $40.7 million in Fiscal Year 2009-10.

Normally, increases in General Purpose Revenues are used to support structural cost increases (including negotiated wage and benefits for County staff) for existing local discretionary services and to provide new or expanded services. Because of the economic downturn, it has become



General Purpose Revenue Allocations by Group/Agency (in millions)	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
Public Safety	$ 398.5	$ 439.5	$ 467.2	$ 517.6	$ 536.9
Health & Human Services	60.1	68.0	77.4	72.2	72.2
Land Use & Environment	34.4	45.8	51.9	62.2	63.7
Community Services	14.4	15.8	19.5	19.9	20.3
Finance & General Government	86.8	98.5	107.6	111.7	116.5
Finance Other	126.7	238.9	240.1	231.1	245.8
Total	$ 721.0	$ 906.3	$ 963.6	$ 1,014.7	$ 1,055.4

necessary to use a portion of the limited growth in GPR in Fiscal Year 2008-09 to fund core services in Public Safety that would otherwise have been funded with Proposition 172, *Local Public Safety Protection and Improvement Act*, revenues. The only new or expanded services receiving funding include staffing in juvenile detention facilities, District Attorney prosecution services, tuberculosis screening in the jails, Multiple Species Conservation Program (MSCP) stewardship in Parks and Recreation, additional fire service contracts in the unincorporated areas of the county, and support for the unincorporated area's share of increased operational costs in the Department of Animal Services.

For Fiscal Year 2009-10, a total of $29.0 million out of the $40.7 million increase is allocated to the five operating groups for structural cost increases. The allocations shown

also assume that there will be an improvement in Proposition 172 revenues, which would leave a balance of $14.7 million allocated to Finance Other pending an updated needs analysis that will be done in the course of the development of the CAO Proposed Operational Plan for Fiscal Years 2009-10 and 2010-11. Further detail is provided in the Group/Agency and Department sections that begin on page 91. The above charts and table show the amount of General Purpose Revenues allocated to support each Group/ Agency for Fiscal Years 2008-09 and 2009-10 compared to the three prior fiscal years.

Capital Projects

Capital Projects

Each year, the County assesses the need for capital improvements in accordance with Board of Supervisors Policies G-16, *Capital Facilities and Space Planning*, and B-37, *Use of the Capital Program Funds.* These policies provide guidelines for the County's multi-year approach to capital projects. The projects identified in this process include the improvement to or acquisition of land and facilities. Infrastructure projects, such as roads, bridges, and sewer lines, are reviewed separately and budgeted in the applicable operating fund (e.g., Road Fund or sanitation district funds). The Fiscal Year 2008-09 capital projects budget for San Diego County is $403.0 million. The following chart shows the amount of the new projects by Capital Program fund as well as a summary by Group/Agency of the remaining balance of projects previously budgeted and still underway. Once appropriations are established for a capital project, they are carried forward until the project is completed.

Capital Appropriations

	Dollar Amount	Number of Projects
Appropriation Increases for New & Existing Capital Projects (Fiscal Year 2008–09)		
Capital Outlay Fund	$ 392,816,372	7
County Health Complex Fund	7,000,000	1
Library Projects Fund	3,200,000	1
Total - Appropriation Increases for New & Existing Capital Projects (Fiscal Year 2008-09)	$ 403,016,372	9
Projects Underway		
Public Safety Group	$ 83,652,523	12
Health & Human Services Agency	8,983,170	3
Land Use & Environment Group	73,027,858	100
Community Services Group	23,573,265	18
Finance & General Government Group	5,883,930	1
Total—Projects Underway	$ 195,120,746	134
Grand Total	$ 598,137,118	143

The Capital Program section of this Operational Plan on page 487 highlights major projects and includes a schedule of lease-purchase payments related to previously debt financed projects.

Reserves and Resources

Reserves and Resources

The County maintains a prudent level of reserves for various purposes. The tables below display the reserves and other available resources and fund balance designations as of July 1, 2007 and July 1, 2008.

County Reserves and Resources (in millions)

	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget
General Reserve	$ 55.5	$ 55.5
General Fund Contingency Reserve-Operations	20.0	20.3
Group/Agency Management Reserves	28.5	41.2
Debt Service Reserves	21.8	21.8
Environmental Trust Fund	65.4	60.9
Tobacco Securitization Endowment Fund	432.0	428.3
Workers' Compensation Fund	70.0	82.9
Public Liability Fund	26.3	26.6
Board Policy B-71 Fund Balance Reserve	96.3	101.5
Total County Reserves and Resources	$ 815.8	$ 839.0

Fund Balance Designations (General Fund only, in millions)

	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget
Designated - Sheriff Capital Project	$ 6.0	$ 4.0
Designated - Dept. of Voter Registration	0.0	3.6
Designated - Planning and Land Use	1.5	0.9
Designated - Environmental Health	6.5	6.2
Designated - HA Kearny Mesa Lease	0.6	0.4
Designated - Realignment	74.6	74.6
Designated - ROV Equipment Replacement	0.0	0.4
Total Fund Balance Designations	$ 89.2	$ 90.1

General Reserve — A reserve established to address unforeseen catastrophic situations. By law, except in cases of a legally declared emergency, the General Reserve may only be established, cancelled, increased or decreased at the time of adopting the budget. Board of Supervisors Policy B-71, *Fund Balance and Reserves*, sets a target amount for this reserve that equates to 5% of budgeted general purpose revenues. The County's General Reserve of $55.5 million equates to 5.5% of Fiscal Year 2008-09 general purpose revenues and, therefore, exceeds the 5% target.

General Fund Contingency Reserve — The amount appropriated for unforeseen operational uncertainties during the fiscal year. Board of Supervisors Policy B-71, *Fund Balance and Reserves*, sets a target amount for this reserve that equates to 2% of budgeted general purpose revenues. The amount budgeted for Fiscal Year 2008-09 complies with that policy.

Group/Agency Management Reserves — Appropriations established at the Group/Agency or department level to fund unanticipated items during the fiscal year or for a planned future year use.

Debt Service Reserves — The portion of bond proceeds for various County Certificates of Participation that are set aside to provide assurance to the certificate holder that funds are available should the County not be able to make a lease payment from currently budgeted resources.

Environmental Trust Fund — Proceeds from the sale of the County's Solid Waste System on August 12, 1997 were set aside in trust to fund inactive/closed site management for approximately 30 years.

Tobacco Securitization Endowment Fund — The County established the Tobacco Securitization Endowment Fund in January 2002. In lieu of receiving the Tobacco Settlement revenue on an annual basis, the County securitized the payment stream and deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund on a total securitization of $466.0 million. Based on certain assumptions of portfolio yield, these proceeds would have enabled the County to fund approximately $24.2 million of health care programs annually through approximately 2020. In May 2006, the original issuance was refunded through a second securitization and an additional $123.5 million was deposited into the fund. It is estimated that this will extend the life of the endowment fund from the year 2020 to 2034 and allow for $27.5 million in anticipated proceeds annually.

Workers' Compensation Fund — Established for Workers' Compensation Claims liability. An annual actuarial assessment is done to estimate the liability and to ensure that the County is maintaining sufficient reserves for current and future claims. As of July 1, 2008, the estimated liability is $86.8 million, which includes $19.9 million in expected costs for Fiscal Year 2008-09. The cash balance in the fund is $82.9 million as of July 1, 2008.

Public Liability Fund — Established to reflect contingent liabilities. An annual actuarial assessment is done to estimate the liability and to ensure that the County is maintaining sufficient reserves for current and future claims. As of July 1, 2008, the estimated liability is $19.4 million, which includes $9.6 million in expected costs for Fiscal Year 2008-09. The cash balance in the fund is $26.6 million as of July 1, 2008.

Board Policy B-71 Fund Balance Reserve — Board of Supervisors Policy B-71, *Fund Balance and Reserves*, sets a target amount that equates to 10% of general purpose revenues. The budgeted use of fund balance for Fiscal Year 2008-09 complies with that policy.

Fund Balance Designations (General Fund only) — The Board of Supervisors has determined from time to time that certain amounts of fund balance be designated for particular purposes. Balances can increase or decrease depending upon whether the funds are being accumulated for later use, are being used because of fluctuating workloads, or to make scheduled payments over a limited time. The current designations include the following:

- Designated-Sheriff Capital Project - Established in Fiscal Year 1999-2000, this designation is for future departmental capital expenditures.
- Designated-Dept. of Voter Registration - This designation was established in Fiscal Year 2003-04 to provide sustained funding for those election years with few billable participating jurisdictions.

- Designated-Planning and Land Use - The Building/ Code Enforcement designation is set aside to balance revenue to costs for work in progress in coming fiscal years. The designation ensures that excess revenue over cost paid by Department of Planning and Land Use customers is used only to fund expenses related to building permit activities.
- Designated-Environmental Health - In Fiscal Year 2003-04, the Department of Environmental Health (DEH) established this fund balance designation to set aside any excess revenue over cost each fiscal year for use in a subsequent fiscal year when costs exceed revenue. The designation ensures that excess revenue over cost paid by DEH customers is used only to fund expenses in DEH.
- Designated-HA Kearny Mesa Lease - This designation was established in Fiscal Year 2005-06 to pay the remaining annual lease payments for the Housing Authority office building located in the Kearny Mesa area of San Diego. These payments will be made from the General Fund from Fiscal Year 2006-07 through Fiscal Year 2012-13.
- Designated-Realignment - This designation was established in Fiscal Year 2005-06 to provide a funding source for future years when fluctuations in ongoing realignment revenues may result in inadequate resources to fund the realigned Health, Mental Health and Social Services programs.
- Designated-ROV Equipment Replacement - This designation will be established in Fiscal Year 2008-09 to set aside funding for replacement of election equipment based on revenue received for that purpose from participating jurisdictions in November 2006. These monies will not be used until a new long-term voting system has been selected.

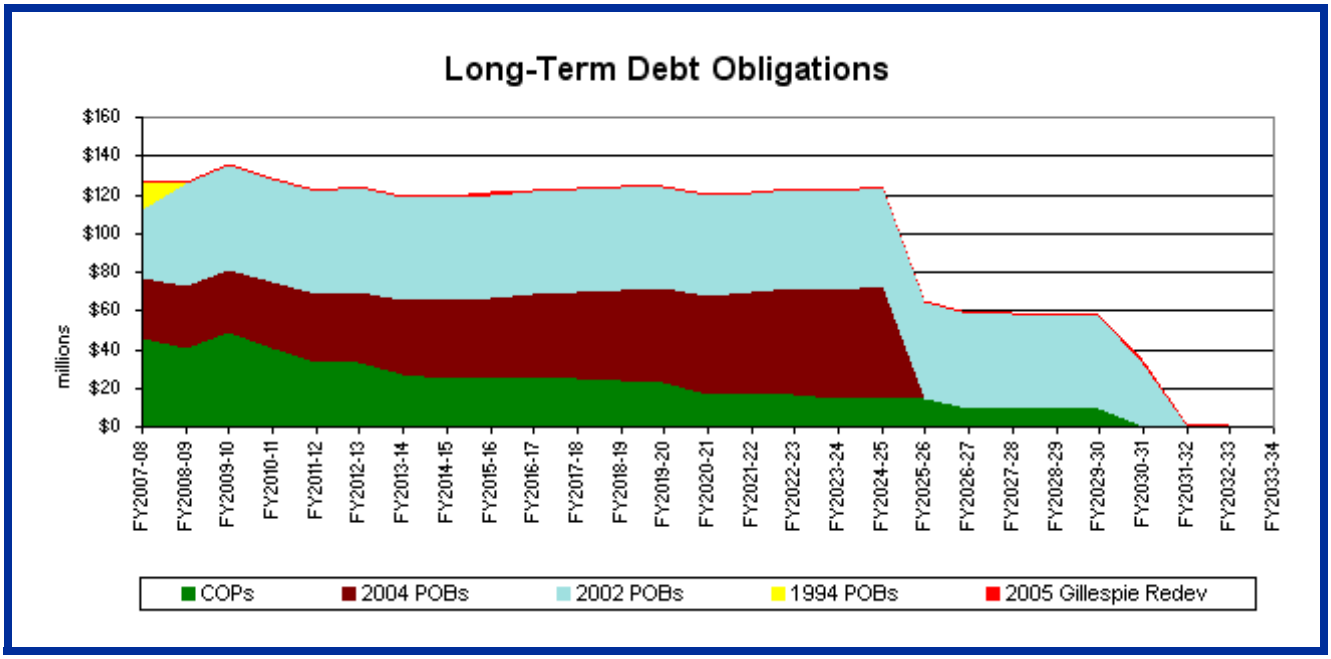
Long- and Short-Term Financial Obligations

Long-Term Obligations

The County has no outstanding General Obligation Bonds. The County's outstanding long-term principal bonded debt as of June 30, 2008 is:

Outstanding Principal Bonded Debt (in millions)

	As of June 30, 2008	Projected as of June 30, 2009
Certificates of Participation	$ 357.6	$ 327.2
Pension Obligation Bonds	1,068.2	1,006.0
Redevelopment Agency Bonds	15.3	15.0
Total	$ 1,441.2	$ 1,348.2



The chart above shows the County's scheduled long-term obligation payments through Fiscal Year 2033-34, which include Certificates of Participation (COPs), taxable Pension Obligation Bonds (POBs), and Tax Allocation Bonds (TABs).

The following discussion explains the nature and purpose of each of these and other long-term financing instruments used by the County.

Certificates of Participation (COPs) were first used in 1955 with the financing of the El Cajon Administrative Building. Since then, the County has made use of various lease arrangements with certain financing entities such as joint powers authorities, the San Diego County Capital Asset Leasing Corporation, or similar nonprofit corporations. Under these arrangements, a capital asset is acquired or constructed with the proceeds from the issuance of COPs by the financing entity; the financing entity then leases the asset(s) to the County. At the end of the lease period, the title to the asset is conveyed to the County.

Taxable Pension Obligation Bonds (POBs) have been issued on three occasions by the County to reduce the unfunded actuarial accrued liability (UAAL) of the San Diego County Employees Retirement Association (SDCERA) on a lump sum basis rather than making actuarially determined amortized payments over a specified period of years. The size of the UAAL is determined annually by an actuary and can increase or decrease depending on changes in actuarial assumptions, earnings on the assets of the fund, and retiree benefits. POBs totaling $430.4 million were first issued by the County in February 1994.

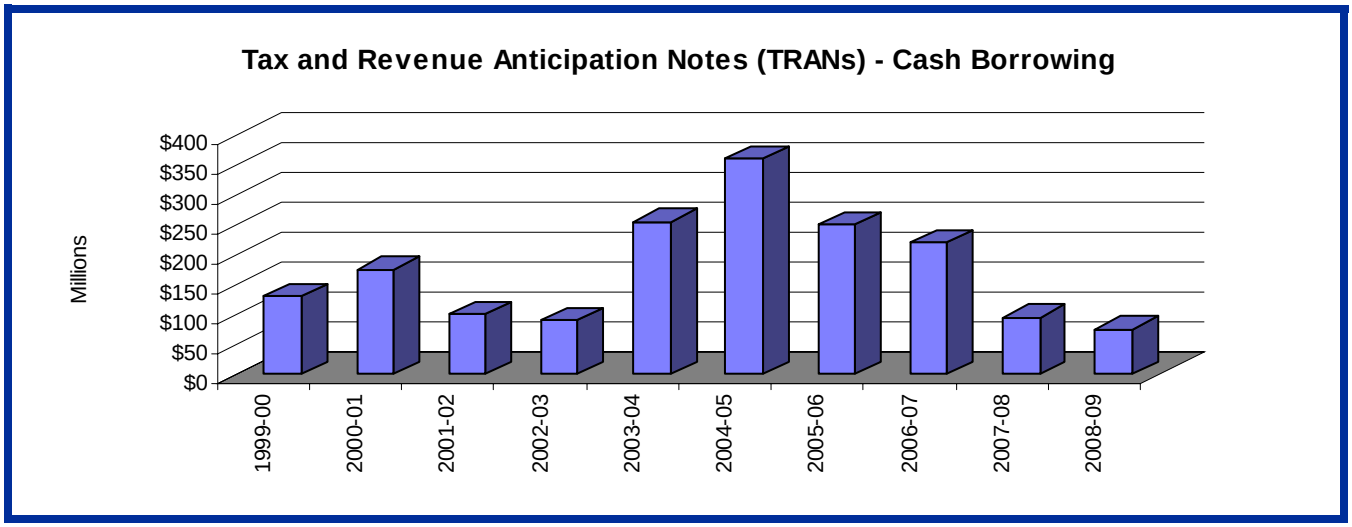
In June 2004, the County of San Diego issued a third series of taxable POBs in the amount of $454.1 million, of which $450.0 million went to SDCERA, thus reducing the UAAL. The remaining proceeds were used to pay for related costs of issuance. On September 27, 2004, the County of San Diego deposited approximately $63.5 million with BNY Western Trust Company (acting as trustee) to effect an economic defeasance of the remaining 1994 POBs. Such funds were invested in an Investment Agreement. On August 15, 2007, the final maturity date of the 1994 POBs, the POBs were paid in full and are no longer outstanding.

In August 2006, the County converted the Series 2004B Bonds in the amount of $147,825,000 from Auction Rate Securities to fixed rate interest bonds. By converting these bonds to a fixed interest rate, the County protected itself from rising short-term interest rates, secured an attractive long-term fixed interest rate, and created future variable rate capacity which may provide additional economic benefit in the event of fixed rates increasing in the future.

On August 15, 2007, the County prepaid $100 million and on February 15, 2008 an additional $20 million of the 2002 POBs. In aggregate, these two principal prepayments saved the County approximately $7.5 million in debt service payments on an annual basis. An additional principal prepayment on these bonds of $44.0 million is included in the budget for Fiscal Year 2008-09, which will result in debt service payment savings of $3.06 million annually.

Redevelopment Agency Tax Allocation Bonds (TABs) were issued on September 12, 1995 as limited obligations of the County of San Diego Redevelopment Agency (Agency) in the amount of $5.1 million. The Agency was formed on October 14, 1974 pursuant to Redevelopment Law. The 1995 bonds were issued for the Gillespie Field Redevelopment Project, which is one of the Agency's two redevelopment project areas. The proceeds were used by the Agency to finance the construction of public improvements at the Gillespie Field Airport. On December 22, 2005, the Agency issued $16 million in TABs to refund all of the Agency's outstanding 1995 bonds and to repay loans owed to the County's Airport Enterprise Fund. These loans were used by the Agency to finance redevelopment activities in the Gillespie Field Redevelopment Project Area. In connection with the 2005 bonds, the County pledged to

make limited payments to the Agency from the Airport Enterprise Fund. This pledge is a limited obligation of the County and is not secured by the County's General Fund.



Short-Term Obligations

During the course of the fiscal year, the County experiences temporary shortfalls in cash due to the timing of expenditures and receipt of revenues. To meet these cash flow needs, the County issues Tax and Revenue Anticipation Notes (TRANs). The chart above shows TRANs borrowing for the past 10 years. The County has borrowed $75.0 million through the TRANs program for Fiscal Year 2008-09.

Credit Rating and Long-Term Obligation Policy

Credit Rating and Long-Term Obligation Policy

The County of San Diego's credit ratings are as follows:

Credit Ratings

	Moody's Investor Service	Standard & Poor's	Fitch Ratings
Certificates of Participation	A1	AA+	AA
Pension Obligation Bonds	Aa3	AA+	AA
Issuer Credit Rating	Aa2	AAA	AA+
Investment Pool		AAAf/S1	

Credit Rating

The most recent long-term review by the three rating agencies was performed in September 2008 in relation to the County's anticipated financing related to the County Operations Center (COC) and COC Annex Redevelopment Project. Moody's Investor Service and Fitch Ratings affirmed the County's long-term issuer rating, lease financing ratings, and Pension Obligation Bond ratings. Standard & Poor's upgraded all three ratings of the County. According to Standard & Poor's credit research report issued in September 2008, "The raised ratings reflect the county's very strong financial management practices and policies, its continued strong reserve position, and demonstrated track record of meeting or exceeding forecasts. Owing to its very strong financial management practices, we believe the county's credit quality and rating are resilient to the recent trend of softer revenue performance related to the current and acute downturn in the regional residential real estate market."

The San Diego County Investment Pool continues to hold an AAAf/S1 rating from Standard & Poor's. The rating reflects the extremely strong protection the pool's portfolio investments provide against losses from credit defaults. The pool invests primarily in 'AAA' or 'A-1/P-1/ F-1' rated securities. The 'S1' volatility rating signifies that the pool possesses low sensitivity to changing market conditions given its low-risk profile and conservative investment policies.

Long-Term Obligation Policy

The foundation of any well-managed debt program is a comprehensive debt management policy. A debt management policy sets forth the parameters for issuing debt and managing the outstanding debt portfolio and provides guidance to decision makers. Adherence to a debt management policy helps to ensure that the County maintains a sound debt position and that credit quality is protected. The County Board of Supervisors adopted Board Policy B-65, *Long-Term Obligations Management*, on August 11, 1998. This policy, along with the rating agencies' analyses, has been the foundation for the County's debt program. Key points included in the policy are:

- All long-term obligations must be approved by the Board of Supervisors after approval by the Debt Advisory Committee. Accompanying each long-term financial obligation will be a cost benefit analysis, the identification of the funding source, an assessment of the ability to repay the obligation, the impact on the current budget, commitments to future budgets, maintenance and operational impact of the facility or asset and the impact on the County's credit rating;

- Long-term financial obligations will not be used to meet current operations;
- Variable rate exposure will not exceed 15% of the County's outstanding long-term obligations;
- The County shall comply with all ongoing disclosure requirements;
- The County shall monitor earnings on bond proceeds and rebate excess earnings as required to the U.S. Treasury to avoid the loss of tax exempt status; and
- The County shall continually review outstanding obligations and aggressively initiate refinancings when economically feasible and advantageous.

The County is also a conduit issuer on various financings, whereby the County issues tax-exempt long-term bonds on behalf of a qualifying entity. That entity is responsible for all costs in connection with the issuance and repayment of the financing. Debt issued under the conduit program is not considered to be a debt of the County.

The chart on the following page reflects the County's outstanding conduit issuances as of June 30, 2008.

Outstanding Conduit Issuances

	Final Maturity Dates	Original Principal Amount	Principal Amount Outstanding
Conduits			
1998 Sharp	2028	$ 112,020	$ 93,230
1998 San Diego Natural History Museum	2028	15,000	12,800
2000 San Diego Museum of Art	2030	6,000	5,700
2000 Salk Institute	2031	15,000	13,510
2001 University of San Diego	2041	36,870	30,495
2002 San Diego Imperial Counties	2027	10,750	7,500
2003 Chabad	2023	11,700	9,655
2003 San Diego Jewish Academy	2023	13,325	11,185
2004 Bishop School	2044	25,000	24,875
2004 Museum of Contemporary Art	2034	13,000	10,750
2005 Sidney Kimmel Cancer Center	2031	24,500	21,915
2005 Burnham Institute for Medical Research	2034	59,405	57,450
2006 San Diego Foundation	2036	13,500	13,500
2008 The Arc of San Diego	2038	13,250	13,250
Total Conduits		$ 369,320	$ 325,815
Housing			
1999 Laurel Village Apartments	2014	$ 1,670	$ 786
2001 Village West	2031	4,438	3,394
2002 Spring Valley	2020	3,250	2,984
Total Housing		$ 9,358	$ 7,165
Reassessment Bonds			
1997 4S Ranch Reassessment District Bonds	2012	$ 21,755	$ 8,900
Total Reassessment Bonds		$ 21,755	$ 8,900

Financing Authority and Bond Ratios

The following table lists the statutes authorizing the County of San Diego to enter into long- and short-term obligations and, if applicable, the legal authority on maximum bonded indebtedness. All long- and short-term obligations must conform to State and local laws and regulations. The basic constitutional authority for State and local entities to enter into long- and short-term obligations is in the Tenth Amendment to the U.S. Constitution. To incur long- or short-term obligations within the State of California, a political subdivision must have either express or implied statutory authority.

Issuance Authority

ISSUER	LEGAL AUTHORITY
County of San Diego	General: Government Code Section 29900 et. seq.
	Maximum Indebtedness: Government Code Section 29909
	Short-Term TRANs: Government Code Section 53850 et. seq; Commercial Paper & Teeter Revenue: Government Code Sections 54773-54783 and Revenue & Taxation Code Section 4701et. seq.
	Pension Obligation Bonds: Government Code Section 53506 et. seq.
Joint Powers Authority	Government Code Section 6500 et. seq.
Redevelopment Agency	Health and Safety Code Section 33000 et. seq.
Housing Authority	Health and Safety Code Section 34200 et. seq.
	Multifamily Bonds: Health and Safety Code Section 52075 et. seq.
Mello-Roos Community Facilities District	Government Code Section 53311et. seq.
Nonprofit Corporation	Corporations Code Sections 5110, 5140(d)
Assessment Bonds	Street & Highway Code Sections 6400 et. seq. and 8500 et. seq.
Conduit Bonds	Government Code Section 26227

State constitutional limitations prohibit cities and counties from entering into indebtedness or liability exceeding in any year the income and revenue provided for such year unless the local agency first obtains two-thirds voter approval for the obligation.

However, there are three major exceptions to the debt limit which have been recognized by the California courts. The three exceptions are the *Offner-Dean lease exception*, the *special fund doctrine*, and the *obligation imposed by law.*

The *Offner-Dean lease exception* provides that a long-term lease obligation entered into by an agency will not be considered an indebtedness or liability under the debt limit if the lease meets certain criteria.

The *special fund doctrine* is an exception to the debt limit which permits long-term indebtedness or liabilities to be incurred without an election if the indebtedness or liability is payable from a special fund and not from the entity's general revenue. An example of a special fund would be one consisting of enterprise revenue which is used to finance an activity related to the source of the revenues, such as the activity of the enterprise.

The courts have applied the *obligation imposed by law exception* to indebtedness used to finance an obligation imposed on the local agency by law. The theory of this exception is that the obligation is involuntary, thereby making the act of putting the question to the voters meaningless.

Bond and Debt Service Ratios

Bond ratios useful to County management, the general public, and investors are as follows:

Bond Ratios

	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09
Net Bonded Debt (in millions)[1]	$ 1,655.8	$ 1,597.0	$ 1,578.7	$ 1,404.1
Net Bonded Debt per Capita	$540	$515	$502[2]	$441[2]
Ratio of Net Bonded Debt to Assessed Value	0.52%	0.45%	0.41%	0.35%

[1] Net Bonded Debt is reported as of June 30, 2008. It excludes Redevelopment Agency Bonds and reflects the net effect of debt service reserves (approximately $21.75 million as of June 2008).

[2] Based on the revised estimated January 1, 2007 and the estimated January 1, 2008 population figures for the County of San Diego provided by the State of California Department of Finance.

Note: If the County were to issue General Obligation Bonds, the debt limit pursuant to Government Code Section 29909 would be 1.25% of the taxable property of the county. The estimated taxable assessed value in the county as of June 30, 2009 is $406.4 billion. The debt limit would, therefore, be $5.08 billion, far greater than the current debt of $1.4 billion.

General Fund Debt Service Ratio

Components of General Fund Debt Service Ratio (in millions)

	Fiscal Year 2005-06 Adopted Budget	Fiscal Year 2006-07 Adopted Budget	Fiscal Year 2007-08 Adopted Budget	Fiscal Year 2008-09 Adopted Budget	Fiscal Year 2009-10 Approved Budget
General Fund Revenue[1]	$ 2,883.7	$ 3,181.0	$ 3,340.5	$ 3,464.6	$ 3,518.9
Total Debt Service[2]	$ 122.0	$ 123.7	$ 115.2	$ 128.3	$ 135.0
Ratio of Total Debt Service to General Fund Revenue	4.23%	3.89%	3.45%	3.70%	3.84%
General Fund Share of Debt Service Cost [3]	$ 105.4	$ 106.5	$ 99.1	$ 108.5	$ 108.5
Ratio of General Fund Share of Debt Service to General Fund Revenue	3.66%	3.35%	2.97%	3.13%	3.08%

[1] General Fund Revenue excludes fund balance and reserve/designation decreases.

[2] Total Debt Service amounts were restated to include estimated broker-dealer and auction agent fees associated with the 2002 auction rate bonds. The Series 2002B Pension Obligation Bonds (POBs) currently bear interest at a variable rate. $405,125,000 of the principal amount of the Series 2002B2-4 POBs have been synthetically fixed pursuant to a swap agreement between the County and the Swap Providers, and the balance of the Series 2002B POBs is not subject to such agreement. The County has assumed that the Series 2002B2-4 POBs will bear interest at 5.30% plus 0.31% to account for ongoing broker-dealer fees and will incur 150 basis points in basis risk during the indicated fiscal years. The Series 2002B-1 POBs are assumed to bear interest at a variable rate of 7.26%, which consists of the historical average rate from March 2007 through March 2008 of 4.95%, plus an additional 2.00% contingency amount and an additional 0.31% to account for ongoing broker-dealer fees.

[3] Net General Fund Share of Debt Service Cost excludes debt service chargeable to special revenue funds, enterprise funds, special districts and external funding sources.

Financial Planning Calendar - 2008-09 Target Dates

Jan 22	Narrative Instructions for Operational Plan issued by Office of Financial Planning (OFP)
Feb 11	Budget Instructions for Operational Plan issued by OFP and budget database opens for modifications
Mar 3	Due date for departments to submit draft Accomplishments, Objectives, and Performance Measures sections of narratives to OFP; send copy to Group Finance Director (GFD)
Mar 21	Budget database closed to departments to enable Groups to review
Mar 28	Deadline for departments to submit their changes from current year adopted budget plus their final Anticipated Accomplishments, Objectives, and Performance Measures sections of narratives
Apr 4	Budget database closed to Groups
Apr 11	Deadline for Groups to have all department narratives reviewed and submitted to OFP
Apr 28	Draft copy of balanced CAO Proposed Operational Plan sent to Chief Administrative Officer (CAO), Assistant CAO, Chief Financial Officer (CFO), and General Managers
May 5	CAO Proposed Operational Plan docketed and released to the Board of Supervisors and public
	Change Letter Instructions issued by OFP and budget database opens for modifications
May 13	Board of Supervisors accepts CAO Proposed Operational Plan
May 14	Budget Change Letter database closed to departments to enable final review by Groups
May 16	Department Change Letter narratives due to Group for review
May 21	Budget Change Letter database closed to Groups
May 23	Deadline for Groups to have all departments' Change Letter narratives reviewed and submitted to OFP
	Departments to submit copy of budget positions report with Classification Activity Reports to Department of Human Resources
Jun 9-18	Public Hearings on Proposed Operational Plan (10 calendar days)
Jun 13	Deadline for Groups to submit responses to Referrals to Budget to OFP
Jun 18	Last day for Citizen Advisory Committees to submit statements to the Clerk of the Board
	The CFO files the CAO Change Letter with the Clerk of the Board; all other proposals from Board members or the public to increase the CAO Proposed Operational Plan are due to the Clerk of the Board
Jun 24-25	Board Deliberations and approval of the 2008-10 Operational Plan
Jul 22	Board of Supervisors adopts Fiscal Year 2008-09 Budget

Summary of Related Laws, Policies, and Procedures

Summary

The following is an overview of the various laws, policies, and procedures the County adheres to in its financial management practices and uses to guide the County's decision making process.

On April 21, 1998, the Board of Supervisors accepted the General Management System (GMS) as the formal comprehensive guide for planning, implementing, and monitoring all functions and processes that affect delivery of services to the residents of San Diego County. The County developed the GMS process following the severe fiscal crisis that threatened County programs and solvency in the mid-1990s. However, the GMS is much more than a crisis management tool for putting the County's fiscal house in order.

Board of Supervisors Policy A-136, *Use of County of San Diego General Management System for Administration of County Operations*, enforces the County's goal of providing the best possible services to residents as efficiently and effectively as possible. 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.

For more detail on the GMS, see Understanding the Operational Plan section on page 16.

Budget and Finance

California Government Code *§§29000-29144 and 30200*, known as the County Budget Act, provide the statutory requirements that guide the development and content of the County's budget. Government Code §29009 requires a balanced budget in the proposed and final budgets, defined as "the budgetary requirements shall equal the available financing."

County Charter *Article VII, Section 703* - Establishes the Chief Administrative Officer (CAO) as responsible for all Groups, the Agency, and their respective departments (except departments with elected officials as department heads), and as responsible 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, Budget Procedure and Appropriation, Revenue and Staffing Limitations* - Establishes the components and timeline for the budget process and establishes the CAO as responsible for budget estimates and submitting recommendations to the Board of Supervisors.

Board of Supervisors Policies

A-81 Procurement of Contract Services - Outlines the conditions and methods by which all contracts for services may be entered into and defines contract administration responsibilities. Contracts for services, when properly issued and administered, are an approved method to accomplish County program objectives and this policy ensures the establishment of proper safeguards.

B-58 Funding of the Community Enhancement Program - Establishes the funding level for this grant program and delineates eligibility criteria and application guidelines for prospective grant recipients.

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.

E-14 Expenditure of Tobacco Settlement Revenue in San Diego County - Establishes guidelines for the allocation of anticipated Tobacco Settlement revenue which is to be used for healthcare-based programs.

H-1 Fleet Services Internal Service Fund - Establishes guidelines for the development, administration, and control of the Fleet Services Internal Service Fund (ISF).

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: *Governance and Financing of Local Agencies* - Calls on the Legislature to redress inequitable State funding formulas.

County Administrative Manual *0030-13 Budget Program/ Project Follow-Up* - Establishes sunset dates to be placed on programs intended to have limited duration so related staff and other resources will not be shifted to other activities without the Board of Supervisors approval.

Revenue

Board of Supervisors Policies

A-126 Proposition 172 and New Program Revenues in the Sheriff's Department, Office of the District Attorney and the Probation Department - Ensures collaboration between the Board of Supervisors and the District Attorney, Sheriff, and Probation in developing an annual plan for the use of Proposition 172 funds and increased program revenues.

B-29 Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery - Provides a methodology and procedure to encourage County departments to recover full cost for services whenever possible and requires County departments to certify that a proposed activity or project funded primarily by grant funds would be worthy of expending County funds if that outside funding were not available.

County 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.

0030-14 Use of One-Time Revenues - Defines the conditions by which one-time revenues are to be allocated to ensure that one-time revenue is appropriated only for one-time expenditures, such as capital projects or equipment, not to ongoing programs.

0030-18 Establishing Funds and Transfer of Excess Cash Balances to the General Fund - Defines the procedure for approval and establishment of funds. The policy provides for the transfer of excess cash balances to the General Fund from various funds within the County's area of financial and cash management which contain earnings or moneys in excess of those funds' requirements. Transferring these excess cash balances to the County, where the financing terms require this action, allows the County to offset a portion of the staff time associated with the management of these funds.

0030-19 Revenue Match Limitation - Establishes guidelines limiting General Fund contributions for revenue matches. Revenue matches should be limited to the mandated percentage level unless clear justification is provided which results in a waiver of the policy by the Board of Supervisors.

0030-22 Revenue Management: Auditor and Controller & CAO Responsibilities - Establishes the Chief Financial Officer (CFO)/Auditor and Controller and the CAO as responsible for revenue management by reviewing and evaluating County revenues from all sources in order to maximize these revenues within existing legal provisions, and to institute internal controls and identify the systems to be utilized by all departments to estimate, claim, and collect revenues.

Debt Management

Board of Supervisors *Policy B-65 Long-Term Financial Obligation Management Policy* - Establishes guidelines for entering into long-term financial obligations to meet the demands of growth and that these financial obligations must be entered into and managed using sound financial practices. Please see page 67 for more detail on this policy.

County Administrative Manual *0030-09 Debt Advisory Committee* - Establishes guidelines for the Debt Advisory Committee which reviews and evaluates all long-term financing obligations which bear the County of San Diego's name or name of any subordinate agency of the County or any conduit financing, prior to approval by the County Board of Supervisors. Following general parameters, the Committee reviews all proposed financings and based on their satisfactory determination, provides an evaluation for the Board of Supervisors and concurs on any Board letter.

Capital Improvement

The County Board of Supervisors has jurisdiction over the acquisition, use, and disposal of County-owned real property and County-leased property under the authority of California Government Code *§23004*.

Board of Supervisors Policies

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

G-16 Capital Facilities and Space Planning - Establishes a centralized, comprehensive program and responsible agency to manage the capital facilities program and space needs of the County, and establishes general objectives and standards for the location, design, and occupancy of County-owned or leased facilities, as well as serving as the steward of a Countywide master plan and individual campus plans.

County Administrative Manual

0030-23 Use of the Capital Outlay Fund (COF), Capital Project Development, and Budget Procedures - Establishes procedures for developing the scope of capital projects, for monitoring the expenditure of funds for capital projects, for reporting annually on the life-to-date project costs, and for the timely closure of capital projects.

0050-01-06 Capital, Space, and Maintenance Requests - Provides guidelines for capital, space, equipment and maintenance requests, establishes appropriate criteria and a structured and centralized process for evaluating and prioritizing requests integrated with the General Management System (GMS), and ensures that requests are complete and evaluated for any potential impact on County long-range strategic plans and programs and are included in the budget process.

Other

County Administrative Code *Article XII-D Department of Human Resources (DHR)* - Designates DHR as responsible for handling all matters arising under the Labor Relations Ordinance, and for representing the Board of Supervisors in the meet and confer process with recognized employee organizations as required by law (California Government Code §3500 et. seq.). The Labor Relations Ordinance (No. 6273) provides the governance for Labor Relations activities at the County.

Board of Supervisors Policies

A-71 San Diego County Economic Development - Defines the County's role in facilitating and maintaining activities and programs that improve the economic health of the region and the quality of life of its residents.

A-73 Openness in County Government - Establishes various guidelines which assure the openness of County decision making processes.

County Administrative Manual *0090-01-01 Policy and Procedure for Conducting Economy and Efficiency Determinations for Service Contracts* - Establishes procedures for conducting economy and efficiency determinations pursuant to County Charter sections 703.10 and 916. This item describes the required facts County departments must present to the CAO to support a determination that a proposed use of an independent contractor is both more economical and efficient than the use of County employees to provide a particular service.

All policies, codes, ordinances, and resolutions approved by the Board of Supervisors that relate to County Programs are reviewed periodically. A cyclical process to routinely and systematically evaluate and reconsider these items is outlined in Board of Supervisors Policy *A-76 Sunset Review Process*.

Measurement Focus and Basis of Accounting

Government-wide, proprietary and fiduciary fund financial statements are reported using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

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

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

Financial Statement Presentation

For governmental funds only, current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) and the net change in fund balance.

For proprietary funds and fiduciary funds, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Net assets for the

proprietary funds are segregated into net assets invested in capital assets, net of related debt, and unrestricted net assets in the County's Comprehensive Annual Financial Report (CAFR). The net assets for the fiduciary funds are described as "held in trust for other purposes" in the CAFR. Proprietary fund-type operating statements present increases (i.e., revenues), decreases (i.e., expenses), and the change in net assets. The County has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as any applicable pronouncement of the Financial Accounting Standards Board (FASB), the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to apply the FASB standards issued subsequent to November 30, 1989, in reporting proprietary fund operations. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for government users.

Differences Between Budgetary and Financial Reports

Governmental Funds - An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual budget resolution adopts the budget at the object level of expenditure within departments and authorizes the carry forward of appropriations and related funding for prior year encumbrances. Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year with the approval of the Board of Supervisors. Any budget amendments are approved by the Group and department managers or the Board of Supervisors.

The County's financial statement, the CAFR, is prepared in conformity with GAAP. The Schedule of Revenues - Expenditures, and Changes in Fund Balance - Budget and Actual presented as Required Supplementary Information is prepared using the GAAP basis. This statement includes the following columns:

- The Original Budget column consists of the current fiscal year adopted budget plus the encumbrances carried forward from the prior fiscal year. Also, the original budget is adjusted to reflect reserves, transfers, allocations, and supplemental appropriations that occur prior to the start of the fiscal year. The County adopts its budget subsequent to the start of the new fiscal year. Therefore, under the circumstances, the complete budget that is adopted by the County Board of Supervisors constitutes the adopted budget, plus the approved carry forward for purposes of the budgetary comparison presentation.
- The Final Budget column consists of the Original Budget column plus budget changes occurring during the fiscal year plus technical amendments that occur after the close of the fiscal year less the amount of the budget carried forward to the subsequent fiscal year.
- The Actual column represents the actual amounts of revenue and expenditures reported on a GAAP basis which is the same basis that is used to present the aforementioned Original and Final Budget.

Proprietary Funds - The Board of Supervisors approves an annual spending plan for proprietary funds. Although the adopted expense estimates are not appropriations, their budgetary controls are the same as those of the governmental funds. Because these funds collect fees and revenues generally to cover the cost of the goods and services they provide, their accounting and budgeting bases are closer to commercial models. Budgeting, like accounting, is done on the accrual basis and generally according to GAAP.

All Funds - Changes in the reservation or designation of fund balance in the CAFR are shown as appropriations (expenditures) or revenues in the Operational Plan depending upon whether they are to be increased or used as a funding source.

Excellence in Governing

Recognitions of Excellence

During Fiscal Year 2007-08, the County of San Diego again received numerous awards and recognition from local, state, and national organizations, as well as by a variety of industry, civic, and professional organizations, for excellence and innovation. The County of San Diego has worked hard to become a best practices organization striving to offer programs that improve the lives of San Diego County residents in ways that are relevant and measurable. The County is proud that its leadership in these areas has been recognized for the following:

- 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 countywide. During Firestorm 2007, San Diego County used its newly implemented AlertSanDiego program to circulate emergency information to 500,000 county residents.
- 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 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 survey is an annual study by the Center and the NACo.
- 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 Award*. 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 Center for Digital Government recognized the County Health and Human Services Agency (HHSA) in September 2007, with the *2007 Digital Government Achievement Award* for utilizing Web technology to manage outside service referrals. The Digital Government Achievement Award is a national program that recognizes outstanding agency and department Web sites and applications that enhance information interactions, transactions, and services.

  The e-Referral system allows all outside agencies that refer clients to HHSA programs (police, hospitals, etc.) to use a standardized, Web-enabled referral process, eliminating duplicative entries while ensuring secure, fast, and efficient referrals in compliance with the Federal Health Insurance Portability & Accountability Act requirements.

Detail of recognitions of excellence received by San Diego County that highlight the County's progress in meeting its strategic goals include:

Strategic Initiative - Improving Opportunities for Kids

- The Department of Child Support Services was awarded the Child Support Directors Association of California *Positive Collaboration Award*. The department won the award for its collaborative effort in working with the State, cell phone companies, and the National Cell Phone Workgroup in implementation of the pilot Cell Phone Project. The Cell Phone Project, launched in July 2007, uses administrative subpoenas to obtain the contact information of non-custodial parents from cellular phone providers.
- National Association of Counties (NACo) - *Achievement Awards - 2008*
  - Child Support Employer Outreach - an outreach strategy, implemented by the Department of Child Support Services, designed to educate employers about their important role relating to child support withholding orders.
  - Workforce Academy for Youth - a six-month paid internship program with the County that provides employment, training, and mentorship to emancipating foster youth to better prepare them for self-sufficiency.
  - Miracle Field - a public/nonprofit partnership with the Miracle League of San Diego and the Department of Parks and Recreation to build the first Americans with Disabilities Act (ADA) accessible ball field of its kind in Southern California.
  - Preschool Development Health Screening in Libraries - a partnership between County branch libraries and Family Health Centers of San Diego to offer no-cost, quality health and developmental services to low-income and medically underserved families with children ranging in age from four months to five years.
  - Camp Barrett Work Readiness Program - a collaboration between the Probation Department and the Office of Education's Juvenile Court and Community Schools to provide employment readiness training to the wards of Camp Barrett, a detention facility for young adults.
  - Child Support Cell Phone Interface Project - pilot project using administrative subpoenas to obtain cell phone numbers and addresses of non-custodial, non-paying parents from cell phone providers, resulting in increased child support collections.
  - Vista GREAT Program - a partnership between the Sheriff's Department Vista Station, the city of Vista, and the Vista Unified School District to provide Gang Resistance Education and Training (GREAT), a model program shown to reduce risk factors associated with delinquency and gang membership.
- The San Pasqual Academy Neighbors (SPAN) intergenerational mentoring program, where older adults live near the campus in reduced-rent homes in exchange for mentoring the foster teens attending the academy, was selected to receive the first *Intergenerational Shared Site Best Practices Award* from Generations United and the MetLife Foundation.
- The MetLife Foundation and the National Association of Area Agencies on Aging have selected Legacy Corps San Diego as a recipient of the *2007 Older Volunteers Enrich America's Award of Excellence in Older Volunteer Program Management*. Legacy Corp matches seniors and the at-risk youth they mentor, to clients and their caregivers, allowing a much needed respite break for the caregiver.
- 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.

Strategic Initiative - Protecting the Environment

- The Department of Parks and Recreation received three awards for the new Goodan Ranch Center which opened to the public in September 2007. The $1.5 million dollar project was funded by County insurance proceeds from the Cedar Fire and includes ranger facilities, an exhibit room, public restrooms, and a meeting hall.
  - *Sustainable Communities Champion* award from SDG&E for the promotion of green building design practices in SDG&E's service area. Goodan Ranch Center is 48.3% more energy efficient than is required by California Energy Efficiency Standards.
  - *Special Achievement in Energy by a Government Agency* award from SANDEE (San Diego Excellence in Energy) for outstanding projects and activities that have achieved significant energy savings and/or contributions toward the goals of the San Diego Regional Energy Strategy 2030 through the implementation of energy efficiency, energy conservation, renewable energy measures, and CO^2 reduction in San Diego County.
  - *Achievement Award for Facility Design and Planning* from the California Parks and Recreation Society. The award is presented annually for one regional park project that effectively integrates active public involvement in the planning and design of energy-efficient and environmentally friendly park facilities to satisfy the needs of the community.
- National Association of Counties (NACo) - *Achievement Awards - 2008*
  - Porous Pavement - Improving Stormwater Treatment - an innovative project by the Department of General Services (DGS) to demonstrate the benefits of porous pavement and treatment facilities in preventing contaminants from entering sensitive waterways.
  - Low Impact Development Handbook - a comprehensive manual of low impact development planning and stormwater management techniques; this handbook is already serving as a model for other programs in the Southwest United States.
  - Ramona Grasslands and Santa Maria Creek Restoration - a project that developed and implemented parks and recreation strategies to preserve the rural character of the town of Ramona through the protection of open space, utilization of creative tools to enhance and restore wildlife habitat, and expansion of the community trails network.
  - Healthy Garden-Healthy Home - an outreach program to support Integrated Pest Management education and training to residents to reduce the amount of home-use pesticides entering local waterways.
- The San Diego Chapter of the American Society of Civil Engineers recognized the County's Department of Public Works with awards for five projects:
  - *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.
  - *Award of Excellence* for efforts to address potential erosion resulting from the October 2007 wildfires. The Firestorm 2007 Emergency Flood/Erosion Protection Project protected homes and roads and Watershed Protection staff were instrumental in assessing sites and implementing erosion control measures over 500 acres of charred land.

- *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.
- *Award of Excellence* for the Rancho San Diego State Routes 54 and 94 Widening project which widened portions of the two state routes from four lanes to six lanes and included bike lanes in both directions.
- *Award of Merit* for the Central Avenue Flood Control Improvements which provided 100-year flood protection for a neighborhood in Bonita. With the help of a $3 million FEMA grant, the County was able to construct one of the largest flood control facilities in the unincorporated County, which will result in fewer road closures and improved public safety for residents and motorists.

- 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 Public Works Cartographic Unit assisted the Farm and Home Advisor Office with the creation of a bilingual poster, "Stop Aquatic Invaders on Our Coast!/Detenga el Transporte de Especies Invasoras Acuaticas en Nuestras Costas!" This poster recently received awards from two organizations:
  - *Award of Excellence* in the *2007 APEX Awards for Publication Excellence* (One-of-a-Kind Print Publications category). The nineteenth annual APEX Competition was open to communicators in corporate, nonprofit and independent settings.
  - *Award of Distinction* in the 13th Annual Communicator Awards (Print Media Outdoor/ Environmental category). The Annual Communicator competition is an international program, recognizing excellence in the communications field.
- The Camp Lockett Historic Park Concept Plan, which was created by the Department of Parks and Recreation, was selected for a *Merit Award* by the San Diego Chapter of the American Society of Landscape Architects. This plan is an outstanding manuscript showing the potential for the significant historic park.
- A regionally funded public service announcement titled "Ants in Your Plants?" received three *Emmys* awarded by the National Academy of Television Arts and Sciences-Pacific Southwest Chapter. The goal of "Ants in Your Plants?" is to raise awareness about not overusing pesticides to kill ants because doing so can harm the environment, especially the water supply.
- The Department of Public Works Watershed Protection Program and the University of California (UC) Cooperative Extension's "Healthy Garden-Healthy

Home" program were awarded the *2007 Integrated Pest Management Innovator Award* from the California Department of Pesticide Regulation. The Watershed Protection staff has been working with the UC Cooperative Extension to increase awareness about the harmful effects of pesticide pollution in receiving waters, encourage proper use and disposal of pesticides among residential users and provide regionally consistent Integrated Pest Management education that can lead to the adoption of positive behaviors.

Strategic Initiative - Promoting Safe and Livable Communities

- The Department of Media and Public Relations' County Television Network (CTN) won six *Emmys* during the National Academy of Arts and Sciences' 34th Annual Pacific Southwest Emmy Awards. CTN received Emmys for the following programs: "Java Jams - The Wrong Trousers" - *Visual and Performing Arts*; "The Muralist" - *Program Feature Segment*; "County Chronicles November 2007" - *Public/Current/ Community Affairs*; "How To Manage Manure" - *Advanced Media - Public/Current/Community Affairs*; "Conflict, Unity and Love: The TKF Story" - *Documentary - Topical*; "General Management System" - *Advanced Media - Informational/Instructional.*
- The County's Serial Inebriate Program received a state award for *Outstanding Achievements in the Alcohol and Drug Field* for reducing the use of public resources by chronic alcoholics. The award was sponsored by the County Alcohol and Drug Program Administrator's Association of California.
- National Association of Counties (NACo) - *Achievement Awards - 2008*
  - Legacy Corps San Diego - a groundbreaking initiative to fill gaps in existing services by training intergenerational service teams of at-risk youth and older adult mentors to provide free respite care to family members caring for homebound seniors.
  - Problem Gambling Counselor Training - a partnership between the County's Alcohol and Drug Services unit and local Indian casinos to provide comprehensive training in the identification, assessment and treatment of problem gamblers.
  - Firestorm 2007 Rebuilding Workshops - a proactive, inter-agency program providing workshops to educate fire survivors on how to rebuild their homes and structures damaged by the 2007 wildfires.
  - Enhancing the School Pedestrian Crossing Safety Program - further enhances school pedestrian safety by installing new, in-pavement warning light systems that utilize solar power and wireless technology at high risk locations.
  - Web Referral for AIS - a program which provides community professionals a user-friendly, electronic referral system for In-Home Supportive Services (IHSS); diverting calls from the County's Aging and Independence Services (AIS), which currently takes IHSS referrals, and allows AIS staff to handle increased numbers of abuse-related calls.
  - Assessor Provides Relief to Wildfire Victims - a streamlined process to identify fire damaged properties and provide an outreach program to inform fire victims of available property tax relief. Staff resources were immediately dispatched to temporary Local Assistance Centers to help the public complete their Disaster Relief applications to adjust property tax bills.

- Transitional Age Young Adult Clubhouse - an innovative mental health program for seriously mentally ill young adults, ages 18-25, which reaches out through a clubhouse setting to provide employment education and vocational training.
- Firestorm 2007 - Erosion Control Initiative - shortly after the 2007 wildfires began, the Department of Public Works took immediate and comprehensive action to utilize erosion control "best management practices" to reduce the risk of flooding and debris flows that threatened public health and safety.
- Wildfire Zone - an outreach program by the County's Farm and Home Advisor (FHA) Office to help the public understand wildfire hazards and to educate them on appropriate actions to be taken to reduce the risk of loss to life and property.
- Self-Sufficiency Through Education - a computer-learning center designed to encourage residents of low-income public housing to become self-sufficient; program staff and students from UCSD work with residents and students and provide workshops on topics such as the education system and financial aid.
- Substance Abuse Recovery Management System (SARMS) - an integral component of the County's Dependency Court Recovery Project, this housing program provides rental assistance to eligible participants in order to assist in reuniting families in recovery.
- Firestorm 2007 Rapid Community Recovery - a systematic approach to allow residents to get immediate help in their communities, by establishing Local Assistance Centers to provide "one-stop shops" for fire victims to apply for aid and utilize other essential services.
- Prison Reentry Program - a collaborative effort between State and County entities to improve public safety by enhancing rehabilitative services for inmates both in the prisons and upon their re-entry into the community.

- The County received an *Operational Excellence Award* for its Automatic Local Evaluation in Real-Time (ALERT) program. The award, presented by the National Hydrologic Warning Council, recognizes Public Works' management of the storm warning system and effort to work with Mexico in developing a similar system that allows sharing real-time rain data and other climatological information used to create weather predictions.
- The Office of Emergency Services' (OES) "Preparedness Starts with You Campaign" won the International Association of Emergency Managers' *Partners in Preparedness Award.* The award honors programs that demonstrate innovative and multi-participant involvement between local government and the community to enhance emergency management.
- The County's Rabies Detection Program received accolades at the World Rabies Day Conference sponsored by the Federal Centers for Disease Control and Prevention. 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.

  Rabies testing in the county is not limited to suspect animals that have bitten or exposed a person but also encompasses potentially rabid pets and wildlife. More than 80% of positive rabies cases had no reported human exposure. This proactive approach increases our knowledge of the prevalence of rabies in the county and the risk to people and other animals.

- With over 1,200 entries competing for this honor, San Diego County Health and Human Services Agency was picked as one of only 15 agencies to receive an *eHealthcare Leadership Award* for their Mobile Remote Workforce Project at the 11th Annual Healthcare Internet Conference in November 2007.

  The award recognizes leading health care organizations that use the Internet and technology to help achieve business objectives and mission. The Mobile Remote Workforce, which empowered public health nurses in the field to cut red tape, reduce inefficiency, and serve more clients, has received a number of health and technology awards since its launch in 2006.
- 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* - ranking CTN as fourth or fifth nationwide for 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 Dept. (over $400k)*; "Sam the Cooking Guy" - *Innovative Program*; "Don't Fall for It" Seniors; "Don't Mess with Asbestos" - *Public Health.*
- The County Library and Aging and Independence Services have been jointly recognized for their innovative "Food for Thought" program held at the Vista Branch Library. The National Association of Area Agencies on Aging, *2007 Aging Achievement Award*, recognized this County program which features an hour of physical activity coupled with a nutritious lunch. The program targets seniors who might otherwise become socially isolated.

Operational Excellence

- The Parks and Recreation Department's online camping reservation system was recognized by the San Diego County Taxpayers' Association with an *It's About Time Award.* The online reservation system allows campers to reserve campsites from the comfort of their home or office, any time of the day or night. The Web site also offers photos and detailed descriptions of available campsites, online directional mapping, and secure payment options.
- 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 County's 2007 Annual Report received a *Silver Communicator Award of Distinction* in the Government category from the International Academy of the Visual Arts in May 2008. The report, which is produced annually for county residents by the Department of Media and Public Relations, highlights major activities carried out each year and lets residents know how the County is using their tax dollars.
- The County OES received the *Catalyst Award*, a WebEOC Community Group award granted by the WebEOC User Advisory Council. The award, given to agencies that demonstrate outstanding regional WebEOC integration, sharing of data, or user group formation, was presented at the WebEOC Users Conference in May 2008. WebEOC was heavily used with great success during Firestorm 2007.

- For the sixth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) recognized the County with the *Distinguished Budget Presentation Award* for the Adopted Operational Plan: Fiscal Years 2007-2008 & 2008-2009.

  The County also received a *Certificate of Achievement for Excellence in Financial Reporting* from GFOA for the County's Comprehensive Annual Financial Report for Fiscal Year 2006-07. This achievement is the highest form of recognition in governmental accounting and financial reporting.
- DGS' 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.
- National Association of Counties (NACo) - *Achievement Awards - 2008*
  - Continuity of Operations (COOP) - an internal plan for all County departments which ensures that the capability exists to continue essential County functions that serve the public in the event of an emergency and provides guidance for a timely recovery process and resumption of full service to customers.
  - Records Management: Revamped and Revised - a major overhaul of two existing, dated records management systems into the Enterprise Content Management Program; this program creates a clear path for managing electronic files and paper and minimizes the risks associated with records management.
  - Public Assistance Fraud Diversion Program - a collaborative program between the Public Defender and District Attorney to allow the County to obtain full restitution for taxpayers while providing first-time violators charged with public assistance fraud an opportunity to avoid criminal conviction, which often impedes their efforts for employment.
  - Performance Based Contracting - a collaborative strategy between the Probation Department and community-based organizations to enter into performance based contracts with County juvenile service providers and improve the quality of service oversight.
  - Deferred Compensation Quick Enroll Program - a campaign designed to simplify and streamline the County's Deferred Compensation enrollment process and encourage employees to take part in saving for their own retirement.
  - Mobile Audit Access Program - the implementation of enhanced, system-ready laptops to reduce the average audit completion time, provide better customer service to audited businesses and improve general workflow between departmental units.
  - Road Pavement Management System - a significant upgrade of the County's Pavement Management System for the 1,800 miles of paved roads in the unincorporated areas; the system utilizes GPS and digital photo technology to maximize the use of limited tax funds.
  - Regulatory Planning's Kiva Workload Management System - a new, online application that allows the public to query information from the County's unified Land Information System database and provides a GIS tool for more complex parcel research.
  - T-TC Depositing Method - a business process improvement which has, for the first time, automated the County's deposits from cash in the bank and the general ledger, resulting in increased internal control and visibility of deposits.

- Youth Services Exchange - the County Library's internal e-mail newsletter that provides an interactive resource for staff with training tips and information for improved youth programs and services provided by branch libraries.
- Countywide Specialty and Small Business Job Order - the Job Order Contracting program is an indefinite-quantity contract where contractors annually bid a multiplier to prices contained in a book of construction details; the program involves contractors to help determine solutions to construction problems that results in faster responses and reduced costs.
- Food for Thought - an innovative, joint program between Aging and Independence Services and the County Library system to reach out to older adults to improve their health and quality of life.
- Diversity Pipeline - a proactive endeavor, launched by the District Attorney's Office, to enhance diversity in the legal profession by reaching out to encourage youth, especially those in underrepresented groups, to pursue careers in prosecution and law enforcement.
- Property Profile Maps and Analysis Tool - an interactive online tool implemented by the Department of Planning and Land Use which offers the public speedier access and enhanced information and maps for property, environmental, and land development.
- Service Contract Compliance and Audit Program - a program developed by DGS to comprehensively measure performance quality and enforce service contract compliance provided by contract vendors.

- For the third time in three years, the Fleet Management division of General Services placed in the top five in the *100 Best Fleets in North America competition* sponsored by Government Fleet Magazine. Placing fourth in this year's competition, General Services' Fleet Management has demonstrated the ability to sustain excellence.

  The program is in its third year, and recognizes public fleet organizations that excel in a variety of areas including: accountability, use of technology, collaboration, creativity, celebration, competitive pricing, staff development, and resource stewardship. In addition, they evaluate organizations on having a high-trust culture, performance recognition, doing the job right the first time, and providing a quick and efficient turnaround.
- In September 2007, the Office of Emergency Services 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.
- The California Counties Facilities Services Association has chosen the Department of General Services to receive their *2007 Award of Excellence.* The award is given annually to counties and cities that demonstrate dedication to facility excellence through best practices, process innovation, staff development, and department automation.

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