



County of San Diego

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To the honorable members of the Board of Supervisors and the Citizens of San Diego County:

The Comprehensive Annual Financial Report (CAFR) of the County of San Diego (County) for the fiscal year ended June 30, 2010, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

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

Macias Gini & O'Connell LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of San Diego's financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

COUNTY PROFILE

San Diego County is the southernmost major metropolitan area in the State of California and covers 4,261 square miles, extending 75 miles along the Pacific Coast from Mexico to Orange County, and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern boundary. The County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert in the east. The Cleveland National Forest occupies much of the interior portion of the County. The climate is equable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is 10 inches, so the

County is highly dependent on imported water.

The County population in January 2010 was estimated to be 3,224,432, an increase of 1.2% over the January 2009 revised estimated figure of 3,185,462, and it is the second largest county by population in California behind Los Angeles County. There are 18 incorporated cities in the County; of them, the City of San Diego is the largest, with a population of approximately 1.376 million, and Del Mar is the smallest, with a population of approximately 4.7 thousand. In addition, Tijuana, Mexico, with an estimated population of approximately 1,784,034 in 2009 according to the National Population Council (CONAPO), is a substantial urban neighbor with a shared border, workforce, and economy.

The racial and ethnic composition of the County is as diverse as its geography. The regional population for 2030 is forecasted to be 3.9 million according to the San Diego Association of Governments' (SANDAG's) 2050 Regional Growth Forecast released in February 2010. SANDAG projects that in 2030 San Diego's population breakdown will be 41.9% White, 37.0% Hispanic, 11.4% Asian and Pacific Islander, 5.4% African American, 3.5% two or more races, and 0.8% in all other groups. While the County's racial and ethnic diversity is expected to change dramatically, SANDAG also projects a dramatic shift in the age structure of the county. SANDAG is projecting that the population of residents 65 years and older will increase by 79% by 2030 compared to a 20.0% increase for the population as a whole.

COUNTY GOVERNMENT, ECONOMY AND OUTLOOK

County Government

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. Each board member must reside in the district from which he or she is elected. The Board of Supervisors sets priorities for the County and oversees most County departments and programs and approves their budgets. Per California Government Code Section 23005, the County may exercise its powers only through the Board of Supervisors or through agents and officers acting under the authority of the Board or authority conferred by law. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. The Chief Administrative Officer appoints the Chief Financial Officer, the Auditor and Controller and all other appointive officers. The CAO assists the Board of Supervisors in coordinating the function and operations of the County; is responsible for carrying out all of the Board's policy decisions that pertain to the functions assigned to that officer; and supervises the expenditures of all departments. Elected officials head the offices of the Assessor/ Recorder/ County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. The County provides a full range of public services to residents, including law enforcement, detention and correction, emergency response services, health and sanitation, parks and recreation, libraries and roads. The County also serves as a delivery channel for many State services, such as foster care, public health care and elections. These services are provided by five business Groups (Public Safety, the Health and Human Services Agency, Land Use and Environment, Community Services and Finance and General Government), each headed by a General Manager [Deputy Chief Administrative Officer (DCAO)] who reports to the CAO. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, with eligible costs subject to reimbursement according to specific guidelines; however, not all mandated costs are reimbursed.

Economy and Outlook

The U.S. economy suffered through a very deep recession beginning in December 2007 and ending in June 2009 according to the National Bureau of Economic Research (NBER). The recession lasted approximately 18 months making it the longest recession since the 1930s. The economic events of September and October, 2008, in particular, have had far reaching and long-term impacts on the financial markets in the U.S and around the world.

A series of federal fiscal and monetary policy actions were initiated to address the credit crisis and economic volatility. The

Federal Reserve engaged in an extraordinary policy of monetary easing by expanding its balance sheet, purchasing private assets and bringing the Federal Funds rate down to near zero. In addition, the Treasury was authorized \$700 billion under the Troubled Assets Relief Program (TARP) for capital infusions to banks, term securities lending facilities, auto loans, and a housing plan. Moreover, on February 17, 2009, the President signed into law the American Recovery and Reinvestment Act (ARRA) of 2009 designed to stimulate the nation's sputtering economy.

The global decline in economic activity necessitated a coordinated international response for a recovery in economic output and revival in world trade. Actions in April 2009 by the G-20 produced a global plan for recovery and reform.

Although nationally there have been modest improvements in recent economic data and a general easing in financial conditions, the economy will be restrained by weak housing market activity, weak state and local government spending, and weak spending on offices and factories. With unemployment still high and weak disposable income growth, consumer spending strength is also in doubt.

San Diego County was one of the first areas in California and the nation to experience the housing price meltdown, feel the financial impacts from the credit crisis, and experience a jump in loss of jobs. The unemployment rate for the County has been lower than that of the State for the last 10 years. While the unemployment rate has remained lower than the State rate, the County's unemployment rate has jumped from 6.3% at June 30, 2008 to 10.5% at June 30, 2010. The State unemployment rate increased from 7.6% to 12.8% during the same period.

The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. For example, there is an increased demand for public assistance, while at the same time the State and local resources available to fund those services are shrinking. Fewer customers seeking land development or building permit services increases the difficulty of maintaining core services for these fee-based programs. The real estate market slump has impacted the County's general purpose revenue (GPR), although GPR is expected to increase marginally in Fiscal Year 2010-11 from Fiscal Year 2009-10. General purpose revenue is relied upon to fund local services where no other funding is available, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. The State of California's budget has been severely impacted by the recession and consequently has had to cut funding to local governments in many program areas.

County management continues to evaluate and respond to the changing economic environment and its impact on the cost and the demand for County services. Specific actions are detailed in the Fiscal Year 2010-11 Adopted Operational Plan which can be accessed at <http://www.sdcountry.ca.gov/auditor/opplan/adoptedlist.html>.

County's Economic Base

The County's economic base consists of a significant manufacturing presence in the fields of electronics and shipbuilding, a large tourist industry attracted by the favorable climate of the region, and a considerable defense-related presence. Highlights of County employment as of July 2010 are listed below:

- ◆ Non-agricultural, industry employment totaled 1,212,900 jobs. This represents a loss of 27,300 jobs from the unadjusted July 2009 employment figures.
- ◆ The services industry, including information, professional and business services, education and health services, leisure and hospitality, and other services, constitutes the largest employment sector and accounted for approximately 48.1% of non-agricultural employment, with a total of 583,700 employed.
- ◆ The wholesale and retail trade industries were the second largest non-government sector, comprising approximately 14.0% of non-agricultural employment totaling 169,300 jobs.
- ◆ Government accounted for approximately 17.8% of non-agricultural employment (215,500). San Diego's military presence contributes to this significant component.
- ◆ Manufacturing accounted for an additional 7.5% of non-agricultural employment (90,800).
- ◆ The construction sector is greatly influenced by the general health of the economy, and in particular, population and housing growth. Construction employment, which accounted for 4.9% of total non-agricultural employment or 58,900 jobs, was down 8,100 jobs from the unadjusted July 2009 employment figures. The continued low level of residential building permits and continued high level of foreclosures combined with the marginally improving median home prices are expected to continue to adversely impact construction jobs through the end of 2010 and into 2011.
- ◆ The financial sector, including finance, insurance, real estate and related employment, represents 5.6% of non-agriculture employment (67,900). Financial activities experienced a reduction of 6,400 jobs from the unadjusted employment figures for July 2009.
- ◆ Transportation, Warehousing and Public Utilities accounts for 2.2% of non-agricultural employment (26,500).
- ◆ Agriculture and mining accounted for approximately 0.7% of total employment.
- ◆ Self-employed, household domestic workers and miscellaneous other categories not captured in industry employment represents approximately 13.2% of total employment (186,600). This category experienced an increase of 23,100 jobs from the unadjusted employment figures for July 2009.
- ◆ The San Diego County region experienced a net job loss of 5,700 from the July 2009 unadjusted employment figure of 1,414,600 (representing civilian labor force data by place of residence including self-employed, household domestic workers, unpaid family workers and workers on strike) to the

July 2010 level of 1,408,900. This compares to a decrease of 61,700 jobs the previous year. The County has been in the midst of significant volatility. San Diego's index of leading economic indicators has trended higher since April 2009, indicating gradual economic improvement overall. While a strong economic recovery is not expected for some time, 2011 should see continued signs of improvement for the region.

County revenues that are affected by the state of the local economy include property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by interest rates and employment levels. Although short and long-term interest rates are low by historical standards, there is continued uncertainty regarding the pace of economic recovery at the national, state and local levels.

An impact of the overall housing market decline is an improvement in the California Association of Realtors index for first-time buyers throughout California. Based on the California Association of Realtors' First Time Buyer Housing Affordability Index, San Diego's housing affordability index, (the percentage of households that can afford to purchase an entry-level home) stood at 58% in June 2010. Although this is a slight decrease from a high of 60% in March 2009, it is still up from 57% in December 2008, up from 33% in December 2007, and up from 27% in December 2006. This index is based on an adjustable rate mortgage and assumes a 10% down payment and a first-time buyer purchase of a home equal to 85% of the prevailing median price. The improvement in the percentage of households that could afford to buy an entry-level home in San Diego was based on the market driven drop in entry-level priced homes and the corresponding adjustment to the monthly payment needed (including taxes and insurance) and an adjustment to the qualifying income level for the lower priced entry-level homes.

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

GENERAL MANAGEMENT SYSTEM

The County's General Management System (GMS) is the framework that establishes and guides the management of County operations and service delivery to residents, businesses and visitors. The County sets goals, prioritizes the use of resources, evaluates performance, ensures cooperation and recognizes 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.

At the heart of the GMS are five overlapping components which ensure that the County asks and answers crucial questions:

Strategic Planning asks: Where do we want to go? The Strategic Plan looks ahead five years to anticipate significant needs, challenges and risks that are likely to develop and sets goals for the future. Long-range strategic planning requires assessing both where the County is and where it wants 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 as articulated in the Strategic Plan 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 the County is on track to achieve its goals. The County evaluates its progress at regular intervals and makes 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, maximize efficiency 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 recognizing those who meet or exceed expectations. Motivation, Rewards and Recognition encourages individual and group excellence. The Operational Incentive Plans, Departmental Excellence Goals, the Do-It-Better-By-Suggestion (DIBBS) program and department recognition programs are the primary ways the County recognizes employees and encourages 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 AND OPERATIONAL PLANNING (BUDGETARY) PROCESS

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

FINANCIAL (BUDGETARY) POLICIES

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

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

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

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

Board of Supervisors Policies

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

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

B-71 Fund Balance and Reserves: Establishes guidelines regarding the use of fund balance and the maintenance of reserves in order to protect the fiscal health and stability of the County. Expenditures for services are subject to fluctuations in demand and revenues are influenced by changes in the economy and by State and federal regulations. This policy ensures the County is prepared for unforeseen events by establishing and maintaining prudent levels of fund balance and reserves.

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

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

Administrative Manual

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

0030-06 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: One-time revenue will be appropriated only for one-time expenditures such as capital projects or equipment, not to ongoing programs.

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

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

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

STRATEGIC INITIATIVES AND ACHIEVEMENTS

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

Notwithstanding, County government continues to follow the map of the Strategic Plan developed within the discipline of the GMS. The County's Strategic Plan clearly identifies the organization's priorities so that both the public and employees can better understand how the County will use its resources during the next five years and what to expect as a result. Consistent with the County's GMS, activities undertaken to achieve these goals will be tracked and reported throughout the year, to ensure accountability and results. The Strategic Initiatives focus on what the County will do to serve the public and change over time as public needs, desires and priorities change. The County's strategic Initiatives are:

- ◆ **Kids** - Improve opportunities for children and families.
- ◆ **The Environment** - Manage the region's natural resources to protect quality of life and support economic development.
- ◆ **Safe and livable Communities** - Promote safe and livable communities.

The Strategic Plan also includes Required Disciplines that address the County's internal priorities. The Required Disciplines are the foundation the County organization must establish to accomplish our public service goals efficiently and effectively. They set the standards for continued operational excellence the County is committed to achieving. These Required Disciplines are:

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

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

Kids

- ◆ The Department of Environmental Health educated 5,707 students regarding awareness and protection from mosquito-borne diseases and other vector related diseases. The department also conducted five outreach sessions for 1,250 students regarding hazardous materials and careers in environmental health.
- ◆ The Department of Child Support Services informed and educated the community about child support services through proactive media relations and community outreach by attending 83% of the local State Department of Corrections and Rehabilitation's Parole and Community Team meetings. The department also collaborated with the Superior Court to develop and implement the ability to conduct court hearings at the annual Veteran's Village Stand Down event to provide services to unemployed and homeless veterans who have child support obligations.
- ◆ The Probation Department increased public safety and reduced crime by ensuring that youth who left custodial settings were prepared for success in the community through successful participation in rehabilitative opportunities: ensured that 78% of youth who needed employment readiness services received them, exceeding the goal of 60%; ensured that 85% of youth who needed literacy programs received them, exceeding the goal of 60%; and ensured that 77% of youth who needed substance abuse services received them, exceeding the goal of 60%.
- ◆ The Parks and Recreation Department promoted recreational and environmental awareness for 10,000 youth by conducting educational programs at 20 park facilities with an emphasis on water quality, watershed awareness and natural resources and provided 36 outdoor adventure and education activities.
- ◆ The Air Pollution Control District reduced school children's exposure to cancer-causing and smog-forming pollutants. APCD applied for obtained over \$1.6 million in State and

federal funding for the Lower-Emission School Bus programs and provided grants to 23 school districts to enable the retrofit of school buses with diesel particulate matter filters or to purchase new school buses.

The Environment

- ◆ The Department of Parks and Recreation expanded and protected park resources by adding 793 acres of parkland throughout the County in Fiscal 2009-10.
- ◆ The Department of Parks and Recreation continued to lead in the area of sustainability by retrofitting eight County park facilities with lighting designed to cut energy use by up to 35% and by improving existing irrigation systems, intended to cut water use by 5% at 14 parks.
- ◆ The Department of Parks and Recreation mitigated fire fuel hazards and maintained fire safe zones in 24 park facilities through continued implementation of vegetation management practices in Forest Area Safety Task force areas.
- ◆ The Department of Public Works protected and preserved the County's water quality and watersheds: removed 28,802 cubic yards of debris from culverts, drainage channels and roads through a systematic cleaning program to protect waterways; swept 17,242 lane-miles of roadway to clean debris; and provided water quality and watershed protection outreach to 5,438 students at various schools in the unincorporated area.
- ◆ The Public Works Department maintained at least 50% solid waste diversion from landfills. The department worked with 33 private developments, with permits or permits pending, that have 40,000 square feet or more of building space to recycle construction and demolition materials; recycled 106,689 gallons of used oil and 22,387 used oil filters; and held 5 tire collection events that netted 5,057 tires.
- ◆ The Department of Agriculture, Weights and Measures protected the County's \$1.5 billion agricultural industry from damaging exotic insects, diseases and noxious non-native weeds: inspected 100% (1,955) of reported incoming high-risk commercial plant shipments; implemented the newly established detector dog surveillance team for parcel inspections at private parcel facilities; and enhanced the treatment of noxious non-native weeds by increasing the treatment.

Safe and Livable Communities

- ◆ The District Attorney expanded the Preventing Rape by Intoxication campaign in partnership with the community, sexual assault survivors, Children's Hospital, law enforcement and local middle schools, high schools and universities. The Department also created a crime prevention video to help college age youth avoid becoming victims of sexual assault by intoxication.
- ◆ The Office of Emergency Services initiated a door-to-door Wildfire Awareness Campaign to approximately 300,000 households that focused on the communities in wildland urban interface areas. An additional 100,000 pamphlets will be delivered to households by November 2010.
- ◆ The Office of Emergency Services managed and administered the Homeland Security Grant program by distributing funds throughout the San Diego region to 18 cities, 58 special districts, County Departments and other agencies to improve preparedness, response and recovery from terrorist and catastrophic events.
- ◆ The Probation Department increased public safety and reduced crime by ensuring that the highest risk adults under intensive supervision are held accountable for their actions and are provided with rehabilitative opportunities in order to reduce further offenses.
- ◆ The Probation Department maintained a high profile in the community by participating in 242 adult and juvenile multi-agency gang operations, truancy sweeps, probation and parole sweeps and sobriety checkpoints. The department also conducted 8,984 searches of adult and juvenile probationers to ensure they were not in possession of illegal contraband such as weapons, drugs, child pornography and gang related paraphernalia.
- ◆ The Sheriff's Department improved the crime solving/closure rate by 4.1% by implementing a "Tracking Known Offenders" process that used information from the Sheriff's Records Management System, Jail Information Management System, Probation Department and State Parole to more effectively solve crimes by correlating the whereabouts of known offenders to crimes and crime locations.
- ◆ The Health and Human Services Agency led efforts to anticipate and proactively manage the threat to the public's health from the Pandemic 2009 H1N1 Influenza. As of June 30, 2010, 1,276,030 vaccines were distributed, of which 961,513 vaccines were directly distributed to healthcare providers to serve their patients and the remaining 314,517 vaccines were distributed by the County.
- ◆ The Health and Human Services Agency identified options for In-Home Supportive Services (IHSS) to contain costs and focus service on needy seniors and persons with disabilities. In November 2009, the Board of Supervisors approved a number of reforms for IHSS including implementation of a new Fraud Investigation and Program Integrity initiative in conjunction with the District Attorney and initiation of IHSS individual provider enrollment. In February 2010, the State approved the County's new \$1.4 million Program Integrity initiative. Through June 2010, 56% (11,984 of 21,400) of the current providers have complied with provider enrollment activities. The remaining current and new providers have until December 31, 2010 to complete the process. Provider enrollment activities include a requirement for a California criminal background check, viewing of orientation materials, and an in-person sign-up to show formal documentation of identity.
- ◆ The Health and Human Services Agency fully implemented multi-year "social services safety net" project to streamline the business processes of three major federal and State mandated public assistance programs that provide access to health care, nutrition and temporary financial assistance (Medi-Cal, Food Stamps and CalWORKs). This major continuous improvement

project will improve customer service, maintain program integrity and increase efficiency of services provided to more than 337,000 people by over 1,000 staff. The Agency:

- ♦ Converted over 200,000 paper cases to electronic files to support transition to virtual (paperless) caseload to gain efficiency and enhance customer service.
- ♦ Redesigned the staffing model and implemented trainings to support transition to a team-oriented, task-based service approach in Agency Family Resource Centers to accommodate higher volume of applications and participation in self-sufficiency programs.
- ♦ Introduced same-day application processing to improve timely delivery of services to customers in Agency Family Resource Centers.
- ♦ The Department of Public Works completed the first American Recovery and Reinvestment Act of 2009 (ARRA) federally funded construction project in San Diego County, the \$1.8 million Gillespie Field Taxiway reconstruction project. The department also completed the McClellan-Palomar Airport Terminal Redevelopment improvements. Both of these projects were completed under budget and ahead of schedule.
- ♦ The Department of Planning and Land Use continued to collaborate with fire service entities to improve fire protection and emergency response by providing ongoing funding for existing contracts and much needed resources to rural communities - new fire engines and water tenders, and protective suits for the County's volunteer firefighters. Specifically, a new fire engine and water tender were purchased for Warner Springs Volunteer Fire Station, a water tender was purchased for the Jacumba Volunteer Fire Station and a new fire engine was purchased for the Campo Volunteer Fire Agency. Additionally, 100 new protective suits were purchased to protect the County's volunteer firefighters.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

OTHER AWARDS AND RECOGNITIONS

Even with the financial and environmental challenges of Fiscal Year 2010, the County was recognized for many activities that highlight progress in the Strategic Plan Initiatives. County

programs received awards for operational and service delivery achievements, technological innovations, and prudent fiscal management.

- ♦ San Diego County continues to be one of the leading recipients of National Association of Counties (NACo) Achievement Awards. Twenty-nine County programs were recognized for excellence in 2010. The award-winning programs operate within all five County business groups and include programs that serve children, youth and seniors, as well as those that promote environmental protection, public safety and efficient, effective county administration. The programs receiving awards included:
 - ♦ San Diego Stand Down 2009, Department of Child Support Services - a pilot project created in conjunction with the San Diego County Superior Court and Thomas Jefferson School of Law Veteran's Clinic to give homeless veterans access to court services in relation to their child support cases.
 - ♦ Self Service Kiosks, Department of Child Support Services - a program that places kiosks in convenient places for walk-in customers to make child support payments, complete forms, and access information related to their child support cases.
 - ♦ Service Learning @ Your Library - a program that engages teens in providing direct service within their own communities, helping them to develop interests and work skills while establishing meaningful relationships with adult mentors.
 - ♦ Disaster Food Stamp Program Protocol Guide - a program developed by the Health and Human Services Agency to assist local residents displaced by disasters. Based on experience gained through wildfire response, this program is now being replicated in other California counties and the US Department of Agriculture Food & Nutrition Service.
 - ♦ Code Enforcement Storefronts - a program created to place County personnel in remote areas to address local disputes that arise among neighbors over boundary lines, litter, land uses and other issues that strike citizens on a personal level.
 - ♦ District Attorney/City Attorney Prosecution System Collaboration Project - a project designed to share usage of the County District Attorney's internally developed criminal case management system with the San Diego City Attorney's Office, resulting in savings for the City and the beneficial sharing of case and defendant data between the two agencies.
 - ♦ Free Foreclosure Prevention HOME Clinics at Neighborhood Library Branches - a collaboration between the County Library system and Housing Opportunities Collaborative (HOC), Home Owner Mobile Education (HOME) clinics offer homeowners advice on legal, credit, and mortgage issues from skilled professionals.
 - ♦ High Tech Mental Health Solutions - a walk-in assessment center designed in collaboration with Exodus Recovery, Inc., serving the north San Diego County region. The program

provides screening and triage for appropriateness of hospitalization to reduce escalation of crisis mental health situations and minimizes unnecessary inpatient treatment.

- ♦ Government Without Walls - a County initiative that promotes a mobile workforce through the use of technology. The Department of Agriculture, Weights, and Measures (AWM) implemented a wireless fleet management program that combines Automatic Vehicle location (AVL) and Global Positioning System (GPS) technologies.
- ♦ Service First Initiative - a plan consisting of 67 separate tasks designed to improve every aspect of the Department of Planning & Land Use's (DPLU) customer service, from walk-in counter service to management structure.
- ♦ For the eighth consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada recognized the County with the Distinguished Budget Presentation Award for the Adopted Operational Plan: Fiscal Years 2009-10 & 2010-11.
- ♦ In 2010, the San Diego Taxpayers Association presented the County of San Diego a Regional Golden Watchdog Award for the recently completed Medical Examiner and Forensic Center. The Taxpayers Association recognized the County for saving \$140 million in potential financing costs by cash financing the project, completing the project on schedule and under budget, and using the most current technology available in creating the energy-efficient complex, which has an 80-year life cycle. The new complex also received a Citation Award for architectural design from the American Institute of Architects (AIA) San Diego Chapter, a Certificate of Special Recognition from the United States Congress, and an Outstanding Achievement Award from the California State Legislature.
- ♦ The California State Association of Counties (CSAC) recognized the Health & Human Services Agency (HHSA) for its Neighborhoods for Kids - East County program. The program was selected from hundreds of nominations to receive the 2009 California Counties Innovation Award, the organization's top honor. CSAC honored another HHSA program with a CSAC Merit Award: the Life Skills for Foster Youth program, which engages the San Diego Workforce Partnership to help teen-aged foster youth gain life skills. CSAC also selected the Housing and Community Development's (HCD's) Housing Inspection Reengineering Project for the CSAC Merit Award. The award-winning program allowed that department to maintain housing inspection levels and improve customer service, while reducing costs.
- ♦ The California Child Support Director's Association recognized San Diego County Department of Child Support Services (DCSS) with two top honors in the same year - an accomplishment no other County has achieved. DCSS was recognized as the Federal Fiscal Year 2009 Top Performing County in the "Very Large County" category. In addition, DCSS was also recognized as the Most Improved in Overall Performance for a "Very Large County."
- ♦ In February 2010, the County received the 2009 Sustainability Showcase Award in the "Local Government, Large" category from the California Sustainability Alliance. The County's Energy Management Program, Green Business Program, Green Building Program, Stormwater Management Program and Climate Change Team were highlighted in the award entry.
- ♦ The San Diego County Fire Authority was recently honored by the Fire Safe Council of San Diego County with the 2009 Outstanding Partnership Award. The County Board of Supervisors created the County Fire Authority to improve regional fire protection and emergency medical service.
- ♦ The Department of Parks and Recreation (DPR) has received a Preservation Design Award from the California Preservation Foundation. The award was given for the restoration work DPR performed in partnership with IS Architecture and the Vista Irrigation District (VID) on the Warner-Carrillo Ranch House and Barn, which are located in Warner Springs.
- ♦ The San Diego American Society of Civil Engineers (ASCE) Awards Committee selected the County's Ruxton Avenue Channel Conversion to receive the Water Quality, Flood & Drainage Award of Excellence and the McClellan Palomar Terminal Redevelopment to receive the Outstanding Airport and Port Facility Project as part of its Civil Engineering Project Awards program.
- ♦ The County won Emmy Awards in six categories from the National Television Arts & Sciences Pacific Southwest Chapter. The awards recognized the "Oxy Abuse Kills" public service announcement series; "Water Babies", story about the benefits of water safety training for toddlers, and "Tsunamis: Know What To Do!", an animated educational video designed for children.
- ♦ For the third year in a row, the County received the 2009 Award of Excellence from the California Counties Facilities Services Association (CCFSA). CCFSA's award program recognizes organizations that continue to advance the development of programs and processes that extend the life of public facilities.
- ♦ The American Public Works Association (APWA) has selected the Lakeside Baseball Park as the 2009 Project of the Year. The new park features four tournament play fields with artificial turf, concession building with restrooms, maintenance building, volunteer staging area, stadium seating, tot lot play area, an equestrian trail and parking lot.
- ♦ In May 2010, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) presented the Sheriff's Regional Crime Laboratory with its "100 IBIS Hits" Award. The Integrated Ballistics Identification System (IBIS) is a forensic tool used to enter images of bullets and casings that have been collected at crime scenes into a ballistics database.
- ♦ The County Office of Emergency Services' Geographic Information System (GIS) Unit was recently honored as the recipient of the Environmental Systems Research Institute (ESRI)'s Special Achievement in GIS Award for 2009 for its work on the Golden Guardian 2008 exercise, a statewide exercise

that took place in November 2008 and was based on a 7.8 magnitude earthquake along the southern portion of the San Andreas Fault.

- ◆ Tsunamis: Know What to Do, an animated video produced by the County Office of Emergency Services, was recognized with a Bronze Telly Award in three different categories: Use of Animation, Safety and Government Relations. The video also received the International Association of Emergency Managers (IAEM) Public Awareness Award.
- ◆ The County's Internet website was recognized as the "Best Local Government Website" in the state by the Center for Digital Government in their 2009 Best of California Awards program.

- ◆ The International Public Management Association for Human Resources has awarded the County Department of Human Resources (DHR) its 2009 Large Agency Award of Excellence. The Association established the award to recognize the overall quality and accomplishments of an agency's human resources program that exceeds the normal operation of a "good government human resource program."
- ◆ The County's In-Home Supportive Services (IHSS) Public Authority was given the 2009 Medallion Award for workplace innovation and employee-friendly practices. The award program is sponsored by the Society for Human Resource Management and the San Diego Union Tribune.

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thank the members of the Board of Supervisors, the Chief Administrative Officer, Group/Agency General Managers and their staff for using sound business practices while conducting the financial operations of the County.

Respectfully,



DONALD F. STEUER
Chief Financial Officer




TRACY M. SANDOVAL
Auditor and Controller

