



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Second District

DAVE ROBERTS  
Third District

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Fourth District

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Fifth District

**DATE:** March 1, 2016

# 19

**TO:** Board of Supervisors

**SUBJECT:** FISCAL YEAR 2015–16 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

### Overview

This report summarizes the status of the County's Fiscal Year 2015–16 Operational Plan, as measured by projected year-end fund balance from current year operations. The projected balance for the General Fund is \$130.3 million, and for all budgetary funds combined is \$164.6 million. In the General Fund, positive balances are projected for all five business groups. The projected fund balance reflects the conservation of management and contingency reserves and projects that General Purpose Revenue will perform better than estimated in the Fiscal Year 2015–16 Adopted Operational Plan. This letter recommends budget adjustments to make resource reallocations to fund one-time projects and to make various adjustments to align the budget with anticipated actuals.

In the Public Safety Group (PSG), recommendations include appropriations adjustments in the Sheriff's Department for overtime costs for law enforcement services provided at local events and the ending of a grant program from the California Office of Traffic Safety, in County Service Area 135 Zone B Del Mar 800 MHZ to purchase radios for the Regional Communications System, and in the Criminal Justice Facility Construction Fund to provide funds for the Net Records Management System project.

In the Health and Human Services Agency (HHS), there is a recommendation for an appropriation adjustment to purchase vehicles for Child Welfare Services and Aging & Independence Services.

In the Land Use and Environment Group (LUEG), recommendations include appropriations adjustments to properly record non-capital expenses related to the Tijuana River Valley Equestrian Center hydrology study, and in the Airport Enterprise Fund for a partial loan transfer to the County of San Diego's Low to Moderate Income Housing Asset Fund for the Gillespie Field project.

In the Community Services Group (CSG), recommendations include appropriations adjustments for the County of San Diego Low to Moderate Income Housing Asset Fund for a partial loan

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transfer from the Airport Enterprise Fund, in the San Diego County Library Fund to procure and install 24/7 Library-To-Go kiosks, in the Facilities Management Internal Service Fund and Major Maintenance Internal Service Fund to complete energy and water efficiency projects, in the Fleet Management Internal Service Fund to purchase fleet vehicles, and for a photovoltaic system for Imperial Beach Library.

There are no appropriation adjustments in the Finance and General Government Group (FGG).

**Recommendation(s)**

**CHIEF ADMINISTRATIVE OFFICER**

1. Accept the Fiscal Year 2015–16 second quarter report on projected year-end results.
2. Establish appropriations of \$292,000 in the Sheriff's Department, Salaries and Benefits, for overtime based on unanticipated additional revenue for law enforcement services provided at special local events. **(4 VOTES)**
3. Cancel appropriations of \$255,184 in the Sheriff's Department, Salaries and Benefits and related revenue from the California Office of Traffic Safety due to the end of the program period of the federal Fiscal Year 2014–15.
4. Establish appropriations of \$20,000 in the County Service Area (CSA) 135 Zone B Del Mar 800 MHZ fund, Services and Supplies, to purchase radios based on available prior year fund balance. **(4 VOTES)**
5. Establish appropriations of \$964,808 in the Criminal Justice Facility Construction Fund, Operating Transfer Out, to provide funds to the Sheriff's Department for the Net Records Management System project based on available prior year fund balance. **(4 VOTES)**
6. Transfer appropriation of \$272,561 from the Health and Human Services Agency (HHS), Other Charges, to the General Fund Contributions to Fleet Internal Service Fund (ISF), Operating Transfer Out, for the purchase of various HHS vehicles.
7. Amend the Fiscal Year 2015–16 Fleet Management Internal Service Fund (ISF) Spending Plan, Services and Supplies by \$272,561 to provide funding for the purchase of various vehicles for HHS based on an Operating Transfer In from the General Fund. **(4 VOTES)**
8. Cancel appropriations of \$117,000 and related Operating Transfer In from the General Fund in the Capital Outlay Fund, to properly record non-capital expenses related to Tijuana River Valley Equestrian Center hydrology study.
9. Transfer appropriations of \$117,000 from Contribution to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, Services and Supplies, for non-capital expenses related to Tijuana River Valley Equestrian Center hydrology study.

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10. Amend the Fiscal Year 2015–16 Airport Enterprise Fund Spending Plan by \$672,641, Operating Transfer Out for transfer of 20% of the loan repayment for the Gillespie Field project to the County of San Diego’s Low to Moderate Income Housing Asset Fund based on available prior year Airport Enterprise Fund fund balance. **(4 VOTES)**
11. Establish appropriations of \$672,641 in the County of San Diego Low to Moderate Income Housing Asset Fund, Services and Supplies, for transfer of the 20% loan repayment for the Gillespie Field project based on an Operating Transfer In from the Airport Enterprise Fund. **(4 VOTES)**
12. Establish appropriations of \$900,000 in Contributions to County Library, Operating Transfer Out to procure and install additional 24/7 Library-To-Go kiosks for the San Diego County Library based on available prior year Community Services Group fund balance. **(4 VOTES)**
13. Establish appropriations of \$600,000 in the San Diego County Library Fund, Capital Assets Equipment, to procure and install additional 24/7 Library-To-Go kiosks for the San Diego County Library based on an Operating Transfer In from the General Fund. **(4 VOTES)**
14. Amend the Fiscal Year 2015–16 Facilities Management Internal Service Fund (ISF) Spending Plan by establishing appropriations of \$600,000, Operating Transfer Out to provide the funding required to record loans payable based on available prior year Facilities Management ISF fund balance. **(4 VOTES)**
15. Amend the Fiscal Year 2015–16 Major Maintenance Internal Service Fund (ISF) Spending Plan by establishing appropriations of \$600,000, Services and Supplies to complete energy efficiency projects based on an Operating Transfer In from Facilities Management ISF. **(4 VOTES)**
16. Amend the Fiscal Year 2015–16 Fleet Management Internal Service Fund (ISF) Spending Plan by establishing appropriations of \$3,600,000, Fixed Asset Equipment to fund the purchase of fleet vehicles based on available prior year Fleet Management ISF fund balance. **(4 VOTES)**
17. Transfer appropriations of \$450,000 from the Community Services Group Executive Office, Services and Supplies, to the Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funding for the Imperial Beach Library photovoltaic system.
18. Establish appropriations of \$450,000 in the Capital Outlay Fund for Capital Project 1018191, Imperial Beach Library to provide funding for the installation of a photovoltaic system based on an Operating Transfer In from the General Fund. **(4 VOTES)**

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**Fiscal Impact**

Funds for a portion of these requests are not included in the Fiscal Year 2015–16 Operational Plan. If approved, this action will result in a net increase in appropriations of \$936,816 in the General Fund. The funding sources include revenue for law enforcement services for local events and available prior year Community Services Group fund balance.

In all other funds combined, these actions will result in a net increase in appropriations of \$6,990,369. The funding sources are Operating Transfers and available prior year fund balance.

**Business Impact Statement**

N/A

**Advisory Board Statement**

N/A

**Background**

For the General Fund, the second quarter projection of year-end fund balance from current year operations is \$130.3 million. This projected one-time resource is a combination of anticipated year-end General Purpose Revenue (GPR) above budget by \$21.7 million along with a net positive variance of \$65.1 million from operations and a positive variance of \$43.5 million in unspent contingency and management reserves. The projected \$21.7 million in anticipated GPR is primarily due to better than expected property tax revenue resulting from an increase in assessed value (AV); increased pass-throughs and estimated residual balance.

The projected balance for all other funds combined is \$34.4 million. Schedule A summarizes the fund balance projection by business group/agency and department. The Notes to Schedules A and B explain significant variances from budget by department. Schedule B shows the projected General Fund fund balance by business group/agency split between operating and reserve balances.

As shown in Schedule A, the General Fund year-end fund balance projection of \$130.3 million is based on the estimate that expenditures will be approximately \$170.3 million less than the Fiscal Year 2015–16 Amended Budget and revenues will be a net \$40.0 million less than the Fiscal Year 2015–16 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year-to-date changes that have been either approved by your Board or by the Deputy Chief Administrative Officer/Auditor and Controller, when permitted.

The projected lower than budgeted expenditures in the General Fund are primarily attributable to the following:

- \$43.1 million in positive salary and benefit appropriation variance in all groups/agency due to staff turnover and department management of vacancies.
- \$25.9 million in net positive appropriation variance in Services and Supplies across the

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County in all groups/agency.

- In the Public Safety Group (PSG), projected overall positive variance of \$3.6 million is associated with contracted services, major maintenance, facilities maintenance, and special departmental expenses in Public Safety Group Executive Office; delayed projects related to grant funding in Office of Emergency Services; and overall reduced operational costs in Public Defender.
- In the Health and Human Services Agency (HHSA), projected overall positive variance of \$12.0 million resulted mainly from various contracted services in Aging and Independence Services, Behavioral Health Services and Public Health Services and in Administrative Support for appropriations set aside in case of emergency that are not anticipated to be spent.
- In the Land Use and Environment Group (LUEG), projected positive variance of \$3.8 million is largely due to delayed various one-time only funded projects in Planning and Development Services, delays in the implementation of the Vector Habitat Remediation program and lower than expected operational expenses in Environmental Health.
- In the Community Services Group (CSG), projected positive variance of \$2.7 million is attributable largely to Housing and Community Development (HCD) due to multi-year projects.
- In Finance and General Government (FGG), projected positive variances of \$3.9 million are mainly the result of increased efficiencies in operations associated with implementation of Recording Phase of Acclaim and e-Recording in Assessor/Recorder/County Clerk and lower levels of contracted services in various departments.
- A net positive appropriation variance of \$61.4 million in Other Charges reflects primarily variances in HHSA, CSG, PSG and Finance Other. In HHSA, the positive variance of \$51.0 million is mainly the result of revised caseload levels in Regional Operations CalWORKs and in Child Welfare Services due to revised estimates of caseload levels and growth trends in the adoptions and foster care assistance programs. In CSG, the positive variance of \$4.0 million is projected in HCD due to lower than anticipated expenditures on multi-year projects. In PSG, the positive variance of \$3.8 million is related to Trial Court funding and delayed projects in Office of Emergency Services. In Finance Other, the positive variance of \$2.7 million is due to Tax and Revenue Anticipation Note (TRAN) borrowing costs that will not be incurred.
- \$21.7 million in contingency reserves that are projected to be unspent at year-end.
- \$21.8 million in management reserves in HHSA (\$20.0 million) and in CSG (\$1.8 million) that are projected to be unspent at year-end.

The projected under realized revenue of \$40.0 million includes positive variances totaling \$15.5 million and negative variances of \$55.5 million. The positive revenue variance of \$15.5 million is expected in the following categories: Taxes Current Property (\$6.7 million); Taxes Other Than Current Secured (\$6.2 million) due to increase in assessed value; Miscellaneous Revenues (\$2.1 million) and Licenses, Permits and Franchises (\$0.5 million). The negative variance is largely in Intergovernmental Revenue (\$45.0 million) as a result of expenditure savings in caseload-driven programs, multi-year projects and contracted services as mentioned above; in Charges For Current Services (\$6.4 million) mainly due to decrease in various revenues in

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Assessor/Recorder/County Clerk, less than anticipated collection of fines and fees in the Probation Department, expenditure savings related to staff vacancies in Environmental Health and Planning and Development Services, decrease in traffic school fees in Trial Courts; and in Revenue From Use of Money & Property (\$2.7 million) primarily due to the expiration of the lease with the Corrections Corporation of America (CCA) at the East Mesa Detention Facility Complex.

See the Notes to Schedule A and B for a description of significant variances by department.

**Fiscal Year 2015–16 Budget Adjustments**

The recommendations for budget adjustments are explained as follows:

**Recommendation 2**

The Sheriff's Department provides law enforcement services on an overtime basis for local events as needed and as requested by the contract cities and various local organizations. The department is reimbursed for these extra services. The amount of overtime worked and reimbursements received have exceeded the planned amounts for this activity. This request will establish appropriations of \$292,000 for overtime expenditures related to the extra law enforcement services provided based on unanticipated reimbursement revenue.

**Recommendation 3**

On April 3, 2012 (5) and July 29, 2014 (1), the Board authorized the acceptance and appropriation of \$820,644 in grant revenue from the California Office of Traffic Safety for the Selective Traffic Enforcement Program to provide increased driving under the influence (DUI) enforcement including but not limited to DUI checkpoints, DUI saturation patrols and warrant service operations. This request will cancel appropriations and related revenue of \$255,184 in the Sheriff's Department due to the end of program period of the Federal Fiscal Year 2014–15 which ended September 30, 2015.

**Recommendation 4**

This request will establish appropriations of \$20,000 in the County Service Area (CSA) 135 Zone B Del Mar 800 MHz fund based on available prior year fund balance. The funds will be used to purchase up to seven additional radios for the City of Del Mar.

**Recommendation 5**

This request will establish appropriations of \$964,808 in the Criminal Justice Facility Construction Fund based on available prior year fund balance. Funds will be transferred to the Sheriff's Department for the Net Records Management System project which will automate the collection, storage, and dissemination of crime, arrest and incident information. Funds were included in the Sheriff's Department as part of the carryforward budget. This is an adjustment to align the budget with anticipated expenditures.

**Recommendations 6 & 7**

This request will establish appropriations of \$272,561 in the Fleet Internal Service Fund (ISF) for the purchase of additional fleet vehicles for Child Welfare Services (CWS) and Aging &

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Independence Services (AIS). The vehicles for CWS will support growth in additional State services that have been put into place over the last few years, including Pathways to Well Being and Extended Foster Care. Additionally, vehicles will support AIS efforts to enhance outreach and education services to veterans countywide and be used to support the In-Home Supportive Services (IHSS) program.

**Recommendations 8 & 9**

On May 24, 2011 (23), appropriations of \$117,000 were established for Capital Project 1014147, Tijuana River Valley (TJRV) Equestrian Center, based on residual Community Enhancement projects, District 1, funding from Capital Project 1000035, Sweetwater Regional Park Equestrian Center. The funds were to be used for a hydrology study at the TJRV Equestrian Center because the project is located in a floodplain. These recommendations will cancel appropriations of \$117,000 and related Operating Transfer from the General Fund in the Capital Outlay Fund and transfer appropriations to the Department of Parks and Recreation, Services and Supplies, to properly record non-capital expenses pursuant to County of San Diego Administrative Manual 0050–02–01, Control of Capital Assets and Minor Equipment.

**Recommendations 10 & 11**

In December 2014, the California State Department of Finance approved the reinstatement of a loan agreement between the former County of San Diego Redevelopment Agency and the Airport Enterprise Fund for the development of property near Gillespie Field in El Cajon, to be funded from distributions from the Redevelopment Property Tax Trust Fund (RPTTF). In accordance with the terms of the agreement, the Airport Enterprise Fund will receive 80% of the RPTTF distribution and the remaining 20% will go to County of San Diego’s Low to Moderate Income Housing Asset Fund. Today’s recommendations will amend the Fiscal Year 2015–16 Airport Enterprise Fund spending plan by \$672,641 to record the transfer of the 20% share of loan repayment to the County of San Diego’s Low to Moderate Income Housing Asset Fund.

**Recommendations 12 & 13**

On June 23, 2015 (14), the Board of Supervisors authorized sole source procurement of three additional 24/7 Library-To-Go kiosks. Installations are planned for Encinitas, Boulevard, and Chula Vista, ultimately bringing one kiosk to each of the five County districts. Appropriations were partially included in the Fiscal Year 2015–16 Operational Plan for the San Diego County Library, and the additional recommended appropriations of \$600,000 will provide for purchase, delivery, installation, and proper weather protection of the remaining two kiosks. In addition, these recommendations will appropriate \$900,000 in Contribution to County Library, which includes a \$300,000 rebudget from prior year, to fund the procurement and installation of the three kiosks. The funding source is available prior year Community Services Group fund balance.

**Recommendations 14 & 15**

On September 28, 2004 (4) and November 8, 2011 (19), the Board authorized energy efficiency loans to complete energy and water efficiency projects. These recommendations will amend the Facilities Management Internal Service Fund (ISF) Spending Plan by establishing appropriations of \$600,000 for an Operating Transfer Out to the Major Maintenance ISF to complete energy efficiency projects and to provide the funding required to record loans payable for California

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Energy Commission and On-Bill Financing loans based on available prior year Facilities Management ISF fund balance.

**Recommendation 16**

This request will amend the Fiscal Year 2015–16 Fleet Management Internal Service Fund (ISF) Spending Plan by \$3,600,000 to provide funding for the purchase of additional patrol and department fleet vehicles and fleet equipment based on available prior year Fleet Management ISF fund balance. Appropriations are required in the current fiscal year to begin procurement for the additional fleet vehicles and equipment.

**Recommendations 17 & 18**

On July 29, 2014 (07), the Board approved the design/build solicitation for the Imperial Beach Library. Funds of \$8,500,000 for the construction of the Imperial Beach Library expansion project were included in the Fiscal Year 2013-14 Operational Plan. These recommendations will establish additional appropriations of \$450,000 in Capital Project 1018191, Imperial Beach Library to provide funding for the installation of a photovoltaic (PV) system based on an Operating Transfer In from the General Fund.

**Linkage to the County of San Diego Strategic Plan**

Today’s proposed actions support the Strategic Initiatives of Safe Communities, Sustainable Environments, Healthy Families, and Operational Excellence in the County of San Diego’s 2016–2021 Strategic Plan by fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,



HELEN N. ROBBINS-MEYER  
Chief Administrative Officer

ATTACHMENT(S)  
Schedule A and B  
Notes to Schedules A and B

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**AGENDA ITEM INFORMATION SHEET**

**REQUIRES FOUR VOTES:**       Yes     No

**WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED**

Yes     No

**PREVIOUS RELEVANT BOARD ACTIONS:**

December 15, 2015 (35), Fiscal Year 2015–16 First Quarter Operational Plan Status Report and Budget Adjustments

August 4, 2015 (14), County of San Diego Fiscal Year 2015–16 Adopted Budget Resolution for County Family of Funds, Enterprise Funds and Internal Service Funds, and Prior Year Encumbrances

**BOARD POLICIES APPLICABLE:**

N/A

**BOARD POLICY STATEMENTS:**

N/A

**MANDATORY COMPLIANCE:**

N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):**

N/A

**ORIGINATING DEPARTMENT:** Finance & General Government Group

**OTHER CONCURRENCES(S):** N/A

**CONTACT PERSON(S):**

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**FY 2015-2016 2nd Quarter  
Projected Year-End Results**

(in thousands)

**COUNTY SUMMARY**

	<b>Expenditure Variance</b>	<b>Revenue Variance</b>	<b>2nd Quarter FY15-16 Projected Fund Balance</b>
	<b>Favorable/(Unfavorable)</b>		
<b>General Fund</b>			
Public Safety	\$ 28,260	\$ (1,548)	\$ 26,711
Health & Human Services Agency	90,420	(47,499)	42,921
Land Use & Environment	10,498	(3,203)	7,295
Community Services	8,786	(6,757)	2,029
Finance & General Government	7,871	(2,646)	5,225
<b>Total Agency/Group</b>	<b>145,833</b>	<b>(61,652)</b>	<b>84,181</b>
General Purpose Revenue	0	21,654	21,654
Finance Other	24,424	0	24,424
<b>Total General Fund</b>	<b>\$ 170,257</b>	<b>\$ (39,998)</b>	<b>\$ 130,260</b>
<b>Special Revenue Funds</b>			
Public Safety	\$ (59)	\$ 8,489	\$ 8,430
Health & Human Services Agency	6,874	(700)	6,174
Land Use & Environment	6,536	2,884	9,420
Community Services	1,974	(321)	1,653
<b>Total Special Revenue Funds</b>	<b>\$ 15,325</b>	<b>\$ 10,352</b>	<b>\$ 25,677</b>
<b>Capital Program</b>			
Finance Other	\$ 286	\$ (286)	\$ 0
<b>Internal Service Funds Departments</b>			
Land Use & Environment	\$ 0	\$ 157	\$ 157
Community Services	18,785	(17,405)	1,380
Finance & General Government	0	0	0
Finance Other	463	0	463
<b>Total Internal Service Funds</b>	<b>\$ 19,248</b>	<b>\$ (17,248)</b>	<b>\$ 1,999</b>
<b>Enterprise Fund Departments</b>			
Land Use & Environment	\$ 1,773	\$ (515)	\$ 1,258
Sheriff	47	182	229
<b>Total Enterprise Funds</b>	<b>\$ 1,820</b>	<b>\$ (333)</b>	<b>\$ 1,487</b>
<b>Special District Funds Departments</b>			
Public Safety Group	\$ 9	\$ 0	\$ 9
Health & Human Services Agency	549	(21)	527
Land Use & Environment	4,641	(14)	4,627
<b>Total Special District Funds</b>	<b>\$ 5,199</b>	<b>\$ (35)</b>	<b>\$ 5,164</b>
<b>Other County Funds Departments</b>			
Community Svcs. - Red./Redev. Successor Agency	\$ 42	\$ 1	\$ 43
<b>Total Other County Funds</b>	<b>\$ 42</b>	<b>\$ 1</b>	<b>\$ 43</b>
Debt Service - Pension Obligation Bonds	\$ 0	\$ 0	\$ 0
<b>Total County Projected Operating Balance</b>	<b>\$ 212,177</b>	<b>\$ (47,546)</b>	<b>\$ 164,630</b>

**FY 2015-2016 2nd Quarter  
Projected Year-End Results**

(in thousands)

**PUBLIC SAFETY GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY15-16 Projected Fund Balance
<b>Favorable/(Unfavorable)</b>		

**General Fund Departments**

Child Support	\$ 2,584	\$ 1,269	\$ 3,853
District Attorney	5,843	0	5,843
Emergency Services	3,100	(2,402)	699
Law Enforcement Review Board	0	0	0
Medical Examiner	322	0	322
Probation	900	38	939
Public Defender	1,193	0	1,193
Public Safety Executive Office	4,565	(138)	4,427
San Diego County Fire Authority	317	810	1,127
Sheriff	9,435	(1,126)	8,309
<b>Total General Fund</b>	<b>\$ 28,260</b>	<b>\$ (1,548)</b>	<b>\$ 26,711</b>

**Special Revenue Funds Departments**

District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	\$ 0
Probation - Asset Forfeiture	0	0	0
Probation - Inmate Welfare Program	0	0	0
Sheriff - Asset Forfeiture	0	0	0
Sheriff - Inmate Welfare Program	216	701	917
Criminal Justice Facility	0	275	275
Courthouse	0	0	0
Penalty Assessment	(275)	275	0
Public Safety - Proposition 172	0	7,238	7,238
<b>Total Special Revenue Funds</b>	<b>\$ (59)</b>	<b>\$ 8,489</b>	<b>\$ 8,430</b>

**Special District Funds**

Sheriff (Regional 800 MHz)	\$ 0	\$ 0	\$ 0
County Service Area	9	0	9
<b>Total Special District Funds</b>	<b>\$ 9</b>	<b>\$ 0</b>	<b>\$ 9</b>

**Enterprise Funds**

Sheriff	\$ 47	\$ 182	\$ 229
<b>Total Enterprise Funds</b>	<b>\$ 47</b>	<b>\$ 182</b>	<b>\$ 229</b>

**Total Public Safety Group**

<b>Total Public Safety Group</b>	<b>\$ 28,256</b>	<b>\$ 7,123</b>	<b>\$ 35,379</b>
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**FY 2015-2016 2nd Quarter  
Projected Year-End Results**

(in thousands)

**HEALTH & HUMAN SERVICES AGENCY**

	<b>Expenditure Variance</b>		<b>Revenue Variance</b>		<b>2nd Quarter FY15-16 Projected Fund Balance</b>
	<b>Favorable/(Unfavorable)</b>				
<b>General Fund Programs</b>					
Administrative Support	\$ 26,264		\$ (870)		\$ 25,394
Aging & Independence Services	4,040		(2,103)		1,938
Behavioral Health Services	455		1,382		1,836
Child Welfare Services	19,728		(15,026)		4,702
Public Health Services	4,936		(1,581)		3,355
Regional Operations	34,997		(29,301)		5,696
<b>Total General Fund</b>	<b>\$ 90,420</b>		<b>\$ (47,499)</b>		<b>\$ 42,921</b>
<b>Special Revenue Funds</b>					
Tobacco Securitization Fund	\$ 6,874		\$ (700)		\$ 6,174
<b>Total Special Revenue Funds</b>	<b>\$ 6,874</b>		<b>\$ (700)</b>		<b>\$ 6,174</b>
<b>Special District Funds Departments</b>					
Ambulance Districts	\$ 549		\$ (21)		\$ 527
<b>Total Health &amp; Human Services Agency</b>	<b>\$ 97,842</b>		<b>\$ (48,220)</b>		<b>\$ 49,622</b>

**FY 2015-2016 2nd Quarter  
Projected Year-End Results**

(in thousands)

**LAND USE & ENVIRONMENT GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY15-16 Projected Fund Balance
<b>Favorable/(Unfavorable)</b>		

**General Fund Departments**

Agriculture, Weights & Measures	\$ 1,030	\$ 273	\$ 1,303
Environmental Health	3,519	(2,182)	\$ 1,337
Land Use & Environment Group Exec Office	200	0	\$ 200
Parks & Recreation	112	(35)	\$ 77
Planning & Development Services	5,272	(1,199)	\$ 4,072
Public Works	365	(59)	\$ 306
<b>Total General Fund</b>	<b>\$ 10,498</b>	<b>\$ (3,203)</b>	<b>\$ 7,295</b>

**Special Revenue Funds Departments**

A,W & M (Grazing and Fish & Game Commission)	\$ 0	\$ 0	\$ 0
Parks & Recreation - PLDO	5	1,620	\$ 1,625
DPW - Aviation Funds	0	0	\$ 0
DPW - Road Fund	6,238	1,250	\$ 7,488
DPW - Inactive Waste	221	(221)	\$ 0
DPW - Waste Planning and Recycling	293	14	\$ 307
<b>Total Special Revenue Funds</b>	<b>\$ 6,536</b>	<b>\$ 2,884</b>	<b>\$ 9,420</b>

**Internal Service Funds Departments**

Public Works - DPW Equip. ISF Prg. (35525-35700)	\$ 0	\$ 157	\$ 157
<b>Total Internal Service Funds:</b>	<b>\$ 0</b>	<b>\$ 157</b>	<b>\$ 157</b>

**Enterprise Funds Departments**

Airport Enterprise Fund	\$ 230	\$ (0)	\$ 230
Wastewater Management Enterprise Fund	1,543	(515)	\$ 1,029
<b>Total Enterprise Funds:</b>	<b>\$ 1,773</b>	<b>\$ (515)</b>	<b>\$ 1,258</b>

**Special District Funds Departments**

Air Pollution Control District	\$ 2,209	\$ (441)	\$ 1,767
Parks and Recreation	265	82	\$ 347
DPW - SD County Sanitation District	1,151	86	\$ 1,237
DPW - Campo Water Sewer Maint District	26	23	\$ 49
DPW - CSAs	0	0	\$ 0
DPW - PRDs	0	0	\$ 0
DPW - Flood Control	696	21	\$ 717
DPW - Street Lighting Districts	295	216	\$ 510
<b>Total Special Districts Funds:</b>	<b>\$ 4,641</b>	<b>\$ (14)</b>	<b>\$ 4,627</b>

**Total Land Use & Environment Group**

<b>Total Land Use &amp; Environment Group</b>	<b>\$ 23,448</b>	<b>\$ (691)</b>	<b>\$ 22,757</b>
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**FY 2015-2016 2nd Quarter  
Projected Year-End Results**

(in thousands)

**COMMUNITY SERVICES GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY15-16 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Animal Services	\$ 108	\$ 152	\$ 260
Community Services Group Exec Office	1,750	0	1,750
General Services	13	0	13
Housing & Community Development	6,884	(6,909)	(25)
Purchasing & Contracting	0	0	0
Library Services	0	0	0
Registrar of Voters	31	0	31
<b>Total General Fund</b>	<b>\$ 8,786</b>	<b>\$ (6,757)</b>	<b>\$ 2,029</b>

**Special Revenue Funds Departments**

Library Services	\$ 1,974	\$ (321)	\$ 1,653
<b>Total Special Revenue Funds</b>	<b>\$ 1,974</b>	<b>\$ (321)</b>	<b>\$ 1,653</b>

**Internal Service Funds Departments**

Facilities Management	\$ 1,794	\$ (1,752)	\$ 42
Major Maintenance ISF	13,756	(13,751)	5
Fleet Management	2,763	(2,324)	440
Purchasing & Contracting	471	422	893
<b>Total Internal Service Funds</b>	<b>\$ 18,785</b>	<b>\$ (17,405)</b>	<b>\$ 1,380</b>

**Other County Funds Departments**

Red. Agency/Redevelopment Successor Agency	\$ 0	\$ 0	\$ 0
Housing & Community Development	42	1	43
<b>Total Other County Funds Departments</b>	<b>\$ 42</b>	<b>\$ 1</b>	<b>\$ 43</b>

<b>Total Community Services Group</b>	<b>\$ 29,587</b>	<b>\$ (24,482)</b>	<b>\$ 5,105</b>
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**FY 2015-2016 2nd Quarter  
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT  
GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY15-16 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Assessor/Recorder/County Clerk	\$ 5,276	\$ (3,253)	\$ 2,023
Auditor & Controller	275	73	348
Board of Supervisors	474	0	474
Chief Administrative Office	200	0	200
Civil Service Commission	48	0	48
Clerk of the Board of Supervisors	70	150	220
County Communications Office	68	0	68
County Counsel	495	301	796
County Technology Office	18	0	18
Finance & GG Exec Office	0	0	0
Grand Jury	25	0	25
Human Resources	413	84	497
Treasurer-Tax Collector	507	0	507
<b>Total General Fund</b>	<b>\$ 7,871</b>	<b>\$ (2,646)</b>	<b>\$ 5,225</b>

**Internal Service Funds Departments**

CTO - Information Technology	\$ 0	\$ 0	\$ 0
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**Total Finance & General  
Government Group**

	<b>\$ 7,871</b>	<b>\$ (2,646)</b>	<b>\$ 5,225</b>
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**FY 2015-2016 2nd Quarter  
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &  
FINANCE OTHER**

Expenditure Variance	Revenue Variance	2nd Quarter FY15-16 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund**

General Purpose Revenue:

All Current Property Taxes	\$ 0	\$ 6,708	\$ 6,708
All Other Taxes-Local	0	6,188	6,188
Licenses, Permits & Franchises	0	0	0
Fines, Forfeitures & Penalties	0	0	0
Revenue for Use of Money & Property	0	0	0
Intergovernmental Revenue	0	8,759	8,759
Charges for Current Services	0	0	0
Miscellaneous Revenue	0	0	0

<b>Total General Purpose Revenue</b>	<b>\$ 0</b>	<b>\$ 21,654</b>	<b>\$ 21,654</b>
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General County Expenses:

Cash Borrowing Program	\$ 2,700	\$ 0	\$ 2,700
Community Enhancement	0	0	0
Contingency Reserve	21,724	0	21,724
Contributions to the Capital Outlay Fund	0	0	0
Contributions to the County Library	0	0	0
Lease Payments - Bonds	0	0	0
Local Agency Formation Comm Admin	0	0	0
Neighborhood Reinvestment Program	0	0	0
Countywide Expenses	0	0	0
Total Finance Other Expenses	24,424	0	24,424

<b>Total General Fund</b>	<b>\$ 24,424</b>	<b>\$ 21,654</b>	<b>\$ 46,079</b>
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**Capital Program Funds**

Capital Program	\$ 286	\$ (286)	\$ 0
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<b>Total Capital Program Funds</b>	<b>\$ 286</b>	<b>\$ (286)</b>	<b>\$ 0</b>
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**Internal Service Funds Departments**

Workers Compensation	\$ 0	\$ 0	\$ 0
Unemployment Insurance	0	0	0
Public Liability	463	0	463

<b>Total ISF Funds</b>	<b>\$ 463</b>	<b>\$ 0</b>	<b>\$ 463</b>
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**Debt Service Funds Departments**

Pension Obligation Bonds	\$ 0	\$ 0	\$ 0
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**Total General Purpose Revenue & Finance  
Other**

	<b>\$ 25,173</b>	<b>\$ 21,368</b>	<b>\$ 46,542</b>
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**FY 2015-2016 2nd Quarter  
Projected Year-End Results**

(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	2nd Quarter FY15-16 Projected Fund Balance
	Favorable/(Unfavorable)		
<b>General Fund</b>			
Public Safety	\$ 0	\$ 26,711	\$ 26,711
Health and Human Services Agency	20,000	22,921	42,921
Land Use and Environment	0	7,295	7,295
Community Services	1,750	279	2,029
Finance & General Government	0	5,225	5,225
<b>Agency/Group Totals</b>	<b>\$ 21,750</b>	<b>\$ 62,431</b>	<b>\$ 84,181</b>
General Purpose Revenue	\$ 0	\$ 21,654	\$ 21,654
General County Expenses	0	2,700	2,700
Contingency Reserve	21,724	0	21,724
<b>Total Gen'l. Purpose Rev. &amp; Gen'l. County Exp.</b>	<b>\$ 21,724</b>	<b>\$ 24,354</b>	<b>\$ 46,079</b>
<b>Total General Fund</b>	<b>\$ 43,474</b>	<b>\$ 86,785</b>	<b>\$ 130,260</b>

**COUNTY OF SAN DIEGO  
NOTES TO SCHEDULES A and B  
Fiscal Year 2015-16 2nd Quarter**

**GENERAL NOTES**

*Projected Fund Balance*

Projected fund balance, as presented in this report, is defined as the projected excess of revenues over expenditures as a result of current fiscal year operations. Schedule A presents projections by business group/agency and department by fund or fund type.

*Contingency Reserve and Management Reserves*

The County's General Fund budget contains a Contingency Reserve each year to be used in the event of unforeseen expenses or to offset revenue shortfalls. Management Reserves are appropriations that are established at the group or department level for unanticipated needs or planned future one-time expenses. Schedule B shows a summary of the General Fund's projected fund balance by group/agency that distinguishes between projected contingency/management reserve balances and operating balances.

*Variance Reporting*

Departments project variances from the Operational Plan based either on revised expectations or on actual revenues/expenditures to date. The significant variances (greater than \$500,000) in total expenditures, total revenue, net variance, or object variance are discussed below and categorized by fund.

**PUBLIC SAFETY GROUP  
General Fund**

*Department of Child Support Services*

A positive variance of \$3.9 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$2.6 million is projected due to \$3.1 million positive variance in Salaries and Benefits from vacant and modified positions partially offset by a \$0.5 million negative variance in Services and Supplies primarily due to higher than expected operational expenses.

A positive revenue variance of \$1.3 million is projected primarily due to State and federal expenditure claims resulting from higher operational expenses noted above.

*District Attorney*

A positive variance of \$5.8 million is projected for the District Attorney's Office.

A positive expenditure variance of \$5.8 million is projected. A positive variance of \$6.3 million in Salaries and Benefits is due to normal attrition, and vacant and modified

positions, partially offset by a negative variance of \$0.5 million in Expenditure Transfers and Reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Unit.

No revenue variance is projected.

#### *Office of Emergency Services*

A positive variance of \$0.7 million is projected for the Office of Emergency Services.

A positive expenditure variance of \$3.1 million is projected. Projected positive variances include \$0.4 million in Salaries and Benefits due to vacant and modified positions which are partially supported with grant funding, \$1.2 million in Services and Supplies primarily due to projects related to grant funding that will be completed in the next fiscal year, and \$1.5 million in Other Charges associated with grant funding which is passed through to other agencies for projects that will be completed in the next fiscal year.

A negative revenue variance of \$2.4 million is projected. This negative variance in Intergovernmental Revenues is primarily related to decreased expenditures in the Homeland Security Grant Program resulting in under-realized revenue (\$2.8 million) partially offset by over-realized revenue from the May 2014 Firestorms California Disaster Assistance Act (\$0.4 million).

#### *Probation*

A positive variance of \$0.9 million is projected for the Probation Department.

A positive expenditure variance of \$0.9 million is projected. A positive variance of \$1.7 million is projected in Salaries and Benefits primarily due to normal attrition, vacant and modified positions. A negative variance of \$0.2 million is projected in Other Charges due to the increase in foster care placement cost. A negative variance of \$0.6 million is projected in Expenditure Transfers and Reimbursements primarily due to a change in Medi-Cal reimbursement methodology.

No significant revenue variance is projected. A positive revenue variance of \$2.0 million is projected in Intergovernmental Revenues due to over-realized Juvenile Justice Crime Prevention Act growth revenue (\$0.5 million), Title IV-E revenue (\$2.9 million) associated with an increase in the Foster Care Population eligible for federal revenue and other miscellaneous revenues of (\$0.3 million), partially offset by less than anticipated Title IV-E Administration funds (\$0.5 million) and contracts under development for therapeutic services in Juvenile Probation Activities Funding (\$1.2 million). A negative revenue variance of \$1.6 million is projected in Charges for Current Services due to less than anticipated collection of fines and fees (\$0.9 million) and a decrease in Probation work crew charges (\$0.7 million). Negative revenue variances in Miscellaneous Revenues (\$0.2 million) and in Other Financing Sources (\$0.2 million) are due to a decrease in Penalty Assessment revenue. Penalty assessments are an additional surcharge levied by the County on top of every fine or penalty collected by the courts for criminal offenses. Upon collection, funds are deposited into the Criminal Justice Facilities Construction Fund then transferred to the Probation Department based

upon the annual budget. There has been a decrease in revenue primarily due to reduced collections.

#### *Public Defender*

A positive variance of \$1.2 million is projected for the Public Defender.

A positive expenditure variance of \$1.2 million is projected. Anticipated positive variances of \$0.4 million in Salaries and Benefits is due to vacant and modified positions and \$0.8 million in Services and Supplies is due to overall efforts to reduce expenditures.

No revenue variance is projected.

#### **Public Safety Group Executive Office**

The Public Safety Group Executive Office is comprised of two major components: the Executive Office and Contribution for Trial Courts.

A positive variance of \$3.9 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$2.0 million is projected. Positive variances of \$0.1 are projected in Salaries and Benefits and \$2.0 million in Services and Supplies associated with contracted services, major maintenance, facilities maintenance, and special departmental expense.

A positive revenue variance of \$1.9 million is primarily due to revenue received in State Miscellaneous from the Joint Powers Agreement with the State of California, Department of Transportation for the Next Generation Regional Communications System.

#### *Contribution for Trial Courts*

A positive variance of \$0.5 million is projected in Contribution for Trial Courts.

A positive expenditure variance of \$2.5 million is projected in Other Charges to recognize the level of expenditures required to support the revenue sharing requirements of Government Code 77205, related to Trial Court funding.

A negative revenue variance of \$2.0 million is projected. This negative variance is primarily due to decreased receipts of \$0.9 million in Fines, Forfeiture and Penalties, and \$1.1 million in Charges for Current Services from traffic school fees.

#### *San Diego County Fire Authority*

A positive variance of \$1.1 million is projected for the San Diego County Fire Authority.

A positive expenditure variance of \$0.3 million is projected, primarily in Salaries and Benefits due to normal attrition, vacant and modified positions.

A positive revenue variance of \$0.8 million is projected primarily in Intergovernmental Revenue to align revenues with anticipated activities for the Dead, Dying, and Diseased Tree grant and new contract for the Assistance By Hire Program which was approved by the Board on January 26, 2016 (5).

#### *Sheriff*

A positive variance of \$8.3 million is projected for the Sheriff's Department.

A positive expenditure variance of \$9.4 million is projected. Salaries and Benefits are projected to be \$9.3 million under budget due to vacant positions. In Services and Supplies, a positive expenditure variance of \$0.1 million is primarily due to reduced expenditures projected in Minor Equipment.

A negative revenue variance of \$1.1 million is projected. A negative variance of \$2.5 million is projected in Revenue From Use of Money & Property due to the expiration of the lease with the Corrections Corporation of America (CCA) at the East Mesa Detention Facility Complex. A negative variance of \$0.5 million is projected in Intergovernmental Revenues due to reduced revenue from the federal government for the State Criminal Alien Assistance Program and various revenues in Aid From Other Government Agencies. These negative variances are partially offset by a positive revenue variance of \$1.8 million in Charges for Current Services primarily due to unanticipated prior year reimbursements from Peace Officer Standards and Training (POST) and law enforcement services.

### **Special Revenue Funds**

#### *Sheriff's Inmate Welfare Fund*

A positive variance of \$0.9 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$0.2 million is projected. A positive variance of \$0.1 million is projected in Services and Supplies primarily due to anticipated decreased expenditures in professional and specialized services. A positive variance of \$0.1 million in Operating Transfers Out is projected due to a decrease in transfers to the General Fund based on vacant positions within Inmate Welfare.

A positive revenue variance of \$0.7 million is projected due to a reimbursement from the Grossmont Union High School District for contracted educational services.

#### *Proposition 172*

A positive variance of \$7.2 million is projected for Proposition 172 Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$7.2 million is projected due to the combination of Fiscal Year 2014-15 actual revenue receipts exceeding the budgeted estimate for the current

fiscal year and present economic conditions supporting a continued positive outlook for sales tax revenue receipts.

## **HEALTH AND HUMAN SERVICES AGENCY (HHS)**

### **General Fund**

#### *Administrative Support*

Administrative Support consists of the following: Agency Executive Office, Agency Contract Support, Financial and Support Services Division, Human Resources, Management Information Support, First Five Commission, Office of Strategy and Innovation, and Community Action Partnership.

A positive variance of \$25.4 million is projected for Administrative Support.

A projected positive expenditure variance of \$26.3 million includes \$2.0 million in Salaries and Benefits due to vacant positions, \$4.3 million in Services and Supplies and a projected year-end balance of \$20.0 million in Management Reserves, which are held for operating contingencies during the year. The \$4.3 million positive variance in Services and Supplies includes appropriations set aside in case of an emergency, such as bioterrorism or other health crisis, that are not anticipated to be spent, partially offset by various other expenditures, primarily in IT and contract costs.

A negative revenue variance of \$0.9 million includes decreases of \$8.0 million of unsecuritized tobacco settlement revenue that is not projected to be recognized as it is a reserve for emergencies and \$0.8 million in First Five program revenue primarily due to vacant positions, partially offset by increases of \$5.3 million in administrative revenue tied to allocation increases, and \$2.6 million in Realignment funding due to redistribution within the Agency.

#### *Aging and Independence Services*

A positive variance of \$1.9 million is projected for Aging & Independence Services (AIS).

A positive expenditure variance of \$4.0 million includes \$4.5 million in Services and Supplies partially offset by a negative variance of \$0.5 million in Salaries and Benefits due to overtime in the In-Home Support Services (IHSS) program. The positive expenditure variance of \$4.5 million in Services and Supplies includes \$3.0 million in IHSS Individual Provider (IP) contracted services costs due to revised estimates of caseload levels and growth trends, \$1.0 million in Community Based Care Transitions Program (CCTP) associated with fewer enrollees tied to reduction in federal funding and \$0.5 million in various services and supplies.

A negative revenue variance of \$2.1 million is due to federal and State funding associated with decreased expenditures due to revised caseload projections in IHSS IP and CCTP.

### *Behavioral Health Services*

Behavioral Health Services consists of the following: Mental Health Services, Alcohol and Drug Services, and Inpatient Health Services comprised of the San Diego County Psychiatric Hospital (SDCPH) and the Edgemoor Skilled Nursing Facility.

A positive variance of \$1.8 million is projected for Behavioral Health Services.

A projected positive expenditure variance of \$0.4 million includes a positive variance of \$0.5 million in Salaries and Benefits due to vacant positions, \$3.1 million in Services and Supplies, partially offset by a negative variance of \$0.8 million in Other Charges due to an increase in utilization of State Hospital beds and \$2.4 million in Expenditure Transfer and Reimbursements associated with AB109 and Psychiatric Emergency Response Team (PERT) costs provided through an MOU to the Probation Department. The projected \$3.1 million positive variance in Services and Supplies includes anticipated decreased expenditures of \$3.9 million in contracted services associated with various Mental Health, Inpatient Health and Alcohol and Drug treatment programs, \$1.2 million in Temporary Contracted services associated with a reduced need for temporary staff in the Emergency Screening Unit (ESU), \$1.2 million in information technology (IT) associated costs due to cancellation of one-time projects, \$0.1 million in various other services and supplies, offset by \$3.3 million in increased Institutional Services costs due to Managed Care offset increases.

A projected positive revenue variance of \$1.4 million consists of \$1.5 million in over-realized Charges for Current Services primarily due to a higher Medi-Cal rate for the Edgemoor Distinct Part Skilled Nursing Facility, \$0.2 million in Miscellaneous Revenues offset by \$0.3 million in under-realized Intergovernmental Revenues consisting of \$2.8 million under-realized in substance abuse prevention and treatment funding due to anticipated decreased expenditures in contracted services offset by \$2.5 million over-realized revenue in federal and State Mental Health funding to align to anticipated spending for inpatient and outpatient contract and County-provided mental health services.

### *Child Welfare Services*

A positive variance of \$4.7 million is projected for Child Welfare Services.

A positive expenditure variance of \$19.7 million includes \$2.6 million in Salaries and Benefits due to attrition and vacant positions, \$0.2 million in Services and Supplies primarily due to projected decreased expenditures in Wraparound service contracts, and \$17.0 million in Other Charges due to revised caseload levels and growth trends in the adoptions and foster care assistance programs, partially offset by \$0.2 million in Expenditure Transfer & Reimbursements for County Counsel associated costs.

A negative revenue variance of \$15.0 million in federal and State funding is associated with the positive expenditure variances due to revised caseload projections in assistance payments and Salaries and Benefits noted above.

### *Public Health Services*

A positive variance of \$3.4 million is projected for Public Health Services.

A projected positive expenditure variance of \$4.9 million includes \$2.5 million in Salaries and Benefits due to vacant positions, \$1.5 million in Other Charges due to revised caseload for California Children's Services (CCS) clients, and \$0.9 million in Services and Supplies which includes \$0.8 million in non-contract services and supplies due to vacant positions and \$0.1 million in contract costs. The \$0.1 million positive variance in contracts is primarily due to anticipated decreased expenditures of \$1.5 million in Ryan White and HIV funded contracts for HIV Primary Medical Care as a result of the Affordable Care Act (ACA) and other contracts, partially offset by contract increases of \$1.0 million in Prevention and Nutrition Education Obesity Prevention (NEOP) contracts, \$0.2 million in the Vital Records Random Digital Dialing project and \$0.2 million in Public Health Lab Ebola contracts.

A projected negative revenue variance of \$1.5 million consists of decreases of \$2.0 million in the Ryan White/Minority AIDS Initiative and HIV Prevention and CARE Grants due to more services now being covered under the ACA, \$0.6 million in Medi-Cal Administrative Activities (MAA) due to adjustments in claiming methodology, and \$0.3 million in Child Health and Disability Prevention due to a lower reimbursable administrative rate, partially offset by increases of \$1.2 million in federal revenues associated with the Health Prevention, Nutrition Education Obesity Prevention (NEOP) and Ebola programs due to allocation increases and \$0.2 million in vital record fees due to projected increase in volume of vital records services.

### *Regional Operations*

A positive variance of \$5.7 million is projected for Regional Operations.

A positive expenditure variance of \$35.0 million includes \$2.9 million in Salaries and Benefits due to vacant positions and attrition and \$33.2 million in Other Charges due to revised estimates of caseload levels and growth trends in California Work Opportunity and Responsibility to Kids (CalWORKs) benefits, partially offset by a negative variance of \$1.1 million in Services and Supplies which includes \$1.7 million in non-contracted services and supplies primarily to align IT support costs to staffing needs, partially offset by a positive variance of \$0.6 million in contracted services associated with the Medi-Cal Outreach and Enrollment program due to a change in reimbursement methodology with Probation.

A negative revenue variance of \$29.3 million consists of \$28.9 million under-realized Intergovernmental Revenues, \$0.6 million under-realized Miscellaneous Revenues for the Medi-Cal Outreach and Enrollment program noted above, \$0.2 million under-realized Other Financing Sources revenue due to unsecuritized tobacco settlement revenue related to the County Medical Services (CMS), and \$0.1 million under-realized Charges for Current Services based on fee revenue projected to be collected in Regional Public Health Services for immunization and tuberculosis programs, partially offset by \$0.5 million increase in Third Party Reimbursement revenue from a prior year

adjustment for the Low Income Health Program (LIHP). The \$28.9 million in under-realized Intergovernmental Revenues consists of \$33.3 million in under-realized revenue related to assistance payments due to revised caseload projections, partially offset by \$4.4 million over-realized revenue primarily in social services administrative revenues due to allocation increases.

## **Special Revenue Funds**

### *Tobacco Securitization Fund*

A positive variance of \$6.2 million is projected for Securitized Tobacco Settlement Fund.

A positive expenditure variance of \$6.9 million is primarily due to Other Charges related to positive variances in County Medical Services (CMS).

A negative revenue variance of \$0.7 million is due to under-realized Interest on Deposits.

## **Special Districts Funds**

### *Ambulance Districts*

A positive variance of \$0.5 million is projected for Ambulance Districts.

A positive expenditure variance of \$0.5 million is related to anticipated decreased expenditures in contracted services.

No significant revenue variance is projected.

## **LAND USE AND ENVIRONMENT GROUP**

### **General Fund**

#### *Agriculture, Weights and Measure (AWM)*

A positive variance of \$1.3 million is projected for the Department of Agriculture, Weights and Measures.

A positive expenditure variance of \$1.0 million is projected. A projected positive variance of \$1.1 million in Salaries and Benefits is due primarily to vacancies and under-filling positions. A projected negative variance of \$0.2 million in Services and Supplies is primarily due to IT-related expenditures. A projected positive variance of \$0.1 million in Expenditure Transfer and Reimbursements is related to expenditure reductions from Integrated Pest Control program internal agreements.

A positive revenue variance of \$0.3 million is projected. A positive variance of \$0.5 million in Intergovernmental Revenues is primarily due to \$0.3 million in State contract revenue being higher than anticipated due to new State contracts and unanticipated funding increases to existing State contracts, and overrealized revenue of \$0.2 million from SANDAG that was recorded in this account but was budgeted in Charges for

Current Services. This is partially offset by a projected negative variance of \$0.2 million in Charges for Current Services due to actual revenue from SANDAG being realized in Intergovernmental Revenues and a negative revenue variance of \$0.1 million in Licenses, Permits and Franchises due to less than anticipated export certificate fees.

#### *Environmental Health*

A positive variance of \$1.3 million is projected for the Department of Environmental Health.

A positive expenditure variance of \$3.5 million is projected. A projected positive variance of \$2.0 million in Salaries and Benefits is due to vacancies and under-filling positions. In Services and Supplies, a projected positive variance of \$1.4 million includes \$1.1 million due to delays in the implementation of the Vector Habitat Remediation program and other related vector control costs, and \$0.3 million in cellular phone and minor equipment costs. A positive variance of \$0.1 million in Capital Asset Equipment is due to delays in equipment purchases.

A negative revenue variance of \$2.2 million is projected. A positive variance of \$0.3 million in Licenses, Permits and Franchises is due to fee revenue in the Food and Housing Division which includes the cost of external overheads that is not part of the budgeted revenue. A negative variance of \$0.2 million in Intergovernmental Revenue is related to the timing of minor equipment and capital purchases as stated above which are funded by grant revenue. A negative variance of \$2.3 million in Charges for Current Services consists of: \$0.9 million shortfall in Vector Control Trust Fund revenue, \$0.8 million shortfall in Environmental Health Trust Fund revenue, \$0.3 million shortfall in Local Oversight Program revenue, and \$0.3 million in other various accounts. These shortfalls are primarily associated with positive variances from vacancies, under-filling positions and decreased expenditures as noted above.

#### *Department of Parks and Recreation*

A positive variance of \$0.1 million is projected for the Department of Parks and Recreation.

A positive expenditure variance of \$0.1 million is projected. A positive variance of \$0.6 million in Salaries and Benefits is projected due to vacant and under-filling positions, offset by a projected negative variance of \$0.5 million in Services and Supplies due to the funding of additional Major Maintenance and park improvement projects. This negative variance will be mitigated with an appropriations transfer from Salaries and Benefits.

There are no significant revenue variances.

#### *Planning and Development Services*

A positive variance of \$4.1 million is projected for Planning and Development Services.

A positive expenditure variance of \$5.3 million is projected. Positive variances of \$2.2 million in Salaries and Benefits is related to vacancies and under-filling positions, and \$3.1 million in Services and Supplies is primarily due to various contracted services related to one-time only funded projects which will be rebudgeted to be completed in Fiscal Year 2016-17.

A negative revenue variance of \$1.2 million is projected. A positive variance of \$0.2 million in Licenses, Permits and Franchises is due to increased building permit fee revenue. A negative variance of \$0.1 million in Intergovernmental Revenue is related to timing of the consultant invoices which are funded by grant revenue. A projected negative variance of \$1.3 million in Charges for Current Services is due to staff vacancies stated above.

#### *Public Works – General Fund*

A positive variance of \$0.3 million is projected for the Department of Public Works.

A positive expenditure variance of \$0.3 million is projected. A projected positive variance of \$0.5 million in Salaries and Benefits is due to under-filling of positions and partial year vacancies. A negative variance of \$0.2 million is projected in Services and Supplies due to increased costs in Professional and Specialized Services for contracted services needed for Stormwater compliance. This negative variance will be mitigated with an appropriations transfer from Salaries and Benefits.

No significant revenue variance is projected.

### **Special Revenue Funds**

#### *Parkland Dedication Ordinance*

A positive variance of \$1.6 million is projected for the Park Land Dedication Ordinance.

No significant expenditure variance is projected.

A positive revenue variance of \$1.6 million is projected in Licenses Permits and Franchises primarily due to unanticipated revenue from Park Land Dedication fees.

#### *Public Works - Road Fund*

A positive variance of \$7.5 million is projected in the Department of Public Works Road Fund.

A positive expenditure variance of \$6.2 million is projected. A positive variance of \$2.1 million in Salaries and Benefits is due to under-filling of positions and partial year vacancies. A positive variance of \$3.6 million in Services and Supplies is projected due to a \$2.9 million decrease in consultant services for the Detail Work Program due to schedule revisions for federally-funded projects; a \$0.5 million reduction in Professional and Specialized Services due to fewer private developer projects and Landscaping Supplies and Services due to fewer public requests for non-routine landscaping

projects; and a cancellation of \$0.2 million of prior year encumbrances. A positive variance of \$0.5 million in Other Charges is projected due to lower right-of-way easement acquisitions costs in the Detail Work Program.

A positive revenue variance of \$1.3 million is projected. Over-realized revenue of \$1.4 million is projected in Intergovernmental Revenues due to a \$5.0 million unanticipated increase in gas tax revenue which was partially offset by a \$3.5 million decrease in revenue in the Detail Work Program for federally-funded bridge projects, and \$0.1 million in under-realized revenue from Federal Highway Administration (FHWA) funded projects due to a delay in reimbursements. Under-realized revenue of \$0.4 million is projected in Charges for Current Services due to a \$0.5 million reduction in private developer projects and Permanent Road Division formations which was partially offset by \$0.1 million increase revenue in Transportation Impact Fee (TIF) for Bear Valley Parkway North. Over-realized revenue of \$0.2 million is projected in Taxes Other Current due to increase in TransNet revenue. Over-realized revenue of \$0.1 million is projected in Miscellaneous Revenues due to property sale, utility rebates and damage claim reimbursements.

### **Special District Funds**

#### *Air Pollution Control District*

A positive variance of \$1.8 million is projected for the Air Pollution Control District.

A positive expenditure variance of \$2.2 million is projected in Salaries and Benefits due to staff vacancies and under-filling positions.

A negative revenue variance of \$0.4 million is projected. A net variance of \$0.4 million in Licenses Permits and Franchises is due to a projected decrease in permit application revenues offset by over-realized revenues in the APCD Permit Renewal Fees account due to alignment of realized revenues with program activities.

#### *Street Lighting District*

A positive variance of \$0.5 million is projected in the Street Lighting District.

A positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.1 million in Services and Supplies is related to a decrease in anticipated utilities costs as a result of the Light Emitting Diodes (LED) conversion. A positive variance of \$0.2 million in Other Charges is due to deferral of the loan payment to replace street lights, which is not due until December 2016.

A positive revenue variance of \$0.2 million is projected due to an increase in property tax revenues of \$0.1 million and \$0.1 million of rebates received from San Diego Gas & Electric related to the LED conversion.

*San Diego County Sanitation District*

A positive variance of \$1.2 million is projected in the San Diego County Sanitation District.

A positive expenditure variance of \$1.1 million is projected. A positive variance in Services and Supplies of \$1.1 million is primarily due to \$0.3 million from staff vacancies and under-filling positions in the Wastewater Enterprise Fund which provides staffing for the operation and maintenance of the San Diego County Sanitation District, \$0.2 million in Major Maintenance projects due to rescheduling and reprioritization of projects because of staff and contractor resource limitations, and \$0.6 million in Special Departmental Expense due to the postponement of Metro sewer transportation charges which will be rebudgeted in Fiscal Year 2016-17.

A positive revenue variance of \$0.1 million is projected. Over-realized revenue of \$0.1 million is from unanticipated revenues in Charges for Current Services due to increased connection capacity fees from new developments.

*Flood Control District*

A positive variance of \$0.7 million is projected in the Flood Control District.

A positive expenditure variance of \$0.7 million is projected. A positive variance of \$0.7 million in Services and Supplies is due to reduced need for consultant contracts due to a schedule revision of Flood Control District projects.

No significant revenue variance is projected.

**Enterprise Funds**

*Wastewater Enterprise Fund*

A positive variance of \$1.0 million is projected in the Wastewater Enterprise Fund.

A positive expenditure variance of \$1.5 million is projected. A positive variance of \$0.5 million is projected in Salaries and Benefits due to staff vacancies and under-filling of positions. A positive variance of \$1.0 million is projected in Services and Supplies mainly due to an unanticipated reduction in IT support and related IT purchases of an Asset Management System that cost less than anticipated.

A negative revenue variance of \$0.5 million in Charges for Current Services is projected due to reduced work for maintenance in the San Diego County Sanitation District due to staff vacancies.

## **COMMUNITY SERVICES GROUP**

### **General Fund**

#### *Community Services Group Executive Office*

A positive variance of \$1.8 million is projected for the Community Services Group Executive Office.

A positive expenditure variance of \$1.8 million is projected in Management Reserves, which are appropriated for unanticipated Group-wide contingencies.

No revenue variance is projected.

#### *Housing and Community Development Department*

No significant variance is projected in the Housing and Community Development Department. The department is composed of two major activities, Housing and Community Development, which contains staff and operations, and Housing and Community Development Multi-Year Projects, which are funded through inter-governmental (mainly federal) loans and grants for community development and affordable housing projects.

#### *Housing and Community Development (Operations)*

No variance is projected.

A projected positive expenditure variance of \$0.4 million is due to a positive variance in Salaries and Benefits of \$0.2 million due to vacancies from employee turnover, and a positive variance in Services and Supplies of \$0.2 million due to overall efforts to reduce expenditures.

A projected negative revenue variance of \$0.4 million is related to the positive expenditure variances in Salaries and Benefits and various Services and Supplies as noted above, resulting in decreased costs recovered.

#### *Housing and Community Development Multi-Year Projects*

No net variance is projected for Housing and Community Development Multi-Year Projects. A positive expenditure variance of \$6.5 million is offset by a projected negative revenue variance of \$6.5 million. Community Development projects eligible to receive funding are budgeted to facilitate the multi-year project cost expenditure request process. Revenues are projected to equal expenses as project costs are 100% revenue offset.

### **Special Revenue Funds**

#### *San Diego County Library*

A positive variance of \$1.7 million is projected for the San Diego County Library.

A positive expenditure variance of \$2.0 million is projected. This variance is a result of a positive variance of \$0.2 million in Salaries and Benefits from anticipated vacated positions. A positive variance in Services and Supplies of \$0.8 million is based on year-to-date spending in facilities management (\$0.2 million) and other ISF costs (\$0.6 million), including IT charges. A positive variance of \$1.0 million in Management Reserves which are appropriated for unanticipated operating contingencies.

A negative revenue variance of \$0.3 million is projected. This variance is due to a projected shortfall of \$0.3 million in public printing and other library services.

### **Internal Service Funds (ISF)**

#### *Facilities Management ISF*

No significant variance is projected for the Facilities Management ISF.

A positive expenditure variance of \$1.8 million is projected due to a positive variance of \$1.4 million in Salaries and Benefits from vacant and modified positions and \$0.4 million in Services and Supplies due to lower than anticipated expenses in professional and specialized services and maintenance of equipment.

A negative revenue variance of \$1.8 million is projected. This variance consists of projected under-realized revenue of \$2.4 million in Charges for Current Services due to lower than anticipated costs related to facility operations and maintenance and real estate services; a shortfall of \$0.2 million in Rents and Concessions due to the loss of lease revenue; and a shortfall of \$0.2 million in various other revenues. This is partially offset by a positive variance of \$1.0 million in Miscellaneous Revenues mainly due to insurance proceeds related to prior year repairs at County facilities and higher than anticipated lease commissions.

#### *Major Maintenance ISF*

No significant variance is projected for the Major Maintenance ISF.

A positive expenditure variance of \$13.8 million is projected due to a positive variance of \$13.5 million in Services and Supplies and \$0.3 million in Operating Transfers Out due to delays in commencing new projects.

Since costs incurred in this fund are reimbursed by operating departments, these project delays will result in a negative revenue variance of \$13.8 million.

#### *Fleet Management ISF*

A positive variance of \$0.4 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$2.8 million is projected due to a positive variance of \$0.2 million in Salaries and Benefits from staff vacancies and \$2.6 million in Services and Supplies due to lower than anticipated fuel costs.

A negative revenue variance of \$2.4 million is projected. A projected shortfall of \$2.4 million in Charges for Current Services is due to under-realized revenue for reimbursement of lower than anticipated fuel purchases.

## **FINANCE AND GENERAL GOVERNMENT GROUP**

### **General Fund**

#### *Assessor/Recorder/County Clerk*

A positive variance of \$2.0 million is projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$5.3 million is projected. Anticipated positive variances of \$1.9 million in Salaries and Benefits is due to attrition and departmental vacancies, and \$3.4 million in Services and Supplies is due to increased efficiencies in operations associated with implementation of Recording Phase of Acclaim and e-Recording.

A negative revenue variance of \$3.3 million is projected. Decreases include \$0.4 million in Recording revenues due to decrease in number of recorded documents, decreases of \$0.2 million in Marriage Ceremony Fees due to less ceremonies performed, and trust fund reimbursements of \$3.7 million including \$1.0 million in Micrographics, \$1.0 million in Modernization, \$0.5 million in e-Recording, \$0.2 million in Social Security Truncation, \$1.0 million in Vital Health Stats due to decreased expenditure costs noted above. These decreases are partially offset by increases totaling \$1.0 million, including \$0.2 million in AB2890 Recovered costs, \$0.4 million in Property Tax revenues, and \$0.4 million Duplicating & Filing fees due to increase in revenue related to copies of official records.

#### *Treasurer-Tax Collector*

A positive variance of \$0.5 million is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$0.5 million is projected in Salaries and Benefits due to vacancies and staff turnover.

No revenue variance is projected.

#### *County Counsel*

A positive variance of \$0.8 million is projected for the Office of County Counsel.

A positive expenditure variance of \$0.5 million is projected primarily in Salaries and Benefits due to vacancies and staff turnover.

A positive revenue variance of \$0.3 million is projected in Charges for Current Services primarily due to increased workloads in road liability litigation matters.

## GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$21.7 million is projected in General Purpose Revenue (GPR) and \$24.4 million positive variance is projected in General County Expenses.

### General Purpose Revenue

The County's General Purpose Revenue (GPR) is directly influenced by the state of the economy. San Diego's economy has certainly been healthier while employment showed gains across most industries compared to the State as a whole. The region has continued to fare better than other California metropolitan areas in terms of unemployment rate which continued to decline year-over-year since November 2010 when it reached its peak of 11.1%. Median home prices in San Diego grew 6.8% in the second quarter of 2015 and home affordability has improved due to higher annual incomes and lower mortgage rates. The outlook for San Diego is forecasted to remain strong as the unemployment rate is forecasted to continue going down, growth in travel and tourism and the region continuing to benefit from its role as an innovation hub for telecommunications, medical devices, life sciences, and high-tech manufacturing.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For Fiscal Year 2015-16, the economic indicators discussed previously and the trends summarized below, are followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment rate fell to 4.7% in December 2015, down from 5.5% one year ago. In comparison, this is below the State's rate of 5.8% in December 2015 and 6.8% in December 2014.
- Consumer spending, as measured by taxable sales will be flat mainly due to the decline in fuel prices. During the 3<sup>rd</sup> Quarter of 2015, unadjusted local point of sale tax revenue decreased by 1.37% in the unincorporated area compared to the same time period in the prior year. It increased at the Statewide level by 2.39%, in the Southern California region by 2.89% and at the San Diego regional level by 1.87%.
- The positive indicators in the housing market continue in the County.
  - Increase in median housing prices (up 6.8% in the San Diego region for 2<sup>nd</sup> Quarter 2015 compared to 2<sup>nd</sup> Quarter 2014);
  - The snapshot of number of homes sold for July to December 2015 compared to July to December 2014 are as follows:
    - For detached homes, there was an increase of 5.9%.
    - For attached homes, there was an increase of 18.9%.
  - Notices of Default for January-December 2015 were down 12% compared to the same period in 2014.
  - Foreclosure activity decreased 9% in January-December 2015 compared to the same period in 2014.

### *Current Property Taxes All Categories*

The four categories of Current Property Taxes combined (i.e., Property Taxes Current Secured, Property Taxes Current Supplemental, Property Taxes Unsecured, and Property Taxes Current Unsecured Supplemental) are estimated to show a positive variance to budget of \$6.7 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$6.5 million higher than budget. This mainly resulted from the fact that the 2015 local secured assessed value is greater than anticipated.

The budgeted current secured property taxes assumed a local secured assessed value increase of 4.0%, but the actual assessed value (AV) increased by 5.7% (gross less regular exemptions). (Note: The 5.7% increase represents the change in the assessed value for only the secured roll. This is different than the countywide overall increase published by the Assessor/Recorder/County Clerk on June 24, 2015 of 5.6%, which includes all assessed value components, secured and unsecured).

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$0.2 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

- *Property Taxes Current Supplemental*

No projected variance in Current Supplemental Property Taxes. The projection for this revenue is based on charges and collections trend estimates related to new construction and anticipated turnover through Fiscal Year 2015-16. The method for calculating the allocation factors changed this fiscal year per direction from the State Controller's Office, resulting in decrease of supplemental revenue for the County. This assumption was included in the projection.

### *Taxes Other Than Current Secured*

Taxes Other Than Current Secured are anticipated to be \$6.2 million above budget.

- *Real Property Transfer Taxes*

No projected variance for Real Property Transfer Taxes based on realized revenues for Fiscal Year 2014-15 as well as data regarding current year change in ownership and the anticipated level of new construction.

- *Teeter Tax Reserve Excess*

No projected variance in the Teeter Tax Reserve Excess based on current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year.

- *Property Tax in Lieu of Vehicle License Fees*  
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$6.2 million above the budgeted amount of \$345.7 million. The actual assessed value adjustment factor is higher than the adjustment rate of 5.65% used to calculate the budgeted revenue.
- *Sales and Use Taxes, and In Lieu Local Sales & Use Tax*  
No Projected variance in Sales and Use Taxes, and In Lieu Local Sales & Use Tax due to the decline in fuel prices offset by the ending of the triple flip where we will receive a one-time true up payment from the State which is expected to be received at the end of the fiscal year.
- *Teeter Property Tax Prior Year and Cumulative Prior Years*  
No significant variance projected for collections from taxes receivable from the prior fiscal years. The improvement in delinquency rate have led to continued declines in the Teeter buyout.

#### *Licenses, Permits, and Franchises*

No projected variance in Licenses, Permits and Franchise payments.

#### *Revenue from Use of Money & Property*

No projected variance in Interest on Deposits.

#### *Fines, Forfeitures and Penalties*

No projected variance in Penalties and Cost Delinquency Taxes based on trend. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments.

#### *Intergovernmental Revenue*

A positive variance of \$8.8 million is projected in Intergovernmental Revenue primarily due to pass-through distributions, residual balance estimates in Aid from Redevelopment Successor Agencies and a one-time allocation of Excess Vehicle License Fee Collection.

### **General County Expenses**

#### *Cash Borrowing*

A positive variance of \$2.7 million is projected. Costs for issuance of Tax and Revenue Anticipation Notes (TRANS) was included in the development of the budget. There were no TRANS issued this fiscal year.

#### *Contingency Reserve*

The entire \$21.7 million budgeted in the Contingency Reserve in Fiscal Year 2015-16 is projected to be unspent at year-end.