



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Second District

PAM SLATER  
Third District

RON ROBERTS  
Fourth District

BILL HORN  
Fifth District

**DATE:** December 4, 2001

**TO:** Board of Supervisors

**SUBJECT:** FIRST QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS FOR FISCAL YEAR ENDING JUNE 30, 2002 (District: All)

### SUMMARY:

#### Overview

This report summarizes my preliminary estimates of the County's financial position as measured by projected year-end fund balance by Agency/Group and by fund type. For the General Fund, the County's primary operating fund, the first quarter projection of fund balance is \$74.0 million, which is greater than the \$70.8 million that was projected in last year's first quarter report. It should be noted that of this amount, only \$18.3 million is from savings in departmental operations while \$55.7 million is from anticipated balances in Contingency and Management Reserves. The projected balance for all other funds combined is \$7.3 million. These estimates do not take into account any potential ramifications for the County from the State's current budget shortfall. The Governor has called an Extraordinary Session of the Legislature in January to consider over \$2.2 billion in current year budget reductions and has ordered State agencies to prepare 15% budget reductions for Fiscal Year 2002-03. The County's projected General Fund operating savings is small in relation to the total General Fund budget of \$2.5 billion and anticipated reserve balances may not be adequate shock absorbers should the State decide to burden local governments with a greater share of State program costs as a partial solution to its budget problems. We are reviewing all State funded programs and will be bringing additional information or recommendations to your Board as necessary to protect critical services and local discretionary revenues.

#### Recommendation(s)

##### CHIEF ADMINISTRATIVE OFFICER

File this report.

#### Fiscal Impact

There is no fiscal impact by this action.

#### Business Impact Statement

N/A

**SUBJECT:** FIRST QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS  
FOR FISCAL YEAR ENDING JUNE 30, 2002 (District: All)

**Advisory Board Statement**  
N/A

**BACKGROUND:**

The estimates are based on actual revenue and expenditure data through the first quarter (July – September) and staff’s best estimates of activity through the remainder of the year, but do not take into account any future actions by the State to correct an anticipated State budget deficit. As such, the estimates are preliminary and may change as we move through the year. The national, state and local economies have slowed considerably, so we’ve closely scrutinized the County’s general purpose revenues (e.g., property tax, vehicle license fees, sales tax, real property transfer tax, transient occupancy tax and other minor revenues). At this point we believe we’ve budgeted realistically and will realize the amounts we budgeted. Our two biggest sources of general purpose revenues are property taxes and vehicle license fees. Combined, they represent 84% of the total \$568 million in general purpose revenues. Neither property taxes nor vehicle license fees are immediately impacted by a downturn in the economy. Sales tax, approximately 3% of total general purpose revenues, is more sensitive to a slowdown, but there is about a six month lag time between when a change in direction occurs and when we see the impact in our revenues. We use anecdotal and survey data regarding retail sales to identify trends and forecast future revenues. The real property transfer tax also makes up about 3% of the general purpose revenues. It is sensitive to changes in the volume and dollar value of property sales and there is an immediate impact on revenues when either increases or decreases in sales activity occurs. While there was a dip in real property transfer tax receipts in September, receipts for the first four months of this fiscal year overall are ahead of the corresponding period last year. Transient Occupancy Tax provides .6% of the general purpose revenues. While it is generally acknowledged that tourism is down, it is unknown as yet how the lodging facilities in the unincorporated area have fared due to the lag time between when the tax is collected and when it must be submitted to the County. We will have better information by January or February.

There are, however, risks to those estimates. Of particular concern at this time is the health of the State’s economy and budget and the implications for the County’s Operational Plan. Reports from the State indicate that it may have as much as a \$4.5 billion budget problem this fiscal year due to lagging revenues from a slumping economy. The problem grows to \$12.4 billion for Fiscal Year 2002-03. The State’s general fund budget for Fiscal Year 2001-02 is \$78.8 billion and is heavily dependent on personal income tax, sales tax and bank and corporation taxes to finance services, all of which are extremely vulnerable in a faltering economy. If the forecasts are correct, State funded services, including assistance to local agencies such as the County, will suffer. State revenues make up 23.5% of the County’s overall program revenues, but in Health and Human Services, they make up 56.2% of the Agency’s total program revenues. State revenues are also an important source of funding for Public Safety and Land Use programs as well.

On November 14, 2001 the State’s Legislative Analyst’s Office (LAO) issued a report on California’s fiscal outlook and the Governor released proposed reductions to the State’s Fiscal Year 2001-02 budget totaling over \$2.2 billion in response to “the steepest decline in state income in more than half a century.” The proposed reductions are in addition to the previous

**SUBJECT: FIRST QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS  
FOR FISCAL YEAR ENDING JUNE 30, 2002 (District: All)**

directive he had given to State agencies which included a hiring freeze, a \$150 million reduction in operating expenses for this fiscal year and the requirement to prepare plans for 15% budget reductions for Fiscal Year 2002-03 except for public safety and fire expenditures. The Governor has called a Special Session of the Legislature in January to act on the proposed reductions. The proposed cuts impact most State program areas including health and human services, education, parks, libraries, youth and adult corrections, environmental protection, resources, housing and community development, transportation and general government. The Governor's press release indicated that "Critical public health and safety programs were spared from reductions, along with any program that may provide economic stimulus in the near term." A proactive economic stimulus package by the State is being discussed and may focus on income related measures to the detriment of Sales taxes and Motor Vehicle taxes. The economy, the State's budget situation, a potential economic stimulus package as well as the increased cost of bio-terrorism prevention cause us to take a proactive approach by reviewing all State funded programs and developing strategies to protect critical services and local revenues. Additional information will be brought to your Board as it becomes available along with any necessary recommendations.

Schedule A summarizes the fund balance projections by Group. The notes to Schedule A explain variances from budget. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances.

Respectfully submitted,

WALTER F. EKARD  
Chief Administrative Officer

**SUBJECT:** FIRST QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS  
FOR FISCAL YEAR ENDING JUNE 30, 2002 (District: All)

**AGENDA ITEM INFORMATION SHEET**

**CONCURRENCE(S)**

<b>COUNTY COUNSEL REVIEW</b>	<input checked="" type="checkbox"/> Yes	
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>GROUP/AGENCY FINANCE DIRECTOR</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
<b>CHIEF FINANCIAL OFFICER</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires Four Votes	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
<b>COUNTY TECHNOLOGY OFFICE</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
<b>DEPARTMENT OF HUMAN RESOURCES</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A

**Other Concurrence(s):** N/A

**ORIGINATING DEPARTMENT:** Auditor and Controller

**CONTACT PERSON(S):**

William J. Kelly, Chief Financial Officer

Name

(619) 531-5413

Phone

(619) 531-5219

Fax

A-5

Mail Station

bkellyac@co.san-diego.ca.us

E-mail

Janel Pehau, Director, Office of Financial Planning

Name

(619) 531-5175

Phone

(619) 531-6261

Fax

A-5

Mail Station

jpehauac@co.san-diego.ca.us

E-mail

**AUTHORIZED REPRESENTATIVE:** \_\_\_\_\_

William J. Kelly, Chief Financial Officer

**SUBJECT:** FIRST QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS  
FOR FISCAL YEAR ENDING JUNE 30, 2002 (District: All)

**AGENDA ITEM INFORMATION SHEET**  
(continued)

**PREVIOUS RELEVANT BOARD ACTIONS:**

July 31, 2001 (23)

**BOARD POLICIES APPLICABLE:**

N/A

**BOARD POLICY STATEMENTS:**

N/A

**CONTRACT NUMBER(S):**

N/A

**FY 2001-2002 1st Quarter  
Projected Year-end Results  
(in thousands)**

**COUNTY SUMMARY**

	Expenditure Variance	Revenue Variance	1st Quarter FY01-02 Projected Fund Balance Favorable/ (Unfavorable)
<b>General Fund</b>			
Community Services	\$ 7,924	\$ (624)	\$ 7,300
Finance & General Government	14,672	1,335	16,007
Health & Human Services	1,602	48	1,650
Land Use & Environment	12,140	(2,489)	9,651
Public Safety	24,653	748	25,402
Total Agency/Group	<u>60,991</u>	<u>(982)</u>	<u>60,010</u>
General Revenues	-	-	-
General County Expenses	14,000	-	14,000
<b>Total General Fund</b>	<b><u>\$ 74,991</u></b>	<b><u>\$ (982)</u></b>	<b><u>\$ 74,009</u></b>
<b>Special Revenue Funds</b>			
Community Services	17,108	(17,108)	-
Finance & General Government	454	(187)	267
Health & Human Services	-	-	-
Land Use & Environment	11,707	(9,418)	2,288
Public Safety	(214)	527	313
Other County	-	-	-
<b>Total Special Revenue Funds</b>	<b><u>\$ 29,055</u></b>	<b><u>\$ (26,187)</u></b>	<b><u>\$ 2,867</u></b>
<b>Internal Service Funds Departments</b>			
Community Services	20,690	(19,258)	1,432
Finance & General Government	-	-	-
Health & Human Services	-	-	-
Land Use & Environment	-	-	-
Public Safety Group	-	-	-
Other County	-	-	-
<b>Total Internal Service Funds</b>	<b><u>\$ 20,690</u></b>	<b><u>\$ (19,258)</u></b>	<b><u>\$ 1,432</u></b>
<b>Enterprise Fund Departments</b>			
Land Use & Environment	<b>\$ (160)</b>	<b>\$ 646</b>	<b>\$ 486</b>
<b>Special District Funds Departments</b>			
Health & Human Services	-	-	-
Land Use & Environment	1,378	838	2,216
Public Safety Group	-	-	-
<b>Total Special District Funds</b>	<b><u>\$ 1,378</u></b>	<b><u>\$ 838</u></b>	<b><u>\$ 2,216</u></b>
<b>Other County Funds Departments</b>			
Community Svcs. Dept - Redevpment Agencies	\$ 323	\$ -	\$ 323
LUEG - Debt. Svc. Local Boards	27	(27)	-
<b>Total Other County Funds</b>	<b><u>\$ 350</u></b>	<b><u>\$ (27)</u></b>	<b><u>\$ 323</u></b>
<b>Total County Projected Operating Balance</b>	<b><u>\$ 126,303</u></b>	<b><u>\$ (44,970)</u></b>	<b><u>\$ 81,333</u></b>

**FY 2001-2002 1st Quarter  
Projected Year-end Results  
(in thousands)**

**COMMUNITY SERVICES GROUP**

		1st Quarter FY01-02 Projected Fund Balance Favorable/ (Unfavorable)
Expenditure Variance	Revenue Variance	

**General Fund Departments**

Animal Control	\$ 195	\$ 42	\$ 237
Community Services Group Exec Office	6,282	123	6,405
Contribution to ISFs	-	-	-
General Services Funds	-	-	-
Housing & Community Development	694	(890)	(196)
Library Services	-	-	-
Registrar of Voters	753	101	854
<b>Total General Fund</b>	<b><u>7,924</u></b>	<b><u>(624)</u></b>	<b><u>7,300</u></b>

**Special Revenue Funds Departments**

Library Services	7	(7)	-
Housing & Community Development	17,102	(17,102)	-
<b>Total Special Revenue Funds</b>	<b><u>17,108</u></b>	<b><u>(17,108)</u></b>	<b><u>-</u></b>

**Internal Service Funds Departments**

Facilities Management	11,573	(11,402)	171
Fleet Management	2,748	(1,615)	1,133
Purchasing & Contracting	6,372	(6,244)	127
Document Services	(3)	3	-
<b>Total Internal Service Funds</b>	<b><u>20,690</u></b>	<b><u>(19,258)</u></b>	<b><u>1,432</u></b>

**Other County Funds Departments**

Redevelopment Agency	323	-	323
----------------------	-----	---	-----

<b>Total Community Services Group</b>	<b><u>\$ 46,045</u></b>	<b><u>\$ (36,990)</u></b>	<b><u>\$ 9,055</u></b>
---------------------------------------	-------------------------	---------------------------	------------------------

**FY 2001-2002 1st Quarter  
Projected Year-end Results  
(in thousands)**

**FINANCE & GENERAL GOVERNMENT  
GROUP**

	Expenditure Variance	Revenue Variance	1st Quarter FY01-02 Projected Fund Balance Favorable/ (Unfavorable)
<b>General Fund Departments</b>			
Assessor/Recorder/County Clerk	\$ 775	\$ 1,491	\$ 2,266
Board of Supervisors	-	-	-
Board of Supervisors-General	-	-	-
CAC-Major Maintenance	211	-	211
CFO/Auditor & Controller	3,053	(342)	2,710
Chief Administrative Officer	640	-	640
County Technology Office	700	-	700
Civil Service Commission	38	-	38
Clerk of the Board of Supervisors	658	10	668
Contributions to Capital Outlay Fund	607	-	607
County Counsel	658	38	696
Finance & GG Exec Office	4,941	-	4,941
Human Resources	1,288	239	1,527
Treasurer/Tax Collector	1,104	(100)	1,004
<b>Total General Fund</b>	<b>14,672</b>	<b>1,335</b>	<b>16,007</b>
<b>Special Revenue Funds Departments</b>			
Media & Public Relations	454	(187)	267
<b>Internal Service Funds Departments</b>			
Chief Technology Office	-	-	-
<b>Total Finance &amp; General Government Group</b>	<b>\$ 15,126</b>	<b>\$ 1,147</b>	<b>\$ 16,273</b>

**FY 2001-2002 1st Quarter  
Projected Year-end Results  
(in thousands)**

**HEALTH & HUMAN SERVICES AGENCY**

	Expenditure Variance	Revenue Variance	1st Quarter FY01-02 Projected Fund Balance Favorable/ (Unfavorable)
<b>General Fund Programs</b>			
Agency Administration	\$ (1,367)	\$ 3,268	\$ 1,901
Adult Mental Health	296	(759)	(463)
Aging & Independence Services	2,958	(3,370)	(412)
Children's Mental Health	(2,306)	2,402	96
Children's Team	-	-	
Office of Public Health	1,920	(643)	1,277
Policy & Program Support	2,044	(532)	1,512
Proposition 10	(100)	101	1
Regional Operations	(1,906)	(358)	(2,264)
Strategy & Planning	64	(62)	2
<b>Total General Fund</b>	<b>1,602</b>	<b>48</b>	<b>1,650</b>
<b>Special Revenue Funds</b>			
Social Services Realignment	-	-	-
Mental Health Realignment	-	-	-
Health Realignment	-	-	-
<b>Total Special Revenue Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internal Service Funds</b>			
DMI-Working Capital	-	-	-
<b>Special District Funds Departments</b>			
Ambulance Districts	-	-	-
<b>Other County Funds Departments</b>			
	-	-	-
<b>Total Health &amp; Human Services Agency</b>	<b>\$ 1,602</b>	<b>\$ 48</b>	<b>\$ 1,650</b>

**FY 2001-2002 1st Quarter  
Projected Year-end Results  
(in thousands)**

**LAND USE & ENVIRONMENT GROUP**

	Expenditure Variance	Revenue Variance	1st Quarter FY01-02 Projected Fund Balance Favorable/ (Unfavorable)
<b>General Fund Departments</b>			
Agriculture, Weights & Measures	\$ 11	\$ (287)	(276)
Environmental Health	2,091	(2,087)	4
Farm Advisor	16	8	24
Land Use & Environment Group Exec Office	9,103	(41)	9,062
Parks & Recreation	(9)	128	119
Planning & Land Use	880	13	893
Public Works	49	(223)	(174)
<b>Total General Fund</b>	<b>12,140</b>	<b>(2,489)</b>	<b>9,651</b>
<b>Special Revenue Funds Departments</b>			
Agriculture, Weights & Measures	30	(30)	-
Parks & Recreation	2,030	(1,042)	988
Public Works	9,647	(8,346)	1,301
<b>Total Special Revenue Funds</b>	<b>11,707</b>	<b>(9,418)</b>	<b>2,288</b>
<b>Internal Service Funds Departments</b>			
	-	-	-
<b>Enterprise Funds Departments</b>			
Public Works	(160)	646	486
<b>Special District Funds Departments</b>			
Air Pollution Control District	190	350	540
Parks and Recreation	1,188	(103)	1,085
Public Works	-	592	592
<b>Total Special Districts Funds</b>	<b>1,378</b>	<b>838</b>	<b>2,216</b>
<b>Other County Funds Departments</b>			
Debt Service-Local Boards	27	(27)	-
<b>Total Land Use &amp; Environment Group</b>	<b>\$ 25,092</b>	<b>\$ (10,451)</b>	<b>\$ 14,641</b>

**FY 2001-2002 1st Quarter  
Projected Year-end Results  
(in thousands)**

***PUBLIC SAFETY GROUP***

Expenditure Variance	Revenue Variance	1st Quarter FY01-02 Projected Fund Balance Favorable/ (Unfavorable)
-------------------------	---------------------	--

***General Fund Departments***

Alternate Public Defender	\$ 504	\$ (228)	\$ 276
Child Support	\$ 2,458	\$ 176	\$ 2,634
Contributions for Trial Courts	-	-	-
Defense Attorney Contract Admin.	200	(200)	-
District Attorney	2,223	1,448	3,671
Grand Jury	1	-	1
Law Enforcement Review Board	-	9	9
Medical Examiner	(111)	152	41
Office of Disaster Preparedness	38	115	153
Probation	6,990	(2,381)	4,609
Public Defender	653	614	1,267
Public Safety Executive Office	11,897	843	12,740
Sheriff	(200)	200	-
<b>Total General Fund</b>	<b><u>24,653</u></b>	<b><u>748</u></b>	<b><u>25,402</u></b>

***Special Revenue Funds Departments***

District Attorney	-	-	-
Probation	-	313	313
Sheriff	(214)	214	-
<b>Total Special Revenue Funds</b>	<b><u>(214)</u></b>	<b><u>527</u></b>	<b><u>313</u></b>

***Internal Service Funds Departments***

Probation	-	-	-
Sheriff	-	-	-
<b>Total Internal Service Funds</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

***Special District Funds***

	-	-	-
<b>Total Group Projected Fund Balance</b>	<b><u>\$ 24,440</u></b>	<b><u>\$ 1,275</u></b>	<b><u>\$ 25,715</u></b>

**FY 2001-2002 1st Quarter  
Projected Year-end Results  
(in thousands)**

**GENERAL REVENUES &  
GENERAL COUNTY EXPENSES**

		1st Quarter FY01-02 Projected Fund Balance Favorable/ (Unfavorable)
Expenditure Variance	Revenue Variance	

**General Fund**

General Revenues:

All Current Property Taxes	\$ -	\$ -	\$ -
All Other Taxes-Local	-	-	-
Licenses, Permits & Franchises	-	-	-
Fines, Forfeitures & Penalties	-	-	-
Revenue for Use of Money & Property	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Current Services	-	-	-
Miscellaneous Revenue	-	-	-
<b>Total General Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>

General County Expenses

Cash Borrowing Program	-	-	-
Community Enhancement	-	-	-
Contingency Reserve	11,000	-	11,000
Contributions to Library Fund	-	-	-
Community Projects & Services	-	-	-
Countywide Expenses	3,000	-	3,000
<b>Total General County Expenses</b>	<b>14,000</b>	<b>-</b>	<b>14,000</b>
<b>Total General Fund</b>	<b>14,000</b>	<b>-</b>	<b>14,000</b>

**Special Revenue Funds Departments**

Capital Program	-	-	-
Debt Service-Pension Obligation Bonds	-	-	-
<b>Total Special Revenue Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Internal Service Funds Departments**

Unemployment & Workers Compensation	-	-	-
Public Liability	-	-	-
<b>Total ISF Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Total General Revenues & General County  
Expenses Operating Budget**

<b>\$ 14,000</b>	<b>\$ -</b>	<b>\$ 14,000</b>
------------------	-------------	------------------

**COUNTY OF SAN DIEGO  
NOTES TO SCHEDULE A  
FY 2001 - 2002 1st QUARTER**

**GENERAL NOTES**

*Agency/Group Fund Balance Components*

Fund Balance consists of two components - Management Reserves and Operating Balance. Operating Balance is the excess of Revenues over Expenditures as a result of current fiscal year operations. Management Reserves are appropriations that are set aside at the Group or department level for unanticipated needs or planned future one-time expenses.

*Management Reserves*

The Agency/ Groups do not plan to expend all of their respective Management Reserves during this year and therefore expect that some amount will be available for use in future years. Projected Management Reserves at June 30, 2002 are shown in **Schedule B**.

*Projections of Agency/Group Operations*

Departments project changes to their operational plans based either on revised expectations or on actual revenues or expenditures to date. The significant (greater than \$300,000) variances from plan are discussed below and categorized by funds.

Most County activities are carried out within the General Fund. The General Fund Fund Balance is considered to be the primary "equity" cushion of the County, authorized to be drawn upon by specific Board action and according to Board priorities and policies. Projected fund balances in all other funds are restricted to uses that are consistent with the purposes of the individual funds.

**COMMUNITY SERVICES GROUP**

***General Fund:***

*Community Services Group Executive Office*

The net variance projected for the Community Services Executive Office is \$6.4 million, \$6.2 million of that a result of budgeted management reserves anticipated to be unspent.

*Registrar of Voters*

A net positive variance of \$0.9 million is projected, chiefly due to \$.8 million of budgeted management reserves foreseen to be unspent.

***Internal Service Funds:***

*Department of General Services - Fleet Management*

A net positive variance of \$1.1 million is projected as the result of lower than anticipated current year depreciation costs and delays in vehicle acquisitions and deliveries.

***Other County Funds:***

*San Diego County Redevelopment Agency*

The net positive variance of \$0.3 million consists of: \$0.16 million for prior year excess tax increment payments to the Grossmont and Cajon Valley School Districts, pursuant to a Settlement Agreement signed in 1989, and a pending litigation settlement of \$0.15 million for the Marshall Avenue Improvements Project.

**FINANCE & GENERAL GOVERNMENT GROUP**

***General Fund:***

*Assessor/Recorder/County Clerk*

A projected net positive variance of \$2.3 million is based on Services & Supplies savings of \$.7 million due primarily to delays in revenue offset projects and increased revenues of \$1.5 million. The net revenue increase consists of increased recording fees of \$2.1 million due to refinancing of home mortgages and a decrease in other revenues of (\$.6) million where revenues are directly tied to expenditures.

*CFO/Auditor & Controller*

A projected net positive variance of \$2.7 million is the result of projected staff savings of \$1.2 million due to recruitment difficulties, reduced revenues of (\$.3) million and unspent management reserves of \$1.8 million.

*Chief Administrative Office*

A projected net positive variance of \$.6 million is the result of staff savings of \$.4 million and unspent management reserves of \$.2 million.

*County Technology Office*

A projected net positive variance of \$.7 million is the result of projected staff savings of \$.2 million and unspent management reserves of \$.5 million.

*Clerk of the Board of Supervisors*

A projected net positive variance of \$.7 million is the result of Services & Supplies savings of \$.1 million and unspent management reserves of \$.6 million.

*Contributions to Capital Outlay Fund*

A projected net positive variance of \$.6 million is the result of lease payment savings.

*County Counsel*

A projected net positive variance of \$.7 million is the result of Service and Supplies savings of \$.2 million and unspent management reserves of \$.5 million.

*Finance & General Government Group – Executive Office*

A projected net positive variance of \$4.9 million is the estimated year-end Group management reserves balance.

*Human Resources*

A projected net positive variance of \$1.5 million is the result of increased revenue of \$.2 million from work performed for non-general fund County operations and unspent management reserves of \$1.3 million.

*Treasurer-Tax Collector*

A projected net positive variance of \$1 million is the result of staff savings of \$.3 million, Services and Supplies savings of \$.3 million due to delays in IT acquisitions, reduced revenue of (\$.1) million and unspent management reserves of \$.5 million.

**HEALTH & HUMAN SERVICES AGENCY**

***General Fund:***

*Agency Administration*

The Agency Administration consists of the following: Agency Executive Office, Financial Services, Contract Support, Information Technology and Human Resources. A favorable variance of \$1.9 million is projected due to management reserves of \$2.3 million offset by an estimated over expenditures of \$.4 million due to Quality First payouts and negotiated salary increases. Appropriations for these salary costs will be adjusted in the first quarter status report based on realignment, program revenues, and available fund balance and management reserves.

*Adult Mental Health*

An unfavorable variance of \$.5 million is being projected. Projected increased costs for medications total \$1.4 million and revenue will be below budget by \$.8 million due to hiring delays. These results are offset by salary savings of \$1.2 million due to hiring delays and savings in Fixed Assets and other Services and Supplies of \$.5 million. Cost containment measures are being developed, but have not yet been finalized.

*Aging and Independence Services*

An unfavorable variance of \$0.4 million is estimated due to as yet unappropriated Quality First payouts and unfunded salary negotiations. These will be adjusted in the Agency's first quarter status report.

*Office of Public Health*

A favorable variance of \$1.3 million is projected due to savings in expenditures from delays in starting contracts and attendant staff hiring. This savings is partially offset by \$.6 million in lower revenue.

*Policy and Program Support*

A favorable variance of \$1.5 million dollars is projected due to prior year State and Federal revenues being received this fiscal year. Expenditures are projected at being \$2.0 million under budget based on prior year and first quarter trends. These expenditure savings will result in a corresponding reduction in revenues.

*Regional Operations*

An unfavorable variance of \$2.3 million is being projected. Over expenditures are estimated due to increased costs for Foster Care and Aid to Adoptive Parents and unappropriated Quality First Payouts and salary negotiation increases. Caseload and payment costs for Foster care and Aid to Adoptive Parents will be monitored and expenditure and revenue allocations will be adjusted in the 2<sup>nd</sup> quarter status letter if needed. The Agency is monitoring all State allocation letters and realignment projections and will be adjusting the Operational Plan accordingly. Appropriations for Quality First Payouts and unfunded salary negotiations will be adjusted in the Agency's first quarter status report.

**LAND USE AND ENVIRONMENT GROUP**

***General Fund:***

*Land Use Group – Executive Office*

A net positive \$9.0 million is projected, largely due to the \$8.7 million Management Reserve expected by year-end for the Land Use and Environment Group. The availability of these funds is necessary, as a portion has been committed to fund Board initiatives in the coming fiscal year.

*Planning and Land Use*

A net positive \$.9 million is projected by year-end. Savings in Salaries and Benefits of \$.4 million are due to vacancies as a result of recruitment and retention issues in the Planner and Environmental Management Specialist classifications and unfilled positions for the Stormwater Program. \$.5 million savings in Services and Supplies are as a result of the aforementioned reduced staffing and for Multiple Species Conservation Project consultant contracts.

### ***Special Revenue Funds:***

#### *Parks and Recreation*

A net positive \$1.0 million is projected by year-end for the 25 PLDO's as result of \$2.0 million in expenditure savings due to the department's practice of budgeting all resources available, regardless of the spending plan. This amount is offset by less than budgeted revenues of \$1.0 million due to the anticipated slowdown in new housing construction.

#### *Public Works*

A net positive \$1.3 million is projected due to under expenditures for various projects (\$9.6 million) – not all right of way acquisitions will be accomplished by year-end, and there will be related savings in consultant contracts. A corresponding \$8.3 million reduction in State and Federal reimbursement for these projects is anticipated.

### ***Enterprise Funds:***

#### *Public Works*

A net positive \$.5 million is projected as a result of the aggregate outcomes in the following funds:

- Wastewater Enterprise Fund

Savings of \$.3 million in Salaries and Benefits are projected. Coupled with a projected over-realized revenue of \$38,500, net positive fund balance of \$.37 million is anticipated.

- Airport Enterprise Fund

A positive balance of \$.1 million is projected. Overages in Salaries and Benefits and Fixed Assets are mitigated by the use of Fund Balance for net expenditure savings of \$51 thousand. This estimate is enhanced by the projected over realization of revenue from Rents and Concessions and Internal Service Funds.

- Transit Enterprise Fund

Expenditure savings of \$.7 million in Services and Supplies is anticipated to be offset by over-expenditures in Capital due to purchases of buses by \$.5 million.

## ***Special Districts:***

### *Air Pollution Control District*

A net favorable \$.5 million is projected. Services and Supplies are anticipated to be \$.2 million less than budget due to reductions in prior year encumbrances and less consultant services. Over-realization of revenues of \$.3 million is a result of EPA grant funds being higher than budgeted and as a result of the ARB's recommendations regarding enforcement of fines and penalties.

### *Parks and Recreation*

A net favorable \$1.1 million is projected by year-end. Savings in expenditures of \$1.2 million are as a result of the department's practice of budgeting all resources available, regardless of the spending plan. The projected \$.1 million revenue decrease is a result of less than budgeted receipts for Secured Taxes and for Service to Property Owners).

### *Public Works*

A net positive \$.6 million is projected, all due to greater than budgeted revenues in Sanitation Service Connection fees and Sanitation District revenue from other governments

## **PUBLIC SAFETY GROUP**

### *Department of Child Support Services*

The projected fund balance is \$2.6 million, primarily due to recovered cost revenue being overrealized by \$1.4 million, and federal Child support program revenue being overrealized by \$.7 million due to reimbursable overhead costs stemming from delays in child support transition from the DA's office. An additional \$.5 million underexpenditure results from budgeted expenses originally covered by recovered cost revenue that were later approved for State funding. Salaries and Benefits are estimated to be \$2.4 million under budget due to salary savings and transitioning workers from temporary to permanent staff. This under expenditure is reflected in State in Federal revenue estimates being projected below budget.

### *District Attorney*

The projected fund balance is \$3.7 million, comprised of planned unexpended Management Reserves of \$2.4 million and operational savings of \$1.3 million. The operational savings is comprised of salary savings of \$2.1 million due to positions being vacant, staff turnover, and approximately \$.5 million due to the Deputy District Attorney Association not approving a labor contract. Services and Supplies are projected to exceed budget by \$1.6 million due to routine costs and department priorities, including HOJ improvements and security, courtroom

automation, secure employee parking, JURIS planning project, Literacy project and a DA wide area network.

#### *Probation*

The projected fund balance is \$4.6 million. There is a projected under expenditure of \$1.7 million in Salaries and Benefits, primarily due to positions being frozen from the closure of Camp West Fork. Services and Supplies are estimated to be \$.3 over budget due to increased Information Technology costs. Other Charges are estimated to be \$5.6 million under budget due to a reduction in out of home placements, which produces a corresponding decrease in Federal and State Foster Care revenue reimbursement. An anticipated under-realization of \$2.4 million in revenues is due to \$4.1 million savings from the aforementioned Foster Care program and the over-realization of \$1.7 million in revenue from the Board of Corrections for deferred maintenance projects.

#### *Public Defender*

The Public Defender is projecting a positive net variance of \$1.3 million. A positive variance of \$.5 million in Salary and Benefits is the result of the Public Defenders Association labor agreement not being settled and staffing vacancies, and a \$.7 million revenue variance is projected as a result of the appropriation of Public Safety Group Fund Balance to meet additional operational needs.

#### *Executive Office*

A favorable variance of \$12.7 million is projected, chiefly due to unexpended Management Reserves. Salaries and Benefits are foreseen to be \$.3 over budget primarily due to Student Workers being hired in the Group's Diversity Training Program. Services and Supplies are projected to be \$.5 million over budget due to higher than anticipated Information Technology costs. Both of these items will be corrected with an appropriation of revenue to offset student worker costs and fund balance being appropriated to offset increased IT costs.

#### *Sheriff*

The projected fund balance is zero resulting from anticipated increases in appropriations from 1) Quality First expenditures based on FY 00-01 fund balance, and 2) the impact of the negotiated pay raises in the SEIU contract. Services and Supplies are projected to have a positive variance of \$.2 million based on increased appropriations as a result of increased IT costs. Other Charges reflects a \$.4 m projected cost overage for the Inmate Medical Program resulting from four major medical cost cases.

Revenues reflect a \$.4 m reduction in Court Service Bureau estimates due to changes in State Trial Court Funding guidelines, and an increase in budgeted fund balance of \$.6 m to offset the projected reduction in Trial Court revenue and anticipated negative variance in Other Charges.

***Special Revenue Funds:***

*Probation Inmate Welfare*

The Fund is projecting a positive net variance of .3 million. This is the chiefly due to the anticipated appropriation of additional fund balance to meet operational needs and the over-realization of revenue from the Federal Asset Seizure Program.

**GENERAL REVENUES & GENERAL COUNTY EXPENSES**

Fund balance is estimated to be \$14.0 million. The Contingency Reserve is expected to be held at \$11.0 million through year-end. Another \$3.0 million in Services and Supplies is expected to remain unspent as this amount has been set aside in the budget to add to the General Reserve at year-end based on the favorable financial condition of the County.

**Schedule B**  
**County of San Diego**  
**FY 2001-2002 1st Quarter**  
**Projected Reserves and Operating Balances at June 30, 2002**  
**(in thousands)**

Category	Projected Management & Contingency Reserves	Projected Operating Balances	1st Quarter FY01-02 Projected Fund Balance Favorable/ (Unfavorable)
<b>General Fund</b>			
Community Services	\$ 7,089	\$ 211	\$ 7,300
Finance & General Government	10,444	5,563	16,007
Health and Human Services	3,014	(1,364)	1,650
Land Use and Environment	9,021	630	9,651
Public Safety	15,174	10,228	25,402
<b>Agency/Group Totals</b>	<b>\$ 44,742</b>	<b>\$ 15,268</b>	<b>\$ 60,010</b>
General Revenues		-	-
General County Expenses	-	3,000	3,000
Contingency Reserve	11,000	-	11,000
<b>Total Gen'l. Revs &amp; Other Gen'l. Fund</b>	<b>\$ 11,000</b>	<b>\$ 3,000</b>	<b>\$ 14,000</b>
<b>Total General Fund</b>	<b>\$ 55,742</b>	<b>\$ 18,268</b>	<b>\$ 74,009</b>

Numbers may not total due to rounding.

Numbers may not total due to rounding.