



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: November 10, 1998

TO: Board of Supervisors

SUBJECT: FIRST QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS FOR FISCAL YEAR ENDING JUNE 30, 1999 (District: All)

SUMMARY:

Overview

Our First Quarter Report reflects a continued improvement in the local economy and management's commitment to improved efficiencies. At this time, we estimate this fiscal year's operations will produce a \$22.3 million surplus over adopted budget estimates. Combined with currently appropriated and unappropriated 1997-98 operating balances and appropriated reserves (unaudited), net operating balances at 1998-99 FY year-end are estimated to be \$300.6 million (See Attachment A). We do, however, anticipate that the Groups/Agency will request your Board's authority to use management reserves. To the extent that your Board adopts such actions, estimates of operating balances at year-end would be correspondingly reduced.

Recommendations

CHIEF ADMINISTRATIVE OFFICER

1. File the First Quarter Report on Estimated Results of Operations for Fiscal Year Ending June 30, 1999 and the attached 1998-99 Analysis (See Attachments A through C).
2. File the Final FY 1997-98 Year-End Operating Balance (See Attachment D).

Fiscal Impact

There is no fiscal impact resulting from this report.

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FOR FISCAL YEAR ENDING JUNE 30, 1999 (District: All)**

BACKGROUND:

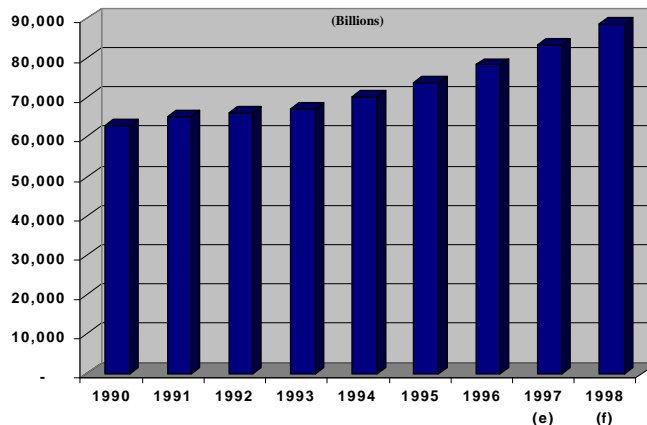
I. First Quarter Estimated Results of Operations

Although the Fiscal year 1998-99 outlook appears positive, we must be mindful that a significant portion of the estimated increases in operating balances are predicated on the continued performance of the economy. It is also important to note that although our financial flexibility is improving we are also vulnerable to State budget actions. Additionally a further cautionary eye should be given to potential uncertainties regarding the long-term impact of welfare reform and the current favorable CERS contribution rates we are experiencing. As a result of these unpredictable conditions, we advise that your Board view the positive aspects of this report with the conservative perspective you have endorsed in the past.

A. Year-End Estimates

Year-end estimates of General Revenues (see also Attachment B) reflect that the State's economy will continue at a growth rate of about 2.5-3.5% annually. The San Diego economy also continues to show a healthy growth pattern with respect to Gross Regional Product (GRP). As a result of these economic conditions, assessed valuations for commercial and office space improved for the second year in a row while housing prices increased by an average of approximately 4.3% over the last two years. Additionally, Proposition 8 adjustments to pre-1991 levels have also contributed to higher assessed valuations. As discussed in prior reports, State law requires that the Assessor ensure that the Roll Assessed Valuation reflects the market value. Consequently, in 1991 when property values fell below the assessed valuation, the Assessor temporarily reduced the Roll values. Now that the real estate market has rebounded the Assessor has correspondingly increased these market values and the Roll value had been adjusted upward.

Gross Regional Product



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Overall, we estimate that General Revenues will exceed budgeted levels by approximately \$4.8 million at this juncture (See Attachment B). This is primarily due to projected increases in Current Secured Taxes, Supplemental Current Secured Taxes and Unsecured Taxes. A discussion of those areas experiencing significant differences from the budget over \$500,000 follows:

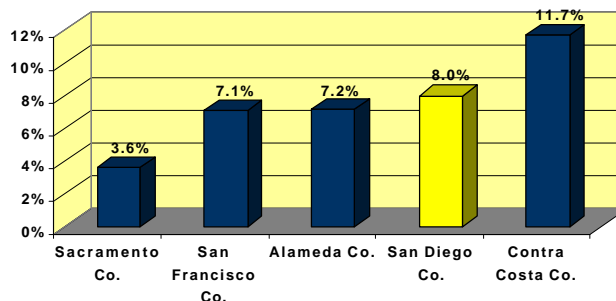
- 1) Current Secured Taxes \$4,100,000
When the budget was approved, a 5.5% increase in assessed valuations was assumed. The actual increase in assessed valuations was approximately 7.5%.
- 2) Current Supplemental Taxes \$750,000
The local real-estate sector continues to steadily improve and the increase in supplemental taxes is indicative of the on-going resale activity outside of the regular tax roll. Based on this activity of the current supplemental roll billings, an additional \$750,000 is projected for year-end.
- 3) Unsecured Taxes \$500,000
Similar to the regular current secured roll unsecured taxes also reflect, an increase of approximately 7.5% versus 5.0% budgeted.
- 4) Business License Fees (\$750,000)
The Proposed 1998-99 Budget included \$750,000 in Business License Fees. During Budget Deliberations Business License Fees were eliminated. As a result, General Revenues have been reduced accordingly.

In addition to the above, 1998-99 Group/Agency estimates reflect surpluses of approximately \$22.3 million. Details concerning estimated results of operation for 1998-99 by Group/Agency are discussed at length in Attachments C and C-1.

B. Pertinent Economic and Demographic Data

As of June 30, 1998, unrestricted Fund Balance, as a percentage of expenditures was 8%. This increased from 6.3 % over the prior fiscal year and was significantly better than a majority of similarly sized Counties in California. This favorable outcome reflects an improved budget discipline, moderate debt levels and a healthy local economy. These factors have steadily improved the County's flexibility in meeting the financial challenges ahead.

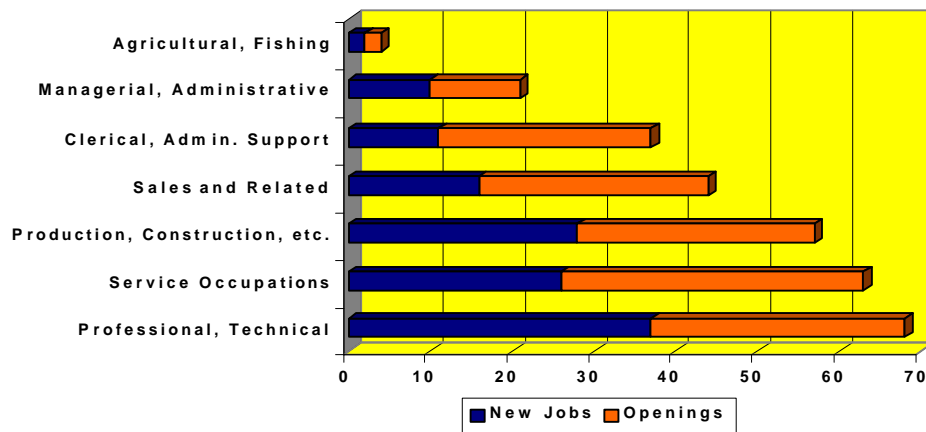
Unrestricted Fund Balance as a % of Expenditures



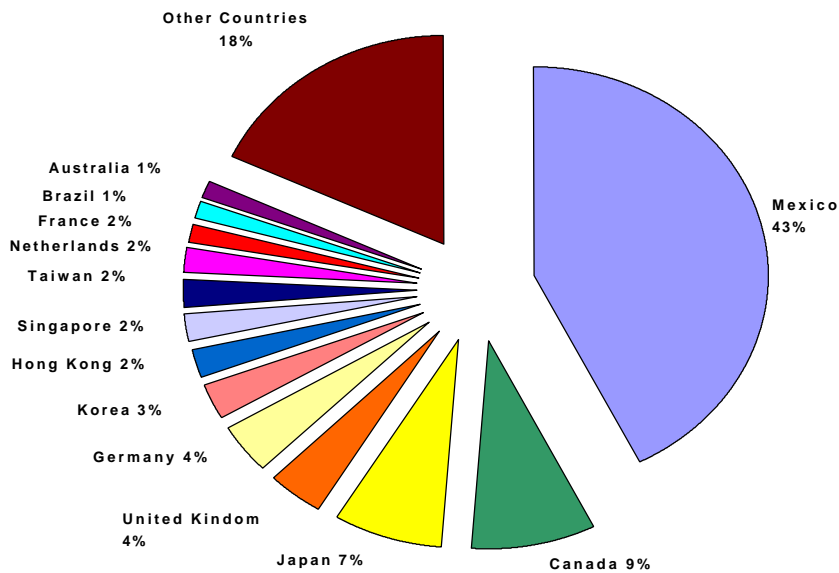
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The economic factors noted above have contributed to the long-term health of the local economy and have combined with a stable trend toward a clean and broad based professional and service economy. This has not only propelled growth but also made San Diego County the envy of many other municipalities in the United States. Additionally, San Diego County's export markets remain robust as a result of trade with Mexico, our major trading partner. Due to the expanding economic growth and employment opportunities throughout the area, San Diego County's population has grown. This phenomenon provides the necessary human resource base to sustain the region's growth and has had the positive effect of increasing the County's revenue base.

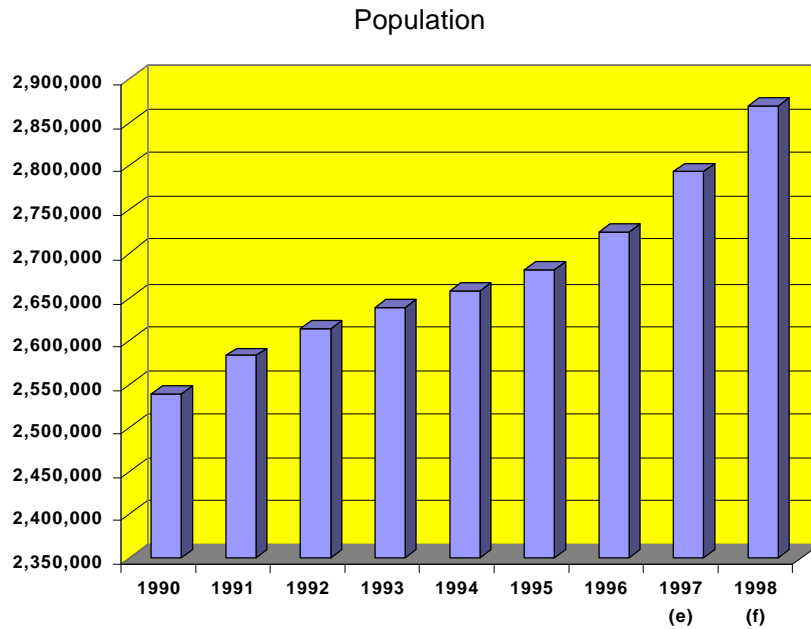
Occupational Employment Projection - Change in Number of Jobs
1994 - 2001



San Diego Export Markets - 1996 Exports \$6.7 billion



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FOR FISCAL YEAR ENDING JUNE 30, 1999 (District: All)**



In conclusion, we are cautiously optimistic regarding the fiscal outlook for this year. However, given the economic uncertainties ahead, we ask that your Board remain vigilant in maintaining the conservative viewpoint that has brought our County the financial and operational success we enjoy today.

Respectfully submitted,

LAWRENCE B. PRIOR III
Chief Administrative Officer

**BOARD OF SUPERVISORS
AGENDA ITEM INFORMATION SHEET**

SUBJECT: FIRST QUARTER REPORT ON ESTIMATED RESULTS OF
OPERATIONS FOR FISCAL YEAR ENDING JUNE 30, 1999 (District:
All)

CONCURRENCE (S)

COUNTY COUNSEL Approval of Form Yes N/A
Type of Form: Standard Form Ordinance Resolution Contract
Review Board Letter Only Yes N/A

CHIEF FINANCIAL OFFICER/AUDITOR Yes N/A
Requires Four Votes Yes No

CHIEF INFORMATION OFFICER Yes N/A

DEPARTMENT OF HUMAN RESOURCES Yes N/A

CONTRACT REVIEW PANEL Yes N/A

Other Concurrence(s):

BUSINESS IMPACT STATEMENT: Yes N/A

PREVIOUS RELEVANT BOARD ACTIONS: July 21, 1998 (25), Adoption of 1998-99
Budget.

BOARD POLICIES APPLICABLE:

ORIGINATING DEPARTMENT:

Auditor and Controller

CONTACT PERSON:

<u>Chris Gilmore</u>	<u>S30-531-5175</u>	<u>S30-531-6261</u>	<u>A-5</u>	<u>Cgilmoac</u>
Name	Phone	Fax	Mail Station	E-Mail

DEPARTMENT AUTHORIZED REPRESENTATIVE

November 10, 1998
Meeting Date

**1997-98 Year-End Operating Balance and
1998-99 Estimated Year-End Operating Balance
(in millions)**

Category	1997-98 Unappropriated Balances Final (unaudited)	1998-99 Appropriated Balances	1998-99 1 st Quarter Operating Balance Estimated for 6/30/99	Total Estimated Balances 6/30/99
Public Safety	\$ 17.6	\$ 15.7	\$ 6.2	\$ 39.5
Health and Human Services	2.5	1.5	6.2	10.2
Land Use and Environment	1.3	2.2	1.3	4.8
Community Services	4.4	0.9	2.3	7.6
Finance and General Government	3.2	4.7	1.3	9.2
Competition and Reengineering	0.3		0.2	0.5
Group Totals	\$ 29.3	\$ 25.0	\$ 17.5	\$ 71.8
County-wide Discretionary Resources	6.0		4.8	10.8
Subtotal	\$ 35.3	\$ 25.0	\$ 22.3	\$ 82.6
Reserves Countywide				50.0
Reserves Operational				10.0
Debt Service Reserve				31.0
Environment Trust Fund Reserve				103.0
Worker's Compensation				16.0
Public Liability				8.0
Totals				\$ 300.6

FY1998-99			
COUNTY OF SAN DIEGO - CHIEF FINANCIAL OFFICER/AUDITOR AND CONTROLLER			
RE-ESTIMATION OF GENERAL REVENUES AND OTHER ADJUSTMENTS			
FIRST QUARTER			
<small>(ROUNDED TO NEAREST \$1,000)</small>			
GENERAL REVENUES & OTHER ADJUSTMENTS	ADOPTED BUDGET	YEAR-END ESTIMATE	VARIANCE
<u>Current Property Taxes</u>			
Secured - Regular-9010	\$218,400,000	\$222,500,000	\$4,100,000
Secured - Supplemental-9011	3,250,000	4,000,000	750,000
Unsecured - Regular-9020	10,500,000	11,000,000	500,000
Unsecured - Supplemental-9021	0	25,000	25,000
Redevelopment Agreement-9088	2,450,000	2,450,000	0
Total Current Property Taxes	234,600,000	239,975,000	5,375,000
<u>Other Local Taxes</u>			
Prior Unsecured - Regular & Supplemental 9040-9041	1,400,000	1,400,000	0
Penalties & Costs of Delinquencies 9050	6,128,789	6,000,000	(128,789)
Penalties & Costs of Delinquencies - Current & Pric 9086	11,000,000	11,000,000	0
Other Tax - Aircraft 9081	800,000	800,000	0
Sales and Use Tax 9060	14,040,000	14,040,000	0
Transient Occupancy Tax 9083	2,550,000	2,550,000	0
Real Property Transfer Tax 9084	10,920,073	11,000,000	79,927
Franchises 9070	2,300,000	2,500,000	200,000
Total Other Local Taxes	49,138,862	49,290,000	151,138
<u>Revenue From Other Agencies</u>			
Homeowners' Property Tax Redemptions 9490	4,300,000	4,300,000	0
State Mandated Reimbursement (SB90) 9518	2,500,000	2,500,000	0
Vehicle License Fee (VLF) In Lieu Tax 9260	126,156,442	126,156,442	0
Booking Fees/City of San Diego 9857	5,200,000	5,200,000	0
Proposition A Residuals/sales txs 9063	4,700,000	4,700,000	0
Other Revenue	0	0	0
Total Revenue from Other Agencies	142,856,442	142,856,442	0
<u>Miscellaneous</u>			
Court Fines & Forfeitures	1,700,000	1,700,000	0
Civil Assessments 9169	6,026,997	6,026,997	0
Interest on Deposits 9190	11,600,000	11,600,000	0
Interfund Transfers	1,841,116	1,841,116	0
Business Certificates 9119	750,000	0	(750,000)
Other/Open Space/Federal In Lieu ##### 9645	400,000	400,000	0
Total Miscellaneous	22,318,113	21,568,113	(750,000)
Sub-Total General Revenue	448,913,417	453,689,555	4,776,138
<u>Other Adjustments</u>			
Debt Service	(11,830,000)	(11,830,000)	0
Debt Service - Teeter			0
Contributions to Other Agencies	(2,000,000)	(2,000,000)	0
Prior Year Encumbrances - Estimated Savings	0	0	0
Fund Balance - Appropriated From Prior Year	89,870,409	89,870,409	0
Solid Waste Proceeds/Contingency Reserve		0	0
Sub-Total Other Adjustments	76,040,409	76,040,409	0
TOTAL	\$524,953,826	\$529,729,964	\$4,776,138

**COUNTY OF SAN DIEGO -CHIEF FINANCIAL OFFICER/AUDITOR AND CONTROLLER
1998-99 PROJECTED OPERATING BALANCE - BY GROUP/AGENCY
FIRST QUARTER**

(ROUNDED TO NEAREST \$1000)

DEPARTMENT NAME	EXPENDITURES	REVENUE	DEPARTMENT	ADJUSTED
	UNDER (OVER) BUDGET	OVER (UNDER) BUDGET	OPERATING BALANCE UNADJUSTED	
			ADJUSTMENTS	
PUBLIC SAFETY GROUP:				
ALTERNATE PUBLIC DEFENDER	132,000	0	132,000	132,000
CAO/SHERIFF	0	0	0	0
CLERK	26,000	0	26,000	26,000
COURT OPERATIONS & CONTRIBUTIONS	0	44,000	44,000	44,000
DEFENSE ATTORNEY CONTRACT ADMIN.	0	0	0	0
DISASTER PREPAREDNESS	(18,000)	2,000	(16,000)	(16,000)
DISTRICT ATTORNEY	4,034,000	(3,405,754)	628,246	628,246
GRAND JURY	(34,000)	0	(34,000)	(34,000)
MARSHAL	523,000	1,000	524,000	524,000
MEDICAL EXAMINER	30,000	0	30,000	30,000
MUNICIPAL COURT - PRE-TRIAL SERVICES	0	0	0	0
PROBATION	\$6,960,000	(\$3,432,000)	3,528,000	3,528,000
PUBLIC DEFENDER	215,000	0	215,000	215,000
PUBLIC SAFETY GROUP OFFICE	0	0	0	0
SHERIFF	1,080,000	0	1,080,000	1,080,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$12,948,000			
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$6,790,754)		
TOTAL OPERATING BALANCE (UNADJUSTED)			\$6,157,246	
TOTAL ADJUSTMENTS				\$0
TOTAL OPERATING BALANCE (ADJUSTED)				\$6,157,246
HEALTH AND HUMAN SERVICES AGENCY:				
AREA AGENCY ON AGING	(1,607,000)	951,000	(656,000)	(656,000)
HEALTH & HUMAN SERVICES AGENCY	7,864,000	(1,800,000)	6,064,000	6,064,000
HEALTH SERVICES	(93,000)	(3,735,000)	(3,828,000)	(3,828,000)
PUBLIC ADMINISTRATOR	60,000	(32,000)	28,000	28,000
SOCIAL SERVICES	\$26,352,000	(\$22,124,000)	4,228,000	4,228,000
VETERAN SERVICES/CCY&FAMILIES	(10,000)	349,000	339,000	339,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$32,566,000			
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$26,391,000)		
TOTAL OPERATING BALANCE (UNADJUSTED)			\$6,175,000	
TOTAL ADJUSTMENTS				\$0
TOTAL OPERATING BALANCE (ADJUSTED)				\$6,175,000
LAND USE AND ENVIRONMENT GROUP:				
AGRICULTURE, WEIGHTS & MEASURES	0	288,000	288,000	288,000
ENVIRONMENTAL HEALTH	873,000	(275,000)	598,000	598,000
FARM ADVISOR	0	0	0	0
LAFCO	0	0	0	0
LAND USE AND ENVIRONMENT OFFICE	0	0	0	0
PARKS & RECREATION	213,000	75,000	288,000	288,000
PLANNING & LAND USE	\$468,000	\$447,000	915,000	(\$825,000) 90,000
PUBLIC WORKS - GENERAL FUND	15,083,000	(15,016,000)	67,000	67,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$16,637,000			
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$14,481,000)		
TOTAL OPERATING BALANCE (UNADJUSTED)			\$2,156,000	
TOTAL ADJUSTMENTS				(\$825,000)
TOTAL OPERATING BALANCE (ADJUSTED)				\$1,331,000

COUNTY OF SAN DIEGO -CHIEF FINANCIAL OFFICER/AUDITOR AND CONTROLLER
1998-99 PROJECTED OPERATING BALANCE - BY GROUP/AGENCY
FIRST QUARTER
(ROUNDED TO NEAREST \$1000)

DEPARTMENT NAME	EXPENDITURES	REVENUE	DEPARTMENT	ADJUSTMENTS	ADJUSTED
	UNDER (OVER) BUDGET	OVER (UNDER) BUDGET	OPERATING BALANCE UNADJUSTED		DEPARTMENT OPERATING BALANCE
COMMUNITY SERVICES GROUP					
ANIMAL CONTROL	77,000	(21,000)	56,000	0	56,000
COMMUNITY SERVICES OFFICE	0	0	0	0	0
COUNTYWIDE EQUIPMENT ACQUISITION	0	0	0	0	0
GENERAL SERVICES	1,079,000	101,000	1,180,000	0	1,180,000
HOUSING / COMMUNITY DEVELOPMENT	385,000	(35,000)	350,000	0	350,000
MAJOR MAINTENANCE	0	0	0	0	0
PUBLIC SERVICES UTILITIES	321,000	(1,000)	320,000	0	320,000
REGISTRAR OF VOTERS	(150,000)	496,000	346,000	0	346,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$1,712,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		\$540,000			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$2,252,000		
TOTAL ADJUSTMENTS				\$0	
TOTAL OPERATING BALANCE (ADJUSTED)					\$2,252,000
FINANCE AND GENERAL GOVERNMENT GROUP					
ASSESSOR/RECORDER/COUNTY CLERK	857,000	1,246,000	2,103,000	0	2,103,000
BOARD OF SUPERVISORS - ALL	0	0	0	0	0
BOARD OF SUPERVISORS - GENERAL	0	0	0	0	0
CAC - MAJOR MAINTENANCE	0	0	0	0	0
CFO/AUDITOR & CONTROLLER	995,000	1,000	996,000	0	996,000
CHIEF ADMINISTRATIVE OFFICER	186,000	6,000	192,000	0	192,000
CIVIL SERVICE COMMISSION	0	0	0	0	0
CLERK - BOARD OF SUPERVISORS	71,000	1,000	72,000	0	72,000
COMMUNITY ENHANCEMENT	0	0	0	0	0
CONTRIBUTIONS TO CAPITAL	(\$2,698,000)	\$0	(2,698,000)	\$0	(2,698,000)
COUNTY COUNSEL	27,000	8,000	35,000	0	35,000
ELECTRONIC SYSTEMS & EQUIPMENT	(1,587,000)	(33,000)	(1,620,000)	0	(1,620,000)
EQUAL OPPORTUNITY MGMT OFFICE	22,000	0	22,000	0	22,000
GROUP OPERATIONS	1,170,000	0	1,170,000	0	1,170,000
HUMAN RESOURCES	1,157,000	(288,000)	869,000	0	869,000
INFORMATION SERVICES	51,000	62,000	113,000	0	113,000
TREASURER/TAX COLLECTOR	81,000	0	81,000	0	81,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$332,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		\$1,003,000			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$1,335,000		
TOTAL ADJUSTMENTS				\$0	
TOTAL OPERATING BALANCE (ADJUSTED)					\$1,335,000
COMPETITION AND REENGINEERING GROUP					
COMPETITION & REENGINEERING	281,000	(79,000)	202,000	0	202,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$281,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$79,000)			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$202,000		
TOTAL AUDITOR & CONTROLLER ADJUSTMENTS				\$0	
TOTAL OPERATING BALANCE (ADJUSTED)					\$202,000

Attachment C-1

Public Safety
Health & Human Services
Land Use & Environment
Community Services
Finance & General Government

The following detailed explanations are provided by the Groups/Agency concerning estimated variances from original amounts included in the 1998-99 Adopted Budget.

PUBLIC SAFETY GROUP**District Attorney**

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 108,223,000.00	\$ 82,456,754.00	\$ 25,766,246.00
Current Estimate	\$ 104,189,000.00	\$ 79,051,000.00	\$ 25,138,000.00
Variance	\$ 4,034,000	\$ (3,405,754)	\$ 628,246

Expenses are down because of a hiring delay in the Child Support and Public Assistance Fraud programs. Revenues are down because the Victim / Witness Grants under-realized revenues as a result of hiring delays.

Marshal

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 22,512,000	\$ 16,484,000	\$ 6,028,000
Current Estimate	\$ 21,989,000	\$ 16,485,000	\$ 5,504,000
Variance	\$ 523,000	\$ 1,000	\$ 524,000

Expenses are under because of vacancies. They can't fill the positions fast enough.

Probation

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 101,933,000.00	\$ 59,475,000.00	\$ 42,458,000.00
Current Estimate	\$ 94,973,000.00	\$ 56,043,000.00	\$ 38,930,000.00
Variance	\$ 6,960,000.00	\$ (3,432,000.00)	\$ 3,528,000.00

Expenses are down because the more expensive out-of-home placements were redirected to local facilities with an overall savings to the taxpayers. And as a result, the associated revenues are also projected to be under-budget.

Sheriff

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 236,536,000.00	\$ 157,035,000.00	\$ 79,501,000.00
Current Estimate	\$ 235,456,000.00	\$ 157,035,000.00	\$ 78,421,000.00
Variance	\$ 1,080,000.00	\$ -	\$ 1,080,000.00

Expenses are down because they can't fill their vacancies fast enough.

HEALTH & HUMAN SERVICES AGENCY

The Health and Human Services Agency is in the first year of a multi year effort to reorganize. Because much of the new organizational detail was unavailable at the point where the County's FY 1998-99 Line Item Budget was assembled, there continues to be problems with ensuring that all charges are recorded where anticipated.

While we continue to monitor activities at both the sub-program and program levels and make corrections where appropriate, we are focusing our executive level reviews on Agency-wide staffing, costs, revenue earnings, and County General Fund revenue impacts. We expect to implement a detailed activity based costing system with the adoption of the FY 1999-2000 Budget.

Veterans'/Commission on Youth & Families

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 4,855,361	\$ 3,147,371	\$ 1,707,990
Current Estimate	\$ 4,865,470	\$ 3,496,429	\$ 1,369,041
Variance	\$ (10,109)	\$ 349,058	\$ 338,949

The variance is due to unanticipated prior year revenue.

Public Administrator/Public Guardian

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 2,655,195	\$ 1,077,881	\$ 1,577,314
Current Estimate	\$ 2,595,679	\$ 1,045,681	\$ 1,549,998
Variance	\$ 59,516	\$ 32,200	\$ 27,316

Area Agency on Aging

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 89,198,557	\$ 87,667,683	\$ 1,530,874
Current Estimate	\$ 90,805,907	\$ 88,619,123	\$ 2,186,784
Variance	\$ (1,607,350)	\$ 951,440	\$ (655,910)

The variance is due to higher than budgeted costs for the In Home Supportive Services (IHSS) Program. Severely disabled individuals are now eligible for more services as the result of a court order.

Social Services

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 567,139,462	\$ 571,243,296	\$ (4,103,834)
Current Estimate	\$ 540,787,298	\$ 549,119,564	\$ (8,332,266)
Variance	\$ 26,352,164	\$ (22,123,732)	\$ 4,228,432

The first quarter welfare administrative claim is not yet complete and administrative costs and revenue are based on incomplete data. The variance is primarily due to the continued decline in welfare caseloads. Positions are being held vacant as a result of the caseload decrease and assistance payment expenditures are expected to be \$20 million less than budgeted. An increase in Foster Care aid payment costs is expected as a result of a cost of living increase that has been authorized in the State Budget for group homes. The date of this increase is not yet known and therefore the costs have not been included in this first quarter estimate. Positions are also vacant as a result of problems hiring qualified child welfare staff.

Health Services

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 304,369,343	\$ 301,859,563	\$ 2,509,780
Current Estimate	\$ 304,462,113	\$ 298,124,580	\$ 6,337,533
Variance	\$ (92,770)	\$ (3,734,983)	\$ (3,827,753)

The variance is due in part to our attempts to resolve financial problems identified in the Edgemoor audit and to higher than budgeted costs for Sheriff's pharmaceuticals. In addition, some costs charged to this ORG should have been charged to the newly created Agency ORG 7000. To the extent possible, incorrect charges will be corrected.

HHSA Agency

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 52,332,149	\$ 9,078,066	\$ 43,254,083
Current Estimate	\$ 44,468,484	\$ 7,278,169	\$ 37,190,315
Variance	\$ 7,863,665	\$ (1,799,897)	\$ 6,063,768

The variance results from efforts to further reduce overhead costs by holding positions vacant, an assumption that the Pharmacy's costs will be reduced by \$1.8 million as AIDS clients are transitioned to receiving their medications from private pharmacies, and an assumption that savings will be achieved in centrally budgeted and purchased services and supplies. As noted above under ORG 6000, incorrect charges will be corrected to the extent possible.

LAND USE & ENVIRONMENT GROUP**Environmental Health**

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 20,071,000.00	\$ 19,908,000.00	\$ 163,000.00
Current Estimate	\$ 19,198,000.00	\$ 19,633,000.00	\$ (435,000.00)
Variance	\$ 873,000	\$ (275,000)	\$ 598,000

The favorable expenditure variance is primarily related to holding positions in anticipation of the re-engineering effort. The revenue shortfall is directly related to the Vector Control program that will be reduced with re-engineering. An equal amount of savings in the Vector Control program is reflected in the expenditure variance.

Planning and Land Use

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 13,674,000	\$ 7,386,000	\$ 6,288,000
Current Estimate	\$ 13,206,000	\$ 7,833,000	\$ 5,373,000
Variance	\$ 468,000	\$ 447,000	\$ 915,000
Designation Adjustment	\$ -	\$ (825,000)	\$ (825,000)
Adjusted Variance	\$ 468,000	\$ (378,000)	\$ 90,000

The favorable expenditure variance is primarily the result of unfilled positions. The department is currently filling these positions in response to increased workload. Revenues reflect an overall favorable variance of \$447,000 and is primarily related to Building permit activity. A Designation Adjustment of \$825,000 reflects the amount of revenue collected in the Building division that is restricted to building permit activities.

COMMUNITY SERVICES GROUP**GENERAL SERVICES**

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 34,562,000.00	\$ 10,685,000.00	\$ 23,877,000.00
Current Estimate	\$ 33,483,000.00	\$ 10,786,000.00	\$ 22,697,000.00
Variance	\$ 1,079,000	\$ 101,000	\$ 1,180,000

The projected \$1,180,000 operating balance is a result of the following:

- Salary and benefit savings of approximately \$1 million due to unfilled vacancies, delays in hiring, and elimination of positions related to re-engineering and managed competition.
- Service and supply savings resulting from the quality first program.
- Approximately \$100,000 in over realized revenues from capital projects and new property leases.

REGISTRAR OF VOTERS

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 6,193,000	\$ 1,500,000	\$ 4,693,000
Current Estimate	\$ 6,343,000	\$ 1,996,000	\$ 4,347,000
Variance	\$ (150,000)	\$ (496,000)	\$ 346,000

The projected \$346,000 operating balance is a result of over realized revenues from a higher than anticipated number of local ballot measures and entities participating in the November General Election.

HOUSING AND COMMUNITY DEVELOPMENT

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 6,073,000.00	\$ 6,127,000.00	\$ (54,000.00)
Current Estimate	\$ 5,688,000.00	\$ 6,092,000.00	\$ (404,000.00)
Variance	\$ 385,000.00	\$ (35,000.00)	\$ 350,000.00

The projected operating balance of \$350,000 is primarily a result of reduced salary costs, accomplished by extending the period of vacancies, and the judicious use of temporary help.

PUBLIC SERVICES UTILITIES

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 13,862,000.00	\$ 151,000.00	\$ 13,711,000.00
Current Estimate	\$ 13,541,000.00	\$ 150,000.00	\$ 13,391,000.00
Variance	\$ 321,000.00	\$ (1,000.00)	\$ 320,000.00

The projected operating balances of \$320,000 are a result of lighting and mechanical system retrofits that have reduced consumption levels.

FINANCE & GENERAL GOVERNMENT GROUP**Assessor/Recorder/County Clerk**

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 28,451,000	\$ 22,337,000	\$ 6,114,000
Current Estimate	\$ 27,593,000	\$ 23,583,000	\$ 4,010,000
Variance	\$ 858,000	\$ 1,246,000	\$ 2,104,000

An operating balance of \$2.1 million is projected for the Assessor/Recorder/County Clerk due to anticipated savings from staff turnover, savings in various Services and Supplies and higher revenues than budgeted due largely to a significant increase in document recordings.

Auditor and Controller

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 17,307,000	\$ 4,328,000	\$ 12,979,000
Current Estimate	\$ 16,313,000	\$ 4,330,000	\$ 11,983,000
Variance	\$ 994,000	\$ 2,000	\$ 996,000

The projected operating balance of \$996,000 for the Auditor and Controller assumes that approximately \$862,000 in budgeted management reserves will not be spent in the current year, but will instead be used to help fund County-wide priorities in the FY 1999-2000 budget. In addition, savings of \$100,000 are expected in Salaries and Benefits from staff turnover and Services and Supplies expenditures are expected to be slightly less than budgeted.

Contributions to Capital

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 51,306,000		\$ 51,306,000
Current Estimate	\$ 54,003,000		\$ 54,003,000
Variance	\$ (2,697,000)	\$ -	\$ (2,697,000)

The projected shortfall in Contributions to Capital is the result of an oversight in budgeting for debt service payments for this fiscal year. Funds are available to be appropriated from the FY 1997-98 general fund operating balance to correct this situation. A recommendation will be presented to the Board at a future date.

Electronic Systems and Equipment

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 15,029,000	\$ 207,000	\$ 14,822,000
Current Estimate	\$ 16,616,000	\$ 174,000	\$ 16,442,000
Variance	\$ (1,587,000)	\$ (33,000)	\$ (1,620,000)

Approximately one-half the projected shortfall in Electronic Systems and Equipment is related to invoices for FY 1997-98 services which were not able to be processed before the books closed, resulting in payment being made from FY 1998-99 appropriations. There are corresponding savings from FY 1997-98 that can be appropriated to offset these costs. The remaining shortfall is related to anticipated higher than budgeted network management costs and SanConTel maintenance costs due to system growth. These cost projections will be further analyzed with corrective action taken as necessary.

Group Reserves

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 2,965,000		\$ 2,965,000
Current Estimate	\$ 1,795,000		\$ 1,795,000
Variance	\$ 1,170,000	\$ -	\$ 1,170,000

The projected savings in the Finance and General Government Group's management reserves will be used to help fund FY 1999-2000 County-wide priorities.

Human Resources

	Expenditures	Revenues	Operating Balances
Budgeted	\$ 12,852,000	\$ 5,850,000	\$ 7,002,000
Current Estimate	\$ 11,695,000	\$ 5,561,000	\$ 6,134,000
Variance	\$ 1,157,000	\$ (289,000)	\$ 868,000

The projected operating balance in the Department of Human Resources is related to expected savings from staff turnover and from lower than budgeted costs for the employee drug and alcohol testing program. The reduction in revenues is related to vacancies being held in the Workers' Compensation and Employee Assistance programs pending the outcome of managed competition and reengineering efforts. Costs in these two programs are offset by revenues from the Employee Benefits Internal Service Fund (ISF). Revenues are not earned if costs are not incurred.

COUNTY OF SAN DIEGO -CHIEF FINANCIAL OFFICER/AUDITOR AND CONTROLLER
1997-98 OPERATING BALANCE- BY GROUP/AGENCY
JUNE 30, 1998 (UNAUDITED RESULTS)

(ROUNDED TO NEAREST \$1000)

DEPARTMENT NAME	EXPENDITURES UNDER (OVER) BUDGET	REVENUE OVER (UNDER) BUDGET	DEPARTMENT OPERATING BALANCE UNADJUSTED	RESERVES, REBUDGETS, AND OTHER ADJUSTMENTS	ADJUSTED DEPARTMENT OPERATING BALANCE
PUBLIC SAFETY GROUP:					
ALTERNATE PUBLIC DEFENDER	117,000	(14,000)	103,000	18,000	121,000
CAO/SHERIFF	3,152,000	(3,152,000)	0		0
CLERK	65,000	0	65,000		65,000
COURT OPERATIONS & CONTRIBUTIONS	3,827,000	(6,293,000)	(2,466,000)	(1,337,000)	(3,803,000)
DEFENSE ATTORNEY CONTRACT ADMIN.	0	256,000	256,000		256,000
DISASTER PREPAREDNESS	19,000	35,000	54,000	(15,000)	39,000
DISTRICT ATTORNEY	9,012,000	3,245,000	12,257,000	(8,266,000)	3,991,000
GRAND JURY	0	0	0		0
MARSHAL	1,027,000	(614,000)	413,000		413,000
MEDICAL EXAMINER	91,000	6,000	97,000		97,000
MUNICIPAL COURT - PRE-TRIAL SERVICES	44,000	0	44,000		44,000
PROBATION	\$7,282,000	(\$987,000)	\$6,295,000	(\$387,000)	\$5,908,000
PUBLIC DEFENDER	1,563,000	9,000	1,572,000	46,000	1,618,000
PUBLIC SAFETY GROUP OFFICE	152,000	2,000	154,000	(53,000)	101,000
SHERIFF	23,649,000	(10,072,000)	13,577,000	(4,800,000)	8,777,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$50,000,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$17,579,000)			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$32,421,000		
TOTAL AUDITOR & CONTROLLER ADJUSTMENTS				(\$14,794,000)	
TOTAL OPERATING BALANCE (ADJUSTED)					\$17,627,000
HEALTH AND HUMAN SERVICES AGENCY:					
AREA AGENCY ON AGING	1,555,000	(1,660,000)	(105,000)		(105,000)
H/ H/ SERVICES AGENCY REBUDGETS	0	0	0	(\$8,847,000)	(8,847,000)
HEALTH AND HUMAN SERVICES OFFICE	1,515,000	(269,000)	1,246,000	(1,186,000)	60,000
HEALTH SERVICES	32,651,000	(34,634,000)	(1,983,000)	(40,000)	(2,023,000)
PUBLIC ADMINISTRATOR	284,000	(58,000)	226,000	(\$17,000)	209,000
SOCIAL SERVICES	\$129,129,000	(\$115,923,000)	\$13,206,000		\$13,206,000
VETERAN SERVICES OFFICE	0	0	0		0
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$165,134,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$152,544,000)			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$12,590,000		
TOTAL AUDITOR & CONTROLLER ADJUSTMENTS				(\$10,090,000)	
TOTAL OPERATING BALANCE (ADJUSTED)					\$2,500,000
LAND USE AND ENVIRONMENT GROUP:					
AGRICULTURE, WEIGHTS & MEASURES	101,000	256,000	357,000		357,000
ENVIRONMENTAL HEALTH	2,253,000	181,000	2,434,000	(1,611,000)	823,000
FARM ADVISOR	1,000	0	1,000		1,000
GROUP RESERVES & REBUDGETS	1,160,000	0	1,160,000	(2,110,000)	(950,000)
LAND USE AND ENVIRONMENT OFFICE	363,000	3,000	366,000	(125,000)	241,000
PARKS & RECREATION	159,000	82,000	241,000	(7,000)	234,000
PLANNING & LAND USE	\$906,000	(\$401,000)	\$505,000	(\$465,000)	\$40,000
PUBLIC WORKS - GENERAL FUND	974,000	(416,000)	558,000	(47,000)	511,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$5,917,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$295,000)			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$5,622,000		
TOTAL AUDITOR & CONTROLLER ADJUSTMENTS				(\$4,365,000)	
TOTAL OPERATING BALANCE (ADJUSTED)					\$1,257,000

COUNTY OF SAN DIEGO -CHIEF FINANCIAL OFFICER/AUDITOR AND CONTROLLER
1997-98 OPERATING BALANCE - BY GROUP/AGENCY
JUNE 30, 1998 (UNAUDITED RESULTS)
(ROUNDED TO NEAREST \$1000)

DEPARTMENT NAME	EXPENDITURES UNDER (OVER) BUDGET	REVENUE OVER (UNDER) BUDGET	DEPARTMENT OPERATING BALANCE UNADJUSTED	RESERVES, REBUDGETS, AND OTHER ADJUSTMENTS	ADJUSTED DEPARTMENT OPERATING BALANCE
COMMUNITY SERVICES GROUP					
ANIMAL CONTROL	291,000	(114,000)	177,000		177,000
COMMUNITY SERVICES OFFICE	80,000	0	80,000	(31,000)	49,000
COUNTYWIDE EQUIPMENT ACQUISITION	123,000	0	123,000	(300,000)	(177,000)
GENERAL SERVICES	1,854,000	271,000	2,125,000	115,000	2,240,000
HOUSING / COMMUNITY DEVELOPMENT	230,000	72,000	302,000		302,000
MAJOR MAINTENANCE	1,637,000	(412,000)	1,225,000	(1,099,000)	126,000
PUBLIC SERVICES UTILITIES	473,000	(34,000)	439,000		439,000
REGISTRAR OF VOTERS	813,000	433,000	1,246,000	22,000	1,268,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$5,501,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		\$216,000			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$5,717,000		
TOTAL AUDITOR & CONTROLLER ADJUSTMENTS				(\$1,293,000)	
TOTAL OPERATING BALANCE (ADJUSTED)					\$4,424,000
FINANCE AND GENERAL GOVERNMENT GROUP					
ASSESSOR/RECORDER/COUNTY CLERK	1,032,000	(941,000)	91,000		91,000
BOARD OF SUPERVISORS - ALL	46,000	0	46,000		46,000
BOARD OF SUPERVISORS - GENERAL	37,000	0	37,000	(55,000)	(18,000)
CAC - MAJOR MAINTENANCE	242,000	(2,000)	240,000	(243,000)	(3,000)
CFO/AUDITOR & CONTROLLER	518,000	587,000	1,105,000	(1,201,000)	(96,000)
CHIEF ADMINISTRATIVE OFFICER	142,000	(80,000)	62,000	74,000	136,000
CIVIL SERVICE COMMISSION	16,000	(16,000)	0	26,000	26,000
CLERK - BOARD OF SUPERVISORS	244,000	(26,000)	218,000	(140,000)	78,000
COMMUNITY ENHANCEMENT	0	0	0		0
CONTRIBUTIONS TO CAPITAL	\$593,000	(\$1,000)	\$592,000	(\$1,187,000)	(\$595,000)
COUNTY COUNSEL	73,000	263,000	336,000	26,000	362,000
ELECTRONIC SYSTEMS & EQUIPMENT	302,000	(130,000)	172,000	(121,000)	51,000
EQUAL OPPORTUNITY MGMT OFFICE	86,000	(46,000)	40,000	7,000	47,000
GROUP OPERATIONS	1,249,000	0	1,249,000	(1,043,000)	206,000
HUMAN RESOURCES	1,819,000	(382,000)	1,437,000	(392,000)	1,045,000
INFORMATION SERVICES	506,000	843,000	1,349,000	(240,000)	1,109,000
TREASURER/TAX COLLECTOR	485,000	240,000	725,000	17,000	742,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$7,390,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		\$309,000			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$7,699,000		
TOTAL AUDITOR & CONTROLLER ADJUSTMENTS				(\$4,472,000)	
TOTAL OPERATING BALANCE (ADJUSTED)					\$3,227,000
COMPETITION AND REENGINEERING GROUP					
COMPETITION & REENGINEERING	660,000	(350,000)	310,000		310,000
TOTAL EXPENSE (OVER)/UNDER BUDGET	\$660,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$350,000)			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$310,000		
TOTAL AUDITOR & CONTROLLER ADJUSTMENTS				\$0	
TOTAL OPERATING BALANCE (ADJUSTED)					\$310,000
TOTAL GROUP OPERATIONS					
TOTAL EXPENSE (OVER)/UNDER BUDGET	234,602,000				
TOTAL REVENUE OVER/(UNDER) BUDGET		(\$170,243,000)			
TOTAL OPERATING BALANCE (UNADJUSTED)			\$64,359,000		
TOTAL AUDITOR & CONTROLLER ADJUSTMENTS				(\$35,014,000)	
TOTAL GROUP OPERATING BALANCE (ADJUSTED)					\$29,344,000