



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: February 28, 2012

TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2011-12 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: ALL)

17

SUMMARY:

Overview

This report summarizes the status of the County's Fiscal Year 2011-12 Operational Plan, as measured by projected year-end fund balance from current year operations. The projected balance for the General Fund is \$136.4 million, and for all budgetary funds combined is \$194.6 million. In the General Fund, positive balances are projected for all five groups. In addition, the projected fund balance reflects the conservation of management and contingency reserves and projects that general purpose revenue will do better than estimated in the adopted budget.

This letter also recommends budget adjustments to make resource reallocations and to fund various one-time projects. In the Public Safety Group, recommendations include the following: support for narcotics investigations involving methamphetamine in the Sheriff's Department, equipment replacement and system enhancement for the California Identification System's Remote Access Network, funding to conduct Bench Warrant Service Sweeps, and appropriation adjustments to realign the budget with anticipated actuals.

In the Land Use and Environment Group, requests include the following appropriation and other adjustments: cancel the Lakeside Washrack project to provide funding for vehicle and equipment rental costs, cancel appropriations in the Road Fund Equipment Acquisition Internal Service Fund (ISF) to provide additional funding for projected costs increases for maintenance, fuel and related expenses in the Equipment Operations ISF, cancel appropriations for the Agua Caliente Pavilion Replacement project to provide additional funding for the Agua Caliente Park Cabins project, cancel appropriations for the Whaley Compound ADA Improvement project to reimburse the Department of Parks and Recreation for major maintenance improvements related to the replacement of walkways at the Whaley Compound to comply with ADA requirements, establish appropriations for the Wildcat Canyon Road Rubberized Asphalt project, establish appropriations for Ranch Creek Road repair and maintenance

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costs, gym floor resurfacing at the Spring Valley Gym, funding to support staff costs associated with attendance at community group meetings to review the feasibility of a new Alpine park, appropriation of ARRA funding to support the development of comprehensive park design guidelines, and appropriation adjustments to realign the budget with anticipated actuals.

In the Community Services Group, recommendations include the following: amendment to the Fleet Parts and Fuel Internal Service Fund Spending Plan due to increased demand for fuel and increases in costs, and amendment to the Fleet Equipment Acquisition Internal Service Fund to account for the transfer of assets from the Road Fund to Fleet Services.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2011-12 second quarter report on projected year-end results.
2. Cancel appropriations of \$98,890 in salaries and benefits (\$3,175) and services and supplies (\$95,715), and related revenue for the Fiscal Year 2010 Congressionally Selected Awards Program in the Sheriff's Department, due to funds being encumbered subsequent to the Fiscal Year 2011-12 Change Letter process where the grant funds were rebudgeted.
3. Establish appropriations of \$494,184 in the Sheriff's Department, salaries and benefits (\$94,184) and services and supplies (\$400,000), for the California Multi-Jurisdictional Methamphetamine Enforcement Team (Cal-MMET) program based on unanticipated revenue from California Emergency Management Agency (Cal EMA) funded through the Local Revenue Fund 2011, Local Law Enforcement Services Account (LESA) fund. **(4 VOTES)**
4. Establish appropriations of \$89,000 in the Sheriff's Department, fixed assets, to replace equipment in the Crime Lab based on unanticipated revenue from the Sheriff's CAL ID Equipment Replacement/System Enhancement Trust Fund. **(4 VOTES)**
5. Establish appropriations of \$450,000 in the Sheriff's Department, salaries and benefits, for service of bench warrants based on unanticipated revenue from the Sheriff's Warrant Automation Trust Fund. **(4 VOTES)**
6. Cancel appropriations of \$477,950 and related Operating Transfer from the Department of Public Works Road Fund in the Capital Outlay Fund for Capital Project 1012937, Lakeside Washrack due to cancellation of this project.
7. Transfer appropriations of \$477,950 within the Department of Public Works Road Fund from Operating Transfer Out to services and supplies to provide funds for

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miscellaneous inter-fund rental costs.

8. Amend the Department of Public Works Road Fund Equipment Acquisition Internal Service Fund (ISF) Spending Plan by canceling \$325,197 in appropriations and related Operating Transfer from the Equipment Operations ISF to provide funding for unanticipated auto maintenance, fuel and inter-departmental expenses in the Equipment Operations ISF.
9. Amend the Department of Public Works Equipment Operations Internal Service Fund Spending Plan by transferring appropriations of \$325,197 from Operating Transfer Out to services and supplies to provide funds for unanticipated auto maintenance, fuel, and inter-departmental expenses.
10. Establish appropriations of \$454,362 in the Department of Public Works Fiscal Year 2011-12 Detailed Work Program for the Wildcat Canyon Road Rubberized Asphalt project based on a grant from the Indian Gaming Special Distribution Fund. **(4 VOTES)**
11. Establish appropriations of \$62,500 in Permanent Road Division 133 Ranch Creek Road Fund, services and supplies, for road repair and maintenance costs based on fund balance available. **(4 VOTES)**
12. Amend the Fiscal Year 2011-12 Airport Enterprise Fund Spending Plan by transferring \$77,000 from Capital Project 1014085, McClellan-Palomar Airport Aircraft Rescue and Fire Fighting Barn Construction Project to Capital Project 1015124, Gillespie Field Construct Service Road Project.
13. Establish appropriations of \$33,500 in County Service Area 128 San Miguel Park, services and supplies, for gym floor resurfacing, based on fund balance available. **(4 VOTES)**
14. Establish appropriations of \$8,000 in the Alpine Park and Land Dedication Ordinance Fund, services and supplies, for community group meetings, based on fund balance available. **(4 VOTES)**
15. Cancel appropriations of \$25,916.76 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1015187, Agua Caliente Pavilion Replacement, to provide additional funding for the Agua Caliente Park Cabins project.
16. Establish appropriations of \$25,916.76 in the Capital Outlay Fund for Capital Project 1015515 Agua Caliente Park Cabins, for the installation of energy solar panels and insulation of extreme weather efficient upgrade, based on an Operating Transfer from the General Fund. **(4 VOTES)**

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17. Establish appropriations of \$130,000 in the Department of Parks and Recreation, services and supplies, to develop comprehensive health guidelines, implement community programs, purchase and install trail active transportation counters based on Communities Putting Prevention to Work (CPPW) American Recovery and Reinvestment Act (ARRA) grant of 2009. **(4 VOTES)**
18. Cancel appropriations of \$94,880 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1005106, San Dieguito Retrofit Improvements, to provide funding for major maintenance improvements at San Dieguito Park.
19. Transfer appropriations of \$94,880 from the Contribution to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, services and supplies, for major maintenance improvement projects involving the conversion of irrigation system from potable to reclaimed water at San Dieguito Park.
20. Cancel appropriations of \$100,000 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1014138, Whaley Compound ADA Improvements project, to reimburse the Department of Parks and Recreation for major maintenance improvements to comply with Americans with Disabilities Act (ADA).
21. Transfer appropriations of \$100,000 from the Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, services and supplies, for major maintenance improvements related to the replacement of walkways at the Whaley Compound to comply with ADA requirements.
22. Cancel appropriations of \$450,000 and related revenue in the Capital Outlay Fund for Capital Project 1005262, Sweetwater Trails/Bikeways Construction, to correct a budgeting error.
23. Establish appropriations of \$450,000 in the Capital Outlay Fund for Capital Project 1014849 Sweetwater Phase III Trail, based on a grant from the Coastal Conservancy. **(4 VOTES)**
24. Cancel appropriations of \$61,471.37 and related Operating Transfer from the General Fund in the Capital Multiple Species Conservation Program (MSCP) Acquisition Fund, to comply with GASB 51 rules for due diligence costs related to acquisition, one-time stewardship activities, and acquisition of open space easements.
25. Transfer appropriations of \$61,471.37 from the Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, service

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and supplies, for due diligence costs related to acquisition, one-time stewardship activities, and acquisition of open space easements.

26. Amend the Fiscal Year 2011-12 Fleet Parts & Fuel Internal Service Fund Spending Plan by \$1,000,000, services and supplies, due to increase in demand for fuel and increases in costs, based on unanticipated revenue from customer departments. **(4 VOTES)**
27. Amend the Fiscal Year 2011-12 Fleet Equipment Acquisition Internal Service Fund (ISF) Spending Plan by \$100,000, services and supplies (\$5,000), and fixed assets (\$95,000) to account for the transfer of assets from Road Fund to Fleet Services ISF, based on fund balance available. **(4 VOTES)**
28. Amend the Fiscal Year 2011-12 Fleet Equipment Acquisition Internal Service Fund Spending Plan by \$9,500, other charges, to account for unanticipated increase in annual depreciation costs for assets transferred to General Services from the Department of Public Works based on fund balance available. **(4 VOTES)**

Fiscal Impact

The funds for a portion of these requests are not included in the Fiscal Year 2011-12 Operational Plan. If approved, in the General Fund, this action will cancel budgeted appropriations and the related sources of funding in the amount of \$98,890 and will establish additional appropriations of \$1,163,184, resulting in a net increase in appropriations of \$1,064,294. The funding sources include California Emergency Management Agency (Cal EMA) revenue funded by the Local Revenue Fund 2011, California Identification Equipment Replacement/System Enhancement Trust Fund, Sheriff's Warrant Automation Trust Fund, and Communities Putting Prevention to Work (CPPW) ARRA grant.

In all other funds combined, these actions will cancel budgeted appropriations and the related funding sources in the amount of \$1,535,415 and will establish additional appropriations of \$2,143,779 resulting in a net increase in appropriations of \$608,364. Funding sources include Indian Gaming Special Distribution grant funding, Permanent Road Division 133 Ranch Creek Road Fund fund balance available, County Service Area 128 San Miguel Park fund balance available, Fleet Equipment Acquisition Internal Service Fund fund balance, Fleet Parts & Fuel Internal Service Fund unanticipated revenue, and miscellaneous other sources.

Business Impact Statement

N/A

Advisory Board Statement

N/A

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BACKGROUND:

For the General Fund, the second quarter projection of year-end fund balance from current year operations is \$136.4 million. This projected one-time resource is a combination of expecting to end the year with General Purpose Revenue (GPR) above budget by \$11.1 million which includes \$6.8 million in back payments from the State of California for Vehicle License Fee Collection in Excess, along with a net positive variance of \$82.0 million from operations and a positive variance of \$43.3 million in unspent contingency and management reserves.

The projected balance for all other funds combined is \$58.2 million. Schedule A summarizes the fund balance projections by Group and department. The Notes to Schedules A and B explain variances from budget by department. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances. These projections are based on actual experience through December 2011 and expected expenditures and revenues through the end of the fiscal year.

As shown in Schedule A, the General Fund year-end fund balance projection of \$136.4 million is based on the estimate that expenditures will be approximately \$240.3 million less than the Fiscal Year 2011-12 Amended Budget and revenues will be a net \$103.9 million less than the Fiscal Year 2011-12 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 the Board or Chief Financial Officer where permitted.

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

- \$41.3 million in net positive salary and benefit appropriation variance, predominantly in the Public Safety Group (PSG) and Health and Human Services Agency (HHSA), but also in Land Use and Environment Group (LUEG), Community Services Group (CSG), and Finance and General Government Group (FGG), from lower than budgeted salaries and employee benefits costs due to staff turnover and department management of vacancies.
- \$89.9 million in net positive appropriation variance in services and supplies across the County, primarily in HHSA and CSG but also in PSG, LUEG and FGG.
 - In HHSA, projected positive variance of \$61.2 million are in various contracted services (e.g., in Behavioral Health Services related to un-awarded Mental Health Services Act and Alcohol and Drug Services contracts); lower than anticipated service levels in Early Periodic Screening, Diagnosis and Treatment and Medical; lower than estimated growth in In-Home Supportive Services (IHSS) Individual Provider costs; anticipated savings in emergency appropriations for bio-terrorism and appropriations to mitigate unanticipated State reductions. Offsetting these projected positive variances are negative variances anticipated due to information technology activity.
 - In CSG, a positive variance in the Registrar of Voters is due to anticipated savings from the consolidation of the February 7, 2012 Presidential Primary Election with the June 5, 2012 Direct Primary Election. A positive variance in Housing and

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Community Development is anticipated due to the postponement of the data automation project of Section 8 active participant files, reduced vehicle maintenance and environmental study services costs as well as from lower than anticipated expenditures on multi-year projects.

- In PSG, a positive variance is anticipated in the San Diego County Fire Authority due to a spending delay for the tree removal grant while an Environmental Impact Report (EIR) is prepared, savings from a countywide vegetation management EIR that is pending completion of the CAL FIRE statewide EIR, and savings in the Volunteer Firefighter Program. A positive variance is projected in the Public Defender's Office primarily associated with the current year requirements for the defense of special circumstances cases. Further, savings in the Department of Child Support Services are primarily due to reductions in lease and contract services.
 - In LUEG, a positive variance in the Department of Planning and Land Use is primarily due to contracted services savings related to the Fire Re-Build waivers, Zoning Ordinance Update, and Purchase of Agriculture Conservation Easements (PACE) program. Environmental Health savings are due to delays in the completion of the Business Case Management System and delays in the implementation of the Vector Habitat Remediation Program as well as efforts to ensure costs do not exceed revenue. In Agriculture, Weights and Measures a positive variance is projected primarily due to savings in utilities, facilities, and in information technology application services.
 - In FGG, positive variances are largely in the Auditor and Controller Department due to anticipated savings in discretionary information technology projects contracted services and in the Department of Human Resources due to cancelled encumbrances.
- A net positive appropriation variance of \$66.9 million in other charges reflects net variances from budgeted caseload and aid payments. Spending is projected to be over budget in Public Health Services because of a requirement for additional support and care costs in the California Children's Services program. This negative variance is offset by a positive variance in Regional Operations, mainly the result of revised caseload levels in CalWORKS and Child Care Stage 1, and savings in Child Welfare Services based on revised estimates of caseload levels, growth trends, and unit cost per case for Foster Care and KinGap programs. In CSG, a positive variance is projected in Housing and Community Development due to lower than anticipated expenditures on multi-year projects. In addition, positive variances are due to lower than budgeted tax and revenue anticipation note borrowing costs in Finance Other and various lease payment savings.
 - \$0.8 million in appropriation savings for operating transfers out in HHSA for the IHSS Public Authority related to salary and benefit costs for providers being less than budgeted
 - \$20.0 million in contingency reserves that are projected to be unspent at year-end.
 - \$23.3 million in management reserves in HHSA (\$20.0 million) and in CSG (\$3.3 million) that are projected to be unspent at year-end.

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The projected revenue under-realization to budget of \$103.9 million includes negative variances totaling \$136.3 million in various funding sources, with partially offsetting positive variances of \$32.4 million. Of the \$136.3 million in negative variances, \$124.6 million is within intergovernmental revenues and is largely the result of expenditure savings in caseload driven programs and contracted services mentioned above. An additional contributing factor to the negative revenue variance is a projected shortfall of \$2.2 million in current property taxes. The projection reflects an estimated \$19.0 million in roll corrections and refund adjustments, partially offset by growth in current secured property taxes based on growth in local secured assessed value, an improved delinquency rate, and by projected growth in current supplemental property taxes compared to budget. The remaining negative variances reflect the combination of unrealized revenue due to operational savings and various revenue shortfalls in charges for current services and fines, forfeitures and penalties and revenue from use of money and property.

A positive revenue variance of \$32.4 million is expected in the following categories: taxes other than current secured (\$10.1 million) which includes an increase in Property Tax In Lieu of VLF due to an improvement in the Vehicle License Fee Adjustment Amount calculation, an increase in Teeter Tax Reserve Excess primarily from a lower than anticipated 2011 Teeter buy-out, partially offset by a decrease in Teeter Property Tax prior year collections; licenses permits and franchises (\$1.4 million); miscellaneous revenue (\$20.8 million) primarily in the Seriously Emotionally Disturbed Children's Program in Behavioral Health Service due to an operational adjustment and in Finance Other in Countywide General Expense due to an unanticipated case settlement from SDG&E; and in other financing sources (\$0.1 million).

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

Fiscal Year 2011-12 Budget Adjustments

The budget adjustments recommendations in this letter are explained below.

Recommendation 2

On June 22, 2010 (1), your Board authorized the acceptance and appropriation of \$350,000 in Fiscal Year 2010 Congressionally Selected Awards Program, which provides grant funds to be used towards the establishment of the San Diego County Regional Gang Enforcement Collaborative from the U. S. Department of Justice, Office of Justice Programs, Bureau of Justice Administration. This request will cancel appropriations and related revenue of \$98,890 in the Sheriff's Department due to funds being encumbered subsequent to the Fiscal Year 2011-12 Change Letter process where the grant funds were rebudgeted. This action will accurately reflect the amount available to the grant.

Recommendation 3

This request will establish appropriations of \$494,184 in the Sheriff's Department based on unanticipated Fiscal Year 2011-12 realignment revenue from Cal EMA funded through the Local Revenue Fund 2011, Local Law Enforcement Services Account (LESA) funds. On a quarterly basis, the California State Controller's Office deposit funds directly to the Sheriff's Department for program activities, not to exceed the overall programmatic allocation. Funds will be used for

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overtime and costs associated with conducting narcotic investigations involving methamphetamine.

Recommendation 4

On November 11, 1987 (37), your Board approved the establishment of the CAL ID Equipment Replacement/System Enhancement Trust Fund to provide funds for equipment replacement and system enhancement for the California Identification System's Remote Access Network. This is a request to establish appropriations of \$89,000 in the Sheriff's Department based on revenue from the CAL ID Equipment Replacement/System Enhancement Trust Fund. The funds will be used to purchase crime lab equipment that has become obsolete and can no longer be repaired.

Recommendation 5

This is a request to establish appropriations of \$450,000 in the Sheriff's Department based on revenue from the Sheriff's Warrant Automation Trust Fund. The funds will be used on overtime to conduct Bench Warrant Service Sweeps to serve bench warrants within the County. Revenues received in the Sheriff's Warrant Automation Trust Fund are based on assessments made pursuant to Penal Code Section 853 and Vehicle Code Section 40508 and are to be used to modernize and maintain the automated warrant system. Pursuant to these codes, if there are remaining funds after appropriate expenditures to develop, modernize, and maintain the automated warrant system, a county may use the balance to fund a warrant service task force for the purpose of serving all bench warrants within the County.

Recommendation 6

The Department of Public Works Road Fund's Fiscal Year 2008-09 Adopted budget included appropriations to construct a washrack for trucks at the Lakeside Road Station. The proposed structure was to be located at the Department of Public Works Lakeside Road Station and would allow the Department to maintain compliance with stormwater regulations when cleaning vehicles and equipment. On February 24, 2009 (15), appropriations for this project were transferred to the Capital Outlay Fund to capitalize the asset. Upon further review, plans for this project are being canceled after determining that there is neither efficiency gained nor value added by adding a washrack at the Lakeside Road Station. This request will cancel appropriations of \$477,950 and related operating transfer from the Road Fund in the Capital Outlay Fund for Capital Project 1012937 Lakeside Washrack.

Recommendation 7

This recommendation transfers appropriations of \$477,950 within the Department of Public Works Road Fund from Operating Transfer Out to services and supplies, for miscellaneous inter-fund rental costs. Miscellaneous inter-fund rental charges for vehicles and equipment have risen due to increasing fuel and maintenance costs.

Recommendations 8 & 9

These recommendations will amend the Department of Public Works Internal Service Fund (ISF) Spending Plan by canceling \$325,197 in the Road Fund Equipment Acquisition ISF to provide additional funding for projected cost increases for maintenance, fuel and inter-departmental

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expenses in the Equipment Operations ISF. Equipment maintenance costs have increased by 10.6% due to increased repair of road sweepers, sewer cleaning trucks, and other aging equipment. In addition, fuel costs have increased 16.4%, \$0.52 per gallon, from November 2010 to November 2011.

Recommendation 10

On January 12, 2005 (12), the Board of Supervisors authorized the CAO, Sheriff and District Attorney to apply for and accept grants from the local share of the Indian Gaming Special Distribution Fund. This recommendation will establish appropriations of \$454,362 in the Department of Public Works for the Wildcat Canyon Road Rubberized Asphalt project for rubberized asphalt and to install centerline rumble strips based on available Indian Gaming Special Distribution Fund grant funding.

Recommendation 11

This request will establish additional appropriations of \$62,500 in Permanent Road Division 133, Ranch Creek Road, for unanticipated asphalt/slurry seal replacement costs based on fund balance available.

Recommendation 12

In the Fiscal Year 2010-11 Adopted Operational Plan, \$112,000 was budgeted for the Capital Project 1014085, McClellan-Palomar Airport Aircraft Rescue and Fire Fighting (ARFF) Barn Construction Project for the construction of a storage facility to store firefighting equipment. Project construction is now scheduled for Fiscal Year 2016-17. Thus, current year appropriations are available for transfer to the Capital Project 1015124, Gillespie Field Construct Service Road project where added appropriations are needed this fiscal year for additional project design costs. This request amends the Fiscal Year 2011-12 Airport Enterprise Fund Spending Plan by transferring appropriations of \$77,000 from the McClellan-Palomar Airport ARFF Barn Construction Project to the Gillespie Field Construct Service Road Project for design preparation.

Recommendation 13

The Spring Valley Gym, located in County Service Area 128 San Miguel Park District, is a high use facility shared with La Presa Middle School. The facility requires on-going maintenance and repair of water damage to its floor. This recommendation will establish appropriations of \$33,500 in County Service Area 128 (CSA 128) for resurfacing needed to restore and preserve the gym floor and continue to offer the community recreational opportunities based on fund balance available in CSA 128.

Recommendation 14

The Alpine Planning Group and Alpine Planning Group Parks and Recreation Sub Committee requested to have the Department of Parks and Recreation staff investigate the feasibility of a potential new park on a vacant 1.6 acre site in Alpine. The Department of Parks and Recreation staff is coordinating meetings to allow the public an opportunity to provide comments on the draft concept plan. This request will establish appropriations of \$8,000 in the Alpine Park and Land Dedication Ordinance Fund for Department of Parks and Recreations staff hours and mileage costs to coordinate and attend the community group meetings.

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Recommendations 15 & 16

In the Fiscal Year 2007-08 Adopted Operational Plan, \$275,000 was budgeted in Capital Project 1015187, Agua Caliente Pavilion Replacement for the demolition of an existing deteriorated pavilion located at the park and construction of a new pavilion based on an operating transfer from the General Fund. The Agua Caliente Pavilion Replacement project is complete and appropriations of \$25,916.76 remain available. This request will transfer remaining appropriations in the Agua Caliente Pavilion Replacement project to the Agua Caliente Parks Cabins for the installation of solar panels and insulation for extreme weather to offset energy costs.

Recommendation 17

On March 3, 2009 (12), the Board approved the application and acceptance of grant funds from the American Recovery and Reinvestment Act (ARRA) of 2009. The Health and Human Services Agency (HHS) applied for and was successful in obtaining the Communities Putting Prevention to Work (CPPW) ARRA grant. HHS is collaborating with various county departments including the Department of Parks and Recreation (DPR) to provide grant deliverables related to specific interventions, including School and Community Gardens, Active Commuters Transportation, Healthy Food System and Safe Routes to School. This recommendation will establish appropriations of \$130,000 in DPR Park Operations, based on a CPPW ARRA grant award, to fund development of comprehensive park design guidelines. The guidelines will take into account the health impact of the community accessibility, demographics, needs assessment, active recreation and safety concerns. Based on the guidelines, DPR will adopt and implement Community Gardens and Farmers' Market Policies. Implementing these policies will involve the purchase and installation of trail active transportation counters which will tally the number of visitors at each site.

Recommendations 18 & 19

On March 24, 2004 (25), appropriations of \$91,400 were established in the Capital Outlay Fund for design and retrofit costs for an irrigation system at San Dieguito Park to utilize recycled water to irrigate the park based on unanticipated revenue. It has been determined that the project scope of work does not meet the criteria for capitalization per Administrative Manual 0030-23. This recommendation will cancel appropriations of \$94,880 in Capital Project 1005106, San Dieguito Retrofit Improvements in the Capital Outlay Fund and transfer the appropriations to the Department of Parks and Recreation to appropriately fund the project under the Major Maintenance Improvement Projects program.

Recommendations 20 & 21

In the Fiscal Year 2007-08 Adopted Operational Plan, \$100,000 was budget for Capital Project 1014138, Whaley Compound ADA Improvements to improve pathways and walkways throughout the complex for complete ADA-compliant access. It has been determined that the project's scope of work does not meet the criteria for capitalization per Administrative Manual 0030-23. Additionally, ADA walkways at the Whaley House were part of a larger Major Maintenance Improvement Project recently completed with departmental appropriations

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therefore these appropriations will not be needed in the Capital Outlay Fund. This recommendation will cancel appropriations of \$100,000 in the Capital Outlay Fund and transfer appropriations to the Department of Parks and Recreation to reimburse the Department of Parks and Recreation for the costs associated with this project via the Major Maintenance Improvements Project program.

Recommendations 22 & 23

On October 12, 2011 (8), the Board approved ratification of an application and adopted a resolution to apply for and accept Coastal Conservancy Grant Funds for Capital Project 1005262 Sweetwater Trails/Bikeways construction project. An incorrect capital project was inadvertently identified in the Board letter. The appropriations and associated funding should be for Capital Project 1014849, Sweetwater Phase III Trail. This action will correct this technical error.

Recommendations 24 & 25

Governmental Accounting Standards Board Statement 51 (GASB 51) provides guidance for capitalization of intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. Upon interpretation of this pronouncement, the Auditor and Controller determined that due diligence costs related to acquisition, one-time stewardship activities and acquisition of open space easements do not meet the criteria for capitalization. This action will correct costs of \$61,471.37 in the Capital Multiple Species Conservation Program (MSCP) Acquisition Fund for various projects (or which project). The requested action will ensure that project costs are expended in compliance with GASB 51.

Recommendation 26

This request will amend the General Service's Fleet Parts and Fuel Internal Service Fund Spending Plan by \$1,000,000 by establishing appropriations in service and supplies and corresponding revenue from customer departments. The projected increase in demand for fuel and increased fuel cost is based on year to date fuel consumption by County and external customers.

Recommendations 27 & 28

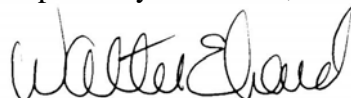
The Department of Public Works (DPW) owns, operates and maintains standby generators at County Road Station facilities. These standby generators serve to ensure emergency power supply for fuel islands and program operations at Fleet and Roads facilities, and are an important source of fuel during emergency operations. The Department of General Services (DGS) will assume ownership, operation and maintenance of the standby generators at DPW road facilities. This action will amend the Fiscal Year 2011-12 General Service's Fleet Equipment Acquisition Internal Service Fund (ISF) Spending Plan by \$109,500, based on fund balance available, to account for the transfer of minor equipment, fixed assets and depreciation of those fixed assets transferred to the Fleet ISF.

Linkage to the County of San Diego Strategic Plan

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Today's proposed actions support the County of San Diego's 2011-2016 Strategic Plan Strategic Initiatives of Kids, the Environment, and Safe and Livable Communities by fully committing to utilize County resources to meet the highest priority needs of its residents.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Walter Ekard". The signature is written in a cursive, flowing style.

WALTER F. EKARD
Chief Administrative Officer

ATTACHMENT(S)

Schedule A

Schedule 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 6, 2011 (20), Fiscal Year 2011-12 First Quarter Operational Plan Status Report and Budget Adjustments; August 2, 2011 (17) County of San Diego Fiscal Year 2011-12 Adopted Budget Resolution for Family of Funds, Enterprise Funds and Internal Services Funds, Prior Year Encumbrances and Penalty Assessment Resolution

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: Chief Financial Officer

OTHER CONCURRENCE(S): N/A

CONTACT PERSON(S):

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E-mail

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2011-12 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 Group 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 their operational plans based either on revised expectations or on actual revenues or expenditures to date. The significant variances (greater than \$300,000) in total expenditure, total revenue, or net variances from plan are discussed below and categorized by fund.

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.

PUBLIC SAFETY GROUP

General Fund

Child Support Services

A positive variance of \$1.3 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$3.3 million is projected. A positive variance of \$2.1 million is projected in salaries and benefits due to salary savings from unfilled vacancies and under-filled positions. A positive variance of \$1.2 million is projected in services and supplies primarily due to reductions in lease and contract expenses.

A negative revenue variance of \$2.0 million is projected in intergovernmental revenues due to the salary and benefit savings noted above.

Contributions for Trial Courts

No overall variance is projected for the Contributions for Trial Courts.

A positive expenditure variance of \$1.6 million is projected. A positive variance of \$0.2 million is projected due to savings in forensic evaluation services and utilities costs. A positive variance of \$1.4 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 \$1.6 million is projected. This is comprised of a negative variance of \$0.9 million in fines, forfeitures and penalties to recognize the anticipated levels of revenues to be received and \$0.7 million in charges for current services due to a decline in traffic school fines. Overall economic conditions continue to impact the revenues received by the County to support the statutory Contribution to Trial Courts.

District Attorney

A positive variance of \$4.4 million is projected for the District Attorney's Office.

A positive expenditure variance of \$5.3 million is projected. This positive variance is primarily due to anticipated savings in salaries and benefits of \$6.4 million due to normal attrition, savings from modified positions, and savings from vacant positions. A negative expenditure variance of \$1.1 million is projected in expenditure transfers and reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Unit.

A negative revenue variance of \$0.8 million is projected. A negative variance of \$0.9 million is attributable to the reduction in the High Technology Prosecution Program (\$0.6 million), the Vertical Prosecution Block Grant (\$0.2 million) and a reduction in the operating transfer from Asset Forfeiture due to a projected reduction in overtime expenditures (\$0.1 million). This is offset by a positive variance of \$0.1 million due to unanticipated revenue from the Combating Criminal Narcotics Activity Stemming from the Southern Border of the United States Grant.

Office of Emergency Services

A positive variance of \$0.6 million is projected for the Office of Emergency Services due to \$0.4 million savings in salaries and benefits associated with vacant positions and \$0.2 million variance in services and supplies as a result of funds not projected to be expended from the Call When Needed program.

Probation

A positive variance of \$1.2 million is projected for the Probation Department.

A positive expenditure variance of \$2.4 million is projected. This is comprised of a \$2.1 million positive variance in salaries and benefits due to staff vacancies, \$0.1 million in

services and supplies as a result of efforts made to reduce overall expenditure, and \$0.2 million in capital assets and equipment and expenditures transfers and reimbursements primarily due to increased reimbursement for services to other departments. The 2011-12 Enacted State Budget included a trigger action, implemented on December 15, 2011, to assess counties \$125,000 annually per juvenile offender in the state custody beginning January 1, 2012. The Governor proposes to delay collection of these additional fees and proposes further changes as part of the 2012-13 State Budget. This may result in additional costs of up to \$2.0 million for Fiscal Year 2011-12. The Probation Department will continue to monitor and report on the current year impact in the Third Quarter Operational Plan Status Report.

A negative revenue variance of \$1.2 million is projected. This is comprised of a decrease of \$0.2 million in Foster Care revenue due to less staff time being claimed to this activity and reductions in Federal Foster Care ratio rates, \$0.6 million decrease in SB618, the Prisoner Reentry Program, due to revised state allocations, and \$1.1 million decrease in the cost of supervision account collection primarily due to the economic conditions. This is offset by a \$0.4 million revenue increase in the Juvenile Accountability Block Grant and various American Recovery and Reinvestment Act programs due to program performance periods that extend over multiple years and \$0.3 million in Work Crew revenues.

Public Defender

A positive variance of \$2.1 million is projected for the Public Defender.

A positive expenditure variance of \$1.2 million is projected in services and supplies due to \$1.0 million associated with the defense of special circumstances cases which is projected to remain unspent due to current case requirement and \$0.2 million in savings due to efforts to reduce overall expenditures.

A positive revenue variance of \$0.9 million is projected due to over-realized revenue for the Fiscal Year 2009-10 Sexually Violent Predators state mandate reimbursement claim, prison case reimbursement from the State and court collections exceeding the budgeted amount.

Public Safety Group Executive Office

A positive variance of \$2.0 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$0.2 million is primarily due to savings in services and supplies as a result of efforts to reduce overall expenditures.

A positive revenue variance of \$1.8 million is projected primarily due to additional revenues in rents and concessions. These funds were not included in the budget as part of a multi-year plan to reduce budgeted revenues which will no longer be received when these properties transfer to the State in Fiscal Year 2013-14.

San Diego County Fire Authority

A positive variance of \$0.8 million is projected for the San Diego County Fire Authority.

A positive expenditure variance of \$4.8 million is projected. This is comprised of a \$4.0 million spending delay associated with a grant for tree removal while an Environmental Impact Report (EIR) is prepared, \$0.6 million savings due to a Countywide vegetation management EIR that is currently on hold pending completion of the CAL FIRE Statewide EIR, and \$0.2 million savings in the Volunteer Firefighter Program.

A negative revenue variance of \$4.0 million in intergovernmental revenue is projected due to delayed expenditures related to the grant for tree removal noted above.

Sheriff

A positive variance of \$3.5 million is projected for the Sheriff's Department.

A positive expenditure variance of \$5.2 million is projected. Salaries and benefits are projected to be \$5.2 million under budget due to vacant positions.

A negative revenue variance of \$1.7 million is projected. Due to an increased allocation in the 2011 Budget Act and residual Vehicle License Fee Receipts from Fiscal Year 2010-11, a positive variance of \$1.0 million is projected in Citizens Options for Public Safety (COPS). A positive variance of \$0.3 million is projected in recovered expenditures due to reimbursements from CAL FIRE for firefighting helicopter response on State land. A negative variance of \$0.3 million is projected in Marshal Want Warrant due to the postponement of an Information Technology project. A negative variance of \$0.9 million is projected in State Criminal Alien Assistance Program (SCAAP) due to a decrease in Federal reimbursement received for this program. A negative variance of \$1.5 million is projected in the Institutional Care State account, due to the implementation of the Public Safety Realignment 2011 and the shift of responsibility of low level offenders from the state to counties, the cost of housing certain parole violators is now county responsibility. A negative variance of \$0.7 million is projected in Trial Court Security due to decreased funding from the allocation provided as part of the Public Safety Realignment 2011. A positive variance of \$0.4 million is due to a number of miscellaneous revenue sources.

Special Revenue Funds

Sheriff's Inmate Welfare Fund

A positive variance of \$1.4 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$0.7 million is projected in fixed assets due to the determination that the replacement of certain equipment can be delayed. This is augmented by a positive revenue variance of \$0.7 million primarily due to recovered expenditures from a reimbursement from the Grossmont Union High School District for contracted educational services.

Proposition 172

The Proposition 172 Special Revenue Fund finished Fiscal Year 2010-11 with a \$16.5 million year-end fund balance. Pursuant to Board of Supervisor's Policy A-126, any positive variance at year end will be disbursed according to a public safety program plan agreed to by the Sheriff, the District Attorney and the Probation Department. A total of \$6.6 million of that amount has been appropriated to date through the adoption of the Fiscal Year 2011-12 Operational Plan.

A positive variance of \$16.5 million is projected for the Proposition 172 Special Revenue Fund. Current year revenues are projected to be \$16.5 million greater than budget due to the combination of the current positive economic performance, Fiscal Year 2010-11 revenue exceeding the budgeted estimate for Fiscal Year 2011-12 supporting a positive Fiscal Year 2011-12 projection and an anticipated upcoming increase in the county's prorata share of statewide sales tax receipts.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

General Fund

HHSA is projecting an overall positive fund balance of \$42.2 million. The 2011 State Budget realigned various programs and the revenue to support them to the counties. Under "Realignment 2011", the State replaced State General Funds with a portion of sales tax revenues to local governments to fund various criminal justice, mental health, and social services programs. This is a significant shift to the county from having a known and committed amount of State funding to an estimated variable amount of sales tax which is remitted based on economic activity. Based on the current trends, it is unclear how much Realignment 2011 will be realized by year-end, however, year-to-date receipts have been sufficient to fund the realigned programs. HHSA will continue to monitor and revise projections as the year progresses.

Administrative Support

Administrative Support consists of the following: Agency Executive Office, Agency Contract Support, Financial and Support Services Division, Human Resources, Management Support, Office of Health Systems Innovation and First Five Commission.

A positive variance of \$31.4 million is projected for Administrative Support. The variance is the result of \$33.8 million in expenditure savings and \$2.4 million in projected under-realized revenues.

The positive expenditure variance of \$33.8 million includes \$0.8 million in salaries and benefits due to vacant positions, \$13.0 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 \$13.0 million savings in services and supplies is primarily comprised of \$8.0 million budgeted for bio-terrorism emergencies and \$5.0 million budgeted as glide slope reserves that are not expected to be required.

The negative revenue variance of \$2.4 million includes an increase of \$5.6 million in administrative revenue, primarily associated with the receipt of prior year realignment, offset by \$8.0 million of unsecuritized tobacco settlement revenue that is not projected to be recognized because the bio-terrorism appropriations are expected to be unspent.

Aging and Independence Services

A positive variance of \$1.7 million is projected for Aging & Independence Services, comprised of \$11.7 million in expenditure savings offset with \$10.0 million in projected under-realized revenues.

The positive expenditure variance of \$11.7 million includes savings of \$0.9 million in salaries and benefits due to vacant positions, \$10.0 million savings in services and supplies, and \$0.8 million in operating transfers out. The \$10.0 million savings in services and supplies is mainly the result of revised estimates of growth trends in In-Home Supportive Services (IHSS) Individual Provider (IP) costs. The \$0.8 million savings in operating transfers out for In Home Support Services-Public Authority is related to salary and benefit costs being less than anticipated.

The negative revenue variance of \$10.0 million is mainly due to lower projected expenditures in IHSS as discussed above.

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 and Edgemoor Skilled Nursing Facility.

No overall variance is projected for Behavioral Health Services.

The positive expenditure variance of \$40.0 million includes savings of \$4.7 million in salaries and benefits throughout Behavioral Health Services due to vacant positions and \$36.5 million in services and supplies offset by a \$1.2 million negative variance in expenditure transfer and reimbursements due to lower projected contracted services related to the AB109 program. The \$36.5 million of net savings in services and supplies includes \$24.1 million in un-awarded Mental Health Services Act (MHSA) contracts, \$8.0 million in Alcohol and Drug Services due to un-awarded contracts in Substance Abuse Prevention and Treatment and Parolee Reentry Program, \$4.3 million in Early Periodic Screening Diagnosis and Treatment (EPSDT)/Medi-Cal services due to lower service levels than budgeted, and \$1.4 million savings in fee-for-service provider services due to lower service levels than budgeted, offset by a \$1.3 million negative variance for Inpatient Health Services expenses for temporary contract help.

The negative revenue variance of \$40.0 million is primarily associated with expenditure savings in MHSA and EPSDT/Medi-Cal services. The balance is due to under realized revenue resulting from savings as discussed above.

County Child Welfare Services

A positive variance of \$6.3 million is projected for County Child Welfare Services (CCWS), comprised of \$33.7 million in expenditure savings offset by \$27.4 million in under-realized revenues.

The positive expenditure variance of \$33.7 million includes savings of \$2.1 million in salaries and benefits due to attrition and vacant positions and \$31.9 million in other charges due to revised estimates of caseload levels, growth trends, and unit cost per case in aid payments for Foster Care and KinGap, as well as savings related to the Severely Emotionally Disturbed program which was budgeted for this year, but the program was transferred by the State to the Office of Education. The savings are offset by a \$0.3 million negative variance in services and supplies.

The negative revenue variance of \$27.4 million is associated with the expenditure savings for assistance payments, attrition and staff vacancies.

Public Health Services

A positive variance of \$0.2 million is projected for Public Health Services. This is the result of a net expenditure savings of \$2.1 million offset by \$1.9 million in under-realized revenues.

The positive expenditure variance of \$2.1 million includes savings of \$1.1 million in salaries and benefits due to vacant positions, \$2.1 million in services and supplies savings for various contracted services, offset by an increase of \$1.1 million in other charges due to a requirement for additional support and care costs in California Children's Services (CCS).

The negative revenue variance of \$1.9 million is due to \$3.9 million decrease in various grants and offset by increases of \$2.0 million in Ryan White Care Act and HIV Prevention, Bioterrorism grant and various allocations.

Regional Operations

Regional Operations consist of the following: Central, East, North Central, North Coastal, North Inland, and South regions, Community Action Partnership, Regional Self-Sufficiency and Regional Child Welfare Services.

A positive variance of \$2.4 million is projected for Regional Operations. The variance is the result of \$23.7 million in expenditure savings offset with \$21.3 million in under-realized revenue.

The positive expenditure variance of \$23.7 million includes savings of \$2.1 million in salaries and benefits due to vacant positions and \$0.7 million in miscellaneous services and supplies. Additional savings of \$20.9 million in other charges is mainly the result of revised caseload levels in CalWORKs and Child Care Stage 1.

The negative revenue variance of \$21.3 million is associated with the projected expenditure savings as discussed above.

Special Revenue Funds

Tobacco Securitization Fund

A positive variance of \$3.1 million is projected in the Securitized Tobacco Settlement Fund. This represents the difference between the projected annual available amount of Tobacco funds and what the Board of Supervisors has approved, based on an annual draw of \$27.5 million.

Special Districts Funds

Ambulance Districts

A positive revenue variance of \$0.2 million is projected for the ambulance special district. This is due to additional revenue to be received as a result of an increase in ambulance transport fees and the implementation of new resident user fees.

LAND USE AND ENVIRONMENT GROUP (LUEG)

General Fund

Agriculture, Weights & Measures

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

A positive expenditure variance of \$1.2 million is projected. Projected savings of \$0.6 million in salaries and benefits is mainly due to vacancies and under-filled positions. A positive variance of \$0.6 million is projected in services and supplies. Of this amount \$0.2 million is due to expected savings in utilities and \$0.2 million in facilities. An additional \$0.2 million is due to expected savings in information technology application services.

A positive revenue variance of \$0.1 million is projected primarily due to unanticipated Fines and Forfeitures.

Environmental Health

A positive variance of \$3.2 million is projected for the Department of Environmental Health.

A positive expenditure variance of \$6.0 million is projected. Savings of \$2.5 million in salaries and benefits is due to vacancies, under-filling positions and freezing of positions. Savings of \$3.5 million in services and supplies includes \$2.5 million due to delays in implementation of the Vector Habitat Remediation Program; \$0.4 million due to delays in completing the Business Case Management System (BCMS); and \$0.3 million as a result of a revised approach to implementation of the Government Without Walls Initiative (GWOW) which reduced up-front costs. The remaining savings of \$0.3 million is related to closely monitoring spending activities to ensure costs do not exceed revenue.

A negative revenue variance of \$2.8 million is projected. This variance consists of over-realized revenue of \$0.6 million in Hazardous Materials Permit fees and \$0.8 million in Food and Housing Permit fees. This overage is offset by a shortfall of \$0.2 million in State funding due to fringe benefit and indirect cost limitations in the Radiological Health Program Revenue Agreement. A shortfall of \$3.2 million from the Vector Control Trust Fund is primarily associated with salary and benefit and services and supplies savings in the Vector Control program. Revenue is only drawn from the Vector Control Trust Fund for actual costs incurred. An additional shortfall of \$0.8 million in recovered expenditures is due to the delays in implementation of the BCMS and GWOW Initiative described above.

Land Use and Environment Group - Executive Office

A positive variance of \$0.6 million is projected for the Land Use and Environment Group Executive Office.

A positive expenditure variance of \$0.6 million is projected in salaries and benefits due to a vacancy, and less than anticipated temporary help for the implementation of the BCMS program.

Planning and Land Use

A positive variance of \$4.5 million is projected for the Department of Planning and Land Use.

A positive expenditure variance of \$6.4 million is projected. A savings of \$1.9 million is projected in salaries and benefits, mainly due to vacancies. Savings of \$4.5 million in services and supplies are due to projected savings in contracted services related to grant funded contracts and Fire Re-Build Waivers (\$0.6 million), Nuisance Abatements (\$0.2 million), Zoning Ordinance Update (\$1.4 million), Greenhouse Gas Pod (\$0.3 million) and the PACE program (\$2.0 million), all of which will be re-budgeted for Fiscal Year 2012-13 since the first two items are a result of continuing need and delays in fire rebuild and homeowner compliance and the latter items due to delays in public hearings and implementation.

A negative revenue variance of \$1.9 million is projected related to expenditure savings of \$0.8 million due to staff vacancies, \$0.4 million in reduced building plan checks and permit fees, and \$0.6 million in reduced grant revenue offset by consultant contract savings. The remaining \$0.1 million shortfall is spread over other programs.

Special Revenue Funds

Park Land Dedication Ordinance

A positive variance of \$0.6 million is projected for the Park Land Dedication Ordinance due to unanticipated revenue for park land dedication fees.

Public Works

Road Fund

A positive variance of \$7.7 million is projected for the Road Fund.

A positive expenditure variance of \$9.3 million is projected. Projected savings of \$2.5 million in salaries and benefits is due to under-filling of positions, vacancies, and a reduction in cash overtime and temporary help. Savings of \$4.7 million is projected in services and supplies due to revised schedules for various projects in the Detailed Work Program and a reduced number of emergency projects, resulting in consultant and construction contract savings as well as projects completed under budget. Savings of \$1.6 million in other charges is due to lower estimates for right-of-way acquisition for detailed work program projects. Savings of \$0.5 million in operating transfer out is due to cancellation of Lakeside Washrack in the Capital Outlay Program.

A negative revenue variance of \$1.6 million is projected. Under-realized revenue of \$2.6 million in intergovernmental revenues is due to schedule revisions in the Detailed Work Program on various revenue-offset projects, decreased consultant work on emergency projects, and completed construction of Valley Center Road Bridge under budget. Under-realized revenue of \$0.1 million in use of money and property is projected due to lower than anticipated interest on developer deposits. Under-realized revenue of \$1.4 million in charges for current services is primarily due to reduced services to property owners in Land Development (\$1.0 million), reschedule of right-of-way associated with Transportation Impact Fee funded projects (\$1.2 million) and reduced work for Airport projects (\$0.1 million) partially offset by \$0.9 million over-realized revenue for increased work for Flood Control District, Capital Outlay, Internal Service Funds and Future Improvement. Under-realized revenue of \$2.3 million in taxes other than current secured (TransNet) is projected and is due to a funding swap for a major project and savings from a completed project in the Detailed Work Program. Over-realized revenue of \$4.8 million in miscellaneous revenue is due to settlement proceeds and sale of property.

Inactive Waste

No overall variance is projected for Inactive Waste.

A positive expenditure variance of \$0.9 million is projected. A projected savings of \$0.1 million in salaries and benefits is due to the under-filling of positions and vacancies. Savings of \$0.8 million in services and supplies is projected due to a groundwater contract that is not needed in the current year.

A negative revenue variance of \$0.9 million is projected due to decreased contributions from the Environmental Trust Fund resulting from the reduced expenditures noted above and deferred revenue for Recycling expenditures, as well as from the use of money and property due to reduced rent rates and vacant landfill residential buffer properties.

Internal Service Funds

Public Works

A positive variance of \$0.4 million is projected for the Public Works Operations and Equipment Acquisition Internal Service Funds (ISFs).

A positive expenditure variance of \$0.8 million is projected. Savings of \$0.5 million in other charges, depreciation expense in the ISF Acquisition Funds, is due to the removal of vehicles from fixed asset inventory in Fiscal Year 2010-11. Savings of \$0.3 million in capital assets equipment is due to cancelled encumbrances and reduced planned purchases of equipment in the Road Fund Equipment Acquisition ISF.

A negative revenue variance of \$0.4 million is projected. A negative variance of \$0.1 million from use of money and property is projected due to \$0.5 million decrease in the equipment rental original cost replacement accounts in the ISF Acquisition Funds corresponding to lower depreciation expense in these funds, offset by \$0.4 million increase in equipment rental operating fee revenue due to a mid-year rate adjustment to offset increased fuel and maintenance costs. A negative variance of \$0.3 million in other financing sources is due to cancellation of an operating transfer between the Equipment Operations ISF and Road Fund Equipment Acquisition ISF to provide funding for increased auto maintenance and fuel costs in the Equipment Operations ISF.

Enterprise Funds

Public Works

Airports

A positive variance of \$0.4 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$0.4 million is projected. Savings of \$0.1 million in salaries and benefits is due to partial year vacancies and under filling positions. Savings of \$0.3 million in capital assets/land acquisition is due to various capital projects being completed under budget.

Wastewater

A positive variance of \$0.4 million is projected in the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$0.5 million is projected. Savings of \$0.3 million in salaries and benefits is due to staff vacancies and reduction in overtime. A savings of \$0.2 million in services and supplies is due to decreased need for facility maintenance and cartographic services.

A negative revenue variance of \$0.1 million is projected and is due primarily to reduction in work for general fund departments.

Special District Funds

Air Pollution Control District

A positive variance of \$1.3 million is projected for the Air Pollution Control District (APCD). APCD has nine funds: Air Pollution Control Operations Fund (Operations) and eight incentive program funds. A positive variance of \$0.6 million is projected in Operations and a \$0.7 million positive variance is projected in the incentive program funds.

A positive expenditure variance of \$1.3 million is projected. Savings of \$0.8 million in salaries and benefits is mainly due to staff retirements, turnover and vacancies. Projected savings of \$0.6 million in other charges is due to the Air Quality Improvement Trust Fund, as appropriations for matching grants are no longer needed. These savings are offset by a negative variance of \$0.1 million in services and supplies due to additional temporary contracted help and unanticipated facility maintenance costs.

No revenue variance is projected. A negative variance of \$0.4 million in licenses, permits and fees is projected due to a lower than anticipated fee increase. A negative variance of \$0.4 million in Intergovernmental Revenues is projected due to lower than anticipated grant revenue. These negative variances are offset by a positive variance of \$0.3 million primarily due to higher than anticipated fines, forfeitures and penalties and \$0.5 million due to increased revenue from equipment and training fees.

Public Works

Sanitation Districts

A positive variance of \$2.7 million is projected in the Sanitation Districts.

A positive expenditure variance of \$2.4 million is projected. Savings of \$0.4 million in services and supplies is due to staff vacancies and reduced overtime in Wastewater Enterprise Fund. Staff in the Wastewater Enterprise Fund provide services to the Sanitation Districts. Savings of \$2.0 million in capital assets is projected due to construction contracts awarded at lower cost for projects: Jamacha Pump Station, Trunk B and Old Highway 80 Sewer.

A positive revenue variance of \$0.3 million is projected in sanitation other government and is due to the transfer of outstanding accounts receivable from the dissolved sanitation districts.

COMMUNITY SERVICES GROUP (CSG)

General Fund

Animal Services

A positive variance of \$0.3 million is projected for Animal Services.

A positive variance of \$0.4 million in services and supplies is projected based on savings in various categories resulting from close monitoring of expenditures.

A negative revenue variance of \$0.1 million is projected due to lower than expected receipt of animal license fees.

Community Services Group Executive Office

A positive variance of \$3.4 million is projected for the Community Services Group Executive Office. A favorable variance of \$0.1 million in salaries and benefits is due to staff vacancy. In addition, a year-end balance of \$3.3 million in Management Reserves is expected, which are held in the Group Executive Office for departments' operating contingencies during the year.

Housing and Community Development Department

A positive variance of \$0.3 million is projected for the Housing and Community Development (HCD) 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)

A positive variance of \$0.3 million is projected for Housing and Community Development.

A positive expenditure variance of \$1.2 million includes anticipated savings of \$0.5 million in salaries and benefits due to vacancies from employee turnover and two positions held vacant, and \$0.7 million in services and supplies. The positive variance in services and supplies is due to the postponement of data automation projects such as paper file conversion of Section 8 active participant files currently stored in Iron Mountain (\$0.2 million), IT application upgrades (\$0.2 million) and savings in various accounts such as vehicle maintenance costs and environmental study services cost (\$0.3 million).

A negative revenue variance of \$0.9 million is projected and is tied to the expenditure savings in salaries and benefits and various services and supplies as noted above, resulting in decreased costs recovered.

Housing and Community Development Multi-Year Projects (D7263)

No variance is projected for HCD Multi-Year Projects. The positive expenditure variance of \$12.6 million is offset by a projected negative revenue variance of \$12.6 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.

Registrar of Voters

A positive variance of \$7.0 million is due to savings of \$2.4 million in salaries and benefits and \$4.6 million in services and supplies. The positive variance in salaries and benefits is due to staff turnover and vacancies, as well as the consolidation of the February 7, 2012 Presidential Primary Election with the June 5, 2012 Direct Primary Election. The positive variance in services and supplies is a result of the consolidation of these elections.

Special Revenue Funds

San Diego County Library

A positive variance of \$1.8 million is projected for the San Diego County Library.

A positive expenditure variance of \$2.2 million is projected. This variance is a result of savings of \$0.8 million in salaries and benefits from anticipated vacated positions and holding vacancies. Projected savings in services and supplies of \$0.6 million is due to tuition refunds due to inactivity in Public Library Staff Education Program (PLSEP) (\$0.1 million), savings in utilities (\$0.2 million) and interdepartmental expense (\$0.3 million) based on 2nd quarter spending and past history, and \$0.8 million is anticipated in Management Reserves, which is held for operating contingencies that may occur during the year.

A negative revenue variance of \$0.4 million is projected. This variance is due to anticipated shortfalls of \$0.1 million in current year property tax revenues and \$0.4 million in public printing and other library services. This is offset by over-realized revenue from a private party donation of \$0.1 million for the Vista renovation project. The shortfalls will be mitigated through continued decreases in expenditures in services and supplies.

Internal Service Funds (ISFs)

Facilities Management ISF

No overall variance is projected for the Facilities Management ISF.

A positive variance of \$3.9 million in expenses is projected. Savings of \$0.7 million in salaries and benefits is primarily due to modified positions and staff vacancies. Projected savings in services and supplies of \$3.2 million is due to a number of categories: reduction in anticipated contract costs (\$0.7 million), anticipated savings in utilities costs due to energy-efficiency upgrades and lower-than-anticipated utility rates (\$1.8 million), project management costs (\$0.6 million) and real estate service contracts (\$0.1 million).

A negative revenue variance of \$3.9 million is projected. A projected negative variance in charges for current services (\$3.2 million) and other financing (\$1.6 million) is due to less-than-anticipated utilities, and contracted service requirements from the General Fund and Capital Outlay Fund. The shortfall in revenue is offset by over-realized revenue of \$0.9 million due to reimbursements from the Energy Efficiency Trust Fund

for conservation efforts (\$0.4 million) and intergovernmental revenues (\$0.5 million) which represents reimbursement of services provided to Trial Courts and Federal Grant revenue.

Major Maintenance ISF

No overall variance is projected for Major Maintenance ISF.

A positive variance of \$12.7 million in expenses is projected. Anticipated savings of \$11.1 million in services and supplies and \$1.6 million in operating transfer out is due to delays in commencing new projects. Since costs incurred in this fund are reimbursed by operating departments, these project delays will result in projected negative revenue variance of \$12.7 million in charges for current services and intergovernmental revenues.

Fleet Management ISF

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

A positive variance of \$7.3 million in expenses is due to anticipated savings of \$0.2 million in salaries and benefits primarily associated with modified and vacant positions, \$0.6 million is projected in other charges, \$7.4 million in capital assets due to less-than-anticipated purchases for replacement vehicles, and \$0.1 million in unspent reserves offset by a negative variance of \$1.0 million in services and supplies due to projected increases for fuel costs because of increased demand by external customers and price increases.

A negative revenue variance of \$6.9 million is due primarily to unrealized revenue of \$6.4 million for current services due to lower-than-anticipated maintenance and repair of vehicles and \$0.4 million in lower interest earnings based on current interest rates and cash balances in the Fleet Management Internal Service Fund, and by \$0.1 million due to loss on sale of fixed assets.

Purchasing and Contracting

A negative variance of \$0.3 million is projected for the Purchasing and Contracting ISF. Purchasing and Contracting is closely monitoring revenues and expenditures. Any shortfall will be funded by Purchasing & Contracting ISF available Fiscal Year 2010-11 fund balance.

A positive variance of \$0.7 million in expenses is projected. Savings of \$0.3 million in salaries and benefits is due to turnover and managed vacancies, and savings of \$0.4 million in services and supplies in application and data center services due to a delay of the planned upgrade to Documetum 6.5.

A negative revenue variance of \$1.0 million is projected based on the continuing trend in Countywide overall reduced spending.

Other County Funds

County of San Diego Redevelopment Agency

Effective February 1, 2012, all redevelopment agencies in California are dissolved and their assets and obligations will be transferred to the County of San Diego as Successor Agency. Any budgetary variances as of that date will also be transferred. No resources of the former County Redevelopment Agency will be available for general County use.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

A positive variance of \$0.9 million is projected for the Assessor/Recorder/County Clerk in salaries and benefits due to departmental vacancies.

Auditor and Controller

A positive variance of \$1.7 million is projected for the Auditor and Controller.

A positive expenditure variance of \$1.7 million is projected. Salaries and benefits savings of \$1.1 million is projected due to staff vacancies and under-filled positions. Savings of \$0.6 million in services and supplies is primarily due to a hold placed on discretionary information technology projects during upgrades to the County's financial systems.

County Counsel

A positive variance of \$0.3 million is projected for the Office of County Counsel in salaries and benefits due to unanticipated retirements and unfilled vacancies.

Human Resources

A positive variance of \$0.5 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.5 million is projected. Salaries and benefits savings of \$0.4 million is primarily due to staff turnover and vacant positions. A positive variance of \$0.1 million in services and supplies is due to cancelled encumbrances.

Treasurer/Tax Collector

A positive variance of \$0.1 million is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$0.3 million is projected, including \$0.2 million in salaries and benefits due to vacancies and staff turnover and \$0.1 million in services and supplies due to departmental cost savings through improved efficiencies.

A negative revenue variance of \$0.2 million is projected primarily due to unrealized revenue for Other Assessments/Tax Collection. There has been a delay in the implementation of a fee ordinance passed in the prior fiscal year due to challenges in system development.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$53.0 million is projected for these two categories combined, comprised of an estimated additional \$11.1 million in General Purpose Revenue (GPR) compared to budget (\$975.5 million projected vs. \$964.4 million budgeted) and a \$41.9 million net positive variance in General County Expense activities. Moreover, it is important to note that while the projected amount of \$975.5 million is \$0.9 million above the actual GPR received in Fiscal Year 2010-11 (\$974.6 million), it is still \$7.8 million below the actual GPR received in Fiscal Year 2009-10 (\$983.3 million), \$44.9 million below the actual GPR received in Fiscal Year 2008-09 (\$1.02 billion), and \$14.4 million below the actual for Fiscal Year 2007-08 (\$989.9 million).

General Purpose Revenue

The U.S. economy is still continuing to recover from the deep recession that began in December 2007 and ended in June 2009. The national recession, 2008 credit crises, and negative trends in the financial markets, housing and construction, and consumer and business to business sales continued to impact San Diego and the rest of Southern California in 2009, 2010 and 2011. The County's GPR, particularly revenue related to property transactions, has been impacted by these conditions. Property tax revenues, including current secured, current supplemental and prior year supplemental, felt the impact of declining assessed values and weak construction activity. Fiscal Year 2010-11 showed marginal improvement in supplemental activity. Sales and Use Tax revenue, although a smaller percentage of the County's GPR, was impacted substantially by the year over year decline in retail sales activity. In 2010, sales and use tax revenue showed signs of recovery with year-over-year quarterly increases in all four quarters. This improvement has continued through the first three quarters of 2011. Further, the county's diverse economic base and the area's population growth are seen as positive influences that will help stabilize locally generated general purpose revenue funding sources. For Fiscal Year 2011-12, the economic news continues to improve gradually. Several economic trends are summarized below followed by a discussion by revenue account of significant variances from budget:

- San Diego's monthly average unemployment rate for the 12 month period between January 2011 and December 2011 was 9.9%, with a December 2011 rate of 8.9%. This compares to a State of California average unemployment rate of 11.8% for the same 12 month period, with a December 2011 rate of 10.9%.
- Unadjusted local point of sales tax revenues improved by 9.7% for the January through September 2011 period in the unincorporated area compared to the same time period in 2010. For that same time period, sales tax revenues improved at the statewide level by an estimated 9.0%, southern California region by 8.4% and San Diego regional level by 7.7%. This increase is attributed to the continuing overall recovery, which supports various economists' projections of a gradual recovery beginning in 2010 and continuing in 2011 and 2012.
- There are mixed signals in the housing market in the County:

1. Minimal improvement in deeds recorded (up 0.2% for January through December 2011 compared to the same time period for 2010);
2. Decline in median housing prices (down 5.4% in the San Diego region for December 2011 compared to December 2010);
3. Decline in the number of homes sold for January through December 2011 compared to January through December 2010 (San Diego region down 3.2%);
4. Improvement in notices of default (11.0% fewer for January through December 2011 compared to the same time period for 2010);
5. Improvement in foreclosure activity (the number of foreclosures has decreased 9.3% for January through December 2011 compared to the same time period for 2010).

Current Property Taxes – All Categories

The three categories of Current Property Taxes combined are estimated to show a net negative variance to budget of \$2.2 million.

- *Property Taxes - Current Secured*

Current Secured Property Taxes are projected to be a net \$3.2 million lower than budget. Several factors play a part in the overall projection. The largest component leading to the lower than budgeted projection is due to roll corrections and refunds in the second quarter being projected to be significantly higher than the assumption used in preparing the budget. This change is based on an assessment of year-end activity and information available through apportionment six leading to the projection of refunds and corrections close to the Fiscal Year 2010-11 level with an estimated \$19.0 million in adjustments compared to a budgeted amount of \$5.8 million.

Offsetting a portion of the negative adjustment is the actual improvement in local secured assessed value. The budgeted current secured property taxes assumed a local secured assessed value decline of 0.5%, but the actual assessed value (AV) actually improved by 0.46%. (Note: The 0.46% growth rate stated above represents the change in the AV for only the secured roll. This is different than the countywide overall decline published by the Assessor/Recorder/County Clerk on June 29, 2011 of 0.51%, which includes all assessed value components - secured and unsecured). In addition, delinquency rates are anticipated to be better than budget based on Fiscal Year 2010-11 year-end experience and year-to-date trends. Further, the annual determination of the AB8 factor for property tax apportionment for all taxing entities in the county has been finalized and it shows a marginal improvement in the share of property taxes for the County's general fund compared to the budgeted factor.

- *Property Taxes - Current Supplemental*

Current Supplemental Property Taxes are projected to be \$1.4 million higher than the \$1.9 million that was budgeted. This projection is based on charges and collections through apportionment six and estimates related to new construction

and anticipated low turnover rates through Fiscal Year 2011-12. In Fiscal Year 2010-11, these revenues totaled \$3.9 million. The highest amount recorded in this account was \$31.0 million in Fiscal Year 2004-05.

- *Property Taxes - Current Unsecured*
Current Unsecured Property Taxes are projected to be \$0.4 million below budget. At the time the budget was prepared, current unsecured property tax revenues were calculated using the assumption that the current unsecured roll would be flat. However, the current unsecured roll actually declined by 2.1%. Unlike the secured roll, the unsecured roll does not build on a prior year base.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$10.1 million above budget.

- *Property Tax Prior Secured*
A negative revenue variance of \$0.4 million is estimated for Property Tax Prior Secured based on outstanding open charges, year-to-date collections, various adjustments and recent trends.
- *Other Tax Aircraft Unsecured*
A negative revenue variance of \$0.9 million is estimated for Other Tax Aircraft Unsecured based on outstanding open charges, year-to-date collections, and recent trends.
- *Real Property Transfer Taxes*
A positive revenue variance of \$0.1 million is estimated for Real Property Transfer Taxes based on realized revenues for the first six months of Fiscal Year 2011-12 as well as data regarding current year change in ownership and the anticipated level of new construction.
- *Sales and Use Tax*
A positive revenue variance of \$1.7 million is projected for Sales and Use Tax revenue based on better than expected Fiscal Year 2010-11 year-end actuals compared to Fiscal Year 2011-12 budgeted revenues, payments from the State through January 2012, and cautious estimates for anticipated revenue growth through the balance of Fiscal Year 2011-12.
- *Teeter Tax Reserve Excess*
The Teeter Tax Reserve Excess is estimated to be approximately \$9.6 million above budget, based on current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year. This estimate is also based on a review of total reserves available to meet the Revenue and Taxation Code requirement of maintaining a reserve of not less than 25% of the total teetered delinquent secured taxes and assessments (R&T section 4703.2). The 2011 Teeter buy-out of \$58.4 million was lower than the 2010 Teeter buy-out of \$88.8. The 2009 Teeter buy-out amount was \$122.8

million. For Fiscal Year 2011-12, the reserve requirement is \$14.6 million, a \$7.6 million decrease from the Fiscal Year 2010-11 requirement of \$22.2 million. All penalty and interest collections in Fiscal Year 2011-12 will be in excess of the reserve requirement resulting in a one-time revenue surplus. The \$9.6 million positive projection is made as of apportionment six and is cautious given collection fluctuations that can occur during the rest of the year.

- *Property Tax in Lieu of VLF*
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$2.5 million above the budgeted amount of \$302.2 million. The actual assessed value adjustment factor of 0.33% (which includes unsecured, local secured, current State non-unitary, and aircraft property tax components) for Fiscal Year 2011-12 is 0.81% better than the adjustment rate used to calculate the budgeted revenue (negative 0.48%).
- *Teeter Property Tax Prior Year and Cumulative Prior Years*
A negative revenue variance of \$2.5 million is projected for collections from taxes receivable from the prior fiscal years because the delinquency rate in Fiscal Year 2010-11 was less than what was anticipated at the time the Fiscal Year 2011-12 budget was developed. The delinquency rate changes have led to continued declines in the Teeter buyout outlined in the Teeter Tax Reserve Excess above. Moreover, collections through apportionment six are lower than what was estimated in the budget. Taxes paid after the fiscal year in which they are due are subject to both penalty and interest charges.

Licenses, Permits, and Franchises

Franchise payments are projected to be approximately \$0.3 million higher than budget. Beginning in Fiscal Year 2009-10, the restructured cable and video licenses have been budgeted in General Purpose Revenue rather than in the Cable TV Media and Public Relations Special Revenue Fund, which was dissolved. Based on a review of current revenues and projected revenues through year-end, cable and video licenses are expected to exceed the budgeted figure by \$0.3 million.

Fines, Forfeitures and Penalties

A negative variance of \$0.7 million is projected. Penalties and Cost Delinquency Taxes are projected to be approximately \$0.8 million below budget. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments. A significant reason for the lower than budgeted revenues is the lower than expected delinquency rate as noted above in the paragraph regarding current secured property taxes. The lower than budgeted projection is also based on the current outstanding open charges and current collection trends through apportionment six. In addition, other fees and fines are anticipated to be approximately \$0.1 million above budget based on current receipts and anticipated collections through year-end.

Revenue from Use of Money and Property

A negative variance of approximately \$3.1 million is projected. The first and second quarter interest rates were lower than what was estimated in the budget and the projected interest rate outlook for the balance of the fiscal year is anticipated to remain lower than what was budgeted. In addition, the premium amount received on the 2011 TRAN borrowing was \$1.4 million lower than what was received on the larger 2010 TRAN borrowing.

Intergovernmental Revenues

A positive variance of \$6.8 million is projected for intergovernmental revenues.

In July 2011, the State Controller's Office issued back payments for Vehicle License Fee Collection in Excess per R&T section 11001.5 2 b 1 for Fiscal Years 2006-07, 2007-08, 2008-09, and 2009-10. The County's share was \$5.5 million. Then in September 2011, the State Controller's Office issued the payment for Fiscal Year 2010-11, and the County's share was \$1.3 million. These payments were not budgeted. Although the funds had been on deposit in the State Treasury, no information had been provided as to the annual amounts in excess or timing of when these outstanding payments would be made.

General County Expenses

Cash Borrowing Program

A positive expenditure variance of \$6.5 million is projected. The one-time savings is due to lower borrowing costs associated with the issuance of the Tax and Revenue Anticipation Note (TRAN). The current low interest rate environment and the County's strong credit rating contributed to the lower cost of borrowing. The County's higher than expected year-end cash balance resulted in lower than anticipated amount to be borrowed for Fiscal Year 2011-12 which resulted in a lower than anticipated size of the TRAN. At the time the Fiscal Year 2011-12 budget was prepared, the size and terms of the TRAN borrowing had not been finalized.

Contingency Reserve

The entire \$20.0 million budgeted in the Contingency Reserve in Fiscal Year 2011-12 is expected to be unspent at year-end.

Countywide General Expense

A positive revenue variance of \$15.0 million is projected in Countywide General Expense due to an unanticipated case settlement from SDG&E.

Lease Payments

A positive variance of \$0.3 million is projected from savings in lease payments made for the following financings; 1993 Master Refunding, 2005 North and East County Justice Facilities Refunding, 2009 Justice Facilities Refunding, and 2011 MTS Tower Refunding. Total lease payments were lower than budgeted for these financings due to interest credits being higher than anticipated, thereby reducing the net expense.

Capital Program Funds

Edgemoor Development Fund

A positive variance of \$16.2 million is projected for the Edgemoor Development Fund.

A positive variance in expenditures of \$0.2 million is projected due to lower than anticipated costs related to services and supplies. A \$16.0 million positive variance in revenues is projected due to receipt of \$10.6 million related to Senate Bill (SB) 1128 reimbursement for facility construction originally anticipated during the previous fiscal year, and \$5.4 million of unanticipated lawsuit settlement revenues. These funds along with proceeds from the sale of land surrounding Edgemoor will be used to make the annual principal and interest payment on the 2005 Edgemoor Certificates of Participation.

Internal Service Fund

Public Liability Internal Service Fund

A positive variance of \$4.9 million is projected for the Public Liability Internal Service Fund.

A positive expenditure variance of \$0.9 million is projected primarily due to a favorable summary judgment motion on a Road Fund liability case.

A positive variance of \$4.0 million in revenue is projected due to successful settlements of several litigation cases relating to construction defect, design defect and 2007 wildfire-related damages matters.

**FY 2011-2012 2nd Quarter
Projected Year-End Results**
(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	2nd Quarter FY11-12 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 24,768	\$ (8,549)	\$ 16,219
Health & Human Services Agency	145,380	(103,192)	42,187
Land Use & Environment	14,207	(4,538)	9,670
Community Services	24,711	(13,624)	11,087
Finance & General Government	4,460	(187)	4,273
Total Agency/Group	<u>213,526</u>	<u>(130,090)</u>	<u>83,436</u>
General Purpose Revenue	0	11,158	11,158
Finance Other	26,787	14,978	41,765
Total General Fund	<u>\$ 240,312</u>	<u>\$ (103,954)</u>	<u>\$ 136,358</u>
Special Revenue Funds			
Public Safety	\$ 779	\$ 17,239	\$ 18,018
Health & Human Services Agency	3,120	0	3,120
Land Use & Environment	10,326	(2,057)	8,269
Community Services	2,256	(457)	1,799
Total Special Revenue Funds	<u>\$ 16,481</u>	<u>\$ 14,725</u>	<u>\$ 31,206</u>
Capital Program			
Finance Other	\$ 218	\$ 16,018	\$ 16,235
Internal Service Funds Departments			
Public Safety Group	\$ 5	\$ 51	\$ 57
Health & Human Services Agency	0	0	0
Land Use & Environment	882	(444)	438
Community Services	24,621	(24,475)	147
Finance & General Government	0	0	0
Finance Other	931	3,987	4,917
Total Internal Service Funds	<u>\$ 26,439</u>	<u>\$ (20,880)</u>	<u>\$ 5,559</u>
Enterprise Fund Departments			
Land Use & Environment	\$ 901	\$ (83)	\$ 819
Special District Funds Departments			
Public Safety Group	\$ 0	\$ 1	\$ 1
Health & Human Services Agency	0	149	149
Land Use & Environment	3,709	524	4,233
Total Special District Funds	<u>\$ 3,709</u>	<u>\$ 674</u>	<u>\$ 4,383</u>
Other County Funds Departments			
LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Redevelopment Agencies	0	0	0
Finance Other - Majestic Pines	0	0	0
Total Other County Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service - Pension Obligation Bonds	\$ 3	\$ 0	\$ 3
Total County Projected Operating Balance	<u>\$ 288,063</u>	<u>\$ (93,500)</u>	<u>\$ 194,563</u>

Prepared: 2/06/12

**FY 2011-2012 2nd Quarter
Projected Year-End Results**
(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY11-12 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Child Support	\$ 3,282	\$ (1,996)	\$ 1,286
Contributions for Trial Courts	1,612	(1,595)	18
Defense Attorney Contract Admin.	0	0	0
District Attorney	5,261	(816)	4,446
Emergency Services	576	0	576
Law Enforcement Review Board	37	0	37
Medical Examiner	178	1	179
Probation	2,398	(1,218)	1,180
Public Defender	1,198	931	2,129
Public Safety Executive Office	215	1,847	2,063
San Diego County Fire Authority	4,751	(3,994)	758
Sheriff	5,258	(1,710)	3,549
Total General Fund	\$ 24,768	\$ (8,549)	\$ 16,219

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	100	0	100
Probation - Asset Forfeiture	0	23	23
Probation - Inmate Welfare Program	0	0	0
Sheriff - Asset Forfeiture	0	0	0
Sheriff - Inmate Welfare Program	679	712	1,391
Public Safety - Proposition 172	0	16,504	16,504
Total Special Revenue Funds	779	17,239	18,018

Internal Service Funds Departments

Probation	0	0	0
Sheriff(Jail Stores)	5	51	57
Total Internal Service Funds	5	51	57

Special District Funds

Sheriff (Regional 800 MHz)	0	1	1
County Service Area	0	(0)	(0)
Total Group Projected Fund Balance	\$ 25,552	\$ 8,742	\$ 34,295

**FY 2011-2012 2nd Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	2nd Quarter FY11-12 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Administrative Support	\$ 33,802	\$ (2,430)	\$ 31,372
Aging & Independence Services	11,723	(10,000)	1,723
Behavioral Health Services	39,980	(39,980)	0
Child Welfare Services	33,730	(27,373)	6,357
Public Administrator/Public Guardian	201	(201)	0
Public Health Services	2,079	(1,874)	205
Regional Operations	23,643	(21,283)	2,361
Strategic Planning & Operational Support	221	(52)	169
Total General Fund	\$ 145,380	\$ (103,192)	\$ 42,187

Special Revenue Funds

Tobacco Securitization Fund	3,120	0	3,120
Total Special Revenue Funds	3,120	0	3,120

Internal Service Funds

DMI-Working Capital(Edgemoor Hospital)	0	0	0
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Special District Funds Departments

Ambulance Districts	0	149	149
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Total Health & Human Services Agency	\$ 148,500	\$ (103,043)	\$ 45,457
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**FY 2011-2012 2nd Quarter
Projected Year-End Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY11-12 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 1,195	\$ 128	\$ 1,323
Environmental Health	6,006	(2,792)	3,214
Land Use & Environment Group Exec Office	615	0	615
Parks & Recreation	9	39	47
Planning & Land Use	6,382	(1,912)	4,470
Public Works	0	0	0
Total General Fund	\$ 14,207	\$ (4,538)	\$ 9,670

Special Revenue Funds Departments

A, W & M (Grazing and Fish & Game Commission)	18	(5)	14
Parks & Recreation - PLDO	45	523	568
DPW - Aviation Funds	0	0	0
DPW - Road Funds	9,338	(1,651)	7,687
DPW - Inactive Waste	924	(924)	0
Total Special Revenue Funds	10,326	(2,057)	8,269

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	882	(444)	438
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Enterprise Funds Departments

Airport Enterprise Fund	375	28	403
Wastewater Management Enterprise Fund	526	(110)	416
Total Enterprise Funds:	901	(83)	819

Special District Funds Departments

Air Pollution Control District	1,269	72	1,342
Parks and Recreation	47	11	58
Planning and Land Use - CSAs	0	0	0
DPW - Sanitation Districts & Sewer Maintenance	2,392	267	2,660
DPW - CSAs	0	0	0
DPW - PRDs	0	0	0
DPW - Flood Control	0	173	173
DPW - Street Lighting Districts	0	0	0
Total Special Districts Funds:	3,709	524	4,233

Other County Funds Departments

Debt Service-Local Boards	0	0	0
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Total Land Use & Environment Group	\$ 30,025	\$ (6,597)	\$ 23,428
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**FY 2011-2012 2nd Quarter
Projected Year-End Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY11-12 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 436	\$ (153)	\$ 283
Community Services Group Exec Office	3,385	0	3,385
General Services	0	0	0
Housing & Community Development	13,806	(13,471)	335
Purchasing & Contracting	72	0	72
Library Services	0	0	0
Registrar of Voters	7,013	0	7,013
Total General Fund	\$ 24,711	\$ (13,624)	\$ 11,087

Special Revenue Funds Departments

Library Services	2,256	(457)	1,799
Housing & Community Development	0	0	0
Total Special Revenue Funds	2,256	(457)	1,799

Internal Service Funds Departments

Facilities Management	3,926	(3,898)	28
Major Maintenance ISF	12,743	(12,714)	28
Fleet Management	7,241	(6,876)	365
Purchasing & Contracting	711	(986)	(275)
Total Internal Service Funds	24,621	(24,475)	147

Other County Funds Departments

Redevelopment Agency	0	0	0
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Total Community Services Group	\$ 51,589	\$ (38,556)	\$ 13,033
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**FY 2011-2012 2nd Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY11-12 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 884	\$ 0	\$ 884
Auditor & Controller	1,696	(4)	1,692
Board of Supervisors	230	0	230
Chief Administrative Officer	206	0	207
Civil Service Commission	5	0	5
Clerk of the Board of Supervisors	45	200	245
County Communications Office	247	(94)	153
County Counsel	331	(47)	284
County Technology Office	0	0	0
Finance & GG Exec Office	0	0	0
Grand Jury	23	0	23
Human Resources	524	(50)	474
Treasurer-Tax Collector	268	(192)	76
Total General Fund	\$ 4,460	\$ (187)	\$ 4,273

Internal Service Funds Departments

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

\$ 4,460	\$ (187)	\$ 4,273
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**FY 2011-2012 2nd Quarter
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

	Expenditure Variance	Revenue Variance	2nd Quarter FY11-12 Projected Fund Balance
	Favorable/(Unfavorable)		

General Fund

General Purpose Revenue:			
All Current Property Taxes	\$ 0	\$ (2,237)	\$ (2,237)
All Other Taxes-Local	0	10,139	\$ 10,139
Licenses, Permits & Franchises	0	273	\$ 273
Fines, Forfeitures & Penalties	0	(706)	\$ (706)
Revenue for Use of Money & Property	0	(3,104)	\$ (3,104)
Intergovernmental Revenue	0	6,787	\$ 6,787
Charges for Current Services	0	6	\$ 6
Miscellaneous Revenue	0	0	\$ 0
Total General Purpose Revenue	\$ 0	\$ 11,158	\$ 11,158

General County Expenses:

Cash Borrowing Program	\$ 6,500	\$ 0	\$ 6,500
Community Enhancement	0	0	0
Contingency Reserve	20,000	0	20,000
Lease Payments - Capital Projects	0	0	0
Contributions to the Capital Outlay Fund	287	(22)	265
Contributions to Library Fund	0	0	0
Local Agency Formation Comm Admin	0	0	0
Neighborhood Reinvestment Program	0	0	0
Countywide Expenses	0	15,000	15,000
Total Finance Other Expenses	\$ 26,787	\$ 14,978	\$ 41,765
Total General Fund	\$ 26,787	\$ 26,136	\$ 52,923

Capital Program Funds

Capital Program	\$ 218	\$ 16,018	\$ 16,235
Total Capital Program Funds	\$ 218	\$ 16,018	\$ 16,235

Internal Service Funds Departments

Workers Compensation	\$ 0	\$ 0	\$ 0
Unemployment Insurance	0	0	0
Public Liability	931	3,987	4,917
Total ISF Funds	931	3,987	4,917

Other County Funds Departments

Majestic Pines	\$ 0	\$ 0	\$ 0
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Debt Service Funds Departments

Pension Obligation Bonds	\$ 3	\$ 0	\$ 3
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**Total General Purpose Revenue &
Finance Other**

	\$ 27,937	\$ 46,140	\$ 74,078
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**FY 2011-2012 2nd Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	2nd Quarter FY11-12 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 16,219	\$ 16,219
Health and Human Services Agency	20,000	22,187	42,187
Land Use and Environment	0	9,670	9,670
Community Services	3,250	7,837	11,087
Finance & General Government	0	4,273	4,273
Agency/Group Totals	\$ 23,250	\$ 60,186	\$ 83,436
General Purpose Revenue	0	11,158	11,158
General County Expenses	0	21,765	21,765
Contingency Reserve	20,000	0	20,000
Total Gen'l. Purpose Rev. & Gen'l. County Exp.	\$ 20,000	\$ 32,923	\$ 52,923
Total General Fund	\$ 43,250	\$ 93,108	\$ 136,358