



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

KRISTIN GASPAR
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: March 14, 2017

21

TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2016–17 SECOND QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

Overview

This report summarizes the status of executing the County's Fiscal Year 2016–17 Operational Plan, as measured by projected year-end fund balance from current year operations. The projected balance for the General Fund is \$133.6 million, and for all budgetary funds combined is \$158.4 million. In the General Fund, positive balances are projected for all five business groups. The projected fund balance reflects the conservation of management and contingency reserves and projects that General Purpose Revenue will perform better than estimated in the Fiscal Year 2016–17 Adopted Operational Plan. This letter recommends budget adjustments to make resource reallocations to fund one-time projects and to make various adjustments to align the budget with anticipated actuals.

In the Public Safety Group (PSG), recommendations include appropriations adjustments in the Sheriff's Department for investigative expenses, for various law enforcement activities and for the purchase of a special purpose vehicle for remote desert sites; and in the Office of Emergency Services to enhance and strengthen regional emergency preparedness, response and recovery.

In the Land Use and Environment Group (LUEG), recommendations include appropriations adjustments in the Multiple Species Conservation Program (MSCP) Fund to properly record one-time land protection and improvement costs, in the Parks and Recreation Department for one-time land protection costs of the Lusardi Fingal property and in the Airport Enterprise Fund for the Cajon Air Center Development Phase II project.

In the Community Services Group (CSG), there is a recommendation for an appropriation adjustment in the Department of General Services Fleet Internal Service Fund to purchase a special purpose vehicle for the Sheriff's Department.

There are no appropriation adjustments in the Health and Human Services Agency (HHSA) or the Finance and General Government Group (FGG).

SUBJECT: FISCAL YEAR 2016–17 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2016–17 second quarter report on projected year-end results.
2. Transfer appropriations of \$225,000 within the Sheriff's Asset Forfeiture Fund, Services and Supplies to Operating Transfers Out, for investigative expenses in the Sheriff's Department.
3. Establish appropriations of \$225,000 in the Sheriff's Department, Services and Supplies, for investigative expenses, based on an Operating Transfer In from the Sheriff's Asset Forfeiture Fund. **(4 VOTES)**
4. Establish appropriations of \$30,000 in the Sheriff's Asset Forfeiture State Fund, Services and Supplies, for various law enforcement activities including but not limited to support of community based programs based on over-realized revenue from State Asset Forfeiture disbursements. **(4 VOTES)**
5. Establish appropriations of \$50,000 in the Sheriff's Department, Capital Assets Equipment, for the purchase of a special purpose vehicle for remote desert sites based on unanticipated revenue from the Regional Communications System Trust Fund. **(4 VOTES)**
6. Transfer appropriations of \$50,000 from the Sheriff's Department, Capital Assets Equipment, to the General Fund Contributions to Fleet Internal Service Fund (ISF), Operating Transfer Out, for the purchase of a special purpose vehicle. **(4 VOTES)**
7. Amend the Fiscal Year 2016-17 Department of General Services Fleet ISF Spending Plan by \$50,000 to provide funding for the purchase of a special purpose vehicle for the Sheriff's Department based on an Operating Transfer In from the General Fund. **(4 VOTES)**
8. Establish appropriations of \$2,905,724 in the Office of Emergency Services, Services and Supplies (\$1,117,754), Fixed Assets (\$67,666), and Contributions to Other Agencies (\$1,720,304) to enhance and strengthen regional emergency preparedness, response, and recovery, based on unanticipated revenue from the Fiscal Year 2016 State Homeland Security Grant. **(4 VOTES)**
9. Cancel appropriations of \$34,541.21 and related Operating Transfer In from the General Fund in the Capital Multiple Species Conservation Program Acquisition Fund to properly record one-time land protection costs.

SUBJECT: FISCAL YEAR 2016–17 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

10. Transfer appropriations of \$34,541.21 from Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, Services and Supplies, to properly record one-time land protection costs. **(4 VOTES)**
11. Establish appropriations of \$107,378.78 in the Capital Multiple Species Conservation Program Acquisition Fund based on unanticipated revenue from the Coastal Impact Assistance Program (CIAP) to properly record one-time land improvement costs. **(4 VOTES)**
12. Amend the Fiscal Year 2016-17 Airport Enterprise Fund Spending Plan by \$650,000 to provide funds for the Cajon Air Center Development Phase II Project based on available prior year Airport Enterprise Fund fund balance. **(4 VOTES)**
13. Authorize the Auditor & Controller to process necessary appropriation adjustments that would increase or decrease appropriations in an amount not to exceed \$100 per adjustment.

Fiscal Impact

Funds for a portion of these requests are not included in the Fiscal Year 2016–17 Operational Plan. If approved, this action will result in a net increase in appropriations of \$3,180,724 in the General Fund. The funding sources include Operating Transfer from Sheriff's Asset Forfeiture Fund, Regional Communications System Trust Fund, State Homeland Security Grant and Operating Transfer from the General Fund.

In all other funds combined, these actions will result in a net increase in appropriations of \$802,838. The funding sources are available fund balance from Sheriff's Asset Forfeiture State Fund, Operating Transfer from the General Fund, Coastal Impact Assistance Program and available prior year Airport Enterprise Fund fund balance.

Business Impact Statement

N/A

Advisory Board Statement

N/A

Background

For the General Fund, the second quarter projection of year-end fund balance from current year operations is \$133.6 million. This projected one-time resource is a combination of anticipated year-end General Purpose Revenue (GPR) above budget by \$37.7 million along with a net positive variance of \$50.2 million from operations and a positive variance of \$45.7 million in unspent contingency and management reserves. The projected \$37.7 million in anticipated GPR is primarily due to better than expected property tax revenue resulting from an increase in assessed value (AV); interest income due to higher than anticipated interest distribution, higher average daily cash balance and a notable increase in the interest rate; an increase in former redevelopment project area tax increment pass-through revenues received from the cities of National City and Vista, as well as one time residual balances generated from the dissolution of

SUBJECT: FISCAL YEAR 2016–17 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

redevelopment agencies; and Flex-Plan Forfeitures revenue from the Department of Human Resources based on three prior years trend.

The projected balance for all other funds combined is \$24.8 million. Schedule A summarizes the fund balance projection by business group/agency and department. The Notes to Schedules A and B explain significant variances from budget by department. Schedule B shows the projected General Fund fund balance by business group/agency split between operating and reserve balances.

As shown in Schedule A, the General Fund year-end fund balance projection of \$133.6 million is based on the estimate that expenditures will be approximately \$167.0 million less than the Fiscal Year 2016–17 Amended Budget and revenues will be a net \$33.3 million less than the Fiscal Year 2016–17 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year-to-date changes that have been either approved by your Board or by the Deputy Chief Administrative Officer/Auditor and Controller, when permitted.

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

- \$63.2 million in positive salary and benefit appropriation variance in all groups/agency due to staff turnover and department management of vacancies.
- \$23.1 million in positive appropriation variance in Services & Supplies across the County in all groups/agency.
 - In PSG, projected overall positive variance of \$0.5 million is associated with overall reduced operational costs in Public Defender and in Public Safety Group Executive Office. A projected negative variance in the Sheriff’s Department is due to increased costs in Temporary Contract Help to offset vacancies in Detention Medical Services as well as medicines and pharmaceutical costs.
 - In HHSA, projected overall positive variance of \$13.2 million resulted mainly in Housing and Community Development Services due to multi-year projects, in Administrative Support for appropriations set-aside in case of emergency that are not anticipated to be spent, in Aging & Independence Services due to Community Based Care Transitions Program (CCTP) ending, in Behavioral Health Services and Self-Sufficiency Services due to various contracted services. A projected negative variance in Child Welfare Services is due to one-time facilities costs associated with the relocation from Levant Street facility and to improve and modernize existing facilities.
 - In LUEG, projected positive variance of \$1.7 million is largely in Environmental Health due to fewer than anticipated eligible grant applications submitted to the Vector Habitat Remediation Program and anticipated operational savings in Planning and Development Services. Projected negative variances in the Department of Parks and Recreation is due to additional Major Maintenance Improvement Projects, contracted services and fire suppression activities, in the Agriculture, Weights and Measures due to unanticipated major maintenance projects.

SUBJECT: FISCAL YEAR 2016–17 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

- In CSG, projected positive variance of \$0.2 million is in the Department of Animal Services due to less than anticipated costs for vehicle fuel, spay/neuter contract services, and facility management services.
- In FGG, projected positive variances of \$7.5 million is mainly due to delays in Restoration and Preservation projects and less than anticipated contracted services in Assessor/Recorder/County Clerk, projected savings in Information Technology projects in Finance and General Government Executive Office and due to projected savings in contracted services and workers compensation administration costs in Department of Human Resources.
- A projected net positive appropriation variance of \$35.0 million in Other Charges reflects primarily variances in HHSa and Finance Other. In HHSa, the positive variance of \$32.5 million is mainly the result of revised caseload levels and growth trends in California Work Opportunity and Responsibility to Kids (CalWORKs) benefits in Self-Sufficiency Services and in Child Welfare Services due to revised estimates of caseload levels and growth trends in foster care and adoptions assistance programs. In Finance Other, the projected positive variance of \$2.7 million is due to Tax and Revenue Anticipation Note (TRAN) borrowing costs that will not be incurred. A projected negative variance in PSG is due to the cost of medical support and care of persons in the detention facilities in the Sheriff's Department.
- A projected positive appropriation variance of \$1.6 million in Operating Transfers Out mainly due to reduced funding needs for In-Home Supportive Services (IHSS) Public Authority related to anticipated operational savings in the program with no impact to services.
- \$22.7 million positive appropriation variance in contingency reserves that are projected to be unspent at year-end.
- \$23.0 million positive appropriation variance in management reserves in HHSa (\$20.0 million) and in FGG (\$3.0 million) that are projected to be unspent at year-end.

The projected under realized revenue of \$33.3 million includes positive variances totaling \$30.9 million and negative variances of \$64.2 million. The projected positive revenue variance of \$30.9 million is expected in the following categories: Taxes Current Property (\$17.2 million) and Taxes Other Than Current Secured (\$3.6 million) due to increase in assessed value; Fines, Forfeitures & Penalties (\$3.5 million); Revenue From Use of Money & Property (\$3.4 million); Miscellaneous Revenues (\$3.0 million) and Licenses, Permits and Franchises (\$0.2 million). The projected negative variance is largely in Intergovernmental Revenue (\$55.6 million) as a result of expenditure savings in caseload-driven programs, multi-year projects and contracted services as mentioned above; in Charges For Current Services (\$6.0 million) mainly due to projected expenditure savings that will result in less cost recovery and project delays; and in Other Financing Sources (\$2.7 million).

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

Fiscal Year 2016–17 Budget Adjustments

The recommendations for budget adjustments are explained as follows:

SUBJECT: FISCAL YEAR 2016–17 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

Recommendations 2 & 3

These requests will transfer appropriations of \$225,000 from the Sheriff's Asset Forfeiture Fund to the Sheriff's Department. These funds will be used for investigative expenses.

Recommendation 4

This request will establish appropriations of \$30,000 in the Sheriff's Asset Forfeiture State Fund for various law enforcement activities including but not limited to support of community based programs based on over-realized revenue from State Asset Forfeiture disbursements.

Recommendation 5 - 7

These requests will establish appropriations of \$50,000 in the Sheriff's Department to purchase a vehicle based on unanticipated revenue from the Regional Communications System Trust Fund; transfer funds from the Sheriff's Department to the General Fund Contributions to Fleet ISF, and amend the Department of General Services (DGS) Fleet Services ISF for the purchase of a vehicle for remote desert sites. The DGS Fleet ISF facilitates the procurement, standardization, maintenance, and overall quality control of County vehicles.

Recommendation 8

On September 15, 2015 (3), the Board of Supervisors authorized the Office of Emergency Services to apply for and accept State Homeland Security Program Grants in subsequent years. This request will establish appropriations of \$2,905,724 in the Office of Emergency Services based on unanticipated revenue from the Fiscal Year 2016 State Homeland Security Program Grant from the U. S. Department of Homeland Security passed through the California Governor's Office of Emergency Services. This grant will fund the following: \$1,117,754 in Services and Supplies for equipment, training, and regional emergency planning exercises, \$67,666 in Fixed Assets for cargo trailers and sheltering equipment and \$1,720,304 in Contributions to Other Agencies related to contracts with local jurisdictions to enhance and strengthen regional emergency preparedness, response, and recovery.

Recommendations 9 & 10

These recommendations will cancel appropriations of \$34,541.21 and related Operating Transfer In from the General Fund in the Capital Multiple Species Conservation Program (MSCP) Acquisition Fund and transfer these appropriations to the Department of Parks and Recreation for one-time land protection costs including vegetation management, boundary survey, access and erosion control for Capital Project 1018733 Lusardi Fingal property. Because these land protection costs do not meet the capitalization threshold pursuant to County of San Diego Administrative Manual policy 0050-02-01, Control of Capital Assets and Minor Equipment, these recommendations are necessary to properly expense these costs outside of the capital program.

Recommendation 11

This recommendation will establish appropriations and revenue from the federal Coastal Impact Assistance Program (CIAP) in the Capital MSCP Acquisition Fund to properly record one-time land improvement costs related to Capital Project 1018648 Bottle Peak Land Improvement project. These costs exceed the capitalization threshold pursuant to County of San Diego

SUBJECT: FISCAL YEAR 2016-17 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

Administrative Manual policy 0050-02-01, Control of Capital Assets and Minor Equipment, and therefore should be expensed within the capital program.

Recommendation 12

This recommendation will amend the Fiscal Year 2016-17 Airport Enterprise Fund Spending Plan in the amount of \$650,000 for the Cajon Air Center Development Phase II Project based on prior year available Airport Enterprise Fund fund balance. Today's request will provide funds for the preparation of project design plans and environmental work for Phase II of Cajon Air Center. Total project cost for this phase is estimated at \$5,300,000. Completing the design plans will position the project for a Federal Aviation Administration grant that has become available since the adoption of the Fiscal Year 2016-17 Operational Plan. The Department of Public Works will return to the Board at a later date, as needed, for advertisement and award of a construction contract and to appropriate funds for project construction.

Recommendation 13

The Auditor & Controller may process necessary appropriation transfers between departmental objects that result in no increase to the total department budget. This authority is provided in the Government Code section 29125 (b). However, there are instances where appropriations are exceeded for ministerial reasons, and it is necessary to establish appropriations based on a revenue source or available fund balance. Pursuant to Government Code section 29125 (a), revisions to the adopted appropriations are allowed by a formal action from the Board of Supervisors. Approval of today's recommendation authorizing the Auditor & Controller to process appropriation adjustment under a \$100 threshold per adjustment will result in increased efficiency.

Linkage to the County of San Diego Strategic Plan

Today's proposed actions support the Strategic Initiatives of Healthy Families, Safe Communities, Sustainable Environments and Operational Excellence in the County of San Diego's 2017-2022 Strategic Plan by fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

Schedule A

Schedule B

Notes to Schedules A and B

SUBJECT: FISCAL YEAR 2016–17 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

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 13, 2016 (26), Fiscal Year 2016-17 First Quarter Operational Plan Status Report and Budget Adjustment
August 2, 2016 (15), County of San Diego Fiscal Year 2016-17 Adopted Budget Resolution for County Family of Funds, Enterprise Funds and Internal Service Funds, and Prior Year Encumbrances

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

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

N/A

ORIGINATING DEPARTMENT: Finance & General Government Group

OTHER CONCURRENCES(S): N/A

CONTACT PERSON(S):

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**FY 2016-2017 2nd Quarter
Projected Year-End Results**

(in thousands)

COUNTY SUMMARY

	Expenditure Variance		Revenue Variance		2nd Quarter FY16-17 Projected Fund Balance
	Favorable/(Unfavorable)				
General Fund					
Public Safety	\$ 27,649		\$ (7,972)		\$ 19,677
Health & Human Services Agency	89,851		(54,717)		35,134
Land Use & Environment	9,006		(6,414)		2,593
Community Services	362		1,204		1,566
Finance & General Government	14,739		(3,253)		11,486
Total Agency/Group	141,607		(71,151)		70,456
General Purpose Revenue	0		37,664		37,664
Finance Other	25,375		144		25,518
Total General Fund	\$ 166,982		\$ (33,344)		\$ 133,638
Special Revenue Funds					
Public Safety	\$ 6,635		\$ (1,459)		\$ 5,176
Health & Human Services Agency	105		100		205
Land Use & Environment	5,604		491		6,096
Community Services	1,518		(326)		1,192
Total Special Revenue Funds	\$ 13,863		\$ (1,194)		\$ 12,669
Capital Program					
Finance Other	\$ 247		\$ (203)		\$ 45
Internal Service Funds Departments					
Land Use & Environment	\$ 329		\$ (29)		\$ 301
Community Services	25,790		(24,046)		1,744
Finance & General Government	0		0		0
Finance Other	(5,000)		5,000		0
Total Internal Service Funds	\$ 21,119		\$ (19,075)		\$ 2,044
Enterprise Fund Departments					
Land Use & Environment	\$ 2,130		\$ (1,367)		\$ 762
Sheriff	7		7		14
Total Enterprise Funds	\$ 2,136		\$ (1,360)		\$ 777
Special District Funds Departments					
Public Safety Group	\$ 6		\$ (6)		\$ 0
Health & Human Services Agency	826		(81)		745
Land Use & Environment	9,012		(647)		8,365
Total Special District Funds	\$ 9,844		\$ (734)		\$ 9,110
Other County Funds Departments					
Community Svcs. - Red./Redev. Successor Agency	\$ 0		\$ 0		\$ 0
HHSA - Housing & Community Development	55		(43)		12
Total Other County Funds	\$ 55		\$ (43)		\$ 12
Debt Service - Pension Obligation Bonds	\$ 46		\$ 90		\$ 136
Total County Projected Operating Balance	\$ 214,293		\$ (55,863)		\$ 158,430

**FY 2016-2017 2nd Quarter
Projected Year-End Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Child Support	\$ 5,512	\$ (2,196)	\$ 3,317
District Attorney	8,541	(1,650)	6,891
Emergency Services	374	0	374
Law Enforcement Review Board	53	0	53
Medical Examiner	223	0	223
Probation	1,558	(1,278)	280
Public Defender	2,149	(1,956)	193
Public Safety Executive Office	889	(285)	604
San Diego County Fire Authority	361	0	361
Sheriff	7,987	(607)	7,380
Total General Fund	\$ 27,649	\$ (7,972)	\$ 19,677

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	\$ 0
Probation - Asset Forfeiture	0	1	1
Probation - Inmate Welfare Program	0	3	3
Sheriff - Asset Forfeiture	0	119	119
Sheriff - Inmate Welfare Program	585	2,752	3,337
Criminal Justice Facility	2,876	(1,199)	1,677
Courthouse	0	40	40
Penalty Assessment	1,239	(1,239)	0
Public Safety - Proposition 172	1,936	(1,936)	0
Total Special Revenue Funds	\$ 6,635	\$ (1,459)	\$ 5,176

Enterprise Funds

Sheriff	\$ 7	\$ 7	\$ 14
Total Enterprise Funds	\$ 7	\$ 7	\$ 14

Special District Funds

Sheriff (Regional 800 MHz)	\$ 6	\$ (6)	\$ 0
County Service Area	0	0	0
Total Special District Funds	\$ 6	\$ (6)	\$ 0

Total Public Safety Group

Total Public Safety Group	\$ 34,297	\$ (9,430)	\$ 24,868
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**FY 2016-2017 2nd Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

	Expenditure Variance		Revenue Variance		2nd Quarter FY16-17 Projected Fund Balance
	Favorable/(Unfavorable)				
General Fund Programs					
Administrative Support	\$ 24,589		\$ (4,160)		\$ 20,428
Regional Operations	0		0		0
Aging & Independence Services	8,022		(6,902)		1,121
Behavioral Health Services	5,954		(5,102)		852
Child Welfare Services	9,432		(2,478)		6,955
Public Health Services	9,127		(3,452)		5,676
Self-Sufficiency Services	25,341		(25,239)		102
Housing & Community Development Services	7,385		(7,385)		0
Total General Fund	\$ 89,851		\$ (54,717)		\$ 35,134
Special Revenue Funds					
Tobacco Securitization Fund	\$ 105		\$ 100		\$ 205
Total Special Revenue Funds	\$ 105		\$ 100		\$ 205
Special District Funds Departments					
Ambulance Districts	\$ 826		\$ (81)		\$ 745
Total Special Districts Funds	\$ 826		\$ (81)		\$ 745
Other County Funds Departments					
Housing & Community Development	\$ 55		\$ (43)		\$ 12
Total Other County Funds Departments	\$ 55		\$ (43)		\$ 12
Total Health & Human Services Agency	\$ 90,837		\$ (54,742)		\$ 36,095

**FY 2016-2017 2nd Quarter
Projected Year-End Results**
(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 769	\$ (367)	\$ 401
Environmental Health	3,243	(2,175)	1,068
Land Use & Environment Group Exec Office	0	0	0
Parks & Recreation	29	2	30
Planning & Development Services	4,465	(3,702)	763
Public Works	500	(171)	330
Total General Fund	\$ 9,006	\$ (6,414)	\$ 2,593

Special Revenue Funds Departments

A, W & M (Grazing and Fish & Game Commission)	\$ 0	\$ 0	\$ 0
Parks & Recreation - PLDF	21	2,180	2,201
DPW - Aviation Funds	0	0	0
DPW - Road Fund	4,682	(788)	3,895
DPW - Inactive Waste	901	(901)	0
DPW - Waste Planning and Recycling	0	0	0
Total Special Revenue Funds	\$ 5,604	\$ 491	\$ 6,096

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	\$ 329	\$ (29)	\$ 301
Total Internal Service Funds	\$ 329	\$ (29)	\$ 301

Enterprise Funds Departments

Airport Enterprise Fund	\$ 1,513	\$ (788)	\$ 725
Wastewater Management Enterprise Fund	616	(579)	37
Total Enterprise Funds	\$ 2,130	\$ (1,367)	\$ 762

Special District Funds Departments

Air Pollution Control District	\$ 2,347	\$ (1,033)	\$ 1,314
Parks and Recreation	160	70	231
DPW - SD County Sanitation District	1,373	(628)	745
DPW - Campo Water Sewer Maint District	11	12	23
DPW - CSAs	1	1	2
DPW - PRDs	4,858	0	4,858
DPW - Community Facilities Districts	0	0	0
DPW - Flood Control	221	36	257
DPW - Street Lighting Districts	40	895	935
Total Special Districts Funds	\$ 9,012	\$ (647)	\$ 8,365

Total Land Use & Environment Group

Total Land Use & Environment Group	\$ 26,081	\$ (7,965)	\$ 18,117
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**FY 2016-2017 2nd Quarter
Projected Year-End Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 362	\$ (253)	\$ 108
Community Services Group Exec Office	0	0	0
General Services	0	0	0
Purchasing & Contracting	0	0	0
Library Services	0	0	0
Registrar of Voters	0	1,458	1,458
Total General Fund	\$ 362	\$ 1,204	\$ 1,566

Special Revenue Funds Departments

Library Services	\$ 1,518	\$ (326)	\$ 1,192
Total Special Revenue Funds	\$ 1,518	\$ (326)	\$ 1,192

Internal Service Funds Departments

Facilities Management	\$ 8,016	\$ (7,516)	\$ 501
Major Maintenance ISF	9,335	(9,335)	0
Fleet Management	7,920	(7,803)	118
Purchasing & Contracting	518	607	1,125
Total Internal Service Funds	\$ 25,790	\$ (24,046)	\$ 1,744

Other County Funds Departments

Red. Agency/Redevelopment Successor Agency	\$ 0	\$ 0	\$ 0
Total Other County Funds Departments	\$ 0	\$ 0	\$ 0

Total Community Services Group	\$ 27,670	\$ (23,168)	\$ 4,502
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**FY 2016-2017 2nd Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 5,028	\$ (2,494)	\$ 2,534
Auditor & Controller	1,086	(27)	1,059
Board of Supervisors	127	0	127
Chief Administrative Office	330	0	330
Civil Service Commission	55	0	55
Clerk of the Board of Supervisors	35	142	177
County Communications Office	104	0	104
County Counsel	230	(48)	182
County Technology Office	0	0	0
Finance & GG Exec Office	5,400	0	5,400
Grand Jury	79	1	80
Human Resources	1,670	(267)	1,403
Treasurer-Tax Collector	596	(560)	36
Total General Fund	\$ 14,739	\$ (3,253)	\$ 11,486

Internal Service Funds Departments

CTO - Information Technology	\$ 0	\$ 0	\$ 0
Total Internal Service Funds	\$ 0	\$ 0	\$ 0

**Total Finance & General
Government Group**

Total Finance & General Government Group	\$ 14,739	\$ (3,253)	\$ 11,486
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**FY 2016-2017 2nd Quarter
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	2nd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Purpose Revenue:

All Current Property Taxes	\$	17,197	\$	17,197
All Other Taxes-Local		3,588		3,588
Licenses, Permits & Franchises		0		0
Fines, Forfeitures & Penalties		3,776		3,776
Revenue for Use of Money & Property		3,778		3,778
Intergovernmental Revenue		7,825		7,825
Charges for Current Services		0		0
Miscellaneous Revenue		1,500		1,500

Total General Purpose Revenue	\$	0	\$	37,664	\$	37,664
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General County Expenses:

Cash Borrowing Program	\$	2,700	\$	0	\$	2,700
Community Enhancement		0		0		0
Contingency Reserve		22,675		0		22,675
Contributions to the Capital Outlay Fund		0		144		144
Contributions to the County Library		0		0		0
Lease Payments - Bonds		0		0		0
Local Agency Formation Comm Admin		0		0		0
Neighborhood Reinvestment Program		0		0		0
Countywide Expenses		0		0		0
Total Finance Other Expenses		25,375		144		25,518

Total General Fund	\$	25,375	\$	37,807	\$	63,182
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Capital Program Funds

Capital Program	\$	247	\$	(203)	\$	45
Total Capital Program Funds	\$	247	\$	(203)	\$	45

Internal Service Funds Departments

Workers Compensation	\$	0	\$	0	\$	0
Unemployment Insurance		0		0		0
Public Liability		(5,000)		5,000		0
Total ISF Funds	\$	(5,000)	\$	5,000	\$	0

Debt Service Funds Departments

Pension Obligation Bonds	\$	46	\$	90	\$	136
Total Debt Service Funds	\$	46	\$	90	\$	136

**Total General Purpose Revenue & Finance
Other**

	\$	20,668	\$	42,694	\$	63,363
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**FY 2016-2017 2nd Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	2nd Quarter FY16-17 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 19,677	\$ 19,677
Health and Human Services Agency	20,000	15,134	35,134
Land Use and Environment	0	2,593	2,593
Community Services	0	1,566	1,566
Finance & General Government	3,000	8,486	11,486
Agency/Group Totals	\$ 23,000	\$ 47,456	\$ 70,456
General Purpose Revenue	\$ 0	\$ 37,664	\$ 37,664
General County Expenses	0	2,844	2,844
Contingency Reserve	22,675	0	22,675
Total Gen'l. Purpose Rev. & Gen'l. County Exp.	\$ 22,675	\$ 40,507	\$ 63,182
Total General Fund	\$ 45,675	\$ 87,963	\$ 133,638

**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2016-17 2nd Quarter**

GENERAL NOTES

Projected Fund Balance

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

Contingency Reserve and Management Reserves

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

Variance Reporting

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

PUBLIC SAFETY GROUP

General Fund

Department of Child Support Services

A positive variance of \$3.3 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$5.5 million is projected due to \$7.0 million in Salaries & Benefits from vacant and modified positions, offset by \$1.5 million in lower than expected operational expenses in Expenditure Transfer & Reimbursements due to lower than expected operational expenses in the in the Bureau of Public Assistance Investigation.

A negative revenue variance of \$2.2 million is projected in Intergovernmental Revenues primarily due to lower State and federal expenditure claims resulting from lower than expected Salaries & Benefits noted above.

Contributions for Trial Courts

A zero variance is projected in Contributions for Trial Courts.

A positive expenditure variance of \$0.4 million is projected. This positive variance is primarily due to \$0.4 million 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 net negative revenue variance of \$0.4 million is projected. This negative variance is primarily due to less than anticipated receipts of \$0.6 million in Charges for Current Services in traffic school fees offset by increase of \$0.2 million in Fines, Forfeitures and Penalties associated with Trial Court fines. Overall economic conditions continue to impact revenue received by the County to support the statutory payments from Contributions for Trial Courts.

District Attorney

A positive variance of \$6.9 million is projected for the District Attorney's Office.

A positive expenditure variance of \$8.5 million is projected. This positive variance is in Salaries & Benefits due to normal attrition, and vacant and modified positions.

A negative revenue variance of \$1.6 million is projected in Intergovernmental Revenues due to reductions in federal funding for the Southwest Border Prosecution Initiative.

Probation

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

A positive expenditure variance of \$1.6 million is projected. A positive variance of \$2.2 million is projected in Salaries & Benefits primarily due to normal attrition, vacant and modified positions. A negative variance of \$0.6 million is projected in Expenditure Transfers & Reimbursements due to change in Medi-Cal reimbursement methodology.

A negative revenue variance of \$1.3 million is projected. A negative variance of \$0.5 million is projected in Intergovernmental Revenue for the National School Breakfast and Lunch funding primarily due to declining youth populations. A negative variance of \$0.6 million is projected in Charges for Current Services primarily due to less than anticipated collections of fines and fees in Other Court Costs (\$0.2 million), Institutional Care fees (\$0.3 million) and miscellaneous other revenues. A negative variance of \$0.1 million is projected in Other Financing Sources due to decreased collections in Penalty Assessment revenue.

Public Defender

A positive variance of \$0.2 million is projected for the Public Defender.

A positive expenditure variance of \$2.2 million is projected. This is comprised of \$1.1 million in Salaries & Benefits due to vacant and modified positions and a \$1.1 million anticipated savings in Services & Supplies due to overall efforts to reduce expenditures.

A negative revenue variance of \$2.0 million is projected due to a \$1.0 million reduction in Intergovernmental Revenues in federal funding for the Southwest Border Prosecution Initiative and a \$1.0 million reduction in Miscellaneous Revenues due to a decrease in capital case reimbursements.

Public Safety Group Executive Office

A positive variance of \$0.6 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$0.5 million is projected. This positive variance is primarily due to \$0.2 million in Salaries & Benefits and \$0.3 million in Services & Supplies related to contracted services and other special departmental expenses.

A positive revenue variance of \$0.1 million is projected. This positive variance in Miscellaneous Revenues is primarily due to over realized revenue of \$0.1 million for Trial Court Enhanced Collections with the Superior Court.

Sheriff

A positive variance of \$7.4 million is projected for the Sheriff's Department.

A net positive expenditure variance of \$8.0 million is projected. Salaries & Benefits are projected to be \$10.1 million under budget due to vacant positions. A negative expenditure variance of \$0.9 million is projected in Services & Supplies primarily due to temporary Contract Help as well as medicines and pharmaceutical costs. Other Charges is projected to be \$0.7 million over budget due to the cost of medical support and care of persons in the detention facilities. A negative expenditure variance of \$0.1 million is projected in Capital Assets Equipment due to higher communication equipment costs. A negative expenditure variance of \$0.4 million is projected in Expenditure Transfer & Reimbursements due to lower Salaries & Benefits costs related to reimbursements from the Health and Human Services Agency.

A net negative revenue variance of \$0.6 million is projected. A negative variance of \$0.2 million is projected in Fines, Forfeitures & Penalties due to decreased planned expenditures in the Cal-ID program. A negative variance of \$2.7 million is projected in Other Financing Sources due to decreased collections in Penalty Assessment revenue. These negative variances are partially offset by a positive variance of \$2.3 million in Charges for Current Services primarily due to over-realized revenue in State funds allocated to the Trial Court Security Subaccount based on prior year growth, Jail Bed Leasing and Law Enforcement Services.

Special Revenue Funds

Criminal Justice Facility Construction Fund

A positive variance of \$1.7 million is projected for the Criminal Justice Facility Construction Fund.

A positive expenditure variance of \$2.9 million is projected in Operating Transfers Out due to lower than anticipated transfers to the General Fund department.

A negative revenue variance of \$1.2 million is projected in Other Financing Sources due to decreasing collections in Penalty Assessment revenue.

Penalty Assessment Fund

A zero variance is projected in the Penalty Assessment Fund.

A positive expenditure variance of \$1.2 million is projected in Operating Transfers Out due to lower amount to be transferred to Criminal Justice Facility Construction Fund related to lower revenue collections.

A negative revenue variance of \$1.2 million is due to decreasing Fines, Forfeitures & Penalties collections.

Proposition 172 Fund

A zero variance is projected in the Proposition 172 Special Revenue Fund.

A positive expenditure variance of \$1.9 million is projected in Services & Supplies due to lower amount to be transferred to the General Fund departments related to anticipated lower receipts discussed below.

A negative revenue variance of \$1.9 million in Intergovernmental Revenues is due to the combination of Fiscal Year 2015-16 actual revenue receipts being lower than the budget estimate and lower sales tax receipts resulting from the present economic conditions.

Sheriff's Inmate Welfare Fund

A positive variance of \$3.3 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$0.6 million is projected. A positive variance of \$0.6 million is projected in Services & Supplies primarily due to lower costs in educational services and subscriptions.

A positive revenue variance of \$2.7 million is projected. The projected positive variance is primarily in Revenue From Use of Money & Property due to higher than anticipated Rents and Concession revenue related to the uncertainty of the Federal Communications Commission ruling impact on commissions for inmate phone services.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

General Fund

Administrative Support

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

A positive variance of \$20.4 million is projected for Administrative Support.

A positive expenditure variance of \$24.6 million includes \$0.8 million savings in Salaries & Benefits due to attrition and vacant positions, \$3.8 million in Services & Supplies and a projected year-end balance of \$20.0 million in Management Reserves held for operating contingencies during the year. The \$3.8 million positive variance in Services & Supplies is primarily attributable to \$8.0 million in appropriations set aside in case of an emergency, such as bioterrorism or other health crises, that are not anticipated to be spent offset by \$3.3 million Intergovernmental Transfer payment for the Whole Person Wellness project and \$0.9 million primarily for one-time facilities costs.

A negative revenue variance of \$4.2 million includes \$3.7 million in Intergovernmental Revenue and \$0.5 million in Charges for Current Services due to decreased First Five program revenue. The negative variance of \$3.7 million in Intergovernmental Revenue includes \$8.0 million in under-realized unsecuritized tobacco settlement revenue that is not projected to be recognized as it is a reserve for contingencies, partially offset by \$3.3 million in new funding from the Department of Health Care Services to fund the Whole Person Wellness project and an increase of \$1.0 million in various federal and State revenue due to redistribution within the Agency.

Aging & Independence Services

A positive variance of \$1.1 million is projected for Aging & Independence Services (AIS).

A positive expenditure variance of \$8.0 million includes \$2.6 million in Salaries & Benefits due to attrition and vacant positions, \$3.8 million in Services & Supplies and \$1.6 million in Operating Transfers Out due to reduced funding needs for In-Home Supportive Services (IHSS) Public Authority related to anticipated operational savings in the program, with no impact to services. The positive variance of \$3.8 million in Services & Supplies includes savings of \$3.1 million primarily in Community Based Care Transitions Program (CCTP) due to the program ending on January 31, 2017, \$0.4 million primarily in temporary help contracts, and \$0.3 million in various information technology (IT) expenses.

A negative revenue variance of \$6.9 million includes \$0.1 million in Fines, Forfeitures & Penalties due to decreased revenue from disabled parking violation fines and \$6.8 million in Intergovernmental Revenues. The \$6.8 million in under-realized Intergovernmental Revenues consists of \$4.0 million decreased revenue for CCTP, \$1.2 million for IHSS Public Authority and \$2.2 million in federal and State IHSS administrative funding due to vacant positions, partially offset by increases of \$0.6 million in various Older Americans Act revenues.

Behavioral Health Services

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

A positive variance of \$0.9 million is projected for Behavioral Health Services (BHS).

A positive expenditure variance of \$6.0 million includes \$2.9 million in Salaries & Benefits due to vacant positions, \$1.1 million in Services & Supplies, \$1.1 million in Other Charges due to a decrease in utilization of State Hospital beds, and \$0.9 million in Expenditure Transfer & Reimbursements associated with AB 109 costs provided through a MOU to the Probation Department. The projected \$1.1 million positive variance in Service & Supplies includes a positive variance of \$8.0 million in contracted services associated with various mental health and alcohol and drug treatment programs primarily due to procurement delays, offset by a negative variance of \$4.2 million in Temporary Contracted services due to a rate increase and a delay in the Medical Services Group contract execution date causing increased need for temporary staff in the San Diego Psychiatric Hospital, and \$2.0 million in Institutional Services mainly due to Managed Care increase in Out-of-Network services and Managed Care offset rate increase and \$0.7 million primarily due to IT projects.

A negative revenue variance of \$5.1 million includes a negative variance of \$8.3 million in Intergovernmental Revenues, offset by a positive variance of \$2.5 million in Charges for Current Services due to a higher Medi-Cal rate received for the Edgemoor Distinct Part Skilled Nursing Facility and \$0.7 million in Miscellaneous Revenues mainly due to recoupment of prior year contractor overpayments. The \$8.3 million negative variance in Intergovernmental Revenues is due to savings in federal and State Mental Health funding to align to anticipated spending for inpatient and outpatient contracted and County-provided mental health and substance abuse services.

County Child Welfare Services

A positive variance of \$7.0 million is projected for County Child Welfare Services.

A positive expenditure variance of \$9.5 million includes a positive variance of \$2.8 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$3.7 million in Services & Supplies, and a positive variance of \$10.4 million in Other Charges primarily due to revised estimates of caseload levels and growth trends in foster care and adoptions assistance programs. The negative variance of \$3.7 million in

Services & Supplies consists of a positive variance of \$3.6 million in contracted services associated with the Developmental Screening Enhancement Program (DSEP), Wraparound Program, Adoption Support Services Program and Transitional Housing Program (THP), offset by a negative variance of \$7.3 million for one-time facilities costs associated with the relocation of Child Welfare Services from the Levant Street facility and to improve and modernize existing facilities.

A negative revenue variance of \$2.5 million includes \$0.2 million in Revenue From Use of Money & Property for Rents and Concessions, \$2.2 million in Intergovernmental revenues, and \$0.2 million in Charges for Current Services due to a lower collection estimate for adoption fees, partially offset by \$0.1 million in Miscellaneous Revenues mainly due to recoupment of contractor overpayments tied to prior year adjustments. The decrease of \$2.2 million in Intergovernmental Revenues is associated with the decrease in foster care and adoptions assistance payment revenues and decrease in Salaries & Benefits expenditures noted above.

Housing and Community Development Services

Housing and Community Development Services (HCDS) consists of the following: HCDS Operations Administration, and HCDS Multi-Year Projects.

No variance is projected for HCDS.

The positive expenditure variance of \$7.4 million includes \$0.4 million in Salaries & Benefits due to attrition and vacant positions, \$6.4 million in Services & Supplies and \$0.6 million in Other Charges primarily due to community development and affordable housing project implementation overlap across fiscal years in HCDS Multi-Year Projects. The \$6.4 million positive variance in Services & Supplies consists of \$6.0 million in HCDS Multi-Year Projects as noted above and \$0.4 million in deferred IT projects.

The negative revenue variance of \$7.4 million includes a negative variance of \$7.9 million in Intergovernmental Revenues related to savings as noted above, resulting in decreased federal revenue offset by a positive variance of \$0.5 million in Miscellaneous Revenues due to unanticipated HOME Program Income based on loan repayments.

Public Health Services

A positive variance of \$5.7 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$9.1 million includes \$6.8 million in Salaries & Benefits due to attrition and vacant positions, \$0.3 million in Services & Supplies and \$2.0 million in Other Charges due to revised caseload projection for California Children's Services (CCS). The \$0.3 million savings in Services & Supplies includes \$0.6 million savings in contract costs offset by a negative variance of \$0.3 million in

various non-contract services and supplies. The \$0.6 million positive variance in contracts is primarily due to \$1.8 million in Ryan White/Minority AIDS Initiative and HIV funded contracts due to delays and contract savings associated with the Affordable Care Act (ACA), \$0.3 million in AIDS Drug Assistance Program (ADAP) with the State paying enrollment fees directly to enrollment sites, \$0.2 million in additional IT-related contract savings due to project delays offset by a negative variance of \$1.3 million in Preventative Health programs and \$0.4 million in Nutrition Education Obesity Prevention (NEOP) programs.

A negative revenue variance of \$3.4 million includes \$3.0 million in Intergovernmental Revenues, \$0.3 million in Charges for Current Services due to a later than anticipated start in the First Five Lactation project, and \$0.1 million in Miscellaneous Revenues due to Emergency Medical Services staff vacancies resulting in less revenue realized from the CSA trust fund. The \$3.0 million in under-realized Intergovernmental Revenues consists of \$2.0 million in Health Realignment attributed to salary savings, \$1.8 million in Ryan White/Minority AIDS Initiative and HIV grants due to contract delays and savings associated with ACA, \$0.5 million in CCS revenue due to reduced expenditures noted above, \$0.3 million in unanticipated AIDS Drug Assistance Program (ADAP) revenue loss due to the State paying enrollment fees directly to enrollment sites and \$0.1 million in Medical Administration Revenue offset by a \$1.3 million increase in the Preventative Health grant and \$0.4 million for NEOP.

Self-Sufficiency Services

A positive variance of \$0.1 million is projected for Self-Sufficiency Services.

A positive expenditure variance of \$25.3 million includes positive variances of \$5.5 million in Salaries & Benefits due to attrition and vacant positions, \$1.4 million in Services & Supplies for operating costs in the California Work Opportunity and Responsibility to Kids (CalWORKs) program, and \$18.4 million in Other Charges primarily due to revised estimates of caseload levels and growth trends in CalWORKs benefits.

A negative revenue variance of \$25.2 million includes a negative variance of \$26.4 million in Intergovernmental Revenues, partially offset by a positive variance of \$1.2 million in Miscellaneous Revenues mainly due to recoupment of payments in CalFresh, General Relief, and contracted services tied to prior year adjustments. The negative variance of \$26.4 million in Intergovernmental Revenues consists of a negative variance of \$29.6 million in revenue related to assistance payments due to revised caseload projections, partially offset by positive variances of \$3.2 million in over-realized social services administrative revenues.

Special Districts Funds

Ambulance Districts

There is a positive variance of \$0.7 million for Ambulance Districts.

A positive expenditure variance of \$0.8 million is related to decreased expenditures in Services & Supplies for contracted services due to projected ambulance service level need.

A negative revenue variance of \$0.1 million is due to a decrease in the collections rate for ambulance services.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights and Measures (AWM)

A positive variance of \$0.4 million is projected for the Department of Agriculture, Weights and Measures, including the University of California Cooperative Extension.

A positive expenditure variance of \$0.8 million is projected. Savings of \$0.5 million in Salaries & Benefits is primarily due to staff vacancies and under-filled positions. A positive variance of \$0.5 million in Expenditure Transfer & Reimbursements is projected due to Cost Applied in General Fund related to Integrated Pest Control and Pesticide Regulation Program charges to other General Fund departments. This is offset by a negative expenditure variance of \$0.2 million in various Services & Supplies accounts.

A negative revenue variance of \$0.4 million is projected. This is primarily due to a projected revenue shortfall in the Integrated Pest Control and Pesticide Regulation Program related to the cost applied revenue recorded as intrafund transfers and realized in Expenditure Transfer & Reimbursements, as noted above.

Environmental Health (DEH)

A positive variance of \$1.1 million is projected for the Department of Environmental Health.

A positive expenditure variance of \$3.2 million is projected. Projected savings of \$1.3 million in Salaries & Benefits is related to vacancies and under-filled positions. Projected savings of \$1.9 million in Services & Supplies includes \$1.7 million in the Vector Control Program mostly due to fewer than anticipated eligible grant applications submitted to the Vector Habitat Remediation Program, and \$0.2 million savings in various accounts primarily due to lower than expected operational expenses.

A negative revenue variance of \$2.2 million is projected. This variance consists of over-realized revenue of \$0.3 million in Licenses, Permits & Franchises, related to Hazardous Materials and Food and Housing Permit fees which include the cost of external overhead that is not part of budgeted revenue. This is offset by a shortfall of \$2.5 million in Charges for Current Services, including \$1.7 million from the Vector Control Trust Fund which is directly related to Services & Supplies savings because revenue is only drawn for actual costs incurred; and a shortfall of \$0.3 million in the

Local Oversight Program (LOP), and \$0.5 million spread over miscellaneous programs, both primarily associated with Salaries & Benefits and Services & Supplies savings.

Department of Parks and Recreation

No significant variance is projected for the Department of Parks and Recreation.

No significant expenditure variance is projected. A net positive variance of \$0.5 million in Salaries & Benefits is due to vacant and under-filled positions. This is offset by a negative variance of \$0.5 million in Services & Supplies due to the funding of additional Major Maintenance Improvement Projects, Professional and Specialized and Contracted Services for consultants and fire suppression activities.

No significant revenue variance is projected.

Planning and Development Services (PDS)

A positive variance of \$0.8 million is projected for the Department of Planning and Development Services.

A positive expenditure variance of \$4.5 million is projected. Savings of \$4.1 million is projected in Salaries & Benefits primarily due to staff vacancies and under-filled positions. Savings of \$0.3 million in Services & Supplies is due to savings in various expenditure accounts, savings of \$0.1 million in Expenditure Transfer & Reimbursements is projected due to Cost Applied in General Fund related to services provided to other General Fund departments by land planning programs.

A negative revenue variance of \$3.7 million is projected. A projected negative variance of \$3.7 million in Charges for Current Services is mainly due to staff vacancies to provide the service to property owners.

Public Works (General Fund)

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

A positive expenditure variance of \$0.5 million is projected. A positive variance of \$0.4 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$0.1 million in Services & Supplies is due to lower than anticipated costs in Application Services for information technology.

A negative revenue variance of \$0.2 million is projected. Under-realized revenue of \$0.4 million in Charges for Current Services is projected due to the transfer of inspection and enforcement responsibilities to the Flood Control program and less service to property owners due to a staff vacancy. Over-realized revenue of \$0.2 million in Intergovernmental Revenues is projected due to \$0.5 million in unanticipated grant revenue from the State Water Resource Control Board (SWRCB) for the Proposition 1 Stormwater Resource Plan and accelerated reimbursement from the Proposition 84 Santa Margarita II grant, which is offset by \$0.3 million of under-realized revenue from co-permittees due to project schedule revisions.

Special Revenue Funds

Public Works - Road Fund

A positive variance of \$3.9 million is projected for the Road Fund.

A positive expenditure variance of \$4.7 million is projected. A positive variance of \$2.3 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$1.5 million in Services & Supplies is projected due to savings from construction bids and consultant contracts (\$1.0 million); a reduced need for professional services for developer projects (\$0.2 million); and construction contracts for various bridge projects, which will not be awarded until Fiscal Year 2017-18 and will be re-budgeted in the CAO Recommended Operational Plan Fiscal Year 2017-18 (\$1.1 million), which is partially offset by \$0.8 million in additional cost in public liability insurance. A positive variance of \$0.9 million in Other Charges is projected due to right-of-way schedule revisions for Cole Grade Road which will be re-budgeted in the CAO Recommended Operational Plan Fiscal Year 2017-18.

A negative revenue variance of \$0.8 million is projected. Under-realized revenue of \$1.7 million is projected in Taxes Other Than Current Secured primarily due to \$1.2 million reduced TransNet revenues due to utility reimbursements received from change orders for San Vicente Road and \$0.5 million due to schedule revisions of some TransNet projects. Under-realized revenue of \$0.3 million is projected in Charges for Current Services primarily due to \$1.2 million in under-realized revenues from services to property owners, developer payments for consultant charges and less work for the General Fund, Liquid Waste Enterprise, Airport Enterprise Fund and Survey Remonument Fund, which is partially offset by \$0.9 million over-realized revenues from utility reimbursements for San Vicente Road. Over-realized revenue of \$0.5 million is projected in Licenses, Permits & Franchises due to higher than anticipated franchise fees from San Diego Gas & Electric (SDG&E); of \$0.2 million in Revenue from Use of Money & Property due to higher than anticipated interest earned; of \$0.2 million in Intergovernmental Revenues due to \$2.0 million in unanticipated Highway Users Tax Account revenue from increased gas tax allocations and \$0.1 million in unanticipated revenues from Indian Gaming grants, which is partially offset by \$1.9 million under-realized grant revenues due to project schedule revisions in various federal projects; and of \$0.3 million in Miscellaneous Revenues from unanticipated tribal funding from Jamul Indian Village and reimbursement of prior year costs for Dehesa Harbison Canyon.

Public Works – Inactive Waste

No overall variance is projected for the Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.9 million is projected. Savings of \$0.9 million in Services & Supplies is due to decreased state regulatory permit fees and lower than anticipated costs for non-routine groundwater services.

A negative revenue variance of \$0.9 million is projected. Under-realized revenue of \$0.9 million in Charges for Current Services is due to \$0.9 million less money being transferred from the Environmental Trust Fund to the Inactive Waste Fund. Funds are transferred from the Environmental Trust Fund to the Inactive Waste Fund on a quarterly basis for operations as needed, in order to maximize interest earnings in the Environmental Trust Fund.

Park Land Dedication Ordinance

A positive variance of \$2.2 million is projected for the Park Land Dedication Ordinance.

No significant expenditure variance is projected.

A positive revenue variance of \$2.2 million is projected. This variance consists of \$2.1 million over-realized revenue in Licenses Permits & Franchises due to unanticipated revenue from Park Land Dedication fees and \$0.1 million over-realized revenue in Revenue From Use of Money & Property due to unanticipated revenue from Interest on Deposits and Investments.

Special District Funds

Air Pollution Control District

A positive variance of \$1.3 million is projected for the Air Pollution Control District.

A positive expenditure variance of \$2.3 million is projected. A positive variance of \$2.2 million in Salaries & Benefits is due to vacant and under-filled positions and \$0.1 million in Capital Asset Equipment is due to delay in vehicle purchases.

A negative revenue variance of \$1.0 million is projected. A negative variance of \$1.2 million in Licenses, Permits & Franchises fees is primarily associated with salary and benefit savings noted above. This is partially offset by \$0.2 million in Charges for Current Service due increased work related to applications. A negative variance of \$0.5 million in Intergovernmental Revenues is associated with a lower than anticipated level of grant funding in the Air Quality State Moyer Fund, offset by over-realized revenues of \$0.5 million in Fines, Forfeitures & Penalties (\$0.4 million), and Revenue From Use of Money & Property (\$0.1 million).

Street Lighting District

A positive variance of \$0.9 million is projected in the Street Lighting District.

No significant expenditure variance is projected.

A positive revenue variance of \$0.9 million is projected due to an increase in property tax revenues of \$0.1 million and an increase in Service to Property Owners of \$0.8 million as a result of a benefit assessment increase to cover increased street lighting costs and services, as approved by the Board on August 3, 2016 (4).

San Diego County Sanitation District

A positive variance of \$0.7 million is projected in the San Diego County Sanitation District.

A positive expenditure variance of \$1.3 million is projected. Savings of \$1.3 million in Services & Supplies is due to \$0.6 million from staff vacancies and under-filled positions in the Wastewater Enterprise Fund, which provides staffing for the Sanitation District, and \$0.7 million from consultant contracts due to less work needed for developers.

A negative revenue variance of \$0.6 million is projected. Under-realized revenue of \$0.7 million in Charges for Current Services is mainly due to less work needed for developers and in Other Government agency revenue from rescheduling of Capital Improvement Program (CIP) projects, offset by \$0.1 million of over-realized revenue in Revenue from Use of Money & Property due to increased interest revenue.

Permanent Road Divisions (PRDs)

A positive variance of \$4.9 million is projected in the Permanent Road Divisions.

A positive expenditure variance of \$4.9 million is projected. Savings of \$4.9 million is projected in Services & Supplies due to fewer than anticipated service requests for routine maintenance of permanent road division roads.

No revenue variance is projected.

Enterprise Funds

Airport Enterprise Fund

A positive variance of \$0.7 million is projected in the Airport Enterprise Fund.

A positive expenditure variance of \$1.5 million is projected. Salary & Benefits savings of \$0.3 million is due to staff vacancies. Savings of \$1.2 million is projected in Capital Assets/Land Acquisition due to the closeout of the Borrego Valley Airport Runway Rehabilitation project.

A negative revenue variance of \$0.8 million is projected. Under-realized revenue of \$0.8 million in Intergovernmental Revenues is due to the return of unused Federal Aviation Administration (FAA) grant revenue for the Borrego Valley Airport Runway Rehabilitation project, which was completed under budget, and is partially offset by corresponding Capital Assets savings.

Wastewater Enterprise Fund

No significant variance is projected in the Wastewater Enterprise Fund.

A positive expenditure variance of \$0.6 million is projected. Savings of \$0.6 million is projected in Salaries & Benefits due to staff vacancies and under-filing of positions.

A negative revenue variance of \$0.6 million is projected. Under-realized revenue of \$0.6 million in Charges for Current Services is due to reduced maintenance work in the San Diego County Sanitation District due to staff vacancies and under-filling of positions.

COMMUNITY SERVICES GROUP

General Fund

Registrar of Voters

A positive variance of \$1.5 million is projected for the Registrar of Voters.

No expenditure variance is projected.

A positive revenue variance of \$1.5 million is projected due to \$1.2 million in over-realized revenue for election services for other jurisdictions, \$0.2 million in Help America Vote Act (HAVA) grant funding, and \$0.1 million in various miscellaneous revenues.

Special Revenue Funds

San Diego County Library

A positive variance of \$1.2 million is projected for the San Diego County Library.

A positive expenditure variance of \$1.5 million is projected. This variance is a result of savings of \$0.1 million in Salaries & Benefits from vacant positions. Projected savings of \$0.4 million in Services & Supplies based on year-to-date spending in utilities (\$0.1 million), and facilities management and IT related costs (\$0.3 million). Savings of \$1.0 million are projected in Management Reserves, which are appropriated for operating contingencies.

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

Internal Service Funds

Facilities Management ISF

A positive variance of \$0.5 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$8.0 million is projected due to \$2.9 million in Salaries & Benefits from vacant and modified positions and \$5.1 million in Services & Supplies primarily due to lower than anticipated pass through expenses for utility costs (\$3.1 million), project management consultant services (\$1.3 million), contracted services (\$0.5 million), and various expenditure accounts (\$0.2 million).

A negative revenue variance of \$7.5 million is projected. This variance consists of anticipated under-realized revenue of \$7.2 million in Charges for Current Services primarily due to lower than anticipated reimbursement for utility, consultant charges and contracted services and for costs related to facility maintenance and operations, as well as \$0.3 million in Miscellaneous Revenues, and \$0.2 million in Rents and Concessions; partially offset by a positive variance of \$0.2 million in Other Financing Sources.

Major Maintenance ISF

No overall variance is projected for the Major Maintenance ISF.

A positive expenditure variance of \$9.3 million is projected due to savings of \$9.2 million in Services & Supplies and \$0.1 million in Operating Transfers Out due to delays in commencing new projects.

A negative revenue variance of \$9.3 million is projected as due to project delays, since costs incurred in this fund are reimbursed by operating departments.

Fleet Management ISF

A positive variance of \$0.1 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$7.9 million is projected. This is comprised of anticipated savings of \$0.6 million in Salaries & Benefits due to vacant and modified positions, and \$7.3 million in Services & Supplies primarily due to less than anticipated fuel and vehicle parts purchases.

A negative revenue variance of \$7.8 million is projected primarily due to under-realized revenue in Charges for Current Services related to a decrease in reimbursement for anticipated fuel and parts purchases described above.

Purchasing and Contracting ISF

A positive variance of \$1.1 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$0.5 million is projected due to savings of \$0.1 million in Salaries & Benefits attributed to managed vacancies and \$0.4 million savings in Services & Supplies due to delays in information technology projects.

A positive revenue variance of \$0.6 million is due to \$0.4 million in over-realized ISF revenue driven by client department spending on contracts, \$0.1 million on better than expected proceeds from rebate agreements and \$0.1 million from a case settlement with the County's offsite records management contractor.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

A positive variance of \$2.5 million is projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$5.0 million is projected. Anticipated positive variances of \$1.7 million in Salaries & Benefits due to attrition and departmental vacancies, and \$3.3 million in Services & Supplies due to delay in Restoration & Preservation projects and less than anticipated contracted services.

A negative revenue variance of \$2.5 million is projected in Charges for Current Services. Decreases in trust fund reimbursements of \$2.7 million include \$0.3 million in Modernization, \$1.2 million in Micrographics, \$0.2 million in e-Recording, and \$1.0 million in Vital/Health Statistics due to projects delayed into next year offset by \$0.2 million increase in Duplicating & Filing fees due to increase in revenue related to copies of official records.

Auditor and Controller

A positive variance of \$1.1 million is projected for the Auditor and Controller.

A positive expenditure variance of \$1.1 million is projected. Anticipated positive variances of \$1.1 million in Salaries & Benefits are projected due to normal attrition of staff and departmental vacancies.

No significant revenue variance is projected.

Finance and General Government Executive Office

A positive variance of \$5.4 million is projected for the Finance and General Group Executive Office.

A positive expenditure variance of \$5.4 million is projected. Anticipated positive variance of \$0.1 million in Salaries & Benefits due to a vacant position, \$2.3 million in Services & Supplies due to Information Technology projects, and \$3.0 million in Management Reserves held for unanticipated groupwide contingencies.

No revenue variance is projected.

Department of Human Resources

A positive variance of \$1.4 million is projected for the Department of Human Resources.

A positive expenditure variance of \$1.7 million is projected. Anticipated positive variances of \$0.3 million in Salaries & Benefits primarily due to vacant positions, and \$1.4 million in Services & Supplies primarily due to savings in contracted services and workers compensation administration costs.

A negative revenue variance of \$0.3 million is projected in Miscellaneous Revenues due to reduced workers compensation administration costs.

Treasurer-Tax Collector

No significant variance is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$0.6 million is projected in Salaries & Benefits due to vacancies and staff turnover.

A negative revenue variance of \$0.6 million is projected in Charges for Current Services primarily due to the revenue offset from Salaries & Benefits.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$37.7 million is projected in General Purpose Revenue (GPR) and \$25.5 million positive variance is projected in General County Expenses.

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the state of the economy. San Diego's economy has certainly been healthier while employment showed gains across most industries except Farm and Manufacturing comparing December 2016 from December 2015. The region has continued to fare better than most of the other California metros in terms of unemployment rate. Median home prices in San Diego grew 7.0% in the 2nd Quarter (October to December) of Fiscal Year (FY) 2016-17 compared to the 2nd Quarter of FY 2015-16. The outlook for San Diego is forecasted to have a positive but slower growing local economy in 2017. Because of the slower rate of job growth, the local unemployment rate is expected to increase slightly. The region will continue to benefit from its role as an innovation hub for Biotechnology and Healthcare. San Diego's tourism and hospitality will continue to thrive.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For FY 2016-17, the economic indicators discussed previously and the trends summarized below, are followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment rate fell to 4.2% in December 2016, down from 4.8% one year ago. In comparison, this is below the state's rate of 5.0% in December 2016 and 5.7% in December 2015.
- Consumer spending, as measured by taxable sales will be flat mainly due to decline in fuel prices. During the 3rd Quarter of 2016, unadjusted local point of sale tax revenue increased by 1.90% in the unincorporated area, 2.04% in the Southern California Region, 2.15% in the statewide level and 2.12 % in the San Diego regional level compared to the same time period last year.
- The positive indicators in the housing market continues in the County.

- Increase in median housing prices (up 7.0% in the San Diego region for the 2nd Quarter of FY 2016-17 compared to the 2nd Quarter of FY 2015-16);
- Notices of Default for January-December 2016 were down 15% compared to the same period in 2015.
- Foreclosure activity decreased 36% in January-December 2016 compared to the same period in 2015.

Current Property Taxes All Categories

The four categories of Current Property Taxes (i.e., Property Taxes Current Secured, Property Taxes Current Supplemental, Property Taxes Unsecured, and Property Taxes Current Unsecured Supplemental) combined are estimated to show a net positive variance to budget of \$17.2 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$17.1 million higher than budget. This mainly resulted from the fact that the 2016 local secured assessed value is greater than anticipated in the budget.

The budgeted current secured property taxes assumed a local secured assessed value increase of 3.0%, but the actual assessed value (AV) increased by 5.6% (gross less regular exemptions). (Note: The 5.6% increase represents the change in the assessed value for only the secured roll. This is the same as the countywide overall increase published by the Assessor/Recorder/County Clerk on June 29, 2016 of 5.6%, which includes all assessed value components, secured and unsecured).

Property Taxes - Current Unsecured

Current Unsecured Property Taxes are projected to be \$0.1 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

- *Property Taxes Current Supplemental*

No projected variance in Current Supplemental Property Taxes. The projection for this revenue is based on charges and collections trend estimates related to new construction and anticipated turnover through FY 2016-17. The method for calculating the allocation factors changed during FY 2015-16 per direction from the State Controller's Office, resulting in decrease of supplemental revenue for the County. This assumption was included in the projection.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$3.6 million above budget.

- *Real Property Transfer Taxes*
No projected variance for Real Property Transfer Taxes based on realized revenues for FY 2015-16 as well as data regarding current year change in ownership and the anticipated level of new construction.
- *Teeter Tax Reserve Excess*
Teeter Tax Reserve Excess is projected to be \$2.1 million below budget. The decrease is based on current penalty and interest collections where improvement in the delinquency rate have led to continued declines in the Teeter buyout and the outstanding receivables which continues to decrease year-over-year.
- *Property Tax in Lieu of Vehicle License Fees*
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$9.0 million above the budgeted amount of \$362.2 million. The actual assessed value adjustment factor is higher than the adjustment rate of 5.42% used to calculate the budgeted revenue.
- *Teeter Property Tax Prior Year and Cumulative Prior Years*
Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$3.3 million below budget. The decrease is based on improvement in delinquency rate which have led to continued declines in the Teeter buyout and the outstanding receivables which continues to decrease year-over-year.

Licenses, Permits, and Franchises

No projected variance in Licenses, Permits and Franchise payments.

Revenue from Use of Money & Property

Interest on Deposits is projected to be \$3.8 million above budget. The increase is due to significant increase in interest distributions, higher average daily cash balance and a significant increase in the interest rate.

Fines, Forfeitures and Penalties

Penalties and Cost Delinquency Taxes are projected to be \$3.8 million above budget based on trend comparing three prior year collections. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments.

Intergovernmental Revenue

A positive variance of \$7.8 million is projected in Intergovernmental Revenue primarily due to pass-through distributions, and residual balance estimates in Aid from Redevelopment Successor Agencies (\$6.6 million) and Motor Vehicle In-Lieu Tax received in FY 2016-17 that were not budgeted (\$1.2 million). The pass-through distributions are continuing to go higher due to continued growth in the project areas,

new pass-through payments received starting in FY 2015-16 from National City and additional pass-through payments received from Vista from an old project which they started to receive tax increment in FY 2015-16.

Miscellaneous Revenue

A positive variance of \$1.5 million is projected in Miscellaneous Revenue due to the Flex-Plan Forfeitures revenue received from the Department of Human Resources based on trend comparing three prior year collections.

General County Expenses

Cash Borrowing

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

Contingency Reserve

The entire \$22.7 million budgeted in the Contingency Reserve in Fiscal Year 2016-17 is projected to be unspent at year-end.

Internal Service Funds (ISF)

Public Liability Internal Service Fund (PLISF)

No variance is projected for the Public Liability Internal Service Fund.

A negative expenditure variance of \$5.0 million is projected. Anticipated negative variance of \$5.0 million in Other Charges is due to the potential outcomes of pending legal cases.

A positive revenue variance of \$5.0 million is projected in Charges for Current Services. County staff is reviewing options that will address the projected negative expenditure variance for this fiscal year and will have a recommendation in the 3rd Quarter Operational Plan Status Adjustment Board letter to address this.