



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 13, 2018

18

TO: Board of Supervisors

**SUBJECT: FISCAL YEAR 2017-18 SECOND QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)**

OVERVIEW

This report summarizes the status of the County's Fiscal Year 2017-18 Operational Plan, as measured by projected year-end fund balance from current year operations. The projected year-end balance for the General Fund is \$129.4 million, and \$146.1 million for all budgetary funds combined. In the General Fund, positive balances are projected for all five business groups. The projected fund balance anticipates that contingency reserves are not used and that General Purpose Revenue will perform better than estimated in the Fiscal Year 2017-18 Adopted Operational Plan.

In the Public Safety Group (PSG), recommendations include appropriations adjustments in the Sheriff's Department for software licensing and support services; in the Office of Emergency Services for video conferencing software and licenses and to invest in emergency response programs and activities; in the County Service Area (CSA) 115 Pepper Drive Fire Protection/EMS Fund for dispatched fire protection and emergency medical services; in CSA 135 East Otay Mesa Community Facilities District (CFD) 09-01 Special Tax A for lease payments of the East Otay Sheriff's substation; in the San Diego Fire Authority to purchase fire rescue equipment; and in the Medical Examiner for a mobile deployable morgue.

In the Land Use and Environment Group (LUEG), recommendations include appropriations adjustments in the CMWSMD-ZONE B Campo Hills Water (Water District) for removal of uranium resin at the Campo water treatment facility; in the Department of Planning & Development Services for the cost of property appraisals for future land acquisitions for the Purchase of Agricultural Conservation Easements (PACE) mitigation program; in the Multiple Species Conservation Program Fund for future property acquisition; in the Department of Parks and Recreation for road improvements at Whitaker Park; and in the Capital Outlay Fund for Guajome Sewer Improvements, South County Bicycle Skills Course, Santa Ysabel Nature Center and Woodhaven Park Well.

In Finance Other (FO), recommendations include appropriations adjustments in the Edgemoor Development Fund to replace the revenue budgeted in Sales of Fixed Assets due to the timing of the land sales, which are anticipated to be completed next fiscal year.

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There are no appropriation adjustments recommended in the Health and Human Services Agency (HHS), Community Services Group (CSG) or Finance and General Government Group (FG3).

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

1. Accept the Fiscal Year 2017-18 second quarter report on projected year-end results.
2. Establish appropriations of \$1,058,190 in the Sheriff's Department, Services & Supplies, for a software licensing and support services for a new Civil Automation System, based on available revenue from the Sheriff's Civil Automation Trust Fund. **(4 VOTES)**
3. Establish appropriations of \$399,454 in the Office of Emergency Services, Services & Supplies, for video conferencing software and license, enhancements to the County's incident management system and emergency management planning activities, based on unanticipated revenue from the Urban Area Security Initiative grant. **(4 VOTES)**
4. Establish appropriations of \$1,520,512 in the Office of Emergency Services, Other Charges, to invest in emergency response programs and activities, based on unanticipated revenue from the Fiscal Year 2017 State Homeland Security Program. **(4 VOTES)**
5. Establish appropriations of \$19,683 in the County Service Area (CSA) 115 Pepper Drive Fire Protection/EMS Fund, Services & Supplies, for dispatched fire protection and emergency medical services, based on available prior year CSA 115 fund balance. **(4 VOTES)**
6. Establish appropriations of \$50,000 in the County Service Area 135 East Otay Mesa CFD 09-01 Special Tax A, Services & Supplies, for lease payments of the East Otay Sheriff's substation, based on available prior year CSA 135 fund balance. **(4 VOTES)**
7. Establish appropriations of \$750,000 in the San Diego County Fire Authority, Services & Supplies, to purchase fire rescue equipment, based on unanticipated revenue from Assistance-by-Hire (ABH). **(4 VOTES)**
8. Establish appropriations of \$184,393 in the Medical Examiner Department, Fixed Assets, for a mobile deployable morgue, based on unanticipated revenue from the Urban Area Security Initiative grant. **(4 VOTES)**

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9. Establish appropriations of \$100,000 in the CMWSMD-ZONE B Campo Hills Water (Water District), Services & Supplies, for contracted services for the removal of uranium resin at the Campo water treatment facility based on available prior year fund balance. **(4 VOTES)**
10. Rescind the transfer of appropriations of \$1,505,000 within the Department of Public Works General Fund from Services & Supplies to Operating Transfer Out for the Lakeside Drainage Improvement projects as approved by your Board on October 25, 2017 (2), Recommendation 3.
11. Establish appropriations of \$21,033 in the Department of Planning & Development Services, Services & Supplies, for property appraisals for future Purchase of Agricultural Conservation Easements (PACE) mitigation program purchases based on available prior year PACE Mitigation Credit Fees Trust Fund fund balance. **(4 VOTES)**
12. Establish appropriations of \$354,000 in the Multiple Species Conservation Program Fund for future property acquisition, based on unanticipated revenue from the sale of mitigation credits. **(4 VOTES)**
13. Establish appropriations of \$200,074 in the Department of Parks and Recreation, Services & Supplies, for road improvements at Whitaker Park, based on available funds from the Whitaker Endowment Fund Trust Fund. **(4 VOTES)**
14. Establish appropriations of \$71,951 in the Capital Outlay Fund for Capital Project 1021153 Guajome Sewer Improvements, based on available revenue from the Parks and Recreation Trust Fund. **(4 VOTES)**
15. Establish appropriations of \$97,431 in the Capital Outlay Fund for Capital Project 1021150 South County Bicycle Skills Course, based on available revenue from the Parks and Recreation Trust Fund. **(4 VOTES)**
16. Establish appropriations of \$1,500,000 in the Contribution to Capital Outlay Fund, Operating Transfer Out, for Capital Project 1014142 PKS Santa Ysabel Nature Center, based on available prior year General Fund fund balance. **(4 VOTES)**
17. Establish appropriations of \$1,533,347 in the Capital Outlay Fund for Capital Project 1014142 PKS Santa Ysabel Nature Center, based on available revenue from the Parks and Recreation Trust Fund (\$33,347) and an Operating Transfer In from the General Fund (\$1,500,000). **(4 VOTES)**
18. Establish appropriations of \$750,000 in the Contribution to Capital Outlay Fund, Operating Transfer Out, for Capital Project 1021494 Woodhaven Park Well, based on available prior year General Fund fund balance. **(4 VOTES)**

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19. Establish appropriations of \$750,000 in the Capital Outlay Fund for Capital Project 1021494 Woodhaven Park Well, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
20. Cancel appropriations of \$3,203,783 in the Edgemoor Development Fund, Operating Transfer Out, and related revenue in Sale of Fixed Assets, due to projected land sales related to the Edgemoor property for Fiscal Year 2017-18 that will be completed next fiscal year.
21. Establish appropriations of \$3,203,783 in the Edgemoor Development Fund, Operating Transfer Out, based on prior year available Edgemoor Development Fund fund balance that will replace revenue budgeted in Sale of Fixed Asset due to the timing of the completion of land sales which is anticipated to be completed next fiscal year. **(4 VOTES)**
22. Authorize the Auditor & Controller to decrease the Fund Balance Commitment - Clerk of the Board in the amount of \$4,600 based on General Fund fund balance, because this commitment is no longer required. **(4 VOTES)**
23. Authorize the Auditor & Controller to decrease the Fund Balance Commitment – Assessor in the amount of \$111,191 based on General Fund fund balance, because this commitment is no longer required. **(4 VOTES)**

FISCAL IMPACT

Funds for a portion of these requests are not included in the Fiscal Year 2017-18 Operational Plan. If approved, these actions will result in a net increase in appropriations of \$2,250,000 in the General Fund. The funding sources include Sheriff's Civil Automation Trust Fund, Urban Area Security Initiative grant, State Homeland Security Program, California Department of Forestry and Fire Prevention, PACE Mitigation Credit Fees Trust Fund, Whitaker Endowment Fund Trust Fund, and available prior year General Fund fund balance.

In all other funds combined, these actions will result in a net increase in appropriations of \$5,623,421. The funding sources are available prior year CSA 115 fund balance, available prior year CSA 135 fund balance, available revenue from the Parks and Recreation Trust Fund, Operating Transfers 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 \$129.4 million. This projected one-time resource is a combination of anticipated year-end General Purpose Revenue (GPR) greater than budget by \$35.7 million along with a net positive variance of \$60.2 million from operations and a positive variance of \$33.5 million in unspent contingency and management reserves. The projected \$35.7 million anticipated in GPR is primarily due to an increase in interest revenue from higher than expected interest earnings; an increase in former redevelopment project area tax increment pass-through distributions due to continued growth in the project areas and residual balance estimates; and an increase in Property Tax Secured Supplemental (current and prior) revenue to align projection with year-end results based on prior year receipts.

The projected balance for all other funds combined is \$16.7 million. Schedule A summarizes the fund balance projection by business 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 business group split between operating and reserve balances.

As shown in Schedule A, the General Fund year-end fund balance projection of \$129.4 million is based on the estimate that expenditures will be approximately \$159.3 million less than the Fiscal Year 2017-18 Amended Budget and revenues will be a net \$29.9 million less than the Fiscal Year 2017-18 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year-to-date changes that either have been approved by your Board or the Deputy Chief Administrative Officer/Auditor and Controller, when authorized.

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

- \$54.1 million in positive Salary & Benefits appropriation variance in all groups due to staff turnover and department management of vacancies.
- \$25.0 million in positive appropriation variance in Services & Supplies across the County.
 - In PSG, a projected overall negative variance of \$0.3 million is primarily due to Medicines, Drugs & Pharmaceuticals and Temporary Contract Help costs in the Sheriff's Department partially offset by positive variance due to lower than anticipated major maintenance and minor equipment costs in the Department of Child Support Services and lower than anticipated expenditures in contracted services and information technology (IT) cost in Public Safety Group Executive Office. The overall projected negative variance in Services & Supplies will be offset by projected savings in Salaries & Benefits in the Sheriff's Department.
 - In HHSA, a projected overall positive variance of \$18.3 million is primarily in Behavioral Health Services associated with updated procurement timeframes and trends in utilization of services across programs and in Administrative Support due to lower projected costs in contracted services for the Whole Person Wellness (WPW) pilot project.

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- In LUEG, a projected overall positive variance of \$1.6 million is largely due to delays in the implementation of the Vector Habitat Remediation Program in the Department of Environmental Health.
- In CSG, a projected positive variance of \$0.2 million is due to lower than expected costs in vehicle fuel, utilities, and facility maintenance in the Department of Animal Services.
- In FGG, a projected positive variance of \$5.2 million is mainly due to less than anticipated contracted services in the Assessor/Recorder/County Clerk, savings in contracted services and workers compensation administration costs in the Department of Human Resources, and savings associated with various one-time IT projects in the Auditor and Controller.
- A projected net positive appropriation variance of \$47.0 million in Other Charges reflects variances primarily in HHSA and Finance Other.
 - In HHSA, a projected positive variance of \$44.3 million which includes \$28.7 million primarily due to revised estimates of caseload levels and growth trends in CalWORKs in Self-Sufficiency Services, \$14.4 million primarily due to revised estimates of caseload levels and growth trends in foster care and adoptions assistance programs in Child Welfare Services, \$1.0 million due to a revised caseload projection for California Children's Services (CCS) in Public Health Services, and \$0.2 million due to projects that overlap over fiscal years in Housing & Community Development Services.
 - 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.
- \$24.0 million positive appropriation variance in contingency reserves that are projected to be unspent at year-end.
- \$9.5 million positive appropriation variance in management reserves in HHSA (\$5.0 million), FGG (\$3.5 million) and CSG (\$1.0 million) that are projected to be unspent at year-end.

The projected under realized revenue of \$29.9 million includes positive variances totaling \$27.5 million and negative variances of \$57.4 million. The projected revenue variance of \$27.5 million is primarily attributable to the following categories: Revenue From Use of Money & Property (\$15.6 million) mainly due to interest revenue from higher than expected interest earnings; Taxes Current Property (\$5.5 million); Taxes Other Than Current Secured (\$4.5 million) due to higher turnover in ownership and new construction activity; and in Licenses, Permits & Franchises (\$1.9 million). The projected negative variance of \$57.4 million is largely in Intergovernmental Revenue (\$46.7 million) as a result of expenditure savings in caseload-driven programs, multi-year projects and contracted services; in Miscellaneous Revenues (\$2.6 million) mainly due to lower than anticipated disbursements to the General Fund from health savings funds; and in Charges For Current Services (\$8.1 million) mainly due to projected expenditure savings that will result in less cost recovery.

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

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Fiscal Year 2017-18 Second Quarter Budget Adjustments

The recommendations for budget adjustments are explained as follows:

Recommendation 2

This recommendation will establish appropriations of \$1,058,190 in the Sheriff's Department based on available revenue from the Sheriff's Civil Automation Trust Fund. The funds will be used for software licensing and support services including customization, installation data migration, training and related implementation support services of a new Civil Automation System for use in the Sheriff Civil Division.

Recommendation 3

The Office of Emergency Services (OES) applied for Urban Area Security Initiative (UASI) grant funding in December 2016. OES was notified of award on November 14, 2017. This recommendation will establish appropriations of \$399,454 in the Office of Emergency Services for video conferencing software and license (\$123,950), enhancements to the County's incident management system (\$215,000), and various emergency management planning activities such as public communications plans, post-disaster housing plans and volunteer management (\$60,504) based on unanticipated revenue from UASI.

Recommendation 4

This recommendation will establish appropriations of \$1,520,512 in the Office of Emergency Services to enhance and strengthen regional emergency preparedness, response and recovery efforts. Through a collaborative effort between the County of San Diego and local agencies, the State Homeland Security Program awarded funding in October 2017. These funds will be used for planning, equipment, training, and exercise needs to prepare for and respond to emergencies.

Recommendation 5

This recommendation will establish appropriations of \$19,683 in the CSA 115 Pepper Drive Fire Protection/EMS Fund, based on available prior year fund balance. Funds will be used to provide unanticipated fire protection and emergency medical services in the unincorporated area.

Recommendation 6

This recommendation will add appropriations of \$50,000 in the CSA 135 East Otay Mesa CFD 09-01 Special Tax A fund, based on available prior year fund balance. This new fund was established at the end of Fiscal Year 2016-17. Funds will be used for lease payments of the East Otay Sheriff's substation.

Recommendation 7

On January 26, 2016 (5), the Board of Supervisors authorized the Clerk of the Board to execute Assistance-by-Hire (ABH) revenue agreements with the California Department of Forestry and Fire Prevention for County provided fire prevention and other related services. This recommendation will establish appropriations of \$750,000 in the San Diego County Fire Authority based on unanticipated ABH revenue. Funds will be used for rescue equipment.

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Recommendation 8

On November 17, 2016 the Medical Examiner was awarded Urban Area Security Initiative (UASI) grant funds. Funds need to be spent by December 2018. This recommendation will establish appropriations of \$184,393 in the Medical Examiner Department in order to initiate the procurement process for a mobile deployable morgue, to enhance regional capabilities in the event of a mass disaster, based on unanticipated revenue from the UASI.

Recommendation 9

This recommendation establishes appropriations of \$100,000 in the CMWSMD-ZONE B Campo Hills Water (Water District) based on available prior year fund balance, for unanticipated increases in contracted services due to the removal of uranium resin at the water treatment facility in Campo Hills. The Water District is responsible for providing the Campo Hills community with uninterrupted potable water supply. The recent detection of increased uranium levels in the intermediate water samples requires the immediate replacement of primary treatment vessels to maintain compliance with federal and state drinking water standards. If approved, this request will allow for continued supply of safe and drinkable water to the Campo Hills community.

Recommendation 10

On October 25, 2017 (2), your Board approved the advertisement and award of a construction contract for the Lakeside Drainage Improvement project including the establishment of appropriations of \$1,505,000 in the Department of Public Works (DPW) General Fund, Operating Transfer Out so that funding could be transferred to the DPW Road Fund and the Flood Control District. Today's recommendation rescinds an unnecessary transfer of appropriations within the Department of Public Works General Fund, which is no longer required since appropriations have been established in the appropriate account.

Recommendation 11

On September 17, 2014 (1), the Board approved the implementation of the Purchase of Agricultural Conservation Easements (PACE) mitigation program, the addition of a related permit fee and the establishment of an interest accruing trust fund for the program. Any fees collected for the purchase of PACE mitigation credits are deposited into this trust fund and are required to be used for the future purchase of easements, including any related appraisal, acquisition, and administrative costs. The Department of Planning & Development Services has received \$21,033 in this trust fund to date. This amount will be used for the cost of property appraisals necessary in Fiscal Year 2017-18 for future PACE land acquisitions. This recommendation will establish appropriations of \$21,033 in Services & Supplies funded by available prior year fund balance in the PACE Mitigation Credit Fees Trust Fund (46631).

Recommendation 12

On July 11, 2016, the Department of Parks and Recreation (DPR) and the San Diego Association of Governments (SANDAG) entered into an agreement to purchase 10.0 acres of disturbed habitat, non-native habitat, southern willow scrub and mulefat scrub habitat mitigation credits valued at \$350,000. On September 30, 2016, DPR and DPW entered into an agreement to purchase 0.01 acres of non-vegetated channel habitat mitigation credits at Wilderness Gardens Preserve at a cost of \$4,000. Based on these agreements and Board Policy I-138, Mitigation on

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County-Owned Land Managed by DPR, revenue obtained through the sale of mitigation credits will be deposited in the Land Stewardship – Multiple Species Conservation Program (MSCP) Mitigation Trust Fund and used to purchase additional land within the county that meets the criteria set forth in the policy. The request will establish appropriations of \$354,000 in the MSCP capital fund based on revenue from the sale of mitigation credits.

Recommendation 13

This recommendation will establish \$200,074 in DPR, Services & Supplies, for road improvements needed at Whitaker Park to repair 2017 storm damage, based on funds from the Whitaker Estate donation available in the Whitaker Endowment Fund Trust Fund.

Recommendation 14

This recommendation will establish the necessary appropriations of \$71,951 in Capital Project 1021153, Guajome Sewer Improvements, for an emergent need to replace the dump station and upgrade the sewer system based on available revenue from the Parks and Recreation Trust Fund in remaining funds from the California Wildlife Coastal and Park Land Conservation Bond Act 1988.

Recommendation 15

This recommendation will establish funds of \$97,431 in Capital Project 1021150 South County Bicycle Skills Course, for project enhancements, including additional bicycle elements and the purchase of trail easements, based on available revenue in the Parks and Recreation Trust Fund resulting from the remaining balances from the sale of property at Sweetwater Regional Park (\$23,401) and the Title III Forest Reserve funds (\$74,030).

Recommendations 16 & 17

In Fiscal Year 2015-16, appropriations of \$7,124,000 were established for the construction of the Santa Ysabel Nature Center. On April 26, 2016, DPR received funds from the California Disaster Assistance Act related to the May 2014 firestorm. The funds were deposited into the Parks and Recreation Trust Fund for future use in County parks. On May 3, 2017 (13) your Board approved the advertisement and award of a design-build contract for the Santa Ysabel Nature Center. Since that time, construction bids for the project have been received that are higher than anticipated. Additional funding is needed to avoid reductions in project scope. These recommendations will establish appropriations of \$1,533,347 in Capital Project 1014142 PKS Santa Ysabel Nature Center, for increased construction costs (\$1,500,000) and to enhance museum exhibits (\$33,347) at the Santa Ysabel Nature Center, based on available prior year General Fund fund balance (\$1,500,000) and available revenue from the Parks and Recreation Trust Fund (\$33,347).

Recommendations 18 & 19

These recommendations establish appropriations of \$750,000 in Capital Project 1021494 Woodhaven Park Well to install a new well. The well will reduce the cost of water and reliance on the potable water system for irrigation in Woodhaven Park. These appropriations also will be used to reduce the park's turf area for water conservation, and to construct a new fitness trail for public use. The funding source is available prior year General Fund fund balance.

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Recommendations 20 & 21

The Edgemoor Development Fund is to make scheduled debt service payments tied to prior construction of the Edgemoor Distinct Part Skilled Nursing Facility. Revenue to the Edgemoor Development Fund is primarily attributable to the use of the Edgemoor property, which includes the sale of certain portions of the property. On September 12, 2017 (9), the Board of Supervisors approved the necessary actions to sell three properties at a bid opening held on October 10, 2017 (8). The selected high bidders have up to 365 days to close escrow completing the land sale in Fiscal Year 2018-19. Today's recommendation will appropriate available fund balance within Edgemoor Development Fund to mitigate the anticipated delay in the receipt of proceeds generated by the land sales.

Recommendations 22

This recommendation is to decrease or cancel a Fund Balance Component in the amount of \$4,600 related to Committed - Clerk of the Board based on General Fund Fund Balance that had previously been committed for a maintenance project that is no longer required.

Recommendations 23

This recommendation is to decrease or cancel a Fund Balance Component in the amount of \$111,191 related to Committed - Assessor based on General Fund Fund Balance that had previously been committed for supporting the creation, automation or retrieval of Assessor property data information for which the commitment is no longer required.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Strategic Initiatives of Building Better Health, Sustainable Environments/Thriving, Living Safely and Operational Excellence in the County of San Diego's 2018-2023 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

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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 5, 2017 (24), Fiscal Year 2017-18 First Quarter Operational Plan Status Report and Budget Adjustments; October 25, 2017 (2), Establish Appropriations and Advertise and Award Construction Contracts for Lakeside Drainage Improvement Projects; September 12, 2017 (9), Sale of Real Property - 11.71 Acres on Cottonwood Avenue, Santee (County Parcel Number 2013-0091-A), 22.15 Acres on Cottonwood Avenue, Santee (County Parcel Number 2013-0090-A) and 5.88 Acres on Riverview Parkway, Santee (County Parcel Number 2016-0193-A); August 1, 2017 (14), County of San Diego Fiscal Year 2017-18 Adopted Budget Resolution for County Family of Funds, Enterprise Funds and Internal Service Funds, and Prior Year Encumbrances; May 3, 2017 (13), Authorization to Advertise and Award a Design Build Contract and Adopt Mitigated Negative Declaration for the Santa Ysabel Nature Center; January 26, 2016 (5), San Diego County Fire Authority - Request to Execute Assistance-By-Hire Revenue Agreements; September 17, 2014 (1), Purchase of Agricultural Conservation Easements (PACE) Program Mitigation Component and Purchase of Eight Agricultural Conservation Easements in Bonsall, Campo, Crest-Dehesa, Jamul, and Valley Center

BOARD POLICIES APPLICABLE:

Board Policy I-138, Mitigation on County-Owned Land Managed by the Department of Parks and Recreation

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 CONCURRENCE(S): N/A

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CONTACT PERSON(S):

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**FY 2017-2018 2nd Quarter
Projected Year-End Results**

(in thousands)

COUNTY SUMMARY

	Expenditure Variance		Revenue Variance		2nd Quarter FY17-18 Projected Fund Balance
	Favorable/(Unfavorable)				
General Fund					
Public Safety	\$ 21,365		\$ (3,311)		\$ 18,055
Health & Human Services Agency	87,284		(57,063)		30,221
Land Use & Environment	5,827		(2,116)		3,711
Community Services	2,933		(132)		2,801
Finance & General Government	15,159		(2,948)		12,211
Total Agency/Group	<u>132,568</u>		<u>(65,569)</u>		<u>66,998</u>
General Purpose Revenue	0		35,680		35,680
Finance Other	26,683		0		26,683
Total General Fund	\$ 159,251		\$ (29,889)		\$ 129,362
Special Revenue Funds					
Public Safety	\$ 240		\$ 1,417		\$ 1,657
Health & Human Services Agency	53		0		53
Land Use & Environment	3,906		(279)		3,628
Community Services	2,214		(276)		1,938
Total Special Revenue Funds	\$ 6,413		\$ 862		\$ 7,275
Capital Program					
Finance Other	\$ 330		\$ (330)		\$ 0
Internal Service Funds Departments					
Land Use & Environment	\$ 0		\$ 57		\$ 57
Community Services	23,797		(21,232)		2,565
Finance & General Government	0		0		0
Finance Other	111		0		111
Total Internal Service Funds	\$ 23,908		\$ (21,175)		\$ 2,733
Enterprise Fund Departments					
Land Use & Environment	\$ 1,734		\$ (1,027)		\$ 707
Sheriff	1		1		2
Total Enterprise Funds	\$ 1,734		\$ (1,025)		\$ 709
Special District Funds Departments					
Public Safety Group	\$ 754		\$ (364)		\$ 390
Health & Human Services Agency	465		59		524
Land Use & Environment	4,145		930		5,075
Total Special District Funds	\$ 5,365		\$ 624		\$ 5,989
Other County Funds Departments					
Community Svcs. - Red./Redev. Successor Agency	\$ 0		\$ 4		\$ 4
Total Other County Funds	\$ 0		\$ 4		\$ 4
Debt Service - Pension Obligation Bonds	\$ 0		\$ 0		\$ 0
Total County Projected Operating Balance	\$ 197,001		\$ (50,929)		\$ 146,072

**FY 2017-2018 2nd Quarter
Projected Year-End Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY17-18 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Child Support	\$ 5,368	\$ (3,498)	\$ 1,870
District Attorney	7,887	0	7,887
Emergency Services	360	(128)	233
Law Enforcement Review Board	3	0	3
Medical Examiner	725	0	725
Probation	343	(200)	143
Public Defender	1,518	(259)	1,259
Public Safety Executive Office	818	591	1,409
San Diego County Fire Authority	244	0	244
Sheriff	4,100	182	4,282
Total General Fund	\$ 21,365	\$ (3,311)	\$ 18,055

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	\$ 0
Probation - Asset Forfeiture	0	0	0
Probation - Inmate Welfare Program	0	0	0
Sheriff - Asset Forfeiture	0	2	2
Sheriff - Inmate Welfare Program	1	0	1
Criminal Justice Facility	0	(239)	(239)
Courthouse	0	0	0
Penalty Assessment	239	(239)	0
Public Safety - Proposition 172	0	1,893	1,893
Total Special Revenue Funds	\$ 240	\$ 1,417	\$ 1,657

Enterprise Funds

Sheriff	\$ 1	\$ 1	\$ 2
Total Enterprise Funds	\$ 1	\$ 1	\$ 2

Special District Funds

Sheriff (Regional 800 MHz)	\$ 0	\$ 1	\$ 1
County Service Area	754	(365)	389
Community Facilities Districts	0	0	0
Total Special District Funds	\$ 754	\$ (364)	\$ 390

Total Public Safety Group

Total Public Safety Group	\$ 22,360	\$ (2,256)	\$ 20,103
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**FY 2017-2018 2nd Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	2nd Quarter FY17-18 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Administrative Support	\$ 8,547	\$ 930	\$ 9,476
Aging & Independence Services	4,200	(3,464)	736
Behavioral Health Services	16,963	(10,656)	6,308
Child Welfare Services	14,024	(9,043)	4,981
Public Health Services	7,239	(6,803)	436
Self-Sufficiency Services	33,345	(25,062)	8,283
Housing & Community Development Services	2,966	(2,966)	0
Total General Fund	\$ 87,284	\$ (57,063)	\$ 30,221

Special Revenue Funds

Tobacco Securitization Fund	\$ 53	\$ 0	\$ 53
Total Special Revenue Funds	\$ 53	\$ 0	\$ 53

Special District Funds Departments

Ambulance Districts	\$ 465	\$ 59	\$ 524
Total Special Districts Funds	\$ 465	\$ 59	\$ 524

Other County Funds Departments

Housing & Community Development	\$ 0	\$ 0	\$ 0
Total Other County Funds Departments	\$ 0	\$ 0	\$ 0

Total Health & Human Services Agency	\$ 87,802	\$ (57,004)	\$ 30,798
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**FY 2017-2018 2nd Quarter
Projected Year-End Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY17-18 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 169	\$ 430	\$ 599
Environmental Health	2,526	(1,287)	1,239
Land Use & Environment Group Exec Office	0	0	0
Parks & Recreation	69	14	84
Planning & Development Services	2,963	(1,174)	1,789
Public Works	100	(100)	0
Total General Fund	\$ 5,827	\$ (2,116)	\$ 3,711

Special Revenue Funds Departments

A, W & M (Grazing and Fish & Game Commission)	\$ 0	\$ 0	\$ 0
Parks & Recreation - PLDO	0	1,533	1,533
DPW - Aviation Funds	0	0	0
DPW - Road Fund	3,176	(1,249)	1,927
DPW - Survey Monument Preservation	110	0	110
DPW - Inactive Waste	574	(574)	0
DPW - Waste Planning and Recycling	46	12	58
Total Special Revenue Funds	\$ 3,906	\$ (279)	\$ 3,628

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	\$ 0	\$ 57	\$ 57
Total Internal Service Funds	\$ 0	\$ 57	\$ 57

Enterprise Funds Departments

Airport Enterprise Fund	\$ 1,397	\$ (781)	\$ 616
Wastewater Management Enterprise Fund	337	(246)	91
Total Enterprise Funds	\$ 1,734	\$ (1,027)	\$ 707

Special District Funds Departments

Air Pollution Control District	\$ 1,872	\$ 694	\$ 2,566
Parks and Recreation	0	2	2
DPW - SD County Sanitation District	2,042	320	2,362
DPW - Sewer Maintenance Districts	11	5	16
DPW - CSAs	2	0	2
DPW - PRDs	175	(175)	0
DPW - Community Facilities Districts	0	1	1
DPW - Flood Control	3	31	34
DPW - Street Lighting Districts	41	51	92
Total Special Districts Funds	\$ 4,145	\$ 930	\$ 5,075

Total Land Use & Environment Group

Total Land Use & Environment Group	\$ 15,612	\$ (2,435)	\$ 13,177
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**FY 2017-2018 2nd Quarter
Projected Year-End Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY17-18 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 1,685	\$ 10	\$ 1,695
Community Services Group Exec Office	1,050	2	1,052
General Services	0	0	0
Purchasing & Contracting	0	0	0
Library Services	0	0	0
Registrar of Voters	197	(143)	54
Total General Fund	\$ 2,933	\$ (132)	\$ 2,801

Special Revenue Funds Departments

Library Services	\$ 2,214	\$ (276)	\$ 1,938
Total Special Revenue Funds	\$ 2,214	\$ (276)	\$ 1,938

Internal Service Funds Departments

Facilities Management	\$ 6,782	\$ (5,647)	\$ 1,135
Major Maintenance ISF	12,690	(12,690)	0
Fleet Management	3,649	(3,217)	432
Purchasing & Contracting	676	322	998
Total Internal Service Funds	\$ 23,797	\$ (21,232)	\$ 2,565

Other County Funds Departments

Red. Agency/Redevelopment Successor Agency	\$ 0	\$ 4	\$ 4
Total Other County Funds Departments	\$ 0	\$ 4	\$ 4

Total Community Services Group	\$ 28,944	\$ (21,637)	\$ 7,307
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**FY 2017-2018 2nd Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY17-18 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 4,801	\$ (2,147)	\$ 2,654
Auditor & Controller	2,170	(10)	2,161
Board of Supervisors	630	0	630
Chief Administrative Office	450	0	450
Civil Service Commission	67	0	67
Clerk of the Board of Supervisors	117	118	235
County Communications Office	228	0	229
County Counsel	(169)	384	215
County Technology Office	862	0	862
Finance & GG Exec Office	3,166	3	3,168
Grand Jury	149	0	149
Human Resources	1,739	(671)	1,068
Treasurer-Tax Collector	948	(625)	323
Total General Fund	\$ 15,159	\$ (2,948)	\$ 12,211

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	\$ 15,159	\$ (2,948)	\$ 12,211
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**FY 2017-2018 2nd Quarter
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	2nd Quarter FY17-18 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Purpose Revenue:

All Current Property Taxes	\$	5,538	\$	5,538
All Other Taxes-Local		4,462		4,462
Licenses, Permits & Franchises		0		0
Fines, Forfeitures & Penalties		0		0
Revenue for Use of Money & Property		15,800		15,800
Intergovernmental Revenue		11,881		11,881
Charges for Current Services		0		0
Miscellaneous Revenue		(2,000)		(2,000)

Total General Purpose Revenue

\$	0	\$	35,680	\$	35,680
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General County Expenses:

Cash Borrowing Program	\$	2,700	\$	0	\$	2,700
Community Enhancement		0		0		0
Contingency Reserve		23,983		0		23,983
Contributions to the Capital Outlay Fund		0		0		0
Contributions to the County Library		0		0		0
Lease Payments - Bonds		0		0		0
Local Agency Formation Comm Admin		0		0		0
Neighborhood Reinvestment Program		0		0		0
Countywide Expenses		0		0		0
Total Finance Other Expenses		26,683		0		26,683

Total General Fund

\$	26,683	\$	35,680	\$	62,364
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Capital Program Funds

Capital Program	\$	330	\$	(330)	\$	0
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Total Capital Program Funds

\$	330	\$	(330)	\$	0
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Internal Service Funds Departments

Workers Compensation	\$	111	\$	0	\$	111
Unemployment Insurance		0		0		0
Public Liability		0		0		0

Total ISF Funds

\$	111	\$	0	\$	111
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Debt Service Funds Departments

Pension Obligation Bonds	\$	0	\$	0	\$	0
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Total Debt Service Funds

\$	0	\$	0	\$	0
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**Total General Purpose Revenue & Finance
Other**

\$	27,124	\$	35,351	\$	62,475
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**FY 2017-2018 2nd Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	2nd Quarter FY17-18 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 18,055	\$ 18,055
Health and Human Services Agency	5,000	25,221	30,221
Land Use and Environment	0	3,711	3,711
Community Services	1,000	1,801	2,801
Finance & General Government	3,500	8,711	12,211
Agency/Group Totals	\$ 9,500	\$ 57,498	\$ 66,998
General Purpose Revenue	\$ 0	\$ 35,680	\$ 35,680
General County Expenses	0	2,700	2,700
Contingency Reserve	23,983	0	23,983
Total Gen'l. Purpose Rev. & Gen'l. County Exp.	\$ 23,983	\$ 38,380	\$ 62,364
Total General Fund	\$ 33,483	\$ 95,879	\$ 129,362

**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2017-18 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

Public Safety Group Executive Office

A positive variance of \$1.4 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$0.8 million is projected. This positive variance of \$0.4 million in Salaries & Benefits is primarily due to temporary staff and \$0.3 million in Services & Supplies due to lower than anticipated expenditures in contracted services and information technology.

No revenue variance is projected.

Sheriff

A positive variance of \$4.3 million is projected for the Sheriff's Department.

A positive expenditure variance of \$4.1 million is projected. Salaries & Benefits are projected to be \$6.3 million under budget due to vacant positions. A net negative

expenditure variance of \$2.2 million is projected in Services & Supplies primarily due to Medicines, Drugs & Pharmaceuticals and Temporary Contract Help, offset by a positive variance in Contracted Services. The projected negative variance in Services & Supplies will be offset by projected savings in Salaries & Benefits.

A positive revenue variance of \$0.2 million is projected. A positive variance of \$1.2 million is projected in Charges For Current Services primarily for supplemental State funds allocated to the Trial Court Security Subaccount, for security costs associated with the new San Diego Central Courthouse. A negative variance of \$0.1 million is projected in Licenses, Permits & Franchises due to decreased collections. A negative variance of \$0.4 million is projected in Fines, Forfeitures & Penalties due to decreased planned expenditures in the Cal-ID program. A negative variance of \$0.5 million is projected in Intergovernmental Revenues due to reduced revenue from the State Criminal Alien Assistance Program (SCAAP), partially offset by over-realized revenue in State Aid Other for reimbursement of costs to provide a jail-based competency treatment program.

Department of Child Support Services

The Department of Child Support Services projects a positive variance of \$1.9 million.

A positive expenditure variance of \$5.4 million is due to \$5.8 million in Salaries & Benefits due to vacant and modified positions, \$1.4 million in Services & Supplies due to lower than anticipated major maintenance and minor equipment costs, offset by a negative variance of \$1.8 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenditures reimbursed from the Health and Human Services Agency for Bureau of Public Assistance Investigations.

A negative revenue variance of \$3.5 million is primarily due to a negative variance of \$3.2 million in Intergovernmental Revenues and \$0.3 million in Charges for Current Services based on lower than anticipated reimbursement claims for Title IV-D Program.

District Attorney

A positive variance of \$7.9 million is projected for the District Attorney's Office.

A positive expenditure variance of \$7.9 million is projected. This positive variance is in Salaries & Benefits due to normal attrition, vacant and modified positions.

No revenue variance is projected.

Medical Examiner

A positive variance of \$0.7 million is projected for the Medical Examiner.

A positive expenditure variance of \$0.7 million is projected in Salaries & Benefits due to vacant and modified positions.

No revenue variance is projected.

Public Defender

A positive variance of \$1.3 million is projected for the Public Defender.

A positive expenditure variance of \$1.5 million is projected in Salaries & Benefits due to vacant and modified positions.

A negative variance of \$0.2 million in revenue is projected primarily in Intergovernmental Revenues (\$0.1 million) and Charges for Current Services (\$0.1 million) due to a reduction in collections of court appointed attorney fees and lower expenditures funded by Community Corrections Subaccount.

Contribution for Trial Courts

A positive variance of \$0.7 million is projected in Contribution for Trial Courts.

A positive expenditure variance of \$0.1 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 positive revenue variance of \$0.6 million is projected. This positive variance is primarily due to an increase in receipts of \$0.4 million in Fines, Forfeiture and Penalties, and \$0.2 million in Charges for Current Services from traffic school fees. In the past years, the budget was aligned based on decreasing collections. This continued downward trend impacts revenue received by the County to support the statutory payments from Contributions for Trial Courts.

Special Revenue Funds

Proposition 172

A positive variance of \$1.9 million is projected for Proposition 172 Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$1.9 million is projected due to a combination of lower than anticipated sales tax receipts (\$0.8 million) and prior year under-accrual (\$2.7 million) which will be realized this fiscal year.

Special District Funds

San Diego County Fire Authority – County Service Area

A positive variance of \$0.4 million is projected in San Diego County Fire Authority - County Service Area (CSA) Numbers 107, 115, and 135.

A positive expenditure variance of \$0.8 million is projected in Services & Supplies due to lower than anticipated reimbursements to agencies for fire suppression services.

A negative revenue variance of \$0.4 million is projected in Taxes Current Property due to lower than anticipated property tax collections from various CSAs.

HEALTH AND HUMAN SERVICES AGENCY (HHS)

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 \$9.5 million is projected for Administrative Support.

A positive expenditure variance of \$8.6 million includes \$0.2 million in Salaries & Benefits due to attrition and vacant positions, \$3.4 million in Services & Supplies primarily due to lower projected costs in contracted services for the Whole Person Wellness (WPW) pilot project tied to a longer timeline for the procurement process, and \$5.0 million in Management Reserves. HHS has obligated \$15.0 million of the \$20.0 million total budgeted Management Reserves for expenditures associated with HHS's response in addressing the Hepatitis A outbreak. Although the \$15.0 million is reflected under Administrative Support, it will cover costs, including nursing, vaccines, sanitizing and education/outreach efforts, incurred by various Agency departments, primarily in Public Health.

A positive revenue variance of \$0.9 million is projected and includes a positive variance of \$2.6 million in Intergovernmental Revenue offset by a negative variance of \$1.7 million in Charges for Current Services primarily due to a longer timeline for the procurement process for the WPW pilot project. The positive variance of \$2.6 million in Intergovernmental Revenue includes \$4.7 million in over-realized Realignment revenue due to redistribution within the Agency offset by \$1.4 million in under-realized unsecuritized tobacco settlement revenue associated with the WPW pilot project that is not projected to be recognized, and \$0.7 million in social services administrative revenues.

Aging & Independence Services

Aging & Independence Services had a positive variance of \$0.7 million.

A positive expenditure variance of \$4.2 million is projected and includes a positive variance of \$2.0 million in Salaries & Benefits due to attrition and vacant positions primarily in the In-Home Supportive Services (IHSS) program, \$1.5 million in Services & Supplies, and \$0.7 million in Operating Transfers Out due to reduced funding needs for the IHSS Public Authority related to anticipated operational savings in the program, with no impact to services. The positive variance of \$1.5 million in Services & Supplies includes savings of \$0.8 million in various non-contract services, \$0.6 million in various contracted services, and \$0.1 million in temporary help contracts.

A negative revenue variance of \$3.5 million is projected and includes \$2.9 million in Intergovernmental Revenues, \$0.5 million in Miscellaneous Revenues driven by decreased revenues in the San Diego Veterans Independence Services at any Age (SD-VISA) program tied to client referral trends, and \$0.1 million in Fines, Forfeitures & Penalties due to decreased revenue from disabled parking violation fines. The \$2.9 million negative variance in Intergovernmental Revenues is primarily tied to lower projections for program revenue from the State based on expenditure savings from Salaries & Benefits in IHSS.

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 District Part Skilled Nursing Facility.

A positive variance of \$6.3 million is projected for Behavioral Health Services (BHS).

A positive expenditure variance of \$16.9 million is projected and includes positive variances of \$3.4 million in Salaries & Benefits due to vacant positions and \$13.5 million in Services & Supplies. The \$13.5 million positive variance in Services & Supplies is associated with various mental health and inpatient programs, primarily due to updated procurement timeframes and updated trends in utilization of services.

A negative revenue variance of \$10.6 million is projected and includes negative variances of \$10.5 million in Intergovernmental Revenues and \$0.6 million in Charges For Current Services mainly tied to projected savings in Services & Supplies for the Edgemoor District Part Skilled Nursing Facility, offset by a positive variance of \$0.5 million in Miscellaneous Revenues primarily due to recoupment of prior year contractor overpayments. The \$10.5 million negative variance in Intergovernmental Revenues is due to savings in mental health funding to align with spending for inpatient and outpatient contracted and County-provided mental health and substance abuse services.

County Child Welfare Services

A positive variance of \$5.0 million is projected for County Child Welfare Services.

A positive expenditure variance of \$14.0 million is projected and includes a positive variance of \$2.5 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$2.9 million in Services & Supplies, and a positive variance of \$14.4 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 \$2.9 million in Services & Supplies includes one-time facility costs associated with the relocation from the Levant Street facility and facility projects at the Polinsky Children's Center and the San Pasqual Academy, offset by savings in contracted services primarily due to a later than anticipated start in the Child and Family Team (CFT) contract and various other contract savings associated with the Developmental Screening Enhancement Program, Wraparound Program and Transitional Housing Program.

A negative revenue variance of \$9.0 million is projected and includes \$8.2 million in Intergovernmental Revenues mainly tied to the decrease in foster care and adoptions assistance payments, \$1.1 million in Miscellaneous Revenues primarily associated with the savings in the CFT contract, and \$0.1 million in Revenue From Use of Money & Property partially offset by a positive variance of \$0.3 million in Charges for Current Services due to a higher collection estimate for birth certificate fees and \$0.1 million in Licenses Permits & Franchises revenue, primarily from marriage license fees collected.

Housing & Community Development Services

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

HCDS is projecting a zero variance. This amount excludes \$3.1 million of positive restricted fund balance associated with reclassification of expenditures to long term loans.

A positive expenditure variance of \$3.0 million is projected and includes \$0.8 million in Salaries & Benefits due to attrition and vacant positions, \$2.0 million in Services & Supplies and \$0.2 million in Other Charges due to projects that overlap over fiscal years. The \$2.0 million positive variance in Services & Supplies consists of \$0.9 million in HCDS Multi-Year Projects due to community development and affordable housing project implementation overlap across fiscal years and \$1.1 million tied to closing out a grant that ended in Fiscal Year 2016-17 but had appropriations carry forward into Fiscal Year 2017-18.

A negative revenue variance of \$3.0 million includes a negative variance of \$3.3 million in Intergovernmental Revenues related to savings in Salaries & Benefits and Multi-Year

projects resulting in decreased federal revenue, partially offset by \$0.3 million in Miscellaneous Revenues due to unanticipated HOME Program Income based on loan repayments.

Public Health Services

A positive variance of \$0.4 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$7.2 million is projected which includes \$4.2 million in Salaries & Benefits due to attrition and vacant positions, \$1.8 million in Services & Supplies, \$1.0 million in Other Charges due to a revised caseload projection for California Children's Services (CCS), and \$0.2 million in Capital Assets Equipment due to lower than anticipated costs for replacement of laboratory equipment and supplies. The \$1.8 million positive variance in Services & Supplies includes \$1.6 million in contracts due to contract delays and contract savings associated with Ryan White/Minority AIDS Initiative and HIV, Proposition 56 Tobacco, and Bioterrorism programs and \$0.2 million in temporary help. Costs for activities such as nursing, vaccines, sanitizing and education/outreach efforts in response to addressing the Hepatitis A outbreak are projected in the Administrative Support section.

A negative revenue variance of \$6.8 million is projected and includes \$7.1 million in Intergovernmental Revenues offset by \$0.3 million in Miscellaneous Revenues primarily in Proposition 56 Local Oral Health Program revenue. The \$7.0 million negative variance in Intergovernmental Revenues includes \$4.6 million in Health Realignment revenue that was redistributed to Administrative Support, \$1.3 million in under-realized CCS program revenues tied to reduced caseload expenditures as noted above, and \$1.1 million to align with updated allocations and contract spending trends.

Self-Sufficiency Services

A positive variance of \$8.3 million is projected for Self-Sufficiency Services.

A positive expenditure variance of \$33.3 million is projected and includes a positive variance of \$5.8 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$1.1 million in Services & Supplies primarily for operating costs in the California Work Opportunity and Responsibility to Kids (CalWORKs) program including an increase in contracted activities for the Housing Support Program (HSP) due to additional allocated funding, and a positive variance of \$28.6 million in Other Charges primarily due to revised estimates of caseload levels and growth trends in CalWORKs.

A negative revenue variance of \$25.0 million is projected and includes a negative variance of \$24.9 million in Intergovernmental Revenues and \$0.9 million in Charges for Current Services primarily related to aligning third party reimbursement revenue to current collection trends for the County Medical Services program and Low Income Health Program (LIHP). The negative revenue variance is partially offset by \$0.8 million in Miscellaneous Revenues mainly due to recoupment of payments in General Relief

and contracted services tied to prior year adjustments. The negative variance of \$24.9 million in Intergovernmental Revenues consists of a negative variance of \$24.6 million in revenue related to assistance payments due to revised caseload projections, and \$0.3 million in under-realized social services administrative revenues.

Special Districts Funds

Ambulance Districts

Ambulance Districts projects a positive variance of \$0.5 million.

A positive expenditure variance of \$0.4 million is projected in Services & Supplies tied to cost reimbursement contracts with ambulance providers coming in lower than budgeted.

A positive revenue variance of \$0.1 million is projected mainly from interest earned on deposits.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights and Measures (AWM)

A positive variance of \$0.6 million is projected for the Department of Agriculture, Weights and Measures (AWM), including the University of California Cooperative Extension.

A positive expenditure variance of \$0.2 million is projected. Savings of \$0.2 million in Salaries & Benefits is due to staff vacancies and under-filling positions.

A positive revenue variance of \$0.4 million is projected. A positive variance of \$0.2 million in Licenses Permits & Franchises is due to unbudgeted Hazardous Materials program revenue in anticipation of the program being transferred out of AWM. A positive variance of \$0.1 million in Intergovernmental Revenues is primarily due to the Citrus Commodities Program and High Risk Pest Exclusion contracts in Plant Health and Pest Prevention being more than budgeted; partially offset by the termination of state and federal egg contracts in Agricultural Standards. A positive variance of \$0.1 million in Charges For Current Services is primarily due to increased amounts of Internal Agreements for weed control services in Integrated Pest Control.

Environmental Health (DEH)

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

A positive expenditure variance of \$2.5 million is projected. Savings of \$1.1 million in Salaries & Benefits is due to vacancies and under-filled positions. Savings of \$1.3 million in Services & Supplies includes \$0.8 million in the Vector Control Program

mostly due to delays in the implementation of the Vector Habitat Remediation Program and \$0.5 million spread over various accounts. Savings of \$0.1 million in Expenditure Transfer & Reimbursements is primarily related to additional work performed by the Occupational Health Program for asbestos remediation.

A negative revenue variance of \$1.3 million is projected. This variance consists of over-realized revenue of \$1.1 million in Licenses, Permits & Franchises due to fee revenue for external overheads that is not budgeted, including \$1.3 million in Food and Housing Permit Fees offset by a negative variance of \$0.2 million in Hazardous Materials Permit Fees. A negative variance of \$0.1 million in Intergovernmental Revenues is due to vacancy savings in Radiation Control and delays in the implementation of the Department of Toxic Substances Control – Border contract. A negative variance of \$2.3 million in Charges for Current Services consists of \$1.6 million in Vector Control Trust Fund revenue, which is associated with both Salaries & Benefits and Services & Supplies savings because revenue is only drawn for actual costs incurred, \$0.6 million in salary savings from the Local Oversight Program, and \$0.1 million savings in Third Party Reimbursement.

Planning and Development Services (PDS)

A positive variance of \$1.8 million is projected for the Department of Planning and Development Services.

A positive expenditure variance of \$3.0 million is projected. Savings of \$2.6 million is projected in Salaries & Benefits primarily due to staff vacancies and under-filled positions. A savings of \$0.4 million in Services & Supplies is spread over various expenditure accounts.

A negative revenue variance of \$1.2 million is projected. A projected negative variance of \$1.9 million in Charges for Current Services is mainly due to staff vacancies to provide the service to property owners, offset by over-realized building permit flat fees of \$0.5 million in Licenses Permits & Franchises. Over-realized revenue of \$0.2 million is spread over various revenue accounts.

Special Revenue Funds

Park Land Dedication Ordinance

A positive variance of \$1.5 million is projected for the Park Land Dedication Ordinance funds.

No significant expenditure variance is projected.

A positive revenue variance of \$1.5 million is projected in Licenses Permits & Franchises primarily due to unanticipated revenue from Park Land Dedication fees.

Public Works - Road Fund

A positive variance of \$1.9 million is projected for the Road Fund.

A positive expenditure variance of \$3.2 million is projected. Salaries & Benefits savings of \$1.2 million is due to staff vacancies. Savings of \$2.0 million is projected in Services & Supplies due to savings from construction bids from Detailed Work Program projects (\$1.1 million) and construction contracts for the Buckman Springs Road Bridge and Live Oak Park Bridge, which will not be awarded until Fiscal Year 2018-19 and will be re-budgeted in the CAO Recommended Operational Plan Fiscal Year 2018-19 (\$0.9 million).

A negative revenue variance of \$1.3 million is projected. Under-realized revenue of \$1.4 million is projected in Intergovernmental Revenues primarily due to \$1.7 million under-realized grant revenues from project schedule revisions in various federal projects, partially offset by \$0.2 million in unanticipated revenue from Indian Gaming grants and \$0.1 million in unanticipated state grant revenues. Under-realized revenue of \$0.4 million is projected in Charges for Current Services primarily due to \$0.9 million in under-realized revenues from services to property owners and less work for the General Fund, Survey Remonument Fund and Permanent Road Districts, which is partially offset by \$0.5 million over-realized revenues from utility reimbursements for San Vicente Road, increase in developer payments for consultant charges and more work for the Sanitation District. Over-realized revenue of \$0.5 million is projected in Revenue from Use of Money & Property due to higher than anticipated interest earnings.

Public Works – Inactive Waste Site Management Fund

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

A positive expenditure variance of \$0.6 million is projected. Salaries & Benefits savings of \$0.1 million is due to a staff vacancy. Savings of \$0.5 million is projected in Services & Supplies due to lower than anticipated costs for facility management, residential buffer property repairs and non-routine services related to site investigation and mitigation.

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 less money being transferred from the Environmental Trust Fund (ETF) to the Inactive Waste Fund. Funds are transferred from the ETF to the Inactive Waste Fund on a quarterly basis for operations as needed, in order to maximize interest earnings in the ETF.

Enterprise Funds

Airport Enterprise Fund

A positive variance of \$0.6 million is projected in the Airport Enterprise Fund.

A positive expenditure variance of \$1.4 million is projected. Salaries & Benefits savings of \$0.3 million is due to staff vacancies. Savings of \$0.1 million in Services & Supplies is due to lower than anticipated costs for consultant services related to the Palomar Airport Engineered Material Arresting System project. Savings of \$1.0 million is projected in

Capital Assets/Land Acquisition due to the closeout of the Gillespie Field Cajon Air Center Phase I project.

A negative revenue variance of \$0.8 million is projected. Under-realized revenue of \$0.9 million is projected in Intergovernmental Revenues due to the return of unused Federal Aviation Administration grant revenue for the Gillespie Field Cajon Air Center Phase I project, which was completed under budget. This is partially offset by corresponding Capital Assets savings. Under-realized revenue of \$0.3 million is projected in Miscellaneous Revenues due to lower than anticipated revenue from new commercial airline routes that are not fully implemented until next fiscal year. Over-realized revenue of \$0.4 million is projected in Revenue From Use of Money & Property due to a one-time equity payment from a new lease contract at Gillespie Field and from higher than anticipated interest earned.

Special District Funds

Air Pollution Control District

A positive variance of \$2.6 million is projected for the Air Pollution Control District.

A positive expenditure variance of \$1.9 million is projected. Savings of \$1.1 million in Salaries & Benefits is due to partial year staff vacancies and under-filling positions. Savings of \$0.8 million in Services & Supplies is due to cost savings and delays in one-time facilities projects, major maintenance and monitoring station moves.

A positive revenue variance of \$0.7 million is projected. A negative variance of \$0.8 million in Licenses, Permits & Franchises fees is primarily associated with the savings in Salaries & Benefits noted above. This is offset by over-realized revenue of \$0.2 million in Fines, Forfeitures & Penalties due to increased fines assessed for non-compliance with permit conditions; over-realized revenue of \$1.0 million in Intergovernmental Revenues due to higher than anticipated revenue from the Department of Motor Vehicles fees and \$0.3 million in various other revenue accounts due to interest earned on the fund balance and recovered expenditures.

Public Works – San Diego County Sanitation District

A positive variance of \$2.4 million is projected in the San Diego County Sanitation District.

A positive expenditure variance of \$2.0 million is projected. Savings of \$0.5 million in Services & Supplies is due to staff vacancies and under-filled positions in the Wastewater Enterprise Fund, which provides staffing for the Sanitation District. Savings of \$0.1 million in Other Charges is due to lower depreciation expense from rescheduling of Capital Improvement Program (CIP) projects. Savings of \$1.4 million in Capital Assets/Land Acquisition is from CIP projects, Flinn Springs Interceptor and Industry Road Interceptor, which were completed under budget.

A positive revenue variance of \$0.3 million is projected. Over-realized revenue of \$0.2 million is projected in Revenue from Use of Money & Property due to increased revenue from interest earnings. Over-realized revenue of \$0.1 million in Charges for Current Services is from connection capacity revenues from new residential developments.

COMMUNITY SERVICES GROUP

General Fund

Community Services Group Executive Office

A positive variance of \$1.0 million is projected for the Community Services Group Executive Office.

A positive expenditure variance of \$1.0 million is projected due to partial use of Management Reserves, based on lower occurrence of unanticipated Groupwide facility and Information Technology (IT) projects.

No significant revenue variance is projected.

Department of Animal Services

A positive variance of \$1.7 million is projected for the Department of Animal Services.

A positive expenditure variance of \$1.7 million is projected. This variance is a result of \$1.5 million in Salaries & Benefits savings from standard vacancies as well as attrition related to the upcoming termination of six city contracts at the end of the fiscal year. Projected savings in Services & Supplies of \$0.2 million are due to lower than expected costs in vehicle fuel, utilities, and facility maintenance.

No significant revenue variance is projected.

Special Revenue Funds

San Diego County Library

A positive variance of \$1.9 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 \$0.3 million savings in Salaries & Benefits from anticipated vacant positions. Projected savings in Services & Supplies of \$0.9 million are due to year-to-date trends in facility and IT costs (\$1.4 million), partially offset by a projected overage in Major Maintenance (\$0.5 million) due primarily to the Encinitas kiosk installation. 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 projected shortfalls in public printing and other library services.

Internal Service Funds

Facilities Management ISF

A positive variance of \$1.1 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$6.8 million is projected due to \$2.3 million in Salaries & Benefits from vacant and modified positions and \$4.4 million in Services & Supplies primarily due to lower than anticipated pass-through expenses for contracted services (\$3.2 million) and project management consultant services (\$1.2 million).

A net negative revenue variance of \$5.6 million is primarily due to \$6.4 million in underrealized revenue in Charges For Current Services for lower than anticipated reimbursement for contracted services and consultant charges, partially offset by a positive variance of \$0.6 million in Miscellaneous Revenues due to higher than anticipated lease commissions and \$0.2 million in Intergovernmental Revenues.

Major Maintenance ISF

No overall variance is projected for the Major Maintenance ISF.

A positive expenditure variance of \$12.7 million is projected due to savings in Services & Supplies from delays in commencing new projects.

A negative revenue variance of \$12.7 million is projected as a result of project delays, since costs incurred in this fund are reimbursed by operating departments.

Fleet Management ISF

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

A positive expenditure variance of \$3.6 million is projected. This is comprised of anticipated savings of \$0.3 million in Salaries & Benefits due to vacant and modified positions and \$3.3 million in Services & Supplies from less than anticipated fuel and vehicle parts purchases.

A negative revenue variance of \$3.2 million is projected primarily due to underrealized revenue in Charges for Current Services related to a decrease in reimbursement for anticipated fuel and parts purchases.

Purchasing and Contracting

A positive variance of \$1.0 million is projected for the Purchasing ISF.

A positive expenditure variance of \$0.7 million is projected as a result of \$0.5 million Salaries & Benefits savings attributed to managed vacancies and \$0.2 million in Services & Supplies savings, primarily attributed to the delay in completion of information technology projects.

A positive revenue variance of \$0.3 million is projected due to \$0.2 million in overrealized procurement rate revenue related to departmental contract spending and \$0.1 million from better than expected proceeds from rebate agreements.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

A positive variance of \$2.7 million is projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$4.8 million is projected. Anticipated positive variances of \$2.6 million in Salaries & Benefits are projected due to attrition and departmental vacancies and \$2.2 million in Services & Supplies due to less than anticipated contracted services.

A negative revenue variance of \$2.1 million is projected in Charges For Current Services. Anticipated negative variance is comprised of \$1.5 million in reimbursement from Trust Funds due to less than anticipated costs and \$1.5 million projected under realized program revenue related to Recording Document Revenues, Duplicating & Filing Documents revenues, and Marriage Ceremony Fees. These revenues are partially offset by positive revenue variance of \$0.9 million due to AB 2890 Recovered Costs (reimbursement to administer the Supplemental Assessment Program).

Auditor and Controller

A positive variance of \$2.2 million is projected for the Auditor and Controller.

A positive expenditure variance of \$2.2 million is projected. Anticipated positive variances of \$1.1 million in Salaries & Benefits are projected due to normal attrition of staff and departmental vacancies and \$1.1 million in Services & Supplies due to anticipated savings associated with various one-time IT projects.

No revenue variance is projected.

Board of Supervisors

A positive variance of \$0.6 million is projected for the Board of Supervisors Offices.

A positive expenditure variance of \$0.6 is projected. Anticipated positive variances of \$0.4 million are projected in Salaries & Benefits due to vacancies and \$0.2 million in Services & Supplies due to lower than anticipated expenditures.

No revenue variance is projected.

Office of County Counsel

A positive variance of \$0.2 million is projected for the Office of County Counsel.

A negative expenditure variance of \$0.2 million is projected primarily due to a negative variance of \$0.5 million in Salaries & Benefits resulting from hiring additional staff to

backfill several pending retirements of highly experienced attorney staff offset by a positive variance of \$0.3 million in Expenditure Transfer & Reimbursements for cost reimbursement for legal services provided. The County will make recommendations in 3rd Quarter to provide adjustments as necessary.

A positive revenue variance of \$0.4 million is projected in Charges For Current Services primarily due to increased workloads in real estate and developer-related land use matters.

County Technology Office

A positive variance of \$0.9 million is projected for the County Technology Office.

A positive expenditure variance of \$0.9 million is projected. Anticipated positive variances consist of \$0.2 million in Salaries & Benefits due to a vacant position, \$0.2 million in Services & Supplies due to changes in scope of one-time IT projects, and \$0.5 million in Management Reserves held for emergent of unanticipated IT platform need.

No revenue variance is projected.

Finance and General Government Executive Office

A positive variance of \$3.2 million is projected for the Finance and General Government Group Executive Office.

A positive expenditure variance of \$3.2 million is projected. Anticipated positive variance of \$0.2 million in Salaries & Benefits due to a vacant position 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 \$1.1 million is projected for the Department of Human Resources.

A positive expenditure variance of \$1.7 million is projected. Anticipated positive variances of \$0.5 million in Salaries & Benefits primarily due to vacant positions and \$1.2 million in Services & Supplies primarily due to savings in contracted services and workers compensation administration costs.

A negative revenue variance of \$0.6 million is projected primarily in Miscellaneous Revenues due to reduced workers compensation administration costs.

Treasurer–Tax Collector

A positive variance of \$0.3 million is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$0.9 million is projected in Salaries & Benefits due to vacancies and staff turnover.

A negative revenue variance of \$0.6 million is projected due to \$0.2 million in Charges For Current Services primarily due to less than needed Banking Services Pooled revenue and \$0.4 million in Other Miscellaneous adjusted for Tax Sale Publication.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$35.7 million is projected in General Purpose Revenue (GPR) and \$26.7 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 Total Farm, Leisure and Hospitality, and Other Services. The region has continued to fare better than other California metros in terms of unemployment rate. Median home prices in San Diego grew 6.7% in October and November 2017 compared to the same period in 2016.

The outlook for San Diego is forecasted to have a positive but slower growth at least through most of 2018 (USD Index of Leading Economic Indicators, September and October 2017 report).

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For FY 2017-18, 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 3.3% in December 2017, down from 4.1% one year ago. In comparison, this is below the state's rate of 4.2% in December 2017 and 5.0% in December 2016.
- Consumer spending, as measured by taxable sales will increase mainly due to increase in fuel prices and in consumer online spending. During the 2nd Quarter of 2017-18, unadjusted local point of sale tax revenue increased by 9.42% in the unincorporated area, in the Southern California Region by 3.49%, in the statewide level by 4.22% and in the San Diego regional level by 2.66% 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 6.7% in the San Diego region for October and November 2017 compared to the same period last year);
 - Notices of Default for January-December 2017 were down 20% compared to the same period in 2016.
 - Foreclosure activity decreased 32% in January-December 2017 compared to the same period in 2016.

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 \$5.5 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$1.4 million higher than budget. This mainly resulted from the fact that the 2017 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 4.0%, but the actual assessed value (AV) increased by 6.35% (gross less regular exemptions). (Note: The 6.35% increase represents the change in the assessed value for only the secured roll. This is higher than the countywide overall increase published by the Assessor/Recorder/County Clerk on June 29, 2017 of 6.05%, which includes all assessed value components, secured and unsecured).

Property Taxes - Current Unsecured

No projected variance in Current Unsecured Property Taxes. 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*

Current Supplemental Property Taxes are projected to be \$4.1 million higher than budget based on 3 prior year receipts. The projection for this revenue is based on charges and collections trend estimates related to new construction and anticipated turnover through Fiscal Year 2017-18.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$4.5 million above budget.

- *Property Tax Prior Secured Supplemental*

Property Tax Prior Secured Supplemental are projected to be \$1.9 million higher than budget. This is based on 3 prior year receipts and due to higher turnover in ownership and new construction activity.

- *Real Property Transfer Taxes*

No projected variance for Real Property Transfer Taxes based on realized revenues for Fiscal Year 2016-17 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 \$0.7 million higher than budget. This is based on current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year.
- *Sales and Use Taxes*
Sales and Use Taxes is projected to be \$0.9 million higher than budget. This are due to under-advancement of revenue by the State during 2Q17 which was paid in September 2017, new allocations received, audit recovery, and increase in the pool allocations due to higher sales.
- *Transient Occupancy Tax*
Transient Occupancy Tax is projected to be \$0.5 million higher than budget. This is based on prior year actual receipts. Receipts for 1st Quarter already exceed last year's 1st Quarter receipts by \$100K.
- *Property Tax in Lieu of Vehicle License Fees*
No projected variance for Property Tax in Lieu of Vehicle License Fees (VLF). The actual assessed value adjustment factor is higher than the adjustment rate of 4.0% 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 \$0.5 million higher than budget. The increase in based on a higher Teeter buyout this fiscal 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 \$15.8 million above budget. The increase is due to higher than expected interest earnings.

Fines, Forfeitures and Penalties

No projected variance for Penalties and Cost Delinquency Taxes. 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 \$11.9 million is projected in Intergovernmental Revenue primarily due to pass-through distributions, and residual balance estimates in Aid from Redevelopment Successor Agencies. The pass-through distributions are continuing to go higher due to continued growth in the project areas.

Miscellaneous Revenue

A negative variance of \$2.0 million is projected in Miscellaneous Revenue due to the requirement to keep funds in the Flex Trust Funds to reimburse employees for their Flex benefits.

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 \$24.0 million budgeted in the Contingency Reserve in Fiscal Year 2017-18 is projected to be unspent at year-end.

Capital Program Funds

Edgemoor Development Fund

No variance is projected for the Edgemoor Development Fund.

Based on the Adopted Fiscal Year 2017-19, approximately \$5.9 million was budgeted in the Gain on Sale of Fixed Assets in the Edgemoor Development Fund for anticipated sales of land in the current fiscal year. On September 12, 2017 (9), the Board of Supervisors approved to take the necessary actions to sell three properties at a bid opening held on October 10, 2017 (8). The selected high bidder shall have up to 365 days to close escrow. With the probability of the close of escrow carrying into Fiscal Year 2018-19, the County will take necessary actions to provide technical adjustments to remedy the short fall in revenue.