



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Second District

PAM SLATER  
Third District

RON ROBERTS  
Fourth District

BILL HORN  
Fifth District

**DATE:** May 13, 2003

**TO:** Board of Supervisors  
Spring Valley Sanitation District Board of Directors  
San Diego County Flood Control District

**SUBJECT:** THIRD QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS FOR FISCAL YEAR ENDING JUNE 30, 2003 AND BUDGET ADJUSTMENTS (District: All)

### **SUMMARY:**

#### **Overview**

Throughout the year, the Board has received quarterly updates on the County's current financial position. Our commitment to fiscal discipline and continuous improvement have served us well and I am pleased to report that all County funds are performing within budget. The State's budget crisis, however, continues to be of significant concern, and while I don't expect any actions that would erode our fund balance estimates for this year, I expect financial challenges in the years ahead. Using the principles set forth in our General Management System, we are committed to managing these challenges in a way that minimizes their impact on customers and employees as much as possible.

In addition to the fiscal status report, the recommendations before you today request certain technical adjustments to the budget, amendments to Child Care Stages 2 and 3 revenue agreements, acceptance of donations for the San Pasqual Academy and the A.B. and Jessie Polinsky Children's Center, a change in the crediting of interest earnings, adjustments to the Ramona Airport sewer and control tower projects and investment of a portion of our one-time resources for one-time improvements for our communities, kids, and environment.

#### **Recommendation(s)**

##### **CHIEF ADMINISTRATIVE OFFICER**

1. Accept the Fiscal Year 2002-03 third quarter report on projected year end results.
2. Waive Board Policy A-91, Mid-Year Budget Changes.
3. Waive Board Policy B-29, Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery.

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4. Approve and authorize the acquisition of a surveillance van for the Attorney Regional Auto Theft Team. Funds for this request are included in the FY 2002-03 Operational Plan.
5. Establish appropriations of \$50,000 in the District Attorney's Asset Forfeiture Fund for Contributions to Other Agencies based on FY 2002-03 DA's Asset Forfeiture Fund Balance. (4 Votes)
6. Approve and authorize the Clerk of the Board to execute revenue agreement amendments with the State Department of Education for Child Care Stages 2 and 3 for the period July 1, 2002 through June 30, 2003 as follows:
  - State Contract # F2AP-2051 amendment 01 increasing the contract amount by \$705,726 for Child Care Stage 2.
  - State Contract # G3TO-2053 amendment 01 reducing the contract amount by \$2,768,055 for Child Care Stage 3.
  - State Contract # F3TO-2053 amendment 01 increasing the contract amount by \$909,734 for Child Care Stage 3.
7. Establish appropriations of \$705,726 in the Health and Human Services Agency for Child Care Stage 2 programs based on unanticipated revenue from the State Department of Education. (4 Votes)
8. Cancel appropriations and related revenue in the amount of \$1,858,321 in the Health and Human Services Agency for the Child Care Stage 3 program based on contract revenue reductions from the State Department of Education.
9. Authorize the Health and Human Services Agency to accept a cash donation from the Metabolife Foundation of \$125,000 for the San Pasqual Academy South Dormitory.
10. Establish appropriations of \$125,000 in the Contributions to Capital Outlay Fund for the San Pasqual Academy South Dormitory, based on unanticipated revenue received from Metabolife Foundation's donation. (4 Votes)
11. Establish appropriations of \$125,000 in the Capital Outlay Fund for Capital Project KK2993, San Pasqual Academy South Dormitory, based on an Operating Transfer from the General Fund. (4 Votes)
12. Accept an in-kind donation of a van, valued at \$39,642, to the A.B. and Jessie Polinsky Children's Center from the Child Abuse Prevention Foundation.
13. Transfer appropriations of \$12,630 from the Department of Planning and Land Use to the General Fund Contribution to Fleet ISF to provide funding for an upgrade from vans to four-wheel drive vehicles.

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14. Amend the Fiscal Year 2002-03 Fleet Internal Service Fund Spending Plan in the amount of \$12,630 to provide funding for vehicle upgrades based on an operating transfer from the General Fund.
15. Establish appropriations of \$40,000 in the Fish and Game Propagation Fund for the issuance of various grants to the community, based on Fish and Game Propagation Fund FY 2001-02 fund balance. (4 Votes)
16. Establish appropriations of \$60,000 in the Department of Environmental Health for the purchase of safety equipment and for educational materials based on unanticipated revenue from penalty assessments. (4 Votes)
17. Establish appropriations of \$300,000 in the Airport Enterprise Fund for Capital Project K47SL3, Ramona Airport Sewer Construction based on revenue from State Aid for Construction. (4 VOTES)
18. Transfer appropriations of \$336,000 within the Airport Enterprise Fund from Services and Supplies to Capital Project K47TW3, Ramona Control Tower project.
19. Acting as the Spring Valley Sanitation District Board of Directors, establish appropriations of \$450,000 in the Spring Valley Sanitation District for increased maintenance and professional and specialized services costs, based on Spring Valley Sanitation District FY 2001-02 fund balance. (4 Votes)
20. Amend the FY 2002-03 Department of Public Works Equipment Internal Service Fund spending plan in the amount of \$900,000 for increased vehicle maintenance and fuel costs, based on DPW Equipment ISF FY 2001-02 fund balance. (4 Votes)
21. Transfer appropriations of \$1,050,000 from the Land Use and Environment Group Management Reserve to the Department of Public Works for Flood Control Engineering stormwater projects. (4 Votes)
22. Acting as the San Diego Flood Control District, establish appropriations of \$1,050,000 in the Flood Control District for various stormwater projects, based on an Operating Transfer from the General Fund. (4 Votes)
23. Transfer appropriations of \$50,000 from the Community Services Group's Services and Supplies to Contribution to the Library Fund to pay for background checks for Library volunteers.
24. Establish appropriations of \$50,000 in the County Library Fund for background

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checks, based on an Operating Transfer from the General Fund. (4 Votes)

25. Establish appropriations of \$80,000 in the Upper San Diego River Improvement Project Area Housing Fund for Contributions to Other Agencies based on an operating transfer from the Upper San Diego River Improvement Project Area Capital Project Fund. (4 Votes)
26. Establish appropriations of \$272,882 in the Assessor/Recorder/County Clerk for unanticipated costs related to increased recording workloads, based upon over-realized recording revenue. (4 Votes)
27. Transfer appropriations of \$200,000 from Finance and General Government Group Management Reserves to the Clerk of the Board for the ceiling replacement and energy efficiency lighting project. (4 Votes)
28. Transfer appropriations of \$41,500 from the Board General Office to the Board of Supervisors District 2 for unanticipated salaries and benefits expenditures relating to staff resignations.
29. Establish appropriations of \$737,340,000 in Countywide General Fund expenditures to record a contribution to the San Diego County Employees Retirement Association's unfunded accrued liability, to refund a portion of the 1994 Pension Obligation Bonds, and to pay for costs related to the issuance of the 2002 Taxable Pension Obligation Bonds, based on bond proceeds from the sale of the 2002 Bonds. (4 Votes)
30. Establish appropriations of \$10,449,701 in the Pension Obligation Bond Fund to pay for the Cost of Issuance related to the sale of the 2002 Taxable Pension Obligation Bonds, based upon an operating transfer from Countywide General Fund expenditures. (4 Votes)
31. Authorize the Auditor and Controller to cease apportioning interest earnings to the Public Liability Internal Service Fund retroactive to the beginning of this fiscal year.

**Fiscal Impact**

The funds for this request are not budgeted. If approved, these actions will establish total new appropriations of \$752,062,583. These actions will also cancel budgeted appropriations and the related sources of funding in the amount of \$1,858,321, resulting in a net increase in appropriations of \$750,152,618.

**Business Impact Statement**

N/A

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**Advisory Board Statement**

N/A

**BACKGROUND:**

**Recommendation 1: Fund Balance Projections**

For the General Fund, the third quarter projection of year-end fund balance is \$189 million, up from \$117.6 million estimated at the close of the second quarter. The \$189 million is made up of \$15.5 million of over-realized General Purpose Revenues, \$86.7 million in savings from departmental operations, and \$86.8 million in unspent Contingency and Management Reserves. The projected balance for all other funds combined is \$72.87 million. Schedule A summarizes the fund balance projections by Group. The Notes to Schedule A explain variances from budget. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances.

Out of the estimated \$189.0 million of General Fund fund balance, approximately \$86.5 million in FY 2003-04 and \$40.4 million in FY 2004-05 have been budgeted as sources of funds for various appropriations in the CAO Proposed Operational Plan. These savings will also be a source for making Quality First payments to employees where applicable in the coming year.

These projections are based on actual experience during the third quarter (January – March) and current expectations of demand for services and availability of funding to support those services. Two related factors continue to pose significant risks to our financial position, the State budget crisis and the continuing weakness of the U.S., State, and local economies.

While the State has made some progress in closing an estimated budget gap of \$34.6 billion, the full impact on local governments is not yet known. While I don't expect any actions by the State that would erode our fund balance estimates for this year, I expect financial challenges in the years ahead as a slowly growing economy causes the State and local governments to realign resources and service level expectations.

The U.S. economy's calculated Gross Domestic Product (GDP) for 2002 showed an increase of 2.4%. The consensus among economists is that the nation experienced a mild recession in 2001 but the economy is taking longer than expected to recover due to accounting scandals in several large corporations, terrorism concerns, political uncertainties and tensions around the world.

For the State of California, the economy has fallen further than the nation's during the same period as measured by personal income and employment factors. Looking regionally, however, southern California has fared better than northern California. In fact, southern California increased employment by 1% during 2001 and 2002 while the Bay Area decreased by 5%. The San Diego economy continues to show positive growth but at a slower rate than the prior three years (e.g., gross regional product at 7.7% for 2000, at 2.2% for 2001, and at 1.8% for 2002). The performance of the County's General Purpose Revenues (e.g., property tax, vehicle license fees, sales tax, and real property transfer tax) mirrors the San Diego economy. These revenues

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are discretionary ongoing resources that your Board allocates in order to advance strategic goals and leverage outside funding. The current year's General Purpose Revenue budget is \$608 million, and we expect to realize a small increase over budget of \$15.5 million (2.5%).

**Recommendation 2**

A waiver of Board Policy A-91, Mid-Year Budget Changes is requested for the mid-year appropriation of funds. These funds are needed for effective and efficient operation of the Public Safety Group, Health and Human Services Agency, Land Use and Environment Group, Community Services Group, and the Finance and General Government Group

**Recommendation 3**

A waiver of Board policy B-29, Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery.

**Recommendation 4**

This action will enable the multi-agency, grant funded Regional Auto Theft Team (RATT) to purchase a surveillance van. Funds for the purchase are included in the FY 2002-2003 Operational Plan and are 100% funded with grant funds. The van will be used to enhance officer safety and to provide quality recordings for use in courtroom presentations in auto theft prosecutions.

**Recommendation 5**

This action authorizes the contribution of \$50,000 to the San Diego County Superintendent of Schools to support the analysis and evaluation of the Juvenile Literacy Project. The San Diego Juvenile Literacy Project contracts with private experts to provide educational instruction to combat illiteracy among targeted youth. The literacy training occurs at Camp Barrett-Youth Correctional Facility and Campo Juvenile Ranch Facility, facilities operated by the San Diego County Probation Department. The funds provided by the District Attorney will support various activities surrounding the analysis and evaluation of the project, which will be conducted by an outside agency.

**Recommendations 6–8**

The Health and Human Services Agency administers child care programs for active and former CalWORKs recipients and low-income families. Payments are made directly to child care providers who care for the children of eligible families. The actions proposed in this letter will add \$705,726 in revenue for Child Care Stage 2. This program is for CalWORKs recipients whose Welfare-to-Work participation and need for child care has stabilized, or for former CalWORKs recipients who are employed and transitioning off cash aid. This revenue will enable San Diego County to continue to provide child care payments to eligible families. In addition, this proposal will reduce \$1,858,321 in revenue for Child Care Stage 3. This program is for families who have been off CalWORKs cash aid for 2 years or more and for low-income families. Based on current projections, this revenue decrease will not impact the number of families currently receiving child care payments or the ability to serve new families this Fiscal Year. This is a one-time change for this Fiscal Year.

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**Recommendations 9-11**

The San Pasqual Academy, a residential educational campus for adolescent foster youth, opened in October 2001. On November 12, 2002 (1), the Board approved the transfer of funds from the South Dormitory account to the gymnasium account so the completion of the gymnasium could be accomplished at that time. A donation from Metabolife was anticipated in early 2003 and the Board directed this donation be used to replenish the South Dormitory account. These actions would add a \$125,000 donation from Metabolife to the South Dormitory account.

**Recommendation 12**

County Administrative Code Section 66 (Acceptance of Gifts) and Board Policy A-112 (Acceptance of Gifts and Donations) require Board approval for the acceptance of gifts and donations over \$5,000. The Health and Human Services Agency periodically receives in-kind donations for the A.B. and Jessie Polinsky Children's Center, a 24-hour facility for the temporary emergency shelter of children who have been abused or neglected or who do not have a caretaker who is able to provide a home for them. This action accepts the in-kind donation of a special needs van, valued at \$39,642 from the Child Abuse Prevention Foundation.

**Recommendations 13 & 14**

This action is for vehicles that are scheduled for replacement. In this case the department is requesting an upgrade from vans to four-wheel drive vehicles. Much of the work that is done by the Department of Planning and Land Use is done in the unincorporated area of the county in areas that are not friendly to regular city type vehicles. The funds requested will cover the difference between the scheduled replacement and the upgrade.

**Recommendation 15**

This action establishes appropriations in the Fish and Game Commission based on FY 2001-02 fund balance. Per the County Administrative Code Section 286.8 (1) and (2), the commission is responsible for the disbursement of the State Fish and Game's fines and forfeitures moneys returned pursuant to provisions in the Government Code. Currently, the Commission is reviewing grant proposals that are geared to promoting fish and wildlife programs.

**Recommendation 16**

This action establishes appropriations in the Department of Environmental Health based on a court order on a consumer protection case. On April 28, 2003, a San Diego County judge signed an order, which included \$60,000 in penalties, against a local market chain for having had numerous food safety violations at each of their four stores and repeatedly failing to post signs required by state regulations to warn at-risk individuals of the risks of eating raw Gulf Coast oysters. One of the local deaths was traced back to this local market. The successful filing of a consumer protection case and the abatement of unsafe conditions at the market chain were the result of cooperative efforts by DEH and the District Attorney's Office. The additional appropriations will allow the department to purchase equipment and educational materials to enhance their food safety on retail facilities countywide.

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**Recommendation 17**

On 2, 2000 (3) the Board approved a loan application to the State for the construction of a sewer line construction project at the Ramona Airport. Funds were received in July 2000 and construction has been on going. This action will increase appropriations in the capital account for the Ramona Sewer Line project to enable all charges to be correctly recorded. Currently construction management, inspection and survey costs have been charged as interdepartmental expenses. These charges will be moved to the capital project once appropriations are increased. It is anticipated that the sewer line construction will be completed this fiscal year. All costs are offset by State Loan funding.

**Recommendation 18**

This action transfers appropriations within the Airport Enterprise Fund from Services and Supplies to the Ramona Control Tower capital project to ensure sufficient appropriations are in place to correctly record all capital project expenditures, including contract management services which were budgeted as Services and Supplies. These costs are funded by the Airport Enterprise Fund.

**Recommendation 19**

This action appropriates FY 20001-02 fund balance within the Spring Valley Sanitation District. The appropriations will cover increases in the costs of maintaining the system, including preventative maintenance work, and engineering services.

**Recommendation 20**

This action appropriates FY 20001-02 fund balance within the Department of Public Works, Equipment Operations Internal Service Fund. The appropriations will cover increases in equipment usage as well as increases in the per gallon cost of fuel.

**Recommendation 21 & 22**

These actions will provide funding for various stormwater projects, including creation of a database of Flood Control drainage and flowage easement (inventory assessment) throughout the County. The County is responsible for maintaining the easements, and the database will enable the County to compile a digitalized inventory of comprehensive watershed-based maps of the unincorporated county Municipal Separate Storm Sewer Systems (MS4) and drainage facilities. Detailed maps of the MS4 are required for compliance with the Municipal Stormwater Permit.

**Recommendation 23 & 24**

The Board of Supervisors adopted the Criminal Background Check Policy on January 28, 2003 (21). To comply with the requirements this policy, the County Library requires \$50,000 to do background checks on volunteers who have proximity and access to children in the County Library system. The cost estimate is based on an estimated 2,142 volunteers at a cost of \$20 to \$35 per background check (cost per volunteer varies depending on how many jurisdictions the volunteer has lived in).

**Recommendation 25**



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              FOR FISCAL YEAR ENDING JUNE 30, 2003 AND BUDGET  
              ADJUSTMENTS (District: All)**

California Redevelopment Law requires that 20% of all redevelopment area tax increment revenue be placed in a Housing Fund. This action will enable \$80,000 of the tax increment revenue overrealized by the Upper San Diego River Improvement Project Area Capital Project Fund to be transferred to the Upper San Diego River Improvement Project Area Housing Fund.

**Recommendation 26**

Given the current economy, the Assessor/Recorder/County Clerk has experienced unprecedented document recording and real estate activity during the current fiscal year. As such, the department has incurred unanticipated costs in overtime, temporary help, and related services and supplies. This action provides the necessary appropriations to provide for these costs, based upon over-realized recording revenue.

**Recommendation 27**

This action will provide for the removal and replacement of existing ceiling, lights and HVAC registers throughout the Clerk of the Board offices. Lighting will be replaced with standardized energy efficient fixtures and will provide evenly distributed illumination for employees and customers.

**Recommendation 28**

This action provides for the transfer of appropriations from the Board General Office to the Board of Supervisors District 2 for unanticipated salaries and benefits expenditures as a result of staff resignations.

**Recommendations 29 & 30**

As a result of the County implementing an enhanced retirement plan in March 2002, the County issued \$737 million of taxable pension obligation bonds on October 3, 2002. The County made a \$550 million contribution to the San Diego County Employees Retirement System, thus reducing the unfunded accrued liability. The remaining proceeds were used to refinance a portion of the County's 1994 Pension Obligation Bonds in order to take advantage of the lower interest rates, and to pay for related costs of issuance. These appropriations must be established in order to properly record the transactions in the County's general ledger.

**Recommendation 31**

The County is self-insured for Public Liability. In Fiscal Year 1994-95 the County established the Public Liability Internal Service Fund (ISF) to pay claims and distribute the costs to County departments based on a combination of risk factors and loss experience. This ISF has been earning interest on its cash balance. Based on an actuarial evaluation of the fund and claims history, there is a sufficient reserve in place such that the County could make better use of the interest earnings by having them directed to the general fund.

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ADJUSTMENTS (District: All)

Respectfully submitted,

WALTER F. EKARD  
Chief Administrative Officer

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**AGENDA ITEM INFORMATION SHEET**

**CONCURRENCE(S)**

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

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

**ORIGINATING DEPARTMENT:** Auditor and Controller

**CONTACT PERSON(S):**

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**AUTHORIZED REPRESENTATIVE:**

William J. Kelly, Chief Financial Officer

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**AGENDA ITEM INFORMATION SHEET**  
(continued)

**PREVIOUS RELEVANT BOARD ACTIONS:**

March 11, 2003 (17) Second Quarter Report on Estimated Results for Fiscal Year Ending June 30, 2003. December 3, 2002 (28) First Quarter Report on Estimated Results for Fiscal Year Ending June 30, 2003. March 11, 2003 (17), approved the execution of a revenue agreement with the California Department of Education; December 3, 2002 (28), approved the execution of revenue agreements with the California Department of Education; November 12, 2002 (1), approved proceeding with final enhancements to gymnasium at San Pasqual Academy; July 30, 2002 (2) accepted donations for the use and benefit of children at A.B. and Jessie Polinsky Children's Center; September 19, 2000 (3) accepted donations for the use and benefit of children at A.B. and Jessie Polinsky Children's Center

**BOARD POLICIES APPLICABLE:**

A-91, Mid-Year Budget Changes; B-29, Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery; A112, Acceptance of Gifts and Donations

**BOARD POLICY STATEMENTS:**

**A-91 Mid-Year Budget Changes**

A waiver of Board Policy A-91, Mid-Year Budget Changes, is requested for the mid-year appropriation of various funds, including Fiscal Year 2001-02 Fund Balance. These funds are needed for effective and efficient operation of the Groups and Agency.

**B-29 Fees, Grants, Revenue Contract – Department Responsibility for Cost Recovery**

A waiver of Board Policy B-29, Fees, Grants, Revenue Contract – Department Responsibility for Cost Recovery is requested because the funding does not offset all allocated indirect costs. These costs are already budgeted and the benefits to the community far outweigh the indirect costs associated with these activities.

**CONTRACT NUMBER(S):**

(80096)  
(80097)  
(80101)

**FY 2002-2003 3rd Quarter  
Projected Year-end Results**  
(in thousands)

**COUNTY SUMMARY**

|  | Expenditure<br>Variance | Revenue<br>Variance | 3rd Quarter<br>FY02-03<br>Projected<br>Fund Balance<br>Favorable/<br>(Unfavorable) |
|--|-------------------------|---------------------|--|
|--|-------------------------|---------------------|--|

**General Fund**

|                              |                   |                    |                   |
|------------------------------|-------------------|--------------------|-------------------|
| Public Safety                | \$ 44,882         | (3,684)            | 41,198            |
| Health & Human Services      | \$ 78,495         | (73,659)           | 4,836             |
| Land Use & Environment       | \$ 14,356         | (1,391)            | 12,965            |
| Community Services           | \$ 17,681         | \$ (2,142)         | \$ 15,539         |
| Finance & General Government | \$ 39,759         | 5,631              | 45,390            |
| Total Agency/Group           | \$ 195,175        | (75,245)           | 119,929           |
| General Revenues             | \$ -              | 15,486             | 15,486            |
| General County Expenses      | \$ 53,560         | -                  | 53,560            |
| <b>Total General Fund</b>    | <b>\$ 248,734</b> | <b>\$ (59,760)</b> | <b>\$ 188,975</b> |

**Special Revenue Funds**

|                                    |               |                 |               |
|------------------------------------|---------------|-----------------|---------------|
| Public Safety                      | 6,441         | (5,739)         | 702           |
| Health & Human Services            | 22,188        | 8,389           | 30,576        |
| Land Use & Environment             | 18,692        | (11,573)        | 7,119         |
| Community Services                 | 28,087        | (26,587)        | 1,500         |
| Finance & General Government       | 348           | (80)            | 268           |
| Finance Other - Capital Program    | 3,936         | (1,160)         | 2,776         |
| <b>Total Special Revenue Funds</b> | <b>79,692</b> | <b>(36,751)</b> | <b>42,941</b> |

**Internal Service Funds Departments**

|                                     |               |                 |               |
|-------------------------------------|---------------|-----------------|---------------|
| Public Safety Group                 | -             | 85              | 85            |
| Health & Human Services             | -             | -               | -             |
| Land Use & Environment              | 448           | (61)            | 387           |
| Community Services                  | 32,482        | (26,983)        | 5,500         |
| Finance & General Government        | 250           | -               | 250           |
| Finance Other                       | 6,862         | 393             | 7,255         |
| Other County                        | -             | -               | -             |
| <b>Total Internal Service Funds</b> | <b>40,042</b> | <b>(26,566)</b> | <b>13,476</b> |

**Enterprise Fund Departments**

|                        |          |            |          |
|------------------------|----------|------------|----------|
| Land Use & Environment | \$ 4,703 | \$ (2,228) | \$ 2,475 |
|------------------------|----------|------------|----------|

**Special District Funds Departments**

|                                     |                  |                 |                  |
|-------------------------------------|------------------|-----------------|------------------|
| Public Safety Group                 | -                | 1,307           | 1,307            |
| Health & Human Services             | -                | -               | -                |
| Land Use & Environment              | 14,344           | (2,171)         | 12,173           |
| <b>Total Special District Funds</b> | <b>\$ 14,344</b> | <b>\$ (864)</b> | <b>\$ 13,479</b> |

**Other County Funds Departments**

|  |               |                 |               |
|--|---------------|-----------------|---------------|
| LUEG - Debt. Svc. Local Boards             | -             | -               | -             |
| Community Svcs. Dept - Redevpment Agencies | \$ 874        | \$ (374)        | \$ 500        |
| <b>Total Other County Funds</b>            | <b>\$ 874</b> | <b>\$ (374)</b> | <b>\$ 500</b> |

|   |                   |                     |                   |
|---|-------------------|---------------------|-------------------|
| <b>Total County Projected Operating Balance</b> | <b>\$ 388,389</b> | <b>\$ (126,542)</b> | <b>\$ 261,846</b> |
|---|-------------------|---------------------|-------------------|

**FY 2002-2003 3rd Quarter  
Projected Year-end Results**

(in thousands)

***PUBLIC SAFETY GROUP***

| Expenditure<br>Variance | Revenue<br>Variance | 3rd Quarter<br>FY02-03<br>Projected<br>Fund Balance<br>Favorable/<br>(Unfavorable) |
|-------------------------|---------------------|--|
|-------------------------|---------------------|--|

***General Fund Departments***

|                                  |               |                |               |
|----------------------------------|---------------|----------------|---------------|
| Alternate Public Defender        | \$ 1,160      | \$ (760)       | \$ 400        |
| Child Support                    | 190           | (187)          | 3             |
| Contributions for Trial Courts   | 1,387         | 419            | 1,806         |
| Defense Attorney Contract Admin. | 501           | (12)           | 489           |
| District Attorney                | 3,694         | 649            | 4,343         |
| Grand Jury                       | 12            | -              | 12            |
| Law Enforcement Review Board     | 24            | 0              | 24            |
| Medical Examiner                 | 197           | 111            | 309           |
| Emergency Services               | 41            | 27             | 68            |
| Probation                        | 7,173         | (1,787)        | 5,386         |
| Public Defender                  | 2,577         | (309)          | 2,268         |
| Public Safety Executive Office   | 15,514        | 85             | 15,599        |
| Sheriff                          | 12,413        | (1,921)        | 10,492        |
| <b>Total General Fund</b>        | <b>44,882</b> | <b>(3,684)</b> | <b>41,198</b> |

***Special Revenue Funds Departments***

|                                    |              |                |            |
|------------------------------------|--------------|----------------|------------|
| District Attorney                  | -            | -              | -          |
| Probation                          | 141          | (11)           | 129        |
| Sheriff                            | -            | 234            | 234        |
| Public Safety - Proposition 172    | 6,300        | (5,961)        | 339        |
| <b>Total Special Revenue Funds</b> | <b>6,441</b> | <b>(5,739)</b> | <b>702</b> |

***Internal Service Funds Departments***

|                                     |          |           |           |
|-------------------------------------|----------|-----------|-----------|
| Probation                           | -        | -         | -         |
| Sheriff                             | -        | 85        | 85        |
| <b>Total Internal Service Funds</b> | <b>-</b> | <b>85</b> | <b>85</b> |

***Special District Funds***

|   |                  |                   |                  |
|---|------------------|-------------------|------------------|
| Sheriff (Regional 800 MHz)                | -                | 1,307             | 1,307            |
| <b>Total Group Projected Fund Balance</b> | <b>\$ 51,323</b> | <b>\$ (8,032)</b> | <b>\$ 43,291</b> |

**FY 2002-2003 3rd Quarter  
Projected Year-end Results**

(in thousands)

**HEALTH & HUMAN SERVICES AGENCY**

| Expenditure<br>Variance | Revenue<br>Variance | 3rd Quarter<br>FY02-03<br>Projected<br>Fund Balance<br>Favorable/<br>(Unfavorable) |
|-------------------------|---------------------|--|
|-------------------------|---------------------|--|

**General Fund Programs**

|                               |               |                 |              |
|-------------------------------|---------------|-----------------|--------------|
| Agency Administration         | \$ 28,726     | \$ (21,753)     | \$ 6,973     |
| Adult Mental Health           | 3,960         | (6,345)         | (2,385)      |
| Aging & Independence Services | 6,048         | (6,045)         | 2            |
| Children's Mental Health      | 6,483         | (6,483)         | -            |
| Children's Team               | -             | -               | -            |
| Office of Public Health       | 9,854         | (9,237)         | 617          |
| Policy & Program Support      | 4,588         | (4,418)         | 170          |
| Proposition 10                | 167           | (167)           | -            |
| Regional Operations           | 17,786        | (18,977)        | (1,190)      |
| Strategy & Planning           | 884           | (235)           | 649          |
| <b>Total General Fund</b>     | <b>78,495</b> | <b>(73,659)</b> | <b>4,836</b> |

**Special Revenue Funds**

|                                    |               |              |               |
|------------------------------------|---------------|--------------|---------------|
| Social Services Realignment        | 10,325        | (1,603)      | 8,722         |
| Mental Health Realignment          | 1,752         | 3,926        | 5,678         |
| Health Realignment                 | 5,779         | 2,500        | 8,279         |
| Tobacco Settlement Fund            | 4,332         | 3,566        | 7,897         |
| <b>Total Special Revenue Funds</b> | <b>22,188</b> | <b>8,389</b> | <b>30,576</b> |

**Internal Service Funds**

|                     |   |   |   |
|---------------------|---|---|---|
| DMI-Working Capital | - | - | - |
|---------------------|---|---|---|

**Special District Funds Departments**

|                     |   |   |   |
|---------------------|---|---|---|
| Ambulance Districts | - | - | - |
|---------------------|---|---|---|

**Other County Funds Departments**

|  |   |   |   |
|--|---|---|---|
|  | - | - | - |
|--|---|---|---|

|   |                   |                    |                  |
|---|-------------------|--------------------|------------------|
| <b>Total Health &amp; Human Services Agency</b> | <b>\$ 100,683</b> | <b>\$ (65,270)</b> | <b>\$ 35,413</b> |
|---|-------------------|--------------------|------------------|

**FY 2002-2003 3rd Quarter  
Projected Year-end Results**

(in thousands)

**LAND USE & ENVIRONMENT GROUP**

|  | Expenditure<br>Variance | Revenue<br>Variance | 3rd Quarter<br>FY02-03<br>Projected<br>Fund Balance<br>Favorable/<br>(Unfavorable) |
|--|-------------------------|---------------------|--|
|--|-------------------------|---------------------|--|

**General Fund Departments**

|  |               |                |               |
|--|---------------|----------------|---------------|
| Agriculture, Weights & Measures          | \$ 784        | \$ (404)       | 379           |
| Environmental Health                     | 2,048         | (573)          | 1,474         |
| Farm Advisor                             | 25            | -              | 25            |
| Land Use & Environment Group Exec Office | 6,653         | (68)           | 6,584         |
| Parks & Recreation                       | 1,718         | 26             | 1,744         |
| Planning & Land Use                      | 2,455         | 240            | 2,695         |
| Public Works                             | 675           | (612)          | 63            |
| <b>Total General Fund</b>                | <b>14,356</b> | <b>(1,391)</b> | <b>12,965</b> |

**Special Revenue Funds Departments**

|                                    |               |                 |              |
|------------------------------------|---------------|-----------------|--------------|
| Agriculture, Weights & Measures    | -             | -               | -            |
| Parks & Recreation                 | 6,095         | (395)           | 5,700        |
| Public Works                       | 12,598        | (11,178)        | 1,420        |
| <b>Total Special Revenue Funds</b> | <b>18,692</b> | <b>(11,573)</b> | <b>7,119</b> |

**Internal Service Funds Departments**

|              |     |      |     |
|--------------|-----|------|-----|
| Public Works | 448 | (61) | 387 |
|--------------|-----|------|-----|

**Enterprise Funds Departments**

|              |       |         |       |
|--------------|-------|---------|-------|
| Public Works | 4,703 | (2,228) | 2,475 |
|--------------|-------|---------|-------|

**Special District Funds Departments**

|                                      |               |                |               |
|--------------------------------------|---------------|----------------|---------------|
| Air Pollution Control District       | 1,380         | (116)          | 1,264         |
| Parks and Recreation                 | 1,065         | (229)          | 836           |
| Public Works                         | 11,898        | (1,825)        | 10,073        |
| <b>Total Special Districts Funds</b> | <b>14,344</b> | <b>(2,171)</b> | <b>12,173</b> |

**Other County Funds Departments**

|                           |   |   |   |
|---------------------------|---|---|---|
| Debt Service-Local Boards | - | - | - |
|---------------------------|---|---|---|

|   |                  |                    |                  |
|---|------------------|--------------------|------------------|
| <b>Total Land Use &amp; Environment Group</b> | <b>\$ 52,543</b> | <b>\$ (17,424)</b> | <b>\$ 35,120</b> |
|---|------------------|--------------------|------------------|



**FY 2002-2003 3rd Quarter  
Projected Year-end Results**

(in thousands)

**COMMUNITY SERVICES GROUP**

|  | Expenditure<br>Variance | Revenue<br>Variance | 3rd Quarter<br>FY02-03<br>Projected<br>Fund Balance<br>Favorable/<br>(Unfavorable) |
|--|-------------------------|---------------------|--|
|--|-------------------------|---------------------|--|

**General Fund Departments**

|                                      |               |                |               |
|--------------------------------------|---------------|----------------|---------------|
| Animal Services                      | \$ 568        | \$ (7)         | \$ 561        |
| Community Services Group Exec Office | 13,606        | 132            | 13,738        |
| Contribution to ISFs                 | -             | -              | -             |
| General Services                     | -             | -              | -             |
| Purchasing & Contracting             | 63            | -              | 63            |
| Housing & Community Development      | 1,783         | (1,816)        | (33)          |
| Library Services                     | -             | -              | -             |
| Registrar of Voters                  | 1,662         | (452)          | 1,210         |
| <b>Total General Fund</b>            | <b>17,681</b> | <b>(2,142)</b> | <b>15,539</b> |

**Special Revenue Funds Departments**

|                                    |               |                 |              |
|------------------------------------|---------------|-----------------|--------------|
| Library Services                   | 3,209         | (1,709)         | 1,500        |
| Housing & Community Development    | 24,878        | (24,878)        | -            |
| <b>Total Special Revenue Funds</b> | <b>28,087</b> | <b>(26,587)</b> | <b>1,500</b> |

**Internal Service Funds Departments**

|                                     |               |                 |              |
|-------------------------------------|---------------|-----------------|--------------|
| Facilities Management               | 15,200        | (15,700)        | (501)        |
| Fleet Management                    | 6,074         | (1,091)         | 4,983        |
| Purchasing & Contracting            | 10,618        | (10,365)        | 253          |
| Document Services                   | 590           | 174             | 764          |
| <b>Total Internal Service Funds</b> | <b>32,482</b> | <b>(26,983)</b> | <b>5,500</b> |

**Other County Funds Departments**

|                                       |                  |                    |                  |
|---------------------------------------|------------------|--------------------|------------------|
| Redevelopment Agency                  | 874              | (374)              | 500              |
| <b>Total Community Services Group</b> | <b>\$ 79,124</b> | <b>\$ (56,085)</b> | <b>\$ 23,039</b> |

**FY 2002-2003 3rd Quarter  
Projected Year-end Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT  
GROUP**

| Expenditure<br>Variance | Revenue<br>Variance | 3rd Quarter<br>FY02-03<br>Projected<br>Fund Balance<br>Favorable/<br>(Unfavorable) |
|-------------------------|---------------------|--|
|-------------------------|---------------------|--|

**General Fund Departments**

|                                   |               |              |               |
|-----------------------------------|---------------|--------------|---------------|
| Assessor/Recorder/County Clerk    | \$ (266)      | \$ 4,145     | \$ 3,879      |
| Board of Supervisors              | 641           | 2            | 643           |
| Board of Supervisors-General      | -             | -            | -             |
| CAC-Major Maintenance             | -             | 18           | 18            |
| CFO/Auditor & Controller          | 1,182         | 101          | 1,283         |
| Chief Administrative Officer      | 336           | (30)         | 306           |
| County Technology Office          | 1,178         | (34)         | 1,144         |
| Civil Service Commission          | 105           | -            | 105           |
| Clerk of the Board of Supervisors | 754           | 114          | 868           |
| County Counsel                    | 1,638         | 60           | 1,697         |
| Finance & GG Exec Office          | 32,385        | 684          | 33,068        |
| Human Resources                   | 1,711         | (243)        | 1,468         |
| Treasurer/Tax Collector           | 96            | 815          | 911           |
| <b>Total General Fund</b>         | <b>39,759</b> | <b>5,631</b> | <b>45,390</b> |

**Special Revenue Funds Departments**

|                          |     |      |     |
|--------------------------|-----|------|-----|
| Media & Public Relations | 348 | (80) | 268 |
|--------------------------|-----|------|-----|

**Internal Service Funds Departments**

|                          |     |   |     |
|--------------------------|-----|---|-----|
| County Technology Office | 250 | - | 250 |
|--------------------------|-----|---|-----|

**Total Finance & General  
Government Group**

|                  |                 |                  |
|------------------|-----------------|------------------|
| <b>\$ 40,357</b> | <b>\$ 5,551</b> | <b>\$ 45,908</b> |
|------------------|-----------------|------------------|

**FY 2002-2003 3rd Quarter  
Projected Year-end Results**

(in thousands)

**GENERAL REVENUES &  
GENERAL COUNTY EXPENSES**

| Expenditure<br>Variance | Revenue<br>Variance | 3rd Quarter<br>FY02-03<br>Projected<br>Fund Balance<br>Favorable/<br>(Unfavorable) |
|-------------------------|---------------------|--|
|-------------------------|---------------------|--|

**General Fund**

General Revenues:

|                                     |          |               |               |
|-------------------------------------|----------|---------------|---------------|
| All Current Property Taxes          | \$ -     | \$ 4,049      | \$ 4,049      |
| All Other Taxes-Local               | -        | 6,270         | 6,270         |
| Licenses, Permits & Franchises      | -        | 964           | 964           |
| Fines, Forfeitures & Penalties      | -        | 350           | 350           |
| Revenue for Use of Money & Property | -        | (5,600)       | (5,600)       |
| Intergovernmental Revenue           | -        | 9,452         | 9,452         |
| Charges for Current Services        | -        | -             | -             |
| Miscellaneous Revenue               | -        | -             | -             |
| <b>Total General Revenues</b>       | <b>-</b> | <b>15,486</b> | <b>15,486</b> |

General County Expenses:

|  |               |               |               |
|--|---------------|---------------|---------------|
| Cash Borrowing Program                   | 3,512         | -             | 3,512         |
| Community Enhancement                    | -             | -             | -             |
| Contingency Reserve                      | 11,000        | -             | 11,000        |
| Contributions to the Capital Outlay Fund | 8,136         | -             | 8,136         |
| Contributions to Library Fund            | -             | -             | -             |
| Community Projects & Services            | -             | -             | -             |
| Countywide Expenses                      | 30,911        | -             | 30,911        |
| <b>Total General County Expenses</b>     | <b>53,560</b> | <b>-</b>      | <b>53,560</b> |
| <b>Total General Fund</b>                | <b>53,560</b> | <b>15,486</b> | <b>69,046</b> |

**Special Revenue Funds Departments**

|                                       |              |                |              |
|---------------------------------------|--------------|----------------|--------------|
| Capital Program                       | 1,336        | (1,160)        | 176          |
| Debt Service-Pension Obligation Bonds | 2,600        | -              | 2,600        |
| <b>Total Special Revenue Funds</b>    | <b>3,936</b> | <b>(1,160)</b> | <b>2,776</b> |

**Internal Service Funds Departments**

|                                     |              |            |              |
|-------------------------------------|--------------|------------|--------------|
| Unemployment & Workers Compensation | -            | -          | -            |
| Public Liability                    | 6,862        | 393        | 7,255        |
| <b>Total ISF Funds</b>              | <b>6,862</b> | <b>393</b> | <b>7,255</b> |

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

|                  |                  |                  |
|------------------|------------------|------------------|
| <b>\$ 64,358</b> | <b>\$ 14,718</b> | <b>\$ 79,076</b> |
|------------------|------------------|------------------|

**FY 2002-2003 3rd Quarter  
Projected Year-end Results**

Schedule B

(in thousands)

| Category  | Projected Management & Contingency Reserves | Projected Operating Balances | 3rd Quarter FY02-03 Projected Fund Balance Favorable/ (Unfavorable) |
|---|---|------------------------------|---|
| <b>General Fund</b>                               |   |                              |   |
| Public Safety                                     | 17,996                                      | 23,202                       | 41,198  |
| Health and Human Services                         | 11,755                                      | (6,918)                      | 4,836   |
| Land Use and Environment                          | 7,178                                       | 5,787                        | 12,965  |
| Community Services                                | 14,560                                      | 979                          | 15,539  |
| Finance & General Government                      | 24,271                                      | 21,119                       | 45,390  |
| <b>Agency/Group Totals</b>                        | <b>\$ 75,760</b>                            | <b>\$ 44,169</b>             | <b>\$ 119,929</b>   |
| General Revenues                                  |   | 15,486                       | 15,486  |
| General County Expenses                           | -   | 42,560                       | 42,560  |
| Contingency Reserve                               | 11,000                                      | -                            | 11,000  |
| <b>Total Gen'l. Revs &amp; Gen'l. County Exp.</b> | <b>\$ 11,000</b>                            | <b>\$ 58,046</b>             | <b>\$ 69,046</b>  |
| <b>Total General Fund</b>                         | <b>\$ 86,760</b>                            | <b>\$ 102,215</b>            | <b>\$ 188,975</b>   |

**COUNTY OF SAN DIEGO  
NOTES TO SCHEDULE A  
FY 2002 - 2003 3rd QUARTER**

**GENERAL NOTES**

*Agency/Group Fund Balance Components*

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

*Management Reserves*

The Agency/ Groups do not plan to expend all of their respective Management Reserves during this year and therefore expect that some amount will be available for use in future years. Projected Management Reserves at June 30, 2003 are shown in **Schedule B**.

*Projections of Agency/Group Operations*

Departments project changes to their operational plans based either on revised expectations or on actual revenues or expenditures to date. The significant (greater than \$300,000) variances from plan are discussed below and categorized by funds. Departments have also provided additional information to explain variances under \$300,000 but where the appropriation and or the revenue variance exceeds \$500,000.

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

**PUBLIC SAFETY GROUP**

***General Fund:***

*Alternate Public Defender*

A net positive variance of \$0.4 million is projected for the Alternate Public Defender. The variance is the result of projected savings in (1) salaries and benefits of \$0.7 million due to vacancies and under-filling of positions and (2) in services and supplies of \$0.5 million related to reduced need of contracted services, IT services and office supplies and services. The projected savings in salaries and benefits and services and supplies will result in revenue loss of \$0.8 million from the Courts/State.

### *Contributions for Trial Courts*

A net positive variance of \$1.8 million is projected in the Contributions for Trial Court. This is the result of lower than anticipated spending in services and supplies of \$0.4, primarily due to Major Maintenance projects that will not be completed during this fiscal year, anticipated spending in Utilities being higher than budgeted by \$0.2 million, and unanticipated other ISF charges of \$0.1 million. Other charges is projected to be \$0.9 million less than budget due to a reduced payment to the State for Trial Court Operations because of overpayments in previous years. Revenue is projected to be \$0.4 million over budget due to higher than anticipated receipts in various revenue accounts.

### *Defense Attorney Contract Administration*

A net positive variance of \$0.5 million is projected in the Defense Attorney contracts budget. This is due to non-contract costs anticipated during this fiscal year being billed at a slower rate than anticipated.

### *District Attorney*

The District Attorney's Office is projected to end Fiscal Year 2002-03 with a positive fund balance of \$4.3 million. This operating balance is 4.6 percent of the total budget of \$93.3 million. The positive revenue variance of \$0.6 million is attributed to an over-realization in various miscellaneous revenue accounts. Appropriation savings of \$3.7 million are attributed to the following areas:

Salaries and benefits are projected to be under budget by \$4.6 million as the result of managed hiring. A total of 120 positions are currently being held vacant, in anticipation of the FY 2003-04 budget constraints. Total projected costs at year-end increased over the second quarter estimate due to Workers Compensation increases in the current year and anticipated payment of balances for retirees.

Services and supplies are projected to be under budget by \$0.6 million. This is due to under-spending in the minor equipment, out of county travel, and temporary contract help accounts.

Other charges and fixed assets costs are projected to be \$0.1 million under the adjusted budget level.

Fixed assets expenditures are estimated to be \$0.2 million less than the adjusted budget level due to zero spending of the total Public Assistance Fraud Division's fixed assets appropriations of \$82,500 and other managed spending.

Public Assistance Fraud cost applied amounts are projected to be \$1.7 million less than the budgeted amount due primarily to unspent salaries (\$1.2 million) as a result of a Public Assistance Fraud Division hiring freeze, and managed services and supplies spending (\$0.3 million). The Operational Plan for 2003-2004 reduces the costs of the Public Assistance Fraud Program.

### *Medical Examiner*

A net positive variance of \$0.3 million is projected for the Medical Examiner. The variance is the result of a projected savings in salaries and benefits of \$0.1 million due to professional staff temporary vacancies, a projected savings of \$0.1 million in services and supplies related to implementation of department economies, and increased revenue of \$0.1 million due to receipt of unanticipated Federal Grant funds, increased trauma health fees and an increase in Coroner Service fees based on the new fee schedule to be implemented in May 2003.

### *Probation*

Based upon current spending patterns a positive fund balance of \$5.4 million is anticipated for FY 2002-03. Salaries and benefits will be under spent by \$3.6 million, resulting from a combination of factors, primarily frozen positions associated with the closure of Camp West Fork and a higher than normal number of vacant positions resulting from retirements. Services and supplies will be over spent by \$1.1 million, primarily in Facilities Management ISF accounts. The other charges account will be under spent by \$4.7 million, primarily from savings in the Foster Care budget of \$2.9 million resulting from fewer placements of wards in Out-Of-Home facilities. A savings of \$1.1 million in the Maintenance of Wards account results from fewer juveniles being committed to the California Youth Authority. The remaining savings in the other charges accounts results from savings in contract cost with CYA for diagnostic services.

However, decreased Out-of -Home placements also result in decreased revenue from both the State and Federal government. Offsetting the reduction in expenditure to the Foster care budget is a loss of \$2.3 million in revenue. The State component of unrealized Foster Care revenue is \$0.5 million, and the Federal shortfall is \$ 1.8 million.

Total revenue accounts will be under-realized by \$1.8 million, inclusive of the Foster Care revenue shortfall. Based upon recommendations made by Maximus, Title 4-E revenue will be over-realized by \$2.4 million, resulting from the application of a higher percentage rate used in calculating the overhead rate applied to the direct cost.

TANF revenue appears to be over-realized by \$2.5 million, however, the Ranches, Camps, and Schools component of the TANF claim is not separated out from the deposit and so that account is under-realized by a like amount.

The SB90 account will be under-realized by \$0.8 million of which \$0.6 million is accrued prior year revenue which, because of State Budget issues, has never been received. The remaining shortfall is current-year budgeted revenue for both Domestic Violence investigations and Peace Office Bill of Rights that has been claimed but not realized.

Revenue associated with State Grants will be under-realized by \$0.9 million. The Board of Corrections reduced the fourth year allocation of Challenge Grant II revenue, which funded the WINGS Program. Program costs were reduced and four positions associated with the administration of the program were frozen to mitigate the loss in revenue. The program continued in a modified form with identification of other funding sources, primarily CPA 2000 funds, now supporting the operating cost of the WINGS program.

Revenue from Juvenile Accountability Incentive Block Grant (JAIBG) will be under-realized by \$0.8 million, which was one-time revenue that funded the Drop-off center. The program was closed in September 2002. The twelve positions that were added to support the two-drop off centers were frozen and kept vacant to offset the revenue loss.

The collection of fees paid by offenders for probation investigation and supervision services is anticipated to be over realized by \$1.0 million. More probationers are participating in the repayment program and paying off a higher percentage of their debt than in the past.

#### *Public Defender*

The Public Defender is projecting a net positive variance of \$2.3 million. The variance is the result of a projected expenditure savings in several areas, including \$1.4 million in salaries and benefits due to (1) maintaining vacancies in anticipation of future fiscal constraints and (2) savings from modified and under filled positions. The department is projecting to be over budget in services and supplies by \$0.2 million due to one-time Information Technology and ergonomic projects. These projects were already identified to be funded from Management Reserves. The department also projects a year-end balance of \$1.4 million in Management Reserves.

The revenue variance is due to \$0.3 million under-realized Trial Court Funding revenue due to maintaining vacancies until caseloads indicate additional staff is needed.

#### *Public Safety Executive Office*

A net positive variance of \$15.6 million is projected in the Public Safety Group Executive Office. This is a result of projected savings of \$0.3 million in salaries and benefits due to a recently vacated position, which will be held vacant for the remainder of the fiscal year, and lower than anticipated costs in the Student Worker program. Services and supplies are anticipated to be \$0.7 million lower than budget due to the cancellation of a planned IT project (\$0.5 million) and projected savings in IT ISF costs. A projected year-end balance in Management Reserves of \$14.6 million is due to the need to retain resources for future one-time needs.

#### *Sheriff*



A net positive variance of \$10.5 million is projected for the Sheriff's Department. The expenditure variance is the result of a project savings in salaries and benefits of \$8.42 million generated by vacancies. Services and supplies are projected to be \$5.66 million under budget due to savings in IT ISF, Purchasing/Contracting, Fleet, MIOCR grant, Food Services and Medical Services, and \$5 million in Management Services Command. These savings are offset by projecting over budget of Utilities, Deferred Maintenance, and in the Crime Lab contract with American Forensic Nurses. Other charges is projected to be \$3.3 million over budget due to inmate medical costs. Year-end fixed assets are projected to be \$.5 million under budgeted appropriations. Cost applied is projected to be \$.86 less than the budgeted reimbursements. These projections are offset by associated services and supplies expenditures, which will be less than appropriated. The department also projects a year-end balance of \$2 million in Management Reserves.

Revenue is projected to be under realized by \$1.9 million due to a \$5 million shortfall in Prop 172, a \$.2 million shortfall in booking fees, a \$.63 million shortfall in Trial Court reimbursement, and \$.25 million shortfall from the MIOCR grant. These shortfalls are offset by \$.5 million over realized revenue in Contract Cities, \$2 million in Parole Violation Holds, \$.15 million for social security verifications, and \$1.51 million in miscellaneous revenue.

***Special Revenue Fund:***

*Prop 172 Special Revenue Fund*

The difference between the expected revenue shortfall and the expected amount to be transferred to the General Fund is projected to be approximately \$.3 million, to be retained as fund balance in the Special Revenue Fund for future one-time use.

***Special District Fund:***

*CSA 135 Regional 800 MHz*

The text is a correction to amounts shown in Schedule A which do not show the latest available data. The anticipated variance in revenue is \$0.5 million and the expected variance in expenditures is \$0.5 million which result in a 3rd quarter fund balance projection of 0. Both variances are because the cities of Carlsbad, El Cajon, and Santee were inadvertently included in the budget.

**HEALTH & HUMAN SERVICES AGENCY**

***General Fund:***

*Regional Operations*

A net negative variance of \$1.2 million is projected for Regional Operations. This variance results from expenditure savings of \$17.8 million and a revenue reduction of \$19.0 million. These savings are due to decreased costs in CalWORKs assistance payments and are partially offset by increased costs

projected for State entitlement programs of Foster Care and Adoptions Assistance. These latter two programs carry a larger county share of cost than does CalWORKs, which result in the overall increase to net county cost. Expenditures for Stage I Child Care are now projected to be within the allocation, which was increased by an expected mid-year \$8.6 million augmentation from the State.

#### *Agency Administration*

The Agency Administration consists of the following: Agency Executive Office, Financial Services, Community Action Partnership, Information Technology, Human Resources and Agency management reserve. A net positive variance of \$7 million is projected for Agency Administration. Expenditure savings are projected to total \$28.7 million as follows: a year-end balance in Management Reserves of \$11.8 million, \$4.7 million savings in Innovations from Tobacco Settlement Funds, \$6.6 million for computer applications that will not be completed this fiscal year and \$5.6 million in personnel costs, postage, major maintenance, print and records supplies and reduced contract expenditures. Revenue is projected to be under realized by \$21.7 million. The under realized revenue represents State and Federal reimbursements for Agency administrative costs, projected expenditure savings in Tobacco Settlement revenues and includes reduction of anticipated realignment revenues.

#### *Adult Mental Health*

A net negative variance of \$2.4 million is being projected. The \$4.0 million positive variance in expenditures includes anticipated over-expenditures of \$2.2 million for Sheriff department pharmaceutical costs. Although this expenditure is offset with savings in salaries and benefits and services and supplies due to reduced inpatient services, there is no revenue to offset the pharmaceutical costs. Revenue is projected to be below budget by \$6.3 million, due to reduced inpatient services. Discussions are underway between HHSA and the Sheriff's Department to address pharmacy medication costs.

#### *Children's Mental Health*

No net cost variance is projected in Children's Mental Health. Savings in expenditures, primarily associated with EPSDT and other day treatment contracts, are offset by corresponding revenue reductions. The shortfall in revenue as a result of the State's suspension of SB-90 reimbursements has been mitigated by increased use of Managed Care trust fund dollars.

#### *Aging and Independence Services*

A small net negative variance of \$.002 million is projected for Aging and Independence Services. The variance is a result of projected under expenditures in salary and benefits of \$1.4 million as well as expenditure savings in services and supplies and contracts of \$4.6 million for Edgemoor nursing vacancies, AIDS Waiver Case Management and IT applications. There is a corresponding under realization of revenue of \$6 million.

### *Public Health Services*

A net positive variance of \$.6 million is projected for Public Health Services. Projected \$9.9 million in expenditure savings includes \$1.7 million savings in salary and benefits. The remaining \$8.2 million savings in services and supplies, is a result of savings from non-contract accounts and savings in new contracts that started during the year, including: Bioterrorism, the Children's Weight Initiative, Maternal and Child Health programs, and savings in the Car Seat program. The under-realization of revenue by \$9.2 million corresponds to the projected expenditure savings.

### *Policy and Program Support Division*

A net positive variance of \$.17 million is projected for the Policy and Program Support Division. Projected savings of \$4.6 million are in contracted services in Alcohol and Other Drugs Program for outpatient individual and group sessions, case management and case assessment, Children's Welfare Services contacts, Family Home Visiting contracts and the CalWORKs Learning Disability contract. There is a corresponding under-realization of revenue projected at \$4.4 million.

### *Strategy and Planning Division*

A net positive variance of \$0.6 million is projected for the Strategy and Planning Division. There is a projected \$ 0.8 million in expenditure savings mainly in Services and Supplies for contracts and a \$ 0.05 million savings in salaries and benefits. There is a corresponding under realization of revenue projected at \$0.2 million.

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

A total net positive variance of \$30.6 million is projected for the three Realignment Special Revenue Funds and the Tobacco Securitization Fund. HHSA plans to control the utilization of realignment funds to align more closely with reduced sales tax receipts that are projected due to the slow economic recovery. This results in a net variance of \$22.7 million in the realignment funds, which will be used as part of total available financing for FY 2003-04.

The Tobacco Securitization Fund is showing a positive variance of \$7.9 million due to current year expenditure savings as well as interest earned in FY 2002-03.

## **LAND USE AND ENVIRONMENT GROUP**

### ***General Fund:***

#### *Agriculture, Weights & Measure*

A net positive variance of almost \$0.4 million is projected for the Department of Agriculture, Weights & Measures. The variance results from expenditure savings of almost \$0.8 million, partially offset by a revenue shortfall of \$0.4 million. The

expenditure variance results mostly from projected salaries and benefits savings of almost \$0.7 million due mainly to management of hiring to mitigate anticipated revenue reductions from delayed fee increases and program changes that significantly reduced the need for temporary help. The department also projects a year-end balance of \$0.1 million in Management Reserves. The revenue variance of \$0.4 million is due mainly to anticipated new revenue that did not materialize and an under-realization of fee revenue due to delayed fee increases.

#### *Environmental Health*

A net positive variance of \$1.5 million is projected for the Department of Environmental Health. The variance is the result of projected savings in salaries and benefits of \$1.5 million from positions kept vacant, to offset a fee revenue shortfall, and because of the time required to get the Storm Water program fully operational. Additionally, the department also projects a year-end balance of \$.5 million in Management Reserves. A projected revenue shortfall of \$.6 million is due to fee adjustments that were budgeted to take effect at the beginning of the fiscal year not going into effect until after mid year.

#### *Parks and Recreation*

A net positive variance of \$1.7 million is projected for the Department of Parks and Recreation. The variance results from expenditure savings of \$1.7 million. Salaries and benefits are projected at \$0.9 million below the adjusted budget due to ongoing position vacancies in several Parks and Recreation specific classifications. Services and supplies and other charges expenditures are anticipated under budget by \$.8 million due to under-spending, directly related to ongoing staff vacancies and resulting project development and maintenance program delays.

#### *Planning & Land Use*

A net positive variance of \$2.7 million is projected for the Department of Planning and Land Use. The variance is the result of projected savings in salaries and benefits of \$1.3 million, projected savings of \$1.2 million in services and supplies. Projected salary and benefit savings are due to vacancies related to recruitment, retention and under filling positions due to the inability to find candidates at the higher levels. The projected positive fund balance in services and supplies is related to consultant contracts for the General Plan 2020 and various MSCP contracts. The full contract amount was budgeted, however, expenditures will not be incurred in FY 2002-03 at the pace originally thought. Any fund balance related to contracts will be re-budgeted in FY 2003-04 to ensure continuation of the work being performed by the consultants.

Over realized revenues of \$0.2 million are attributed to the following activities. The Building and Code Enforcement Divisions are projecting over realized revenues of \$1.1 million. Grant revenue is projected to be under budget by \$0.9 million due to the MSCP reduced contract expenditures, which reduced the

amount billed to the grant (see above). Overall the MSCP program is in balance. Also, grant monies will be re-budgeted along with contract monies in FY 2003-04.

*Public Works*

A net \$.063 million positive variance is projected for the Department of Public Works. The variance results from \$.675 million savings in services and supplies due to Transit divestiture. Outstanding divestiture expenditures were unknown at time of divestiture. Shortages in the General Fund are from the unbudgeted expenses for the ERP Core Team staff reimbursement and San Marcos Landfill pre-closure costs. A negative \$.612 revenue shortfall is related to the Transit divestiture.

*Land Use and Environment Group - Executive Office*

A net positive variance of \$6.6 million is projected for the Executive Office. This variance is due entirely to a projected year-end balance in Group Management Reserves.

**Special Revenue Funds:**

*Parks and Recreation*

A net positive variance of \$5.7 million is projected for the Department of Parks and Recreation. The variance results from expenditure savings of \$6.1 million and under-earning of revenues amounting to \$.4 million. Projections for other charges are \$5.2 million and operating transfers \$.9 million below budget respectively. This is largely due to the budgeting practice utilized for Park Land Dedication fund budget development in FY 02-03, which was based on available fund balance amounts, instead of projects planned. The Department will be changing the way PLDO funds are budgeted in the 2003-05 Operational Plan build to include only defined projects. Parkland Dedication fees are projected \$.4 million below budget. This results from an actual level of PLDO fees received being lower than budget, based on the levels of development occurring in PLDO Areas.

*Department of Public Works*

A net positive variance of \$1.4 million is projected for the Department of Public Works Special Revenue funds.

Appropriation savings are projected in the Road Fund totaling \$10.4 million due to several factors. Overall, vacancies and services and supplies savings total \$4.2 million. A change in the fee structure for the vehicle ISF and utility savings also contributed. The bulk of savings, \$6.3 million, result from right of way purchases for the South Santa Fe and Valley Center North projects that were delayed. These major projects involve complex right of way issues which will be resolved in coming months. The projected revenue shortfall of \$9.1 million is from several external funding sources: TransNet, TransNet Exchange, Community Development Block Grant, Transportation Development Act, and Federal Bridges

due to projects with those funding sources being delayed. Low interest rates also impacted revenue, accounting for over a \$1 million revenue shortfall, and fewer jobs were performed for other departments than had been anticipated in the budget.

The Special Aviation fund experienced a decrease in both expenditures and revenue because of a halt in anticipated state funding for grants and loans. An offsetting, equal amount of savings and revenue shortfall are also projected for inactive waste-related activities that were not necessary.

### ***Internal Service Funds:***

#### ***Public Works***

A net fund balance of \$0.4 million is projected. Savings of \$1.1 million are due to delayed capital projects, reduced depreciation costs and savings in fixed assets. Services and supplies are projected to be over expended by \$0.6 million for vehicle maintenance and fuel. The ISF also had a \$0.1 million revenue shortfall due to reduced vehicle utilization fees. In FY 2002-03, the vehicle fees were restructured to conform with Oracle, resulting in elimination of the replacement fee. The ISF will continue to be adequately funded with the new fee structure.

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

#### ***Public Works***

A net positive variance of \$2.5 million is projected for enterprise funds in the Department of Public Works. Appropriation savings of \$4.7 million resulted from salary savings due to vacancies, delay of capital projects, reduced depreciation costs and savings in fixed assets. Services and supplies are projected to be overspent for vehicle maintenance and fuel. The total projected revenue shortfall of \$2.2 million is due to vacancies and low interest rates on interest bearing funds. A partial offset of the revenue shortfall is anticipated from over realized revenue from leases and recovered expenditures.

### ***Special District Funds***

#### ***Air Pollution Control District***

A net positive variance of \$1.3 million is projected for the fiscal year ending June 30, 2003. The variance is a result of savings in salaries and benefits of \$ 1.1 million due to difficulties in filling vacant positions with qualified candidates especially in highly technical positions and also savings in services and supplies of \$.3 million primarily for refurbishing and moving to a new building that will not occur this fiscal year. Savings in expenditures are being reduced by a net under realized revenue of \$.1 million resulting from \$.3 million reduction in state subvention and lower interest income of \$.1 million. The reductions are minimized by a net increase in various program revenues of \$.3 million.

### *Parks and Recreation*

A net positive variance of \$.8 million is projected for the Department of Parks and Recreation Special District CSA funds. The variance results from expenditure savings of \$1.1 million and under-earning of revenues amounting to \$.2 million. Expenditure savings result largely from the deferral of several projects within CSAs to respond to the urgent need for removal of diseased eucalyptus trees, a public safety issue. Delayed projects are not expected to begin until next fiscal year. CSA service revenues are expected to be below budget overall, due to delays in larger planned projects, deferred to deal with widespread diseased tree removals.

### *Public Works*

A net positive variance of \$10.1 million is projected for the Department of Public Works Special District funds. In the Flood Control District, projects on Woodside Avenue, Hillsdale/Shea and Hart Drive are awaiting final engineering studies and result in appropriation savings of \$2.6 million. The same projects result in revenue shortfall in the district of \$1.2 million, netting a \$1.4 positive variance overall.

Sanitation Districts project savings of \$2.0 million due to savings in City of San Diego Metro Sewage Treatment costs and \$2.0 million due to delays in capital projects. Lower interest rates impacted revenue by \$1.5 million, but this was partially offset by over realized revenue from connections and annexations of \$1.0 million, bringing under realized revenue to a total of \$0.5 million.

There are more than 100 other, small special districts, such as CSAs, PRDs and the Lighting District, where \$4.5 million in savings is projected related to anticipated El Nino damage that did not occur, \$0.4 million due to fewer requests for routine maintenance and \$0.2 million in savings due to delayed projects. Revenue for these districts was short \$0.1 million because of a variety of small shortfalls and offsets.

## **COMMUNITY SERVICES GROUP**

### ***General Fund:***

#### *Animal Services*

A net positive variance of \$0.6 million is projected for the Department of Animal Services. The variance is the result of a projected expenditure savings of \$0.2 million in salaries and benefits due to positions held vacant pending renegotiation of service contracts with area cities and \$0.2 million in services and supplies due to reduced need for IT application support and various other services and supplies savings from prudent management. The department also projects a year-end balance of \$0.2 million in retained Management Reserves.

#### *Community Services Group Executive Office*

A net positive variance of \$13.7 million is projected for the Community Services Group Executive Office. The variance is the result of a projected expenditure savings of \$13.6 million and over-realization of revenue of \$0.1 million in miscellaneous revenues. The Executive Office projects a year-end balance in Management Reserves of \$13.5 million. These reserves are necessary for future one-time needs.

#### *Housing and Community Development Administration*

No significant net variance is projected for the Housing and Community Development department. A \$1.8 million expenditure savings is offset by revenue under-realization. Costs are 100% revenue offset. Projected operational expenditure savings include: \$0.7 million in salaries and benefits due to vacant and under-filled positions, \$1.1 million in services and supplies due to reduced use of contract help, savings in printing and office expense, and lower than anticipated contracted IT expenses related to the Rental Assistance software upgrade.

#### *Registrar of Voters*

A net positive variance of \$1.2 million is projected for the Registrar of Voters. The variance is the result of projected expenditure savings of \$1.7 million, partially offset by revenue under-realization of \$0.5 million. Expenditure savings include: \$0.5 million in salaries and benefits due to vacancies from normal turnover, \$0.2 million in services and supplies for postage, polls rental, poll workers, and various other services and supplies due to prudent management; and a projected year-end balance of \$0.9 million in Management Reserves. Revenue under-realization is from \$0.5 million in SB90 State Mandate revenue. SB90 claims have been filed with the State, but the State is postponing reimbursement pending resolution of their budget crisis.

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

##### *County Library*

A net positive variance of \$1.5 million is projected for the County Library, which is included in the FY 2003-05 CAO Proposed Operational Plan as one-time funding to allow an orderly restructuring to service levels supportable by on-going funding. The variance is the result of expenditure savings of \$3.2 million, partially offset by revenue under-realization of \$1.7 million. Expenditure savings include \$1.4 million in salaries and benefits due to staffing turnover, inability to fill positions in some classifications, and positions held vacant in anticipation of revenue shortfalls; \$1.3 million in services and supplies due to utility under-spending because new branch libraries have not come online as anticipated, planned savings in the book budget due to anticipated revenue shortfalls, and projects carried over from prior years that have not been completed and will be cancelled; and a projected year-end balance of \$0.5 million in Management Reserves. Revenue under-realization of \$1.8 million is from property tax receipts



below budgeted level; \$0.3 million reductions in the Public Library Fund from the State of California; offset by a net \$0.4 million over-realization in miscellaneous other revenues.

#### *Housing & Community Services*

No net variance is projected for Housing & Community Services multi-year projects. A \$24.9 million expenditure savings is offset by revenue under-realization; costs are 100% revenue offset. To facilitate the multi-year project expenditure request process, all housing funds that the County is eligible to receive from the funding sources are budgeted. A \$24.9 million expenditure savings is projected for multi-year projects that will not be completed in the current fiscal year.

#### ***Internal Service Funds:***

##### *Document Services*

A net positive variance of \$0.8 million is projected for the Document Services ISF. The variance is the result of expenditure savings of \$0.6 million and over-realization of revenue of \$0.2 million. Expenditure savings of \$0.6 million in services and supplies are due to under-spending in postage and reduced expenses for professional services to conduct the consolidation/move of Document Services. Revenue over-realization of \$0.2 million results from receipt of unanticipated revenues primarily from Trial Courts and other cities.

##### *Fleet Management*

A net positive variance of \$5.0 million is projected for the Fleet Management ISF. The variance is the net result of expenditure savings of \$6.1 million, partially offset by under-realization of revenue of \$1.1 million. Expenditure savings include \$0.2 million in salaries and benefits due to staff vacancies, \$0.7 in other charges due to less than budgeted posting of depreciation, \$5.4 million in fixed assets due to the required timeframe associated with vehicle deliveries and invoice payments; \$0.1 in retained reserves; partially offset by \$0.4 million over-expenditure in services and supplies due to increased demand for parts, commercial, and fuel purchases. Revenue under-realization is primarily due to \$1.6 million in reduced depreciation billings and vehicle maintenance services from the General Fund, Road Fund, and the ISFs; partially offset by increased revenues of \$0.3 million in interest earnings, and \$0.2 million in third party recoveries associated with insurance claims.

##### *Facilities Management*

A net negative variance of \$0.5 million is projected for the Facilities Management ISF. The variance is the result of projected expenditure savings of \$15.2 million, offset by revenue under-realization of \$15.7 million. The 2003-04 rates will be adjusted to correct for this deficit. Expenditure savings include \$0.5 million in salaries and benefits due to staff vacancies in the first half of the fiscal year; \$13.1 million in services and supplies, primarily due to delays in funding of major

maintenance projects; and \$1.6 million in operating transfers out, associated with Major Maintenance funding of project management staff support.

Revenue under-realization includes \$17.1 million from the General Fund and \$1.5 million from Internal Service Funds, primarily due to the unresolved matter concerning shared Major Maintenance project funding and the associated offset for project management staff support; \$0.6 million associated with eminent domain/condemnation projects, leasing commissions and revenues associated with prior year encumbrances; and \$0.3 million due to reduced Road Fund building maintenance services and major maintenance project support. The under-realization of revenue is offset by unanticipated revenue of \$1.3 million from the Embarcadero Alliance for early phase I design of the North Embarcadero plan, \$1.0 million from Trial Court Funds for increased contract services, \$0.7 million from the Capital Outlay Fund for unanticipated work on capital projects, \$0.5 million from the Library Fund for additional contract services and \$0.3 million due to increased lease revenues.

#### *Purchasing and Contracting*

A net positive variance of \$0.3 million is projected for the Purchasing and Contracting ISF. The variance is the result of expenditure savings of \$10.7 million, partially offset by revenue under-realization of \$10.4 million. Expenditure savings include \$0.8 million in salaries and benefits due to positions held vacant pending the outsourcing of Central Stores with the use of “Just-In-Time” contracts for food and paper products; and \$9.8 million in services and supplies no longer necessary for the replenishment of Central Stores inventory. Revenue under-realization is primarily from reduced billings as customer departments purchase supplies directly from “Just-In-Time” vendors.

#### ***Other County Funds:***

##### *Redevelopment Agency*

A net positive variance of \$0.5 million is projected for the Redevelopment Agency. The variance is the result of expenditure savings of \$0.9 million, partially offset by revenue under-realization of \$0.4 million. Expenditure savings include \$0.4 million due to the cancellation of two redevelopment housing projects; \$0.3 million due to delays in hiring consultants for the airport master plan; and \$0.1 million in reduced tax allocation debt payments. Revenue under-realization is from \$0.2 million redevelopment agriculture tax increment receipts below budgeted level; \$0.1 million interest reduction due to historically low interest rates; and \$0.1 million shortfall in other miscellaneous revenues.

## **FINANCE & GENERAL GOVERNMENT GROUP**

### ***General Fund:***

*Assessor/Recorder/County Clerk*

A net positive variance of \$3.9 million is projected for the Assessor/Recorder/County Clerk. The variance is the result of \$0.3 million in appropriation savings, predominantly in services and supplies. However, most of the variance is from projected over realized revenue of \$4.1 million. The variance is primarily the result of the over-realization of recording related revenues and AB2890 recovered costs.

*Auditor & Controller*

A net positive variance of \$1.3 million is projected for the Auditor & Controller. The variance is the result of projected savings in salaries and benefits of \$.5 million due to staff savings resulting from retirements, a projected savings in services and supplies of \$.2 million due to information technology expenditure savings, and a projected year-end balance of \$.5 million in Management Reserves. A net over-realization of revenue of \$.1 million is projected, primarily due to AB2890 recovered costs and collection fees.

*Board of Supervisors*

A net positive variance of \$.6 million is projected for the Board of Supervisors. The variance is primarily the result of projected savings of \$0.5 million in salaries and benefits due to staff savings and \$0.1 million in savings in assorted services and supplies.

*Chief Administrative Office*

A net positive variance of \$.3 million is projected for the Chief Administrative Office. The variance is the result of projected savings in salaries and benefits due to staff savings.

*County Technology Office*

A net positive variance of \$1.1 million is projected for the County Technology Office. The variance is the result of projected savings in salaries and benefits of \$.3 million due to staff savings, a projected savings in services and supplies of \$.3 million due to the elimination of critical milestone incentive payments to a contractor, and a projected year-end balance of \$.5 million in Management Reserves.

*Clerk of the Board of Supervisors*

A net positive variance of \$.9 million is projected for the Clerk of the Board of Supervisors. The variance is the result of projected savings in salaries and benefits of \$.4 million due to staff savings, a projected over-realization of revenue of \$.1 million due to increased passport and notary fee revenue, and a projected year-end balance of \$.4 million in Management Reserves.

*County Counsel*

A net positive variance of \$1.7 million is projected for County Counsel. The variance is the result of projected savings in salaries and benefits of \$.4 million

due to staff savings, a projected savings in services and supplies of \$.3 million in various expenditure accounts, and a projected year-end balance of \$1.0 million in Management Reserves.

#### *Finance and General Government Group*

A net positive variance of \$33 million is projected for the Finance and General Government Group. The variance is the result of projected savings in salaries and benefits of \$3.4 million due to Enterprise Resource Planning (ERP) staff savings, a projected savings in services and supplies of \$7.2 million due to information technology expenditures savings resulting from the delay in ERP implementation, an unanticipated over-realization of revenue of \$.7 million due to arbitrage refund payments, and a projected year-end balance of \$21.7 million in Management Reserves.

#### *Human Resources*

A net positive variance of \$1.5 million is projected for Human Resources. The variance is the result of projected savings in salaries and benefits of \$1 million due to staff savings, a projected savings in services and supplies of \$.5 million due to cost savings in the administration of the worker's compensation and medical standards programs, as well as the postponement of an IT project, and a projected year-end balance of \$.2 million in Management Reserves, which is offset by an anticipated under-realization of revenue of \$.2 million due to reduced Employee Benefits ISF reimbursements as a result of postponing an IT project.

#### *Treasurer/Tax Collector*

A net positive variance of \$.9 million is projected for the Treasurer/Tax Collector. The variance is the result of projected savings in salaries and benefits of \$.2 million due to staff savings, offset by services and supplies increases of \$.1 million for facility improvements, and an anticipated over-realization of revenue of \$.8 million due to increased penalty and other miscellaneous revenue.

## **GENERAL REVENUES & GENERAL COUNTY EXPENSES**

### ***General Revenues & General County Expenses***

The General Fund fund balance for these two categories combined is projected to be \$69.1 million, comprised of \$15.5 million in additional General Revenues and \$53.6 million of savings in General County Expenses.

#### *General Revenues*

San Diego's economy continues to grow at a slow, but positive rate and the San Diego economy continues to outperform the State economy, primarily due to a strong local construction sector and continued demand for housing. Significant components of the \$15.5 million favorable revenue variance include:

#### *All Current Property Taxes*

All Current Property taxes are estimated to provide a \$4.0 million favorable net variance.

- **Current Secured Property Taxes**

Current Secured Property taxes are estimated at \$0.4 million under budget due to a slight increase in estimated corrections and refunds.

- **Current Secured Supplemental Property Taxes**

Current Supplemental taxes are estimated to exceed the budget by \$3.8 million. As was mentioned above, construction and real estate activity have been strong in southern California and particularly in San Diego. Resale real estate activity as well as residential construction in 2002 continued to show the highest volume in a decade, as measured by building permits. Specifically, the value of new housing permits issued in 2002 were 8% higher than 2001. This is the result primarily of favorable financing terms and continued positive Gross Regional Product growth of about 1.7%. As a result, supplemental taxes are estimated at about 8.7% above last year's revenues.

- **Current Unsecured Property Taxes**

Current Unsecured Property Taxes are estimated to exceed the budget by \$.6 million. This is primarily the result of supplemental and correctional billing that took place during the year.

*All Other Taxes - Local*

All Other Taxes are anticipated to exceed budget by an aggregate of \$6.3 million:

- Prior-year Secured Supplemental Taxes are estimated to exceed the budget by \$1.5 million. This is attributed to the same factors described above in the Current Year Supplemental Property Taxes.
- Sales and Use Tax revenue is expected to exceed budget by \$1.8 million, attributable to continued steady retail activity in the unincorporated area. In 2002 San Diego's taxable sales increased by 2.2% while the statewide sales dropped by 0.22%.
- Aircraft Unsecured Taxes are estimated to exceed the FY02-03 budget by \$0.5 million.
- An additional \$3.5 million in revenue is estimated in Real Property Transfer Taxes. This is based on actual receipts through March, which are 24% higher than last year at the same time. This is attributed to the continued record low interest rates, strong new construction, and resale activity.

- Transient Occupancy Tax is anticipated to be approximately \$0.3 million under budget. Travel has declined nationally and has impacted the San Diego tourist industry.
- Redevelopment Agency revenues are estimated to be \$.2 million below budget due to refinement of data.
- Teeter Tax Reserve Excess revenues are estimated to be \$.6 million below budget. The primary reason is the lower delinquency rate of 1.8% versus the budgeted 2%. This resulted in lower Teeter cash borrowing thus lesser Teeter Tax Reserves revenues.

#### *Licenses, Permits & Franchises*

An additional \$1.0 million in Franchise fees is anticipated from Sempra Energy Company (SDG&E) for calendar year 2002. The County receives Franchise fees and Franchise fee equivalents from SDG&E for the right to utilize land in the unincorporated area. The franchise fees are based on the number of miles of lines and the sales of the electric and gas energy.

#### *Fines, Forfeitures & Penalties*

Assorted fees and fines are projected to be \$0.35 million under budget based on activity through 3 quarters of FY 2002-03.

Penalties and Cost Delinquency Taxes are projected to be \$0.74 million over budget. This increase is attributed to the overall increase in the property tax base. These penalties represent failure to pay any current and prior years' property tax by a specific due date.

#### *Revenue from Use of Money & Property*

Interest on Deposits and Investments is projected to be \$5.6 million less than budget due to the difference between the interest rate assumed in the budget of 3.25% and current earnings rate of 2.1%. This reduction in revenues is partially offset by lower borrowing costs of \$3.5 million (see below, Cash Borrowing program)

#### *Intergovernmental Revenue*

A favorable variance of \$9.5 million is projected due to:

- Vehicle License Fee (VLF) revenues are expected to exceed budget by \$9.3 million as a result of sustained strength in automotive sales.
- Federal In-Lieu Taxes and State Aid HOPTR will exceed budgeted revenue by a combined \$.3 million.

- St. Aid – Open Space Land funding of \$.1 million will not likely be received in 2002-03.

### General County Expenses

#### *Cash Borrowing Program*

Debt service costs are projected to be lower than budget by \$3.5 million due to:  
a) lower interest expenditures of 3.0% versus 3.5% estimated for the budget and  
b) higher premium discounts realized at the time of the sale of the Tax Revenue Anticipation Notes (TRANS) in July 2002.

#### *Contingency Reserve*

The entire \$11.0 million budgeted in the Contingency Reserve is expected to be unspent at year-end.

#### *Contributions to Capital Outlay Fund*

A net positive variance of \$8.1 million is projected. The variance is the result of savings from one-time money set aside for debt extinguishment, and lease payment savings stemming from interest credits on long-term obligations, principally those related to the Regional Communications System, the Central Jail project, the Hall of Justice project, and the North & East Courthouse projects.

#### *Countywide Expenses*

A year-end savings of \$ 30.9 million is estimated due to:

- Savings of \$28.2 million is expected to be available at year-end due to the County's planning and preparedness for economic uncertainty. These savings will be recommended to be used for one-time costs in the CAO's FY 2003-05 Proposed Operational Plan.
- Savings of \$2.7 million in the ERP lease purchase payment. \$9.2 million was budgeted for the Enterprise Resource Planning (ERP) system lease-purchase payment. Only \$6.5 million is required this year, however, since the Property Tax System component of the ERP Program is on hold pending further review of available technology. These savings will be proposed to be added to the Property Tax System reserve designation in the FY 2003-05 Operational Plan.

### **Special Revenue Funds**

#### *Debt Service-Pension Obligation Bonds*

Savings of \$2.6 million in interest expenditures is expected through year-end. The refunding of a portion of the 1994 Pension Obligation Bonds and the issuance of the 2002 Pension Obligation Bonds, which contains a variable rate component, has resulted in a decrease in the annual amount due to the bondholders.

## **Internal Service Funds**

### *Public Liability Fund (ISF)*

Increased revenue in the Public Liability Fund of \$ .4 million is due to Interest Earnings due to cash balances in the Fund and decreased expenses of \$6.9 million is due to lower than expected costs.