



# 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 16, 2000

**TO:** Board of Supervisors

**SUBJECT:** THIRD QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS FOR FISCAL YEAR ENDING JUNE 30, 2000 (District: All)

### **SUMMARY:**

#### **Overview**

At the end of the third quarter, we expect that most of the positive trends noted in the second quarter will continue through year-end. The last quarter, however, has seen stepped increases in interest rates due to the Federal Reserve's continued concerns over inflation and the volatile global capital markets. Current economic forecasts predict a continuation of this pattern, and, as a result, the overall economy may slow down. This occurrence could have negative effects on State and local revenues. The timing and severity of these effects, however, are not easily predictable in the near term.

The Agency/Groups have responded to this combination of favorable fund balance projections and economic uncertainty with prudent levels of budgeted fund balance proposed to be used in accordance with your Board's goals in the CAO Proposed Operational Plan for FY 00-01 and 01-02. Overall, the Plan submitted to your Board for the General Fund includes funding of \$37.1 million in one-time expenditures from the \$111.5 million in unreserved and undesignated fund balance (noted below). Additionally, a portion of the remaining fund balance will need to be earmarked to make FY 00-01 Quality First payments. Approximately \$16 million was used for this purpose in FY 99-00. (The total amount applicable to the achievement of FY 99-00 goals will not be known until the end of the fiscal year.)

We estimate that FY 1999-2000 will conclude with a General Fund Operating Balance of \$78.0 million and ending Management and Contingency Reserves of \$33.5 million, for a projected total unreserved undesignated Fund Balance of \$111.5 million.

- Overrealized General Revenues and other General Fund operations generate \$36.2 million of the projected Operating Balance while Agency/Group operations contribute \$41.8 million.
- Agency/Group Management Reserves at 6/30/00 are projected to be \$20.2 million; the Contingency Reserve, \$13.2 million.

**Subject:** THIRD QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS FOR FISCAL YEAR ENDING JUNE 30, 2000 (District: All)

**Recommendations**

**CHIEF ADMINISTRATIVE OFFICER**

1. File the Third Quarter Report on Estimated Results of Operations for Fiscal year Ending June 30, 2000 (Schedules A through D).

**Fiscal Impact**

There is no fiscal impact resulting from this report.

**BACKGROUND:**

**A. Discussion of Projected Results of Operations**

- Details of projected Agency/Group operations and General Revenue projections are included in Schedules A and B.
- The unreserved undesignated Fund Balance of the General Fund at fiscal year-end is projected to be approximately \$111.5 million.
- Agency/Group activities and Management Reserves are projected to contribute \$62.1 million (56%), an increase of \$23.2 million over the projection of the 2<sup>nd</sup> Quarter. Health & Human Service Agency, Public Safety Group, and Finance & General Government Groups all show significant increases. (Comments on all Agency/Group projections are found in Notes to Schedule A).
- General Revenue and other General Fund savings are projected to contribute approximately \$36.2 million (32%). This quarter's estimate exceeds that of the 2<sup>nd</sup> quarter by \$1.2 million. The largest increase in General Revenues is due to the Vehicle License Fee (VLF) component of Intergovernmental Revenues. Property Taxes expected to be received under the Teeter Tax Reserve Excess program are actually less than the 2<sup>nd</sup> quarters due to lower than expected delinquency rates.
- The Contingency Reserve contributes approximately \$13.2 million (12%).
- Total reserves at 6/30/00 are estimated to equal approximately \$327.1 million (Schedule B). Reserves of approximately \$215 million are restricted in usage and represent County reserves for liabilities. Two of these, Worker's Compensation and Public Liability Reserves, have been increased by \$4 million each since the 2<sup>nd</sup> Quarter. The increase is due to appropriations authorized in the FY 1999-2000 Operational Plan.

**Subject:** THIRD QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS  
FOR FISCAL YEAR ENDING JUNE 30, 2000 (District: All)

- Agency/Groups currently anticipate a total of \$20.2 million in Management Reserves (Schedule C).

**B. Proposed Use of Projected FY 1999-2000 Fund Balance**

Fund Balance is an additional source of funding that can be used to supplement revenues in order to meet one-time expenditure needs or to establish contingency and other reserves. To maintain a structurally balanced Operational Plan, your Board has exercised prudent business practices by directing the use of this resource to fund capital and nonrecurring operating expenditures.

Accordingly, in the CAO Proposed Operational Plan for FY 00-01 and 01-02, the Agency/Groups have requested the use of fund balance resulting from their respective General Fund operations in the total amount of \$37.1 million. The distribution by Agency/Group is attached in Schedule D.

In the spirit of the fiscal restraint that has been exercised during the first three quarters, we advise that any significant operational decisions be set aside for inclusion in the forthcoming Operational Plan.

Respectfully submitted,

WALTER F. EKARD  
Chief Administrative Officer

**BOARD OF SUPERVISORS  
AGENDA ITEM INFORMATION SHEET**

**SUBJECT:** THIRD QUARTER REPORT ON ESTIMATED RESULTS OF OPERATIONS FOR FISCAL YEAR EANDING JUNE 30, 2000 (District: All)

**CONCURRENCE(S)**

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

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

**CHIEF INFORMATION OFFICER**  Yes  N/A

**DEPARTMENT OF HUMAN RESOURCES**  Yes  N/A

**CONTRACT REVIEW PANEL**  Yes  N/A

**Other Concurrence(s):**

**BUSINESS IMPACT STATEMENT:**  Yes  N/A

**PREVIOUS RELEVANT BOARD ACTIONS:**

**BOARD POLICIES APPLICABLE:** A-49

**ORIGINATING DEPARTMENT:** Auditor and Controller

**CONTACT PERSON:**

Christopher P. Gilmore	(S30) 531-5175	(S30) 531-6261	A-5	Cgilmoac
_____ Name	_____ Phone	_____ Fax	_____ Mail Station	_____ E-Mail
_____ DEPARTMENT AUTHORIZED REPRESENTATIVE				_____ Meeting Date

**COUNTY SUMMARY--FY 1999-2000-3rd Quarter**  
**Projected Yearend Results**

(in thousands)

	Expenditure Variance	Revenue Variance	Net Favorable/ (Unfavorable)
<b>General Fund</b>			
Community Services	\$ 7,139	\$ (278)	\$ 6,861
Finance & General Government	15,100	(3,190)	11,909
Health & Human Services	77,553	68,365	9,187
Land Use & Environment	4,989	45	5,034
Public Safety	25,300	3,773	29,072
Total Agency/Group	130,081	68,715	62,063
General Revenues	-	32,584	32,584
Other General Fund	14,817	2,000	16,817
<b>Projected Fund Balance</b>	<b>144,898</b>	<b>103,299</b>	<b>111,464</b>
<b>Special Revenue Funds</b>			
Community Services	11,299	(11,299)	-
Finance & General Government	73	46	119
Land Use & Environment	66,227	(66,227)	-
Public Safety	384	404	788
Other County	150	(150)	-
<b>Projected Fund Balance</b>	<b>78,133</b>	<b>(77,226)</b>	<b>907</b>
<b>Internal Service Funds Departments</b>			
Community Services	16,485	(14,636)	1,849
Finance & General Government	-	-	-
Land Use & Environment	3,376	(3,376)	-
Public Safety Group	-	-	-
Other County	-	-	-
<b>Projected Fund Balance</b>	<b>19,862</b>	<b>(18,014)</b>	<b>1,849</b>
<b>Enterprise Funds Departments</b>			
Land Use & Environment	22,351	(22,351)	-
<b>Special District Funds Departments</b>			
Health & Human Services	180	159	339
Land Use & Environment	4,684	(4,684)	-
Public Safety Group	-	2,216	2,216
<b>Projected Fund Balance</b>	<b>4,864</b>	<b>(2,309)</b>	<b>2,555</b>
<b>Other County Funds Departments</b>			
Community Services	(470)	470	-
Land Use & Environment	-	-	-
<b>Projected Fund Balance</b>	<b>(470)</b>	<b>470</b>	<b>-</b>
<b>Total County Projected Fund Balance</b>	<b>269,638</b>	<b>(16,131)</b>	<b>116,775</b>
Less Projected Management Reserves-General Fund	(20,229)	-	(20,229)
Projected Management Reserves-Other Funds	(124)	-	(124)
Projected Contingency Reserves--All Funds	(14,809)	-	(14,809)
<b>Total County Projected Operating Balance</b>	<b>\$ 234,476</b>	<b>\$ (16,131)</b>	<b>\$ 81,613</b>

**FY 1999-2000-3rd Quarter  
Projected Yearend Results**  
(in thousands)

**COMMUNITY SERVICES GROUP**

	Expenditure Variance	Revenue Variance	FY 99-00 Projected Fund Balance Favorable/ (Unfavorable)
<b>General Fund Departments</b>			
Animal Control	\$ 765	\$ (166)	\$ 599
Community Services Group	5,743	-	5,743
General Services Funds	-	-	-
Housing & Community Development	122	(122)	-
Registrar of Voters	510	10	519
<b>Total General Fund</b>	<b><u>7,139</u></b>	<b><u>(278)</u></b>	<b><u>6,861</u></b>
<b>Special Revenue Funds Departments</b>			
Library Services	557	(557)	-
Housing & Community Development	10,742	(10,742)	-
<b>Total Special Revenue Funds</b>	<b><u>11,299</u></b>	<b><u>(11,299)</u></b>	<b><u>-</u></b>
<b>Internal Service Funds Departments</b>			
Facilities Management	6,590	(5,467)	1,123
Fleet Management	(774)	1,500	726
Purchasing & Contracting	9,610	(9,610)	-
Document Services	1,060	(1,060)	-
<b>Total Internal Service Funds</b>	<b><u>16,485</u></b>	<b><u>(14,636)</u></b>	<b><u>1,849</u></b>
<b>Other County Funds Departments</b>			
Redevelopment Agency	(470)	470	-
<b>Total Community Services Group</b>	<b><u>34,453</u></b>	<b><u>(25,743)</u></b>	<b><u>8,710</u></b>
Less Projected Group Management Reserves	(6,311)	-	(6,311)
Less Projected Management Reserves-Special Revenue	(75)	-	(75)
Plus Budgeted Contingency Reserve-Special Revenue	913	-	913
Less Projected Contingency Reserve-ISF	(1,224)	-	(1,224)
<b>Total Group Projected Operating Balance</b>	<b><u>\$ 27,756</u></b>	<b><u>\$ (25,743)</u></b>	<b><u>\$ 2,013</u></b>

See Notes to Schedule A.

**FY 1999-2000-3rd Quarter**  
**Projected Yearend Results**  
(in thousands)

**FINANCE & GENERAL GOVERNMENT GROUP**

		FY 99-00 Projected Fund Balance Favorable/ (Unfavorable)
Expenditure Variance	Revenue Variance	

**General Fund Departments**

Assessor/Recorder/County Clerk	\$ 4,767	\$ (2,441)	\$ 2,326
Board of Supervisors	231	-	231
Board of Supervisors-General	23	-	23
CAC-Major Maintenance	1,482	2	1,484
CFO/Auditor & Controller	1,616	(238)	1,378
Chief Administrative Officer	215	1	216
Chief Technology Office	224	257	481
Civil Service Commission	35	1	36
Clerk of the Board of Supervisors	324	50	374
Contributions to Capital	150	-	150
County Counsel	270	265	535
Finance & GG Office	2,176	-	2,176
Human Resources	2,737	(847)	1,890
Treasurer/Tax Collector	849	(240)	609
<b>Total General Fund</b>	<b><u>15,100</u></b>	<b><u>(3,190)</u></b>	<b><u>11,909</u></b>

**Special Revenue Funds Departments**

Media & Public Relations	73	46	119
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**Internal Service Funds Departments**

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

<b>Total Finance &amp; General Government Group</b>	<b><u>15,173</u></b>	<b><u>(3,144)</u></b>	<b><u>12,028</u></b>
Less Projected Group Management Reserves-General Fund	(4,371)	-	(4,371)
Less Projected Management Reserves-Special Revenue	(49)	-	(49)
<b>Total Group Projected Operating Balance</b>	<b><u>\$ 10,753</u></b>	<b><u>\$ (3,144)</u></b>	<b><u>\$ 7,608</u></b>

See Notes to Schedule A.

**FY 1999-2000-3rd Quarter  
Projected Yearend Results**  
(in thousands)

**HEALTH & HUMAN SERVICES AGENCY**

Expenditure Variance	Revenue Variance	FY 99-00 Projected Fund Balance Favorable/ (Unfavorable)
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**General Fund Departments**

Agency Executive Office	\$ 6,304	\$ (9,027)	\$ (2,723)
Adult Mental Health	(2,413)	5,634	3,221
Aging & Independence Services	(411)	(267)	(679)
Children's Mental Health	10,648	(11,212)	(565)
Children's Team	288	(83)	205
Contract Operations	230	91	321
Financial Services	1,879	347	2,226
Human Resources	140	-	140
Information Technology	7,876	(2,671)	5,205
Office of Public Health	2,737	(2,429)	307
Policy & Program Support	4,220	(4,113)	107
Regional Operations	45,896	(44,510)	1,386
Strategy & Planning	160	(126)	34
<b>Total General Fund</b>	<b>77,553</b>	<b>68,365</b>	<b>9,187</b>

**Special District Funds Departments**

Ambulance Districts	180	159	339
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**Other County Funds Departments**

	-	-	-
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<b>Total Health &amp; Human Services Agency</b>	<b>77,733</b>	<b>68,524</b>	<b>9,526</b>
Less Projected Group Management Reserves	(1,847)	-	(1,847)
<b>Total Group Projected Operating Balance</b>	<b>\$ 75,886</b>	<b>\$ 68,524</b>	<b>\$ 7,679</b>

See Notes to Schedule A.



**FY 1999-2000-3rd Quarter  
Projected Yearend Results**  
(in thousands)

**LAND USE & ENVIRONMENT GROUP**

	Expenditure Variance	Revenue Variance	FY 99-00 Projected Fund Balance Favorable/ (Unfavorable)
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***General Fund Departments***

Agriculture, Weights & Measures	\$ 207	\$ 117	325
Environmental Health	924	(69)	855
Farm Advisor	15	-	15
Land Use & Environment Group	1,218	-	1,218
Parks & Recreation	956	(236)	720
Planning & Land Use	1,020	672	1,692
Public Works	648	(440)	209
<b>Total General Fund</b>	<b><u>4,989</u></b>	<b><u>45</u></b>	<b><u>5,034</u></b>

***Special Revenue Funds Departments***

Agriculture, Weights & Measures	-	-	-
Parks & Recreation	-	-	-
Public Works	66,227	(66,227)	-
<b>Total Special Revenue Funds</b>	<b><u>66,227</u></b>	<b><u>(66,227)</u></b>	<b><u>-</u></b>

***Internal Service Funds Departments***

Public Works	3,376	(3,376)	-
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***Enterprise Funds Departments***

Public Works	22,351	(22,351)	-
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***Special District Funds Departments***

Air Pollution Control District	698	(698)	-
Parks and Recreation	-	-	-
Public Works	3,985	(3,985)	-
<b>Total Special Districts Funds</b>	<b><u>4,684</u></b>	<b><u>(4,684)</u></b>	<b><u>-</u></b>

***Other County Funds Departments***

Debt Service-Local Boards	-	-	-
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**Total Land Use & Environment Group**

	<b><u>101,627</u></b>	<b><u>(96,593)</u></b>	<b><u>5,034</u></b>
Less Projected Group Management Reserves	(1,739)	-	(1,739)
Projected Contingency Reserves-Enterprise Funds	(250)	(250)	(250)
Projected Contingency Reserves-Special Revenue	(1,000)	-	(1,000)
Projected Contingency Reserves-Special District	(20)	-	(20)
<b>Total Group Projected Operating Balance</b>	<b><u>\$ 98,618</u></b>	<b><u>\$ (96,843)</u></b>	<b><u>\$ 2,025</u></b>

See Notes to Schedule A.

**FY 1999-2000-3rd Quarter  
Projected Yearend Results**

(in thousands)

***PUBLIC SAFETY GROUP***

	Expenditure Variance	Revenue Variance	FY 99-00 Projected Fund Balance Favorable/ (Unfavorable)
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***General Fund Departments***

Alternate Public Defender	\$ 591	\$ -	\$ 591
Contribution to Trial Courts	(181)	2,278	2,097
Defense Attorney Contract Admin.	166	(1,956)	(1,791)
District Attorney	5,255	(3,412)	1,843
Grand Jury	7	-	7
Law Enforcement Review Board	53	-	53
Marshal	476	(204)	271
Medical Examiner	400	(5)	396
Office of Disaster Preparedness	82	20	102
Probation	10,043	(2,184)	7,859
Public Defender	1,085	(187)	898
Public Safety Executive Office	3,175	1,662	4,836
Sheriff	4,148	7,762	11,910
<b>Total General Fund</b>	<b><u>25,300</u></b>	<b><u>3,773</u></b>	<b><u>29,072</u></b>

***Special Revenue Funds Departments***

District Attorney	-	-	-
Probation	384	4	389
Sheriff	-	400	400
<b>Total Special Revenue Funds</b>	<b><u>384</u></b>	<b><u>404</u></b>	<b><u>788</u></b>

***Internal Service Funds Departments***

Probation	-	-	-
Sheriff's Jail Stores	-	-	-
<b>Total Internal Service Funds</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

***Special District Funds***

800 Mhz Communications	-	2,216	2,216
<b>Total Group Projected Fund Balance</b>	<b><u>25,684</u></b>	<b><u>6,392</u></b>	<b><u>32,076</u></b>
Less Projected Group Management Reserves	(5,961)	-	(5,961)
<b>Total Group Projected Operating Balance</b>	<b><u>\$ 19,723</u></b>	<b><u>\$ 6,392</u></b>	<b><u>\$ 26,115</u></b>

See Notes to Schedule A.

**FY 1999-2000-3rd Quarter  
Projected Yearend Results**  
(in thousands)

**GENERAL REVENUES & OTHER COUNTY-WIDE  
EXPENSES**

	Expenditure Variance	Revenue Variance	FY 99-00 Projected Fund Balance Favorable/ (Unfavorable)
<b>General Fund</b>			
General Revenues:			
All Current Property Taxes	\$ -	\$ 699	\$ 699
All Other Taxes-Local	-	3,039	3,039
Licenses, Permits & Franchises	-		-
Fines, Forfeitures & Penalties	-	524	524
Revenue for Use of Money & Property	-	6,900	6,900
Intergovernmental Revenue	-	21,329	21,329
Charges for Current Services	-	83	83
Miscellaneous Revenue	-	10	10
<b>Total General Revenues</b>	<b>-</b>	<b>32,584</b>	<b>32,584</b>
Other County Expenses			
Cash Borrowing Program	799	-	799
Community Enhancement	-	-	-
Contingency Reserve	13,228	-	13,228
Contributions to County Library	2,800	-	2,800
Community Projects & Services	-	-	-
Competition & Reengineering	-	-	-
Employee Computer Purchase Program	(2,000)	2,000	-
Department of Information Services	-	-	-
IT Transformation Team	(11)	-	(11)
Total Other County Expenses	14,817	2,000	16,817
<b>Total General Fund</b>	<b>14,817</b>	<b>34,584</b>	<b>49,401</b>
<b>Special Revenue Funds Departments</b>			
Capital Outlay	150	(150)	-
Debt Service-Pension Obligation Bonds	-	-	-
<b>Total Special Revenue Funds</b>	<b>150</b>	<b>(150)</b>	<b>-</b>
<b>Internal Service Funds Departments</b>			
Unemployment & Workers Compensation	-	-	-
Public Liability	-	-	-
<b>Total ISF Special Revenue Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues &amp; Other County-wide Expenses</b>	<b>14,967</b>	<b>34,434</b>	<b>49,401</b>
Less Projected Contingency Reserves	(13,228)	-	(13,228)
<b>Total Group Projected Operating Balance</b>	<b>\$ 1,739</b>	<b>\$ 34,434</b>	<b>\$ 36,173</b>

See Notes to Schedule A.

**COUNTY OF SAN DIEGO**  
**NOTES TO 3<sup>rd</sup> QUARTER PROJECTIONS**  
**FOR FY 1999-2000**

**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 for the current fiscal year. 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 FY 2000-01. Projected Management Reserves at 6/30/00 are shown in **Schedule C**.

*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. In previous years, only General Fund operations were the focus of quarterly reviews of Fund Balance Projections. This year, all County activities will be discussed during the quarterly reviews.

**Community Services Group**

*Community Services Group Executive Office.* The third quarter fund balance for the Community Services Group Executive Office indicates a favorable fund balance of \$5.7 million due to management reserves that will be used for future one-time investments.

*Department of Animal Control.* For the third quarter fund balance, the Department of Animal Control has a favorable expenditure variance of \$.8 million. This is primarily a result of salary savings from vacant positions during the year. The Animal Control Officer Academy began in mid-October and the majority of vacant positions were filled at that time; however, some subsequent vacancies occurred from unsuccessful ACO trainees. The unfavorable revenue variance is principally due to the loss of the animal control services contract with the City of Imperial Beach. There is also a shortfall in animal license revenues that the department is developing special strategies to overcome; however, the outcome is too uncertain to project any improvements at this time.

*Department of General Services Internal Services Funds (ISFs)*

- Document Services ISF. The third quarter expenditure savings are due to periodic delays in filling skilled positions and lower microfilming costs. Revenue is anticipated to be less than budgeted due to lower General Fund charges.
  
- Facilities Management ISF. Third quarter expenditure savings in the Facilities Management ISF are primarily due to interim position vacancies in maintenance and craft

classifications. Deferred major maintenance is projected to be underspent due to delays in project start-ups. Revenue is lower than budgeted primarily due to lower miscellaneous revenue and General Fund charges.

- Fleet Management ISF.** Third quarter expenditures over budget in the Fleet Management ISF are primarily due to acquisitions of additional shop equipment, parts, and commercial services used this fiscal year. Revenue is projected to exceed budget due to 3rd party revenue recovery to fund costs associated with the accident fund. In addition, accumulated depreciation will be appropriated in the 3rd quarter budget adjustment that was not originally budgeted.

- Purchasing and Contracting ISF.** Third quarter expenditure savings are comprised primarily of salary savings due to delays in filling routine vacancies and underspending in Central Stores sales. Revenue is anticipated to be underrealized due to lower customer sales from the General Fund and fewer blanket purchase orders.

*Housing and Community Development.* Housing and Community Development's third quarter projected expenditures and revenues are lower than budget due to anticipating fewer multi-year projects being completed this fiscal year.

*County Library.* Third quarter Library expenditure variances are primarily due to delays in staff selection for branch position vacancies. Revenue is projected to be higher primarily due to the State Library Young Adult Grants.

*Registrar of Voters.* The third quarter fund balance for the Registrar of Voters indicates savings due to less services and supplies expenses and not spending management reserves. These reserves will be retained and carried over into future fiscal years when needed.

*Redevelopment Agency.* The third quarter expenditure and revenue variances in the Redevelopment Agency are due to a Board approved budget adjustment (April 11, 2000, M.O.#1) that will amend the current appropriations and revenue for the Marshall Avenue Road Improvements.

### **Finance & General Government Group**

*Assessor/Recorder/Clerk.* A favorable fund balance of \$2.3 million is expected due to savings in salaries and benefits related to the outsourcing of information technology services and vacancies in difficult-to-fill positions, a reduction in the use of temporary staff, the postponement/reevaluation of automation projects, and lower-than-budgeted recording fees.

*Treasurer-Tax Collector.* A favorable fund balance of \$.6 million is projected due to staff turnover and delays in the implementation of the Treasurer-Tax Collector reorganization.

*Auditor and Controller.* A net savings of \$1.4 million is expected due to unexpected staff vacancies, recruiting difficulties in some classifications, retained management reserves, and lower than anticipated revenues in various accounts.

*Chief Technology Office.* A favorable fund balance of \$.5 million is expected due to a longer-than-expected lead time to fill new positions and unanticipated revenue from the Court related to paying its share of the SETA costs.

*Clerk of the Board of Supervisors.* A net savings of \$.4 million is projected due to a re-organization of the department to be completed in the 4<sup>th</sup> quarter and increased revenues related to passport and notary services.

*County Counsel.* A favorable fund balance of \$.5 million is expected due primarily to savings in services and supplies and unanticipated revenues from various sources.

*Human Resources.* A net savings of \$1.9 million is expected as a result of retained management reserves, delays in filling vacant positions and a lower than expected premium for earthquake insurance.

*CAC Major Maintenance.* A favorable fund balance of \$1.5 million is expected due to delaying the start of maintenance projects until the completion of the Tower project. These funds will be re-budgeted next year.

*F&GG Group Reserves.* A favorable fund balance of \$2.2 million is expected. A portion of these resources will be proposed for one-time use next fiscal year, with the remainder retained as a prudent reserve.

### **Health & Human Services Agency**

The Health and Human Services Agency continues to fine-tune the multi-year effort to reorganize to better service the community. During this quarter the County completed its outsourcing of Information Technology and started the process to develop an Internal Service Fund for Information Technology. This has resulted in changes in appropriations and revenue sources within the Agency's budget.

The following variance analysis was done on a consolidated Agency-wide basis. Savings in Salaries and Benefits and their related revenue categories are expected as a result of declining welfare caseloads and difficulties in hiring staff in part due to the County's low unemployment rate. The declining welfare caseloads are also resulting in a projected \$26 million decrease in Other Charges (Welfare payments) and associated assistance revenue. This is a decrease over the 2<sup>nd</sup> quarter fund balance. The decrease is due to an increase in Childcare payments which are expected to over-expend by \$10.7 million. It is estimated that the Sheriff inmates' pharmaceuticals will exceed plan by \$1.5 million. The Agency is projecting a favorable fund balance of approximately \$9.5 million (\$9.2 million in the General Fund and \$.3 million in Special District Funds.) The Agency's fund balance includes \$9.0 million in unspent Agency automation funds which have been rebudgeted in the FY 00-02 Proposed Operational Plan.

### **Land Use & Environment Group**

*Agriculture, Weights & Measures.* A net favorable variance of \$.3 million is expected due to vacant positions, CERS management reserves and increased State revenue to enhance Pest Exclusion activities. This department has experienced recruitment problems, but now has new employment lists and is in the process of interviewing candidates to fill vacant positions.

*Environmental Health.* A net favorable variance of \$.9 million is expected due primarily to vacant positions. The department is in the process of interviewing candidates to fill vacant positions.

*Land Use & Environment Group - Executive Office.* A net favorable variance of \$1.2 million is expected due to retained Group management reserves and other expenditure savings.

*Parks & Recreation.* A net favorable variance of \$.7 million is expected as a result of expenditure savings of \$.9 million offset by a revenue reduction of \$.2 million due to reduced Park & Camping fee revenue. The department is in the process of interviewing candidates to fill vacant positions.

*Planning & Land Use.* A net favorable variance of \$1.7 million is expected due to expenditure savings from vacant positions, CERS management reserves and increased revenue as a result of increased building activity in the unincorporated areas of the County. Of this favorable variance, \$1 million is related to the Planning Division and \$.7 million is related to the Building Division. Of the Building Division variance, a portion will be set aside in a reserve designation to reflect work in progress in which Building Division revenue has been recorded, but expenditures will be made at a later date. This calculation will be made at the end of the Fiscal Year. Overall, this department has experienced recruitment problems, but now has new employment lists and is in the process of interviewing candidates to fill vacant positions.

### **Public Safety Group**

*Public Safety Executive Office.* The Public Safety Executive Office is projecting a year-end fund balance of \$4.8 million. This is due to unexpended Management Reserves and the receipt of over realized revenue of \$1.7 million due to the Downtown Jail lease.

*Sheriff.* The Sheriff is projecting a yearend fund balance of \$11.9 million. Salaries and benefits are projected to exceed budget by approximately \$1.3 million due to requirements exceeding budget, primarily overtime expenditures. Services and supplies are projected to be under budget by approximately \$4 million due to lower than anticipated automotive expenses and delays on deliverables for the Jail Information Management system (JIMS). Other Charges are projected to exceed budget by approximately \$.2 million due to increased use of outside clinics and hospitals for inmate health needs. Fixed assets are estimated to be \$.4 million over budget due to requirements exceeding budget.

Reimbursements from Other Agencies are projected to be under budget by approximately \$.5 million due to lower than anticipated mental health costs.

The Sheriff anticipates having a Management Reserve of \$2.5 million at yearend, which will be transferred to the Las Colinas Woman's Detention Facility Capital Designation account in the Third Quarter Budget Adjustment letter.

Revenue is estimated to be \$7.8 million over budget. This is primarily comprised of reimbursement from contract cities which is projected to be \$1.3 million higher than budget due to changes in service levels in some contract cities, SCAAP is projected to be \$5.3 million over budget due to a higher level award from the federal government for housing criminal aliens, Institutional Care reimbursement from the State is projected to be \$1.4 million higher than budget due to a higher number of state parolees than anticipated being housed in Sheriff operated facilities.

The 800Mhz Communications system, a Special District Fund operated by the Sheriff's department, is projecting a positive fund balance of \$2.2 million due to overrealized revenues. The cities of El Cajon and Santee have prepaid their obligations to the District.

*District Attorney.* The District Attorney's Office is projecting a yearend fund balance of \$1.8 million. Salaries are projected to be under budget by \$5 million as a result of staff vacancies in District Attorney and District Attorney Investigators positions throughout the department. The estimate is comprised of \$.8 million in the Child Support division, \$.4 million in the Public Assistance Fraud division, \$.2 million in the Grants division and \$3.6 million in the Criminal Operations division. As of April, all Deputy District Attorney positions were filled. The Department of Human Resources has agreed to a change in the recruiting of District Attorney Investigators where recruiting and hiring will occur continuously until all positions are filled. Changes will be instituted for the recruitment and hiring of support staff in May and June.

Services and supplies expenditures are projected to be approximately \$1.2 million under budget. This is comprised of under expenditures of \$1.5 million in Child Support and projected over expenditures of \$.5 million in Criminal Operations. Criminal Operations expenditure amounts in excess of budget represent the unbudgeted costs of the Information Technology Outsourcing contract. An appropriation transfer request in the amount of \$.5 million has been submitted to the Chief Financial Officer pursuant to Recommendation K of the October 26, 1999 (1) Board Action.

Cost Applied amounts are projected to be \$.9 million less than budgeted due to both unspent appropriations and a decline in Countywide support operations (A-87).

Overall revenue is projected to be \$3.4 million under budget. This is due in part to SCAAP revenue in the amount of \$1.2 million that was budgeted but will not be received. Child Support Administrative revenues are projected to be \$3.8 million under budget due to projected underexpenditures of \$2.0 million and changes in the reimbursement of Information Technology expenditures. This change is partially offset by State



Incentive revenues that are projected to be \$1.7 million over budget. All Child Support expenditures are revenue offset.

*Probation Department.* The Probation Department is projecting a yearend fund balance of \$8.3 million (\$7.9 million in the General Fund and \$.4 million in Special Revenue Funds.) This is primarily a result of decreased foster care placements, estimated to save the County \$8.9 million. Salaries and benefits are projected to be under budget by \$.6 million due to a higher than anticipated vacancy rate and a delay in completing the 30 bed Juvenile Hall expansion project, delaying the hiring of 17 staff associated with the project. Services and Supplies accounts are projected to be under budget by \$.6 million, due to under expenditures in several grant programs as a result of delays in implementing contracts with service providers. Department revenue is projected to be \$2.2 million under budget, due to a reduction in federal and state reimbursement for foster care placements, and under realized grant revenue.

Of the projected fund balance, per Board directive \$3.1 million will be transferred to the Local Juvenile Placement Trust Fund to partially fund juvenile detention programs, resulting in a net projected fund balance of \$5.2 million.

*Alternate Public Defender.* The Alternate Public Defender is projecting a yearend fund balance of \$.6 million due to under expenditures in Salaries and Benefits. The under expenditures are a result of unexpected vacancies and staff reengineering.

*Public Defender.* The Public Defender is projecting a yearend fund balance of \$.9 million. This is due to Salaries and Benefits projected to be under budget by \$1.2 million due to the department retaining vacancies in the first part of the year in anticipation of hiring entry-level attorneys after the results of the fall bar exam, which are released in December. Revenue is projected to be \$.2 million under budget primarily due to collections for court-appointed attorneys being less than budget.

*Medical Examiner.* The Office of the Medical Examiner is projecting a yearend fund balance of \$.4 million. This is due to under expenditures in salaries and benefits due to staffing vacancies throughout the year.

*Marshal.* The Office of the Marshal is projected to have a yearend fund balance of \$.3 million. This is due primarily to under expenditures in salaries and benefits due to vacancies and the retirement of the Marshal and the Assistant Marshal.

*Contributions for Trial Courts.* The Contributions for Trial Courts budget is projected to have a yearend fund balance of \$2.1 million. This is primarily due to an increase in projected revenue of \$2.3 million. The most significant increase is approximately \$6 million in Traffic School Fees, which the State has begun transferring to counties. This increase is offset by the decrease in Recovered expenditures, which is projected to be \$4 million under budget primarily due to the implementation of Internal Service Funds and the corresponding loss of A-87 revenue as well as the new proposed fee structure from County Counsel and Human Resources included in the MOU with the Court.

*Defense Attorney/Contract Administration.* The Defense Attorney/Contract Administration budget is projecting a negative yearend fund balance of \$1.8 million. This is primarily due to revenue projected to be approximately \$2 million under budget. This is due to the transfer of Dependency Services to the Alternate Public Defender. Expenditures are higher than anticipated due to unforeseen expenditures in the area of Minors Counsel, which is expected to be over \$1 million in excess of projections by the end of the fiscal year.

### **General Revenues & Other General Fund**

*General Revenues.* As was indicated in the 2<sup>nd</sup> quarter status report, the continued remarkable performance of the State and local economies contributes to the favorable fund balance of approximately \$32.6 million. Significant components of the variance include:

•**Current Property and Local Taxes** are expected to exceed budgeted levels by about \$3.7 million due to continued strong real estate activity which has affected supplemental property taxes (\$3.1 million) and real property transfer taxes (\$1.0 million). Strong local increases in personal income and population continue to impact sale tax revenues favorably (\$1.9 million).

•**Intergovernmental Revenues** are expected to exceed budgeted levels by \$21.3 million. This is primarily attributable to California's economy, which continues to show evidence of strong growth. Vehicle License Fee Revenue (VLF) is the primary reason for this increase (\$17.8 million). VLF is primarily impacted by the number and value of vehicles registered statewide. The State in 1999 reported a growth of new vehicle registration of over 10%, the highest in the last ten years. Distributed to the counties on per capita basis, actual VLF received is 16.5% higher than last year at the same time. (As a result of its budget surplus, the State has lowered the VLF paid by the vehicle owner but has made up the revenues to the counties from general State funds. This funding structure is expected to continue.)

Due to the healthy State economy, one-time discretionary funding was provided to local agencies in the State's FY 1999-2000 budget. The County's share is \$4.2 million and has already been received.

•**Revenue for the Use of Money & Property**, interest earnings, is projected to be higher by \$6.9 million for the following reasons:

The average daily cash balance for the General Fund in the first 9 months of the year was \$ 40 million more than projected.

The average daily cash balances of the 174 funds providing interest revenue to the General Fund were also greater than projected by \$ 20 million.

Interest rates went up from a 4.5% estimate to the following actual interest rates:

Quarter 1 – 4.72%

Quarter 2 – 5.84%

Quarter 3 –6.0%

*Other General Fund.* Planned expenditures in the Cash Borrowing Program—interest and other debt service costs—were based on projected TRANs issuance of \$150 million. The actual TRANs amount was \$130 million, resulting in a projected favorable variance of \$.8 million. The Contingency Reserve is expected to be \$13.2 million at yearend.

COUNTY OF SAN DIEGO

Schedule B

FY 1999-2000-3rd Quarter

Projected Reserves, Operating Balances, and Available Resources  
at 6/30/00

(dollars in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	Projected Reserves plus Operating Balances
<b>General Fund</b>			
Community Services	\$ 6,311	\$ 550	\$ 6,861
Finance & General Government	4,371	7,538	11,909
Health and Human Services	1,847	7,340	9,187
Land Use and Environment	1,739	3,295	5,034
Public Safety	5,961	23,111	29,072
<b>Agency/Group Totals</b>	<b>\$ 20,229</b>	<b>\$ 41,834</b>	<b>\$ 62,063</b>
General Revenues		32,584	32,584
Other General Fund		3,589	3,589
<b>Total General Revenues &amp; Other General Fund</b>		<b>36,173</b>	<b>36,173</b>
Contingency Reserve	13,228		13,228
<b>Total General Fund</b>	<b>\$ 33,457</b>	<b>\$ 78,007</b>	<b>\$ 111,464</b>
<b>Other County Reserves</b>			
General Fund-Designated Reserve			50,000
Debt Service Reserves			31,500
Environmental Trust Fund Reserve			102,644
Worker's Compensation Reserve			20,000
Public Liability Reserve			11,500
<b>Total Available Resources</b>			<b>\$ 327,108</b>

Numbers may not total due to rounding.

**COUNTY OF SAN DIEGO**  
**FY 1999-2000-3rd Quarter**  
**Group and Department Projected Management Reserves at 6/30/00**

Department Management Reserves
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**GENERAL FUND****Community Services Group**

Animal Control	\$188	
Community Services Group	5,742	
Registrar of Voters	380	
<b>Total Group</b>		<b>\$6,311</b>

**Finance & General Government Group**

Assessor/Recorder/County Clerk	\$666	
CFO/Auditor & Controller	500	
Chief Administrative Officer	28	
Civil Service Commission	12	
County Counsel	100	
Finance & GG Office	2,176	
Human Resources	889	
<b>Total Group</b>		<b>\$4,371</b>

**Health & Human Services Agency**

Administrative Support	\$1,768	
Regional Operations	30	
Aging & Independent Services	50	
<b>Total Group</b>		<b>\$1,847</b>

**Land Use & Environment Group**

Land Use & Environment Group	\$1,000	
Environmental Health	506	
Parks & Recreation	135	
Planning & Land Use	98	
<b>Total Group</b>		<b>\$1,739</b>

**Public Safety Group**

Law Enforcement Review Board	\$34	
Medical Examiner	72	
Probation	309	
Public Safety Group	3,008	
Sheriff	2,538	
<b>Total Group</b>		<b>\$5,961</b>

<b>Total General Fund Management Reserves</b>	<b>\$20,229</b>
Projected at 6/30/00	

**Other Funds Management Reserves:**

Cable TV (Special Revenue)	\$49
Library Fund (Special Revenue)	\$75

**COUNTY OF SAN DIEGO**  
**Agency/Group Use of Projected FY 1999-2000**  
**in CAO Proposed Operational Plan FY 2000-01**

Schedule D

(dollars in thousands)

Fund Balance as Requested in CAO Proposed Operational Plan FY 2000-01
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**General Fund**

Community Services	\$	94
Finance & General Government		4,484
Health and Human Services		9,000
Land Use and Environment		3,108
Public Safety		5,535
Finance Other *		14,916
		14,916
<b>Total General Fund</b>	<b>\$</b>	<b>37,138</b>

**Other Funds' Fund Balance**

Public Safety Group	\$	2,170
Land Use and Environment Group		27,126
Community Services Group		8,119
Finance & General Government Group		2,801
Finance Other*		(41)
Capital Outlay Fund		104
		104
Total Non-General Fund Fund Balance		40,279
<b>Total Requested Fund Balance in CAO Proposed Operational Plan</b>	<b>\$</b>	<b>77,417</b>

\*Includes General Revenues, Contingency Reserve, & Other General Fund

Fund Balance may not be necessarily be used in the Agency/Group in which it originated. Also, Fund Balance from the "Finance Other" Group, which contains many Countywide functions, is proposed to be used to fund a variety of one-time priorities, such as park improvements.