

**DISCRETIONARY GENERAL FUNDING**

County general fund operations are funded with four major types of sources: departmental revenue, Proposition 172 revenue, Realignment revenue, and countywide discretionary revenue.

- Departmental revenue includes fees, service charges, and state and federal support for programs such as welfare, health care, and behavioral health.
- Proposition 172 revenue is a permanent extension of a half-cent Local Public Safety Sales Tax approved by California voters on November 2, 1993. Proceeds of this sales tax must be dedicated to public safety. Proposition 172 revenue is restricted and is used solely for funding the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments.
- Realignment revenue provides health and welfare funding. In 1991-92, the state approved the Health and Welfare Realignment Program that involves a shift of program responsibilities from the state to the County. This shift is funded through a corresponding shift of dedicated sales tax and vehicle license fee revenue. Realignment revenue is also restricted and used in funding mental health, social services and health programs within the county.
- Countywide discretionary revenue includes a variety of revenue sources that are not legally designated for a specific purpose or program. The majority of discretionary revenue is property related revenue, primarily property tax. Other revenue sources in this category include: sales and other taxes, net interest earnings, Countywide Cost Allocation Plan (COWCAP) revenue which is a reimbursement for overhead/indirect costs incurred by the general fund, property tax administration revenues, recording fees, other state and federal aid, and other revenue. Additionally, the general fund's unassigned fund balance, use of reserves and operating transfers in, are other funding sources that can be allocated to general fund departments in the same manner as countywide discretionary revenue.

The balance of departmental costs not funded by departmental revenue, Proposition 172 revenue, and/or Realignment revenue is considered net county cost or discretionary general funding. Net county cost is funded by countywide discretionary revenue, which is primarily property related revenue.

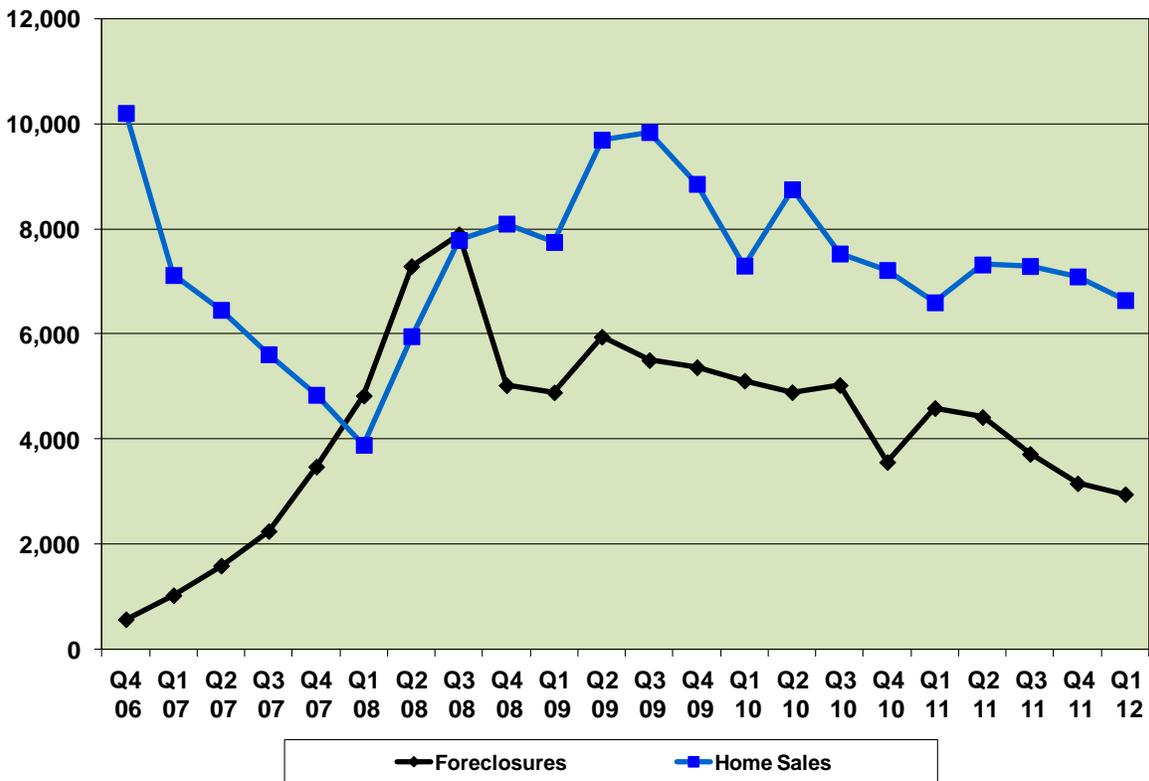
Any countywide discretionary revenue not distributed to departments through their net county cost allocation is placed in contingencies. Every year the County of San Bernardino has set aside a prudent dollar amount in contingencies and reserves for two purposes: 1) to ensure that the County can accommodate unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the County; and 2) to be proactive and set aside funds to meet future known obligations or to build a reserve for large capital projects.

The following sections provide details of the economic indicators that are factored into the County strategic plan and how these indicators affect the discretionary general funding comprised of Proposition 172 revenue, Realignment revenue, and countywide discretionary revenue. Additionally, for 2012-13 there has been detail added in this section on the County Restricted General Fund - Automated Systems Development budget unit. Furthermore, detailed information is included on the contributions and uses of County general fund contingencies and reserves for 2011-12 and the recommended contributions and uses of general fund contingencies and reserves for 2012-13.

**ECONOMIC INDICATORS**

Property related revenue accounts for approximately two-thirds of the County’s discretionary revenue. These revenues continue to be severely impacted by the mortgage and financial crisis, which has had a significant effect on the housing market within the County. Home values have plummeted as foreclosures and notices of default have skyrocketed. As shown in the chart below, foreclosures, although currently declining, have at times out-stripped home sales. This has negatively impacted the assessed valuation of properties within the County as homes have been selling at prices lower than their assessed valuations, and by homes that have received downward adjustments to their assessed valuation because the current assessed valuation is above the fair market value of the home.

**COUNTY OF SAN BERNARDINO  
FORECLOSURES/HOME SALES BY QUARTER  
QUARTER 4 2006 THROUGH QUARTER 1 2012**

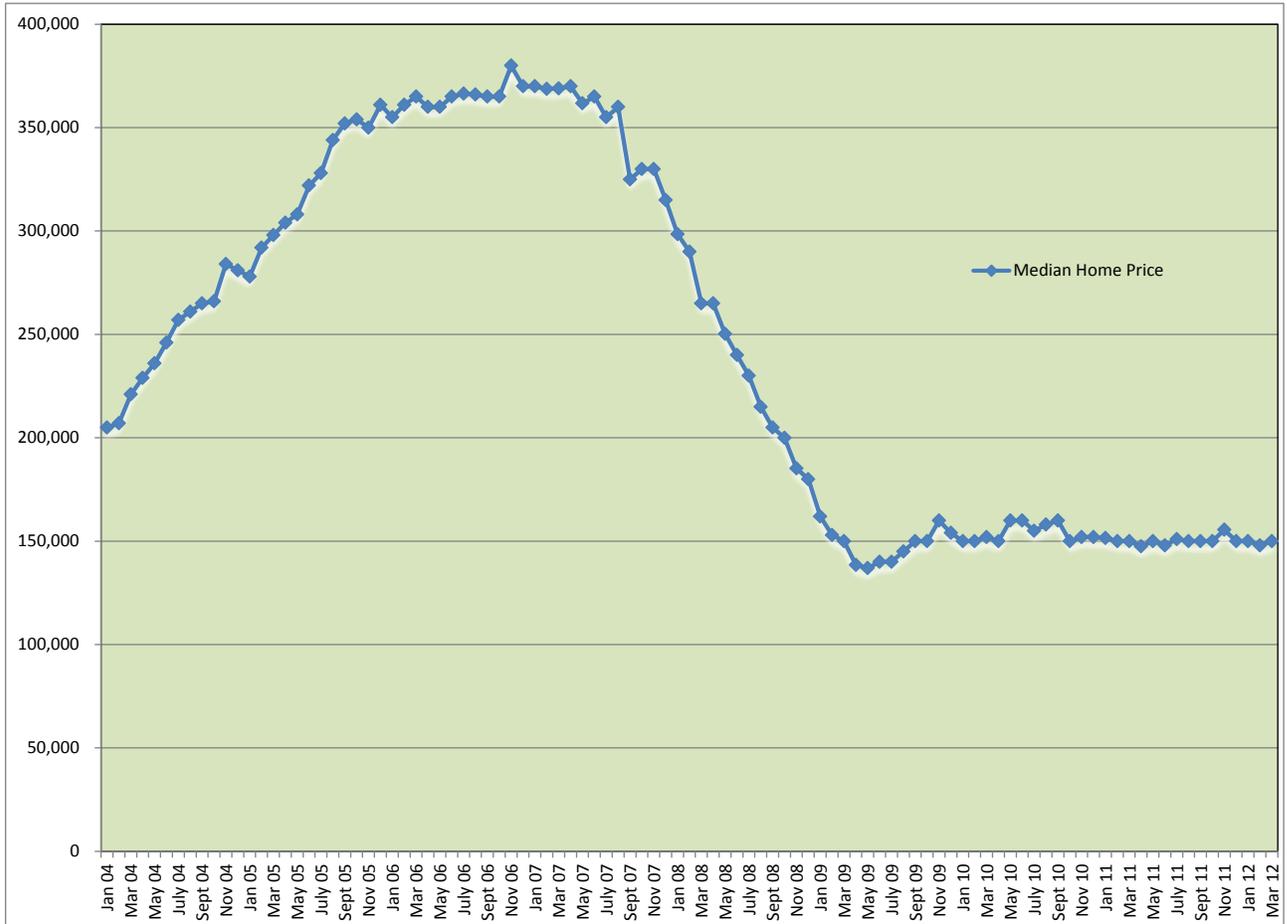


Source: County Assessor and Dataquick



In 2011 foreclosures were down 14.6% from 2010. 2011 Notices of Default were down by 22% from the prior year. As foreclosures and notices of default continue to decline, the County is also seeing stability in the median price of a home. The chart below shows median prices from January 2004 through March 2012. The Median price has been stable, at approximately \$150,000, for the last 31 months. This median price is affordable for 78% of local families.

**COUNTY OF SAN BERNARDINO  
MEDIAN HOME PRICE BY MONTH  
JANUARY 2004 THROUGH MARCH 2012**



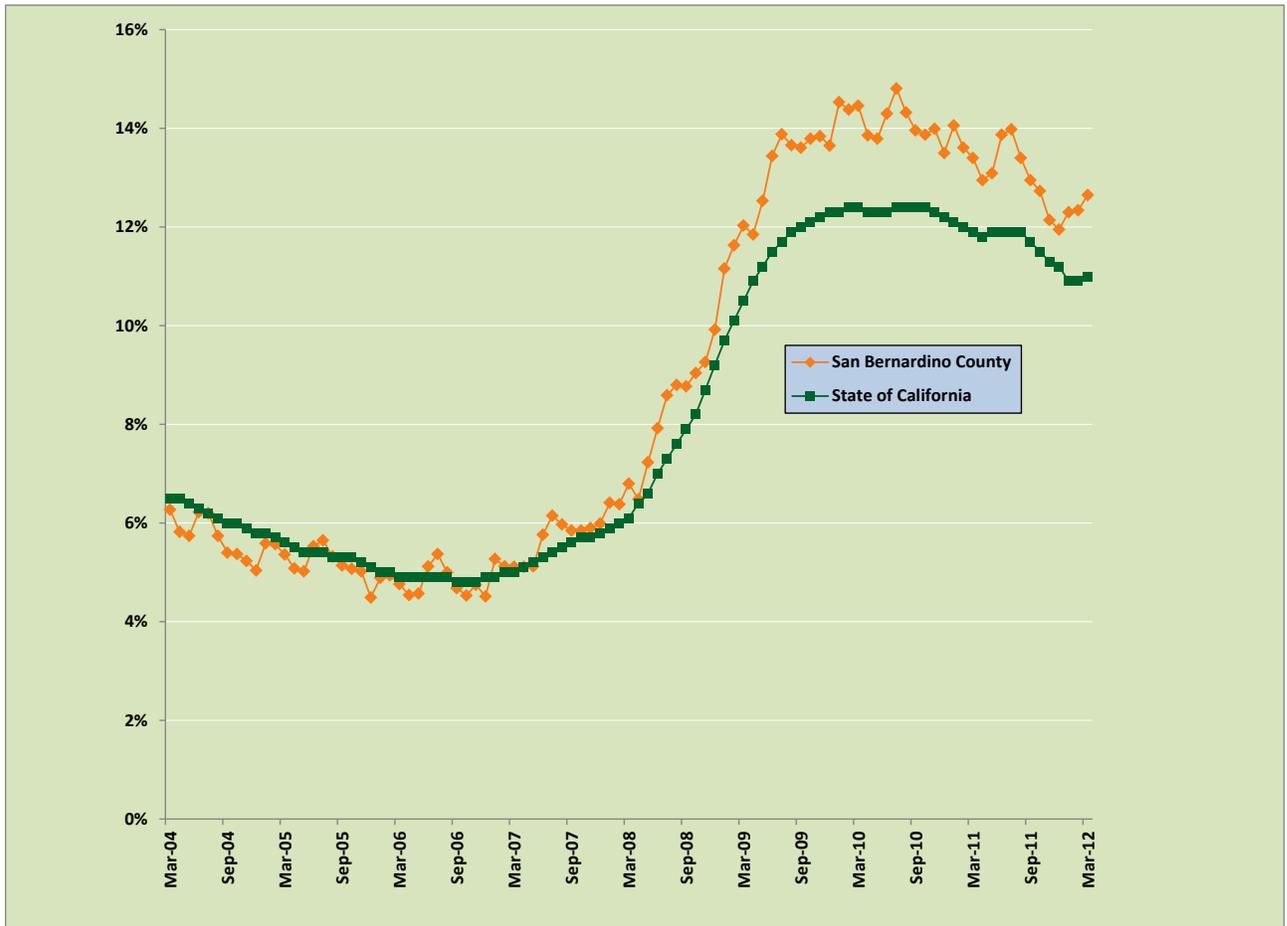
Source: Dataquick



The mortgage and economic crisis has also negatively impacted the residents of the County. In addition to the decline in property values, the loss of jobs in the County has led to high levels of unemployment, as shown in the chart below. Job losses from 2008 through 2010 totaled 146,458, in large part due to the downturn in the construction sector. Unemployment reached 14.8% in July 2010.

However there are some signs of improvement. 2011 saw job gains of 3,767 and forecasted job growth for 2012 is 16,300. Unemployment remains high at 12.7% in March 2012 compared to unemployment rates for the State and the United States of America which were 11.0% and 8.2%, respectively.

**COUNTY OF SAN BERNARDINO  
UNEMPLOYMENT RATES  
STATE OF CALIFORNIA AND SAN BERNARDINO COUNTY  
MARCH 2004 THROUGH MARCH 2012**



Source: CA Employment Development Department



**AUTOMATED SYSTEMS DEVELOPMENT**

The Automated Systems Development budget unit is a restricted general fund that was established in 2011-12 to fund the development, upgrade, and/or replacement of the County's Financial Accounting System (FAS 2012 Project), a core information technology system; and for other future developments.

The FAS 2012 project is a countywide collaborative effort to upgrade or replace the existing financial accounting system that was implemented over 20 years ago and does not provide either the efficiencies or information for managing County functions that modern systems provide. In 2011-12, the Board of Supervisor's approved a \$6.0 million allocation of discretionary general funding to fund this project, and added an additional \$6.0 million mid-year. A Request for Information was released in July 2011 and the resulting information was utilized to prepare a scope of services. Currently, the project is actively seeking an independent project management firm with a history of successful government accounting information system installations to oversee the Request for Proposal and ultimate installation.

Appropriation of \$12.0 million represents anticipated capitalized software and application development costs associated with the FAS 2012 project.

Below is a table detailing budgeted appropriation for this unit in 2012-13.

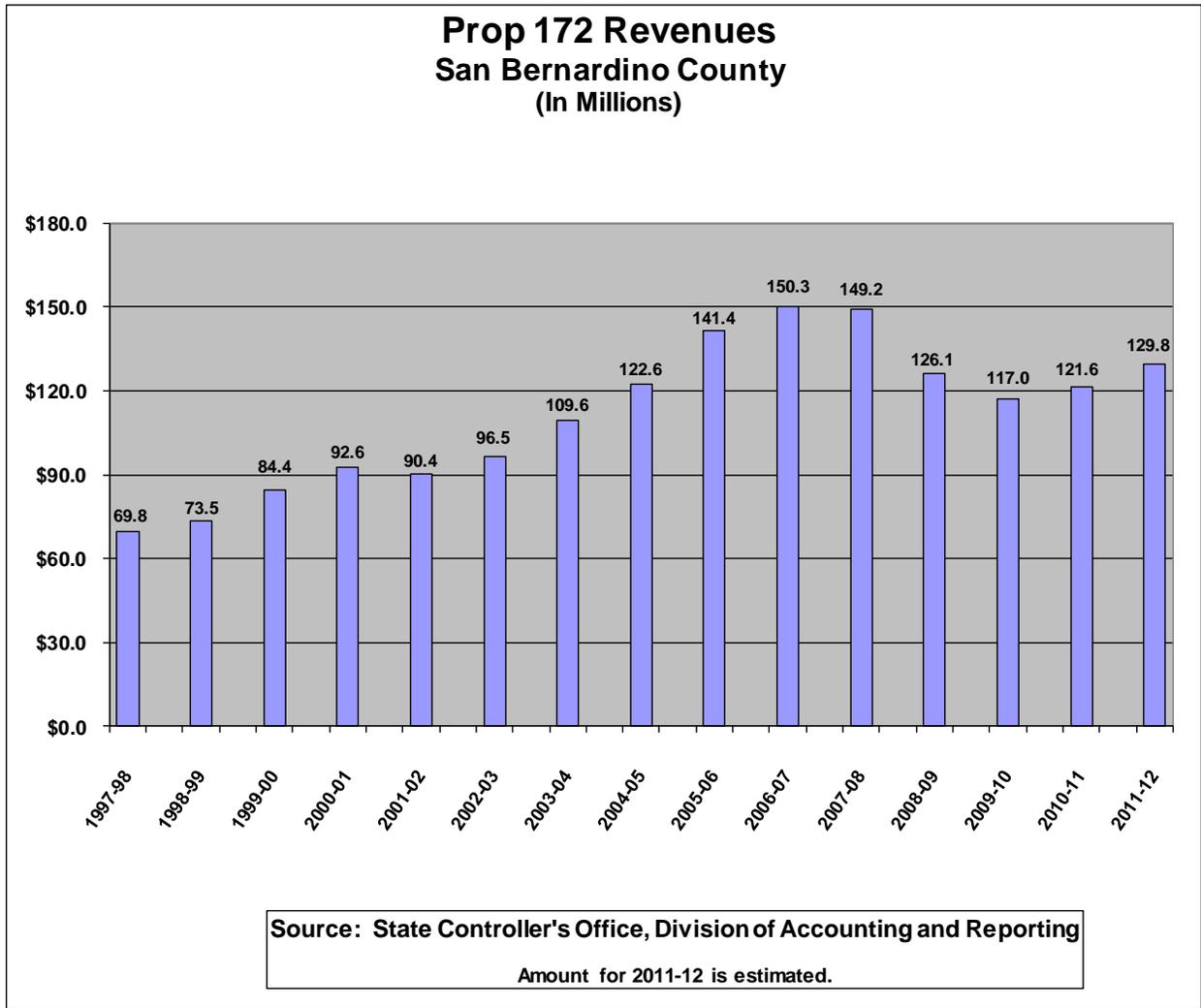
	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Estimate	2011-12 Modified Budget	2012-13 Recommended Budget	Change From 2011-12 Modified Budget
<b><u>Appropriation</u></b>							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	500,000	500,000	0
Capital Expenditures	0	0	0	0	11,500,000	11,500,000	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	0	0	0	0	12,000,000	12,000,000	0
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	12,000,000	12,000,000	0
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	0	0	0	0	12,000,000	12,000,000	0
<b><u>Departmental Revenue</u></b>							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0	0
Total Financing Sources	0	0	0	0	0	0	0
				Fund Balance	12,000,000	12,000,000	0
				Budgeted Staffing	0	0	0



**PROPOSITION 172**

Proposition 172 (Prop 172), which became effective January 1, 1994, placed a one-half percent sales tax rate in the state’s constitution and required that revenue from the additional one-half percent sales tax be used only for local public safety activities, which include but are not limited to sheriff, police, fire protection, county district attorney, and county corrections. Funding from Prop 172 enabled counties and cities to substantially offset the public safety impacts of property tax losses resulting from the state property tax shift to the Educational Revenue Augmentation Fund (ERAF).

The one-half percent sales tax imposed by Prop 172 is collected by the state and apportioned to each county based on its proportionate share of statewide taxable sales. In accordance with Government Code 30055, of the total Prop 172 revenue allocated to San Bernardino County, 5% is distributed to cities affected by the property tax shift and 95% remains within the County. The following chart reflects the annual amount of Prop 172 revenues received by San Bernardino County, excluding the cities’ distributions, for the past 15 years.



On August 22, 1995, the County of San Bernardino Board of Supervisors approved the recommendation that defined the following departments as the public safety services designated to receive the County's 95% share of Prop 172 revenue, consistent with Government Code Section 30052, and authorized the Auditor-Controller/Treasurer/Tax Collector to deposit the County's portion of the Prop 172 revenue as follows:

- Sheriff/Coroner/Public Administrator 70.0%
- District Attorney 17.5%
- Probation 12.5%

Prop 172 revenue currently represents a significant funding source for the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments. Each year, as part of the budget development process, Prop 172 projections are developed based on staff analysis of revenue trends and forecasts provided by an outside economist.

On February 13, 2007, the Board of Supervisors approved a policy which requires the County to maintain an appropriation for contingency for Prop 172 funds targeted at no less than 10% of the current year's budgeted Prop 172 revenues. This 10% contingency was created to ensure funding for these public safety departments should the County experience Prop 172 revenue shortfalls in the future. These contingencies are maintained for each respective department within the Prop 172 restricted general fund.

The chart below illustrates the beginning and ending estimated fund balances of the Prop 172 restricted general fund, budgeted revenue and departmental usage for 2012-13, the required 10% contingency target, and the amount in excess of that target.

	<b>Estimated Beginning Fund Balance</b>	<b>2012-13 Budgeted Revenue</b>	<b>2012-13 Budgeted Usage</b>	<b>Estimated Ending Fund Balance</b>	<b>10% Contingency</b>	<b>Amount in Excess of Required Contingency</b>
<b>Sheriff</b>	11,061,950	95,005,000	(96,481,450)	9,585,500	9,500,500	85,000
<b>District Attorney</b>	3,366,868	23,765,000	(24,720,368)	2,411,500	2,376,500	35,000
<b>Probation</b>	4,922,433	16,990,000	(16,950,000)	4,962,433	1,699,000	3,263,433
<b>Total</b>	<b>19,351,251</b>	<b>135,760,000</b>	<b>(138,151,818)</b>	<b>16,959,433</b>	<b>13,576,000</b>	<b>3,383,433</b>



## **REALIGNMENT**

In 1991, the state shifted responsibility for a number of mental health, social services, and health programs to counties. This shift, known as Realignment, resulted in the creation of two dedicated funding streams to pay for the shifted services: a ½ cent Sales Tax and 24.33% of Vehicle License Fee (VLF) revenues made available by a change in the depreciation schedule for vehicles. Pursuant to SB 1096, Chapter 21, Statutes of 2004, the Vehicle License Fee was reduced from 2.0% of the market value of a vehicle to 0.65% of the market value. SB 1096 also changed the percentage of the VLF revenue allocated to Realignment from 24.33% to 74.9%. This change did not result in increased VLF revenues to Realignment, but simply reflects the same funding amount expressed as a percentage of the reduced revenue collected. Each of the three service areas identified was required to have their own separate accounts established and each of those service areas receive a different share of statewide Realignment revenue.

Within the mental health area, the programs the County is now responsible for are: community-based mental health programs, State Hospital services for County patients, and Institutions for Mental Disease. Within the social services area, the programs the County is now responsible for are: the County revenue stabilization program and the County justice subvention program. Within the health area, the programs the County is now responsible for are: AB8 County health services, local health services, medically indigent services, and the County medical services program.

In addition to these program responsibility shifts, a number of programs had changes made to their cost sharing ratios. For example, prior to Realignment, Foster Care costs were funded by 95% state resources and 5% County resources. Now Foster Care is funded by 40% state resources and 60% County resources, which is a significant impact to the County.

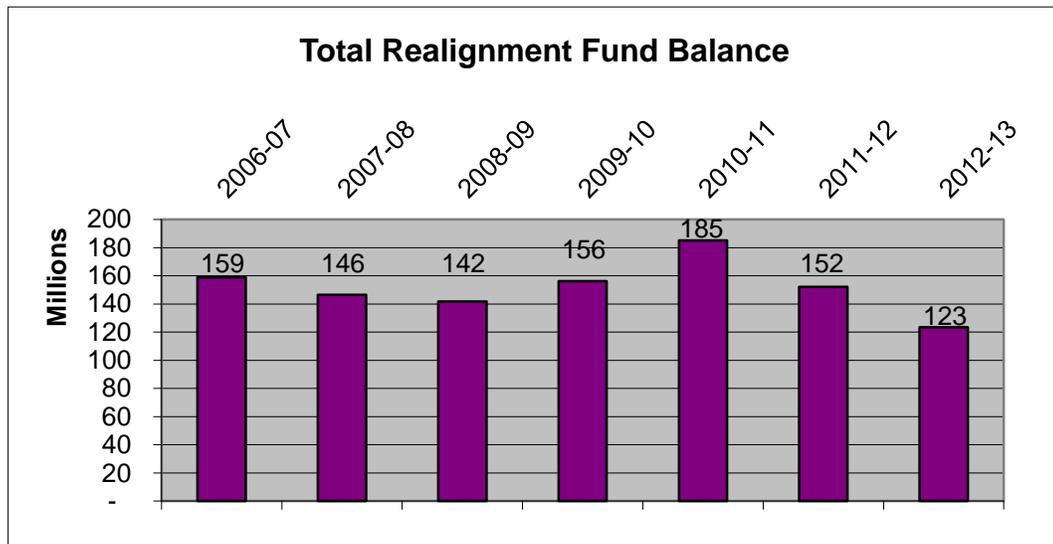
The Realignment program has some flaws in its design that adversely impact County of San Bernardino revenues. First, San Bernardino County is an “under equity county,” meaning that the County receives a lesser share of revenue relative to other counties based on population and estimated poverty population. Revenue distributions among counties were determined by expenditures in the programs that were transferred just prior to the adoption of Realignment. San Bernardino County was under equity in those programs. Realignment did attempt to address the inequity issue, but the effort fell short. The County continues to be under equity at this time and barring any legislative action the amount of inequity will increase over time. As growth occurs in the revenue streams, incremental new funding is distributed on existing sharing arrangements between the counties. The counties that are already over equity get a higher percentage of the new revenue while those that are under equity get less.

In addition to the under equity issue is the fact that the demand for the services the County is providing and the revenue streams funding them are both sensitive to the economy. When the economy does poorly, demand for services is high, but revenues under perform. When the economy is doing well, demand for services is reduced, sales taxes and vehicle license fees revenues are high, and growth in these funding streams is experienced. Social Services has priority claim on any sales tax growth received. If the growth is sufficient to cover the increasing Social Services caseload costs, then anything remaining is distributed to the Mental Health and Health Realignment funds.

**Budgetary Note:** Financial information presented in this Realignment budget section is consistent with state reporting requirements for the Realignment funds. The state’s reporting requirements are not consistent with the County’s implementation of GASB 34 as it relates to revenue accrual. As such, within the County financial accounting system, an adjustment will be made to show the correct revenues in accordance with the County accrual procedures. This is a revenue timing issue only as a result of delays by the state in distributing sales tax growth revenue.



The graph below shows the history of fund balance for all Realignment funds.



During 2007-08 an unanticipated increase in departmental usage for Behavioral Health, resulting from un-reimbursed Medi-Cal and Title XIX EPSDT claims, coupled with sales tax and vehicle license fee revenue base short falls, resulted in a decrease of \$13 million in fund balance.

During 2008-09, revenue shortfalls of 13.2% and 8.5% in sales tax and vehicle license fee revenue, respectively, offset with decreased departmental usage resulted in a slight decrease in fund balance of \$4 million for the period ending June 30, 2009.

During 2009-10, revenue shortfalls continued at 3.69% and 6.73% in sales tax and vehicle license fee revenue, respectively. These shortfalls were offset, however, by even greater departmental savings, resulting in a slight increase in fund balance of \$5 million for the period ending June 30, 2010.

During 2010-11, as compared to prior year revenue, sales tax realized a 3.59% increase while VLF continued to decline with a 1.50% shortfall. Those factors would have normally caused a decline in fund balance given departmental needs. However, the Health Realignment fund experienced a one-time savings due to state legislation regarding hospital fees. The net effect was an increase to overall fund balance of \$29 million.

Projected revenues for 2011-12 are \$7.3 million below the adopted budget figure. Sales tax is projected to increase 3.8% but VLF continues to fall with a projected decline of 10.2%. At the same time the demands for County services, as expected, continue to increase as economic recovery remains sluggish. Departmental usage of realignment funds continue to increase and exceed the budget figure by over \$4 million. All these factors combined result in an expected decline of nearly \$33 million in Realignment fund balance during the course of Fiscal Year 2011-12.

For 2012-13, revenues are projected to increase as the state expects sales tax receipts to increase by nearly 8%. However, the state continues to propose further realignment, making the County increasingly responsible for programs experiencing increased expenditures. As a result, departmental usage continues to exceed budgeted revenues, resulting in an anticipated decrease in fund balance of \$28.6 for the period ending June 30, 2013.

<b>Budget History for All Realignment Budget Units</b>
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	ACTUAL 2010-11	MODIFIED 2011-12	ESTIMATED 2011-12	RECOMMENDED 2012-13
Beginning Fund Balance	156,341,656	185,141,698	185,141,698	152,155,411
Revenue	178,187,486	176,319,784	168,980,128	181,054,863
Departmental Usage	149,387,444	197,919,387	201,966,415	209,720,945
Ending Fund Balance	185,141,698	163,542,095	152,155,411	123,489,329
Change in Fund Balance	28,800,042	(21,599,603)	(32,986,287)	(28,666,082)

Departmental usage of \$209.7 million exceeds the revenue projection of \$181.0 million, resulting in a net usage of \$28.7 million in total fund balance. Expenditure levels continue to be monitored closely, with specific measures being developed to reduce overall departmental usage until such time as revenue growth is realized and fund balance is restored.

<b>SUMMARY OF REALIGNMENT BUDGET UNITS FOR 2012-13</b>
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	Mental Health	Social Services	Health	Total
<b>Estimated Beginning Fund Balance</b>	26,434,435	56,687,954	69,033,022	152,155,411
<b>Budgeted Revenue</b>	45,611,825	84,129,059	51,313,979	181,054,863
<b>Budgeted Departmental Usage</b>	50,878,562	102,512,103	56,330,281	209,720,945
<b>Budgeted 10% Transfers</b>	-	-	-	-
<b>Estimated Ending Fund Balance</b>	21,167,698	38,304,910	64,016,721	123,489,329
<b>Estimated Change in Fund Balance</b>	(5,266,737)	(18,383,044)	(5,016,302)	(28,666,082)
<b>Estimated Ending Fund Balance</b>	21,167,698	38,304,910	64,016,721	123,489,329
<b>10% Contingency Target</b>	4,561,183	8,412,906	5,131,398	18,105,486
<b>Available Ending Fund Balance</b>	16,606,516	29,892,004	58,885,323	105,383,843

The Realignment budget units do not directly spend funds or provide service. They are strictly funding budget units with the actual expenditures occurring within the operating budget units of the departments that receive Realignment revenue.

The Realignment legislation does allow for some flexibility in usage of funds at the County level. Upon action by the Board of Supervisors, a County can transfer 10% of a given year's revenue from one fund to another. San Bernardino County has used the provision repeatedly over the years to help support either the health or social services programs. The County did not do a 10% transfer in the prior three fiscal years and is not budgeting one for 2011-12. However, in the event that such transfer is needed, Board of Supervisors approval is required.

The breakdown of the fund balance calculations and departmental usage for each of the three individual Realignment funds are on the following pages.



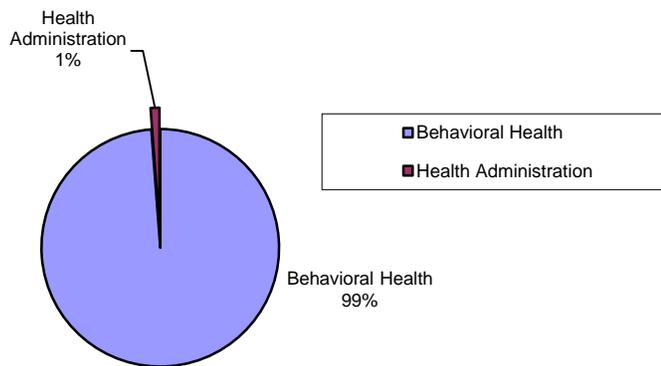
**Mental Health**

	ACTUAL 2010-11	MODIFIED 2011-12	ESTIMATED 2011-12	RECOMMENDED 2012-13
Beginning Fund Balance	21,612,701	29,449,375	29,449,375	26,434,435
Revenue	50,574,115	47,842,753	44,027,083	45,611,825
Departmental Usage	42,737,441	48,423,916	47,042,024	50,878,562
10% Transfers	0	0	0	0
Ending Fund Balance	29,449,375	28,868,212	26,434,435	21,167,698
Change in Fund Balance	7,836,674	(581,163)	(3,014,940)	(5,266,737)

For 2012-13, the Mental Health fund is budgeted to decrease \$5.3 million in fund balance. The Department of Behavioral Health is perhaps the department most negatively affected by continuing realignment efforts by the state. Revenues from all sources are projected to decline 7.6% in Fiscal Year 2011-12. While sales tax is projected to increase state-wide, the allocation provided to the Mental Health Realignment account is a fixed amount. A strong year in 2010-11 that saw a substantial increase in fund balance should allow the fund to weather the ongoing changes over the next few years.

**Breakdown of Departmental Usage of Mental Health Realignment**

	ACTUAL 2010-11	MODIFIED 2011-12	ESTIMATED 2011-12	RECOMMENDED 2012-13
Behavioral Health	42,342,914	47,842,753	46,569,724	50,342,753
Health Administration	394,527	581,163	472,300	535,809
Total Departmental Usage	42,737,441	48,423,916	47,042,024	50,878,562



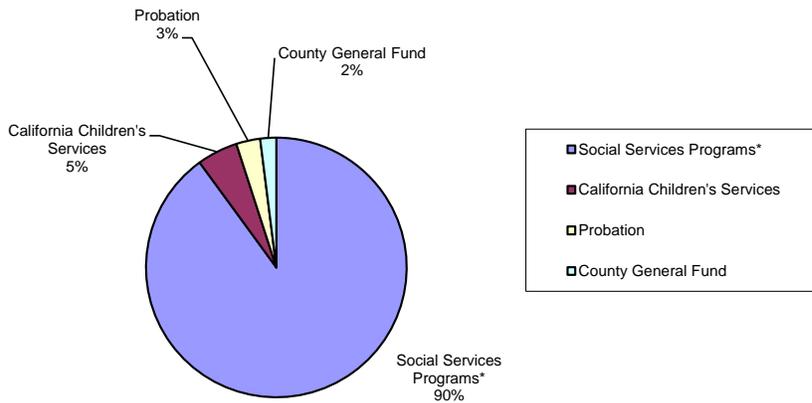
<b>Social Services</b>				
	<b>ACTUAL 2010-11</b>	<b>MODIFIED 2011-12</b>	<b>ESTIMATED 2011-12</b>	<b>RECOMMENDED 2012-13</b>
Beginning Fund Balance	92,335,714	77,289,620	77,289,620	56,687,954
Revenue	75,661,024	76,524,684	78,756,266	84,129,059
Departmental Usage	90,707,118	90,633,560	99,357,932	102,512,103
10% Transfers	-	-	-	-
Ending Fund Balance	77,289,620	63,180,744	56,687,954	38,304,910
Change in Fund Balance	(15,046,094)	(14,108,876)	(20,601,666)	(18,383,044)

Social Services realignment revenue is composed primarily of sales tax. The split is currently 96% sales tax and 4% vehicle license fees.

For 2012-13, budgeted expense and ongoing revenue are expected to result in usage of fund balance of \$18.4 million. In addition, budgeted departmental usage for 2011-12 continues to outpace revenues, and as such, will be monitored closely to ensure that fund balance is maintained at adequate levels.

<b>Breakdown of Departmental Usage of Social Services Realignment</b>				
	<b>ACTUAL 2010-11</b>	<b>MODIFIED 2011-12</b>	<b>ESTIMATED 2011-12</b>	<b>RECOMMENDED 2012-13</b>
Social Services Programs*	82,864,756	81,555,838	91,238,752	93,435,503
California Children's Services	3,342,732	4,578,092	3,619,550	4,576,970
Probation	2,700,630	2,700,630	2,700,630	2,700,630
County General Fund	1,799,000	1,799,000	1,799,000	1,799,000
Total Departmental Usage	90,707,118	90,633,560	99,357,932	102,512,103

\* Soc. Svcs. Programs include: Foster Care (AAB BHI), Administrative Claim Matches (DPA), Aid to Adoptive Children (AAB ATC) and Health



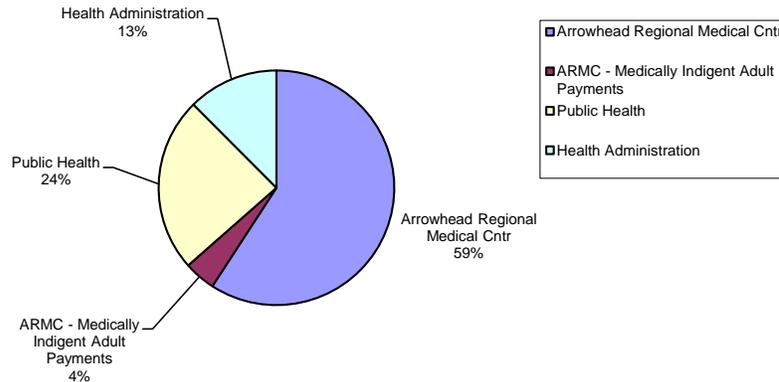
**Health**

	ACTUAL 2010-11	MODIFIED 2011-12	ESTIMATED 2011-12	RECOMMENDED 2012-13
Beginning Fund Balance	42,393,241	78,402,703	78,402,703	69,033,022
Revenue	51,952,347	51,952,347	46,196,779	51,313,979
Departmental Usage	15,942,885	58,861,911	55,566,460	56,330,281
10% Transfers	-	-	-	-
Ending Fund Balance	78,402,703	71,493,139	69,033,022	64,016,721
Change in Fund Balance	36,009,462	(6,909,564)	(9,369,681)	(5,016,302)

For 2012-13, the Health fund is budgeted to spend \$5 million of fund balance. Revenue is projected to increase over actuals from 2011-12. However, they are still not on par with departmental usage. However, significant savings in Fiscal Year 2010-11 built a substantial fund balance that should allow the fund to be viable until the economy rebounds.

**Breakdown of Departmental Usage of Health Realignment**

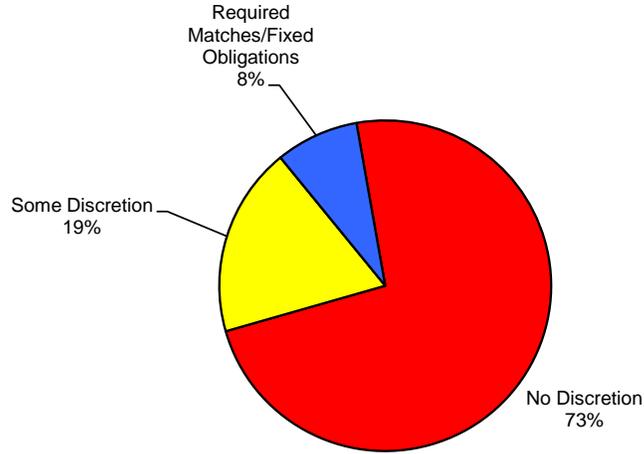
	ACTUAL 2010-11	MODIFIED 2011-12	ESTIMATED 2011-12	RECOMMENDED 2012-13
Arrowhead Regional Medical Cntr	-	34,820,000	34,820,000	34,820,000
ARMC - Medically Indigent Adult Payments	798,556	2,550,000	2,550,000	2,550,000
Public Health	9,834,560	14,164,292	10,842,792	14,164,292
Health Administration	5,309,769	7,327,619	7,353,668	4,795,989
Total Departmental Usage	15,942,885	58,861,911	55,566,460	56,330,281



**COUNTYWIDE DISCRETIONARY REVENUE**

The entire general fund budget including operating transfers in is \$2.4 billion, however, only \$0.45 billion is truly discretionary as seen in this pie chart.

**2012-13 Recommended Budget  
General Fund Spending**

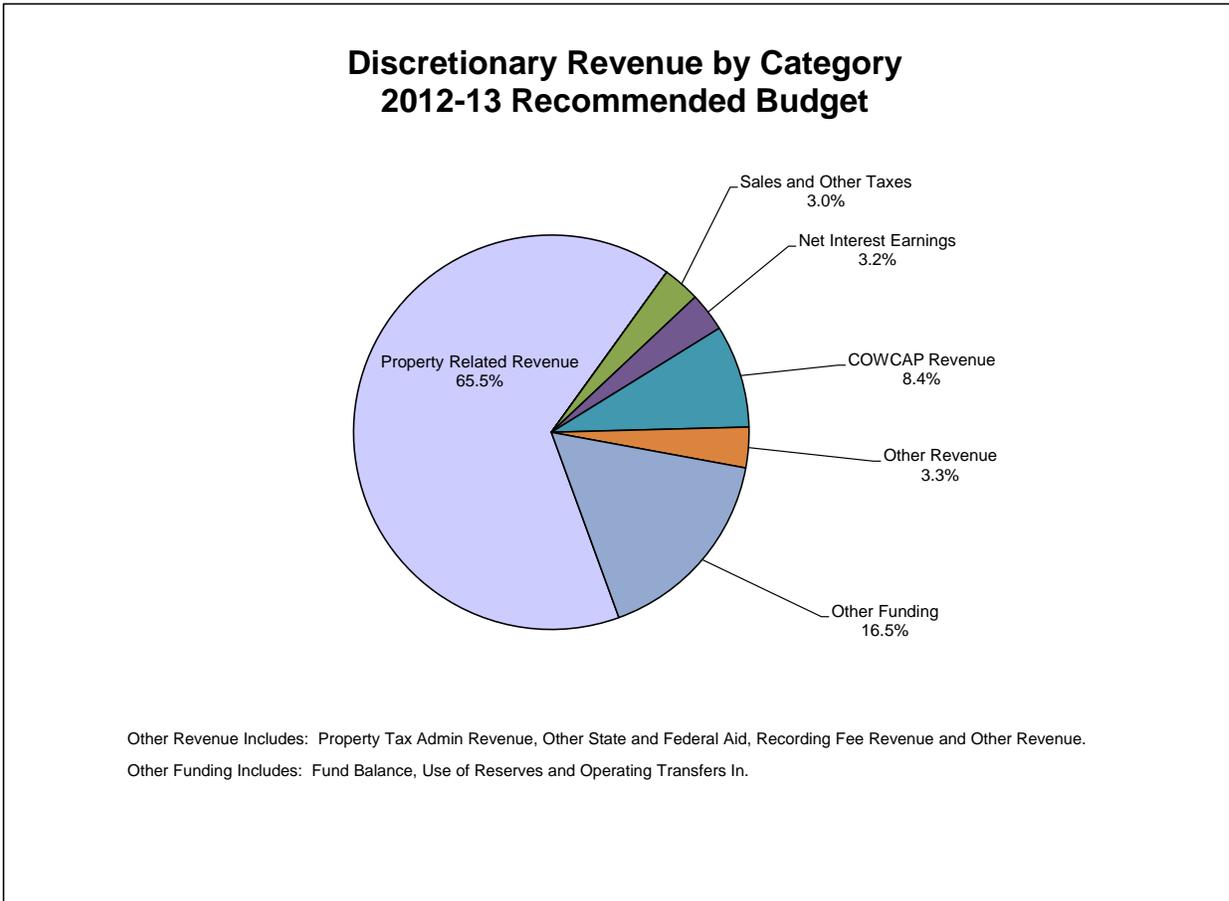


<b>SPENDING WHERE THERE IS NO DISCRETION. INCLUDES:</b>	<b>1,763,003,041</b>
Welfare costs reimbursed by state and federal monies (\$911.7 million)	
Other program costs funded by program revenues such as user fees (\$851.3 million)	
<b>REQUIRED HEALTH AND WELFARE MATCHES AND OTHER FIXED OBLIGATIONS:</b>	<b>194,660,388</b>
<b>SPENDING WHERE THERE IS DISCRETION. INCLUDES:</b>	<b>446,330,908</b>
Reserve Contributions (\$0.0 million)	
Contingencies Contributions (\$15.8 million)	
Law and justice program costs funded by local revenues (\$296.4 million)	
All other program costs funded by local revenues (\$134.2 million)	
<b>TOTAL:</b>	<b>\$2,403,994,337</b>

The countywide discretionary revenue is \$640,991,296 and is first obligated to pay for the required health and welfare matches and other fixed obligations, which total \$194,660,388. The remaining amount of \$446,330,908 is available to fund departmental budgets' net county cost or other expenditures.



Shown below are the sources of the countywide discretionary revenue of \$640,991,296 for the 2012-13 recommended budget:



Percentages may not add to 100% due to rounding.



**COUNTYWIDE DISCRETIONARY REVENUE  
WHICH PAY FOR NET COUNTY COST**

	<b>2011-12 Adopted Budget</b>	<b>2011-12 Modified Budget</b>	<b>2011-12 Estimate</b>	<b>2012-13 Recommended Budget</b>
<b>Countywide Discretionary Revenue</b>				
Property Related Revenue:				
Current Secured, Unitary	201,890,667	201,890,667	202,270,093	200,406,123
VLF/Property Tax Swap	202,506,520	200,679,043	200,679,043	198,672,252
Supplemental Property Tax	4,000,000	4,000,000	4,000,000	4,000,000
Property Transfer Tax	5,400,000	5,400,000	5,100,000	5,100,000
Sales Tax/Property Tax Swap	4,356,763	4,370,793	4,370,793	5,542,503
Penalty on Current Taxes	2,470,000	2,470,000	2,470,000	2,470,000
Prior Property Taxes, Penalties and Interest	4,000,000	4,000,000	4,000,000	3,500,000
<b>Total Property Related Revenue</b>	<b>424,623,950</b>	<b>422,810,503</b>	<b>422,889,929</b>	<b>419,690,878</b>
Sales and Other Taxes:				
Sales and Use Tax	10,437,472	12,437,472	12,437,472	11,749,685
Franchise Fees	5,474,044	5,474,044	5,810,000	5,810,000
Hotel/Motel Tax	1,200,000	1,200,000	1,200,000	1,200,000
Other Taxes	790,000	790,000	790,000	790,000
<b>Total Sales and Other Taxes</b>	<b>17,901,516</b>	<b>19,901,516</b>	<b>20,237,472</b>	<b>19,549,685</b>
Net Interest Earnings	23,887,241	22,192,139	21,231,940	20,408,500
COWCAP Revenue	58,564,924	58,564,924	58,564,924	53,996,755
Property Tax Admin Revenue	13,888,257	13,888,257	13,888,257	12,888,257
Recording Fee Revenue	3,400,000	3,400,000	3,100,000	3,100,000
State and Federal Aid	4,883,223	4,883,223	4,883,223	4,883,223
Other Revenue	3,030,000	3,888,019	5,528,033	430,000
<b>Total Countywide Discretionary Revenue</b>	<b>550,179,111</b>	<b>549,528,581</b>	<b>550,323,778</b>	<b>534,947,298</b>
<b>Other Funding Sources</b>				
Available Fund Balance, beginning	69,913,117	69,913,117	69,913,117	38,883,880
Fund Balance for Board Discretionary Fund Allocations	-	-	-	11,081,283
Use of Reserves	4,864,427	5,218,640	5,218,640	5,000,000
Operating Transfers In (One-Time)	44,346,012	46,035,481	29,344,964	26,536,474
Operating Transfers In (Ongoing)	24,839,880	24,839,880	24,473,181	24,542,361
<b>Total Other Funding Sources</b>	<b>143,963,436</b>	<b>146,007,118</b>	<b>128,949,902</b>	<b>106,043,998</b>
<b>Total Countywide Discretionary Revenue and Other Funding Sources</b>	<b>694,142,547</b>	<b>695,535,699</b>	<b>679,273,680</b>	<b>640,991,296</b>
<b>Locally Funded Appropriation</b>				
Total Countywide Discretionary Revenue	550,179,111	549,528,581	550,323,778	534,947,298
Operating Transfers In (Ongoing)	24,839,880	24,839,880	24,473,181	24,542,361
<b>Locally Funded Appropriation</b>	<b>575,018,991</b>	<b>574,368,461</b>	<b>574,796,959</b>	<b>559,489,659</b>

The 2012-13 discretionary general funding of \$640,991,296 includes Countywide Discretionary Revenue of \$534.9 million and Other Funding Sources of \$106.0 million. Per the County Fund Balance and Reserve Policy, the General Purpose Reserve is currently targeted at 20% of locally funded appropriation (\$559,489,659 per above schedule) and a minimum of 1.5% of locally funded appropriation is to be placed in general fund mandatory contingencies. The County increased the target for the General Purpose Reserve to 20%, from the previous target of 10%, in June 2011. The Fund Balance and Reserve Policy directs that one-time money be used to increase the General Purpose reserve until the 20% target is reached. The 2012-13 Recommended Budget includes a contribution of \$5.6 million, which will bring the General Purpose Reserve to 12.7% of locally funded appropriation.



### **Countywide Discretionary Revenue**

Property Related Revenue account for over 65% of countywide discretionary revenue and other funding sources. These revenues have been severely impacted as a result of the financial crisis, which has had a significant effect on the housing market within the County. For the fourth consecutive year, the County is anticipating a decrease in the assessed valuation of properties within the County. The anticipated decrease for 2012-13 of 1.0% compares to an assessed valuation decline of 6.17% in 2009-10, a decline of 4.55% in 2010-11, and a decline of 0.87% in 2011-12.

Assessed valuation has been negatively affected both by homes selling at prices lower than their current assessed valuation, and by Proposition 8 reassessments, which lower valuations of properties (where no change in ownership has occurred) if the current assessed value of such property is greater than the fair market value of the property.

Although assessed valuations have continued to decline, there are indications that the housing market is stabilizing. The median price of a home has remained at approximately \$150,000 for the thirty-one months ending March 2012. During that period, from September 2009 through March 2012, the median price has only dipped below \$150,000 three of the thirty-one months, with the lowest of those three months being at \$147,500.

### **Elimination of Redevelopment Agencies**

A portion of the general fund's property tax revenue is pass-through of property tax increment belonging to redevelopment agencies. Redevelopment agencies were dissolved as of February 1, 2012, pursuant to ABX126. Pursuant to ABX126, revenues that would have been directed to the dissolved redevelopment agencies will continue to be used to make pass-through payments to other public agencies (i.e., payments that such entities would have received under prior law). In addition, the State projects that the elimination of redevelopment agencies will provide additional property tax revenue for local public agencies, including the County. The County has not budgeted any additional property tax revenue that might result from the dissolution of Redevelopment Agencies pursuant to ABX126, but does continue to budget for pass-through payments consistent with ABX126.

### **The Teeter Plan**

The Teeter Plan is an alternate property tax distribution procedure authorized by the California Legislature in 1949 and implemented by the County in fiscal year 1993-94. Generally, the Teeter Plan provides for a property tax distribution procedure by which secured roll taxes are distributed based on the tax levy, rather than on the basis of actual tax collections, for agencies that elect to participate in the Teeter Plan (including the county general fund). Under the Teeter Plan, the County advances each participant an amount equal to the participant's Teeter Secured Levy (adjusted at year end for corrections to the assessment roll) that remains unpaid at the end of the fiscal year. In return, the county general fund receives all future delinquent tax payments, penalties and interest. The County bears the risk of loss on the delinquent property taxes but benefits from the penalties and interest associated with these delinquent taxes when they are paid. Under the Teeter Plan the County is also required to establish a tax loss reserve fund to cover losses that may occur as a result of sales of tax-defaulted properties.

The levy secured by the Teeter Plan (the Teeter Secured Levy), includes each participating agency's share of the 1% ad valorem secured levy plus any ad valorem levy for the debt service of voter-approved general obligation bonds. Not included in the Teeter Secured Levy are supplemental roll revenues, special assessments, utility roll revenues, or property tax pass-through amounts from redevelopment agencies within the County (see 'Elimination of Redevelopment Agencies' above).

As a participant in the Teeter Plan, the county general fund receives the entire share of its Teeter Secured Levy, regardless of delinquencies. The county general fund also receives all participating agencies share of the penalties and interest associated with the delinquent taxes advanced under the Teeter Plan once they are paid. These interest and penalties are accounted for as interest earnings in countywide discretionary revenue.



The annual advance of the amount of delinquent taxes under the Teeter Plan is anticipated to increase slightly for the 2011-12 property tax cycle. However, penalties and interest from the Teeter Plan are projected to decline, due to downward corrections in assessed valuation of properties that make up the Teeter Plan receivable amount.

The following paragraphs describe the components of property related revenue in detail:

**Current Secured, Unsecured, Unitary**

Secured Property Tax Revenue makes up \$176.8 million of the \$200.4 million in the 2012-13 “Current Secured, Unsecured, Unitary” budgeted revenue number, down from \$179.0 million in the 2011-12 Modified Budget. This reflects the projected decrease in assessed valuation of 1.0%. The County has not budgeted any additional property tax revenue that might result from the dissolution of Redevelopment Agencies pursuant to ABX126, but does continue to budget for pass-through payments consistent with ABX126 (see ‘Elimination of Redevelopment Agencies’ above).

**VLF/Property Tax Swap**

Historically, approximately three-fourths of Vehicle License Fee (VLF) revenue was allocated to cities and counties as general purpose funding. Beginning in 1998-99, the state reduced the VLF payment required from vehicle owners. However, the state made up the revenue impact of the VLF rate reductions with state general fund revenue (the ‘VLF Backfill’).

The VLF Backfill was eliminated in the 2004-05 state budget. In that year, the VLF Backfill to cities and counties was permanently replaced with an equivalent increase in property tax revenues (VLF/Property Tax Swap revenues). This increase was funded by decreases in property tax revenues allocated to schools and community colleges.

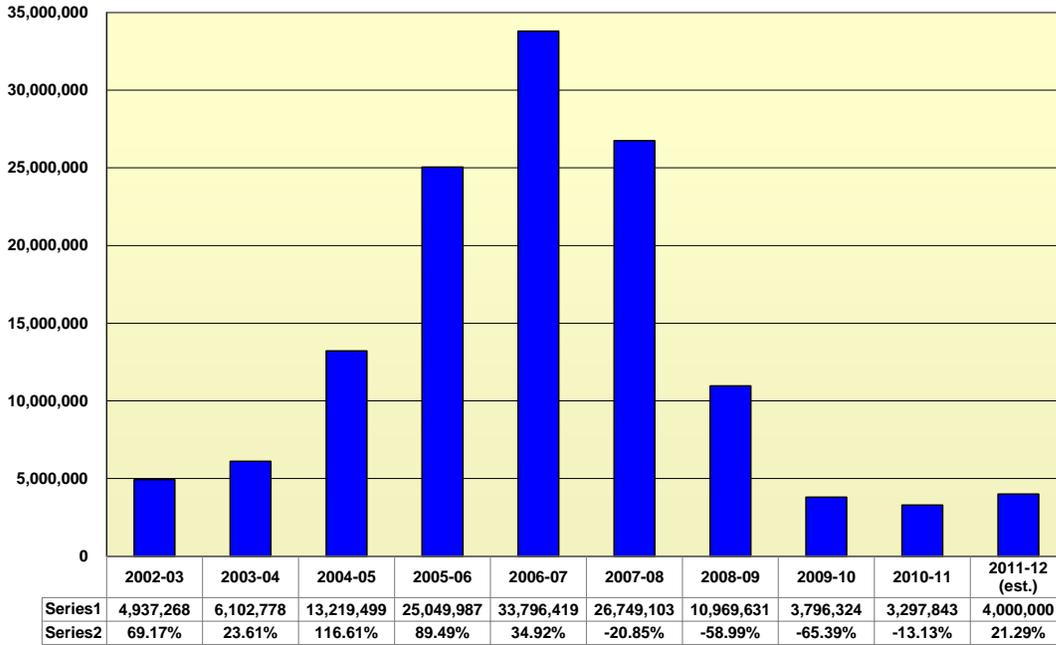
For 2004-05, the state established the base amount of the VLF/Property Tax Swap. The base is equal to the amount of VLF backfill that the counties and cities would have received in 2004-05, calculated using actual VLF receipt amounts for 2004-05. For years beginning in 2005-06, the VLF/Property Tax Swap amount is calculated using the prior year VLF/Property Tax Swap amount adjusted by the percent change in assessed valuation. This percent change includes both secured and unsecured assessed valuation, but excludes the change in unitary valuations. The 2012-13 budgeted amount reflects the projected decrease in assessed valuation of 1.0%, as compared to the 2011-12 Modified Budget.

**Supplemental Property Tax**

Supplemental Property Tax payments are required from property owners when there is a change in the assessed valuation of their property after the property tax bill for that year has been issued. Generally there are two types of events that will require a supplemental property tax payment: a change in ownership or the completion of new construction. As a result, when property values have been increasing and sales activity is high, there will be an increase in the number and dollar amount of supplemental property tax bills, which will result in increased supplemental property tax revenue to the county. Conversely, when values are decreasing and home sales are high, refunds may be due to homeowners, and supplemental property tax revenues will decrease. Because the collection of these revenues may not occur for one to two years after the sale of the property, supplemental property tax revenue will generally lag the reality in the housing market by at least a year.



**SUPPLEMENTAL PROPERTY TAXES  
TEN-YEAR TREND  
Total Dollars and Percent Change**

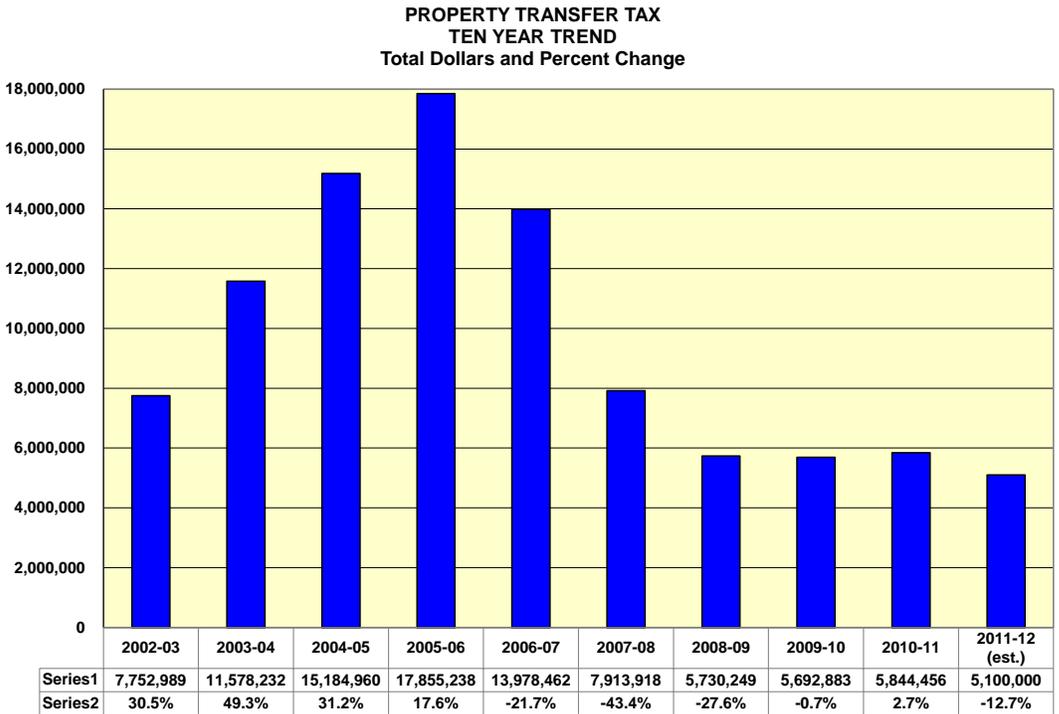


As discussed above, when homes sell at prices lower than the current assessed value reflected on the property tax bill, a refund may be due to the taxpayer. Because many homes have been selling at prices lower than their current assessed values, resulting in the payment of refunds, the county estimates only \$4.0 million in supplemental property tax revenues in 2012-13.



**Property Transfer Tax**

The Property Transfer Tax is collected when any lands, tenements, or other realty sold within the County is granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser. The tax is imposed when the value of the property exceeds \$100. The tax rate is \$0.55 for each \$500 of property value. For sales in the unincorporated areas of the County, the County receives 100% of the tax. For sales in cities, the County receives 50% of the tax. The County anticipates that property transfer tax will be \$5.1 million in 2012-13, consistent with the 2011-12 year end estimate. The following chart presents the most recent ten year trend of property transfer tax revenue.



**Sales Tax/Property Tax Swap**

Effective with the fiscal year that began on July 1, 2004, the state changed the way sales tax revenue is distributed to counties and cities. Previously, counties and cities received 1% of the state’s base sales tax rate, which is currently 7.25%. Pursuant to new provisions enacted by the legislature, this 1% share of sales tax was reduced by 0.25%, to 0.75%. The additional 0.25% in sales tax revenue was redirected to the state to be used to fund debt service on the California Economic Recovery Bonds, which were approved by voters as Proposition 57. In return, counties and cities receive additional property tax revenue (funded by reducing the schools’ share of property tax revenue) in an amount equal to the 0.25% sales tax revenues forgone. The state general fund then makes up the loss of property tax revenue to the schools. This change is referred to as the ‘Triple Flip’. This Triple Flip will continue until the California Economic Recovery Bonds are paid.

The Triple Flip was designed to replace sales tax revenue on a dollar for dollar basis with property tax revenue. In practice, the additional property tax revenue paid to the counties and cities each year is based on an estimate of the agencies’ sales tax revenue for the year plus a ‘true-up’ from the prior year. This true-up represents the difference between the additional property tax revenue paid to the local agency and the actual amount of sales tax revenue (the 0.25%) lost by the local agency.

For 2012-13 the County anticipates \$5.5 million in Triple Flip revenue which includes an estimated \$0.7 million in true-up from the prior year.



### **Sales and Use Tax**

Countywide discretionary revenue includes 0.75% of the county's 7.75% sales tax rate charged on purchases made in the unincorporated areas of the county.

When preparing the annual budget, the county projects future sales tax revenue based on data provided by a local economist and the County's sales tax consultant. For 2012-13, ongoing sales tax revenue is anticipated to decrease slightly from 2011-12 estimated receipts. This is because the 2011-12 estimate includes one-time use tax receipts for energy related projects. 2012-13 sales tax revenue in the unincorporated area is projected to total \$14.4 million (after adjusting for the Triple Flip). The County has budgeted \$11.7 million in 2012-13.

The sales tax revenue projection of \$11.7 million is net of the portion of the County ongoing sales tax revenue remitted to the City of Redlands under the sales tax sharing agreement explained below:

#### Sales Tax Sharing Agreement with the City of Redlands

In August of 2003, the County entered into a sales tax sharing agreement with the City of Redlands. Under the terms of this agreement, the City of Redlands provides government services to an unincorporated area of the County, and in return the County pays the city a percentage of the sales tax revenue generated in that geographical area. This geographical area has numerous retail establishments and generates a considerable amount of sales tax revenue. Under the terms of the sales tax sharing agreement, the County currently pays the City of Redlands 90% of the County discretionary sales tax revenue generated in this area.

#### Potential Annexations and Incorporations

Based on recent estimates, and adjusted for recent annexations, approximately 31.4% of the County's discretionary sales tax revenue is generated in the unincorporated portion of the spheres of influence of the 24 cities that are within the County's boundaries. A sphere of influence is a 'planning boundary' within which a city or district is expected to grow over time. Therefore, the areas within these spheres are likely to be annexed, and once annexed, the discretionary sales tax revenue generated in that area will go to the city instead of the County. The County would also lose sales tax revenue if a community in the unincorporated area of the County decided to create a new city (incorporate).

### **Net Interest Earnings**

Net interest earnings for 2012-13 are projected at \$20.4 million. This is \$0.8 million lower than 2011-12 estimated revenue. The decrease is due to lower available investment rates and lower interest and penalties from delinquent property taxes from the County's Teeter Plan. For more information see the section titled 'The Teeter Plan' on page 15 of this section.

### **COWCAP (Countywide Cost Allocation Plan) Revenue**

The budgeted COWCAP Revenue amount reflects the recovered allowable costs included in the 2012-13 Countywide Cost Allocation Plan (COWCAP) published by the Auditor-Controller/Treasurer/Tax Collector. COWCAP revenue is reimbursement for overhead/indirect costs incurred by the general fund. Reimbursements are received from various state and federal grant programs (that permit such reimbursement) and fee supported general fund departments and taxing entities such as the County Library and Board-governed special districts. The County anticipates an increase in COWCAP revenue in an amount of \$6.5 million from these departments in 2012-13.

In 2011-12 the County began charging COWCAP to general fund departments that receive Net County Cost to fund their programs. This was a change in practice, since Net County Cost then needed to be allocated to these departments to pay for these COWCAP charges. However, to ensure that the full cost of services was included in fees that they charge for services, locally funded general fund departments began paying COWCAP, using an increased Net County Cost allocation. For 2012-13 COWCAP charges for these departments fell by \$11.1 million, which is offset by a decrease in their Net County Cost allocation in the same amount.



### **Property Tax Admin Revenue**

Property Tax Administration revenue consists of:

- SB 813 cost reimbursement, which represents allowable charges for administration and operation of the supplemental property tax program. This reimbursement is tied directly to the performance of supplemental property tax revenue.
- The property tax administrative fee, which is allowed by the legislature, recovers a portion of the County's cost of the property assessment and tax collection process from certain other local jurisdictions. This revenue is tied directly to the cost of that collection effort. School Districts are not required to pay their share of this fee, so not all county costs are recovered.

This revenue is projected to decline by \$1.0 million from the 2011-12 modified budget. This decline reflects a \$1.0 million positive correction to the 2011-12 revenue amount, that is eliminated in 2012-13.

### **Recording Fee Revenue**

The Recorder's Division of the County's Assessor/Recorder/County Clerk's Office collects certain fees for the official recording of documents. Recording Fees are expected to remain flat as compared to the 2011-12 Modified Budget.

### **State and Federal Aid**

State and Federal aid consists of a payment from the welfare realignment trust fund, which replaced the state revenue stabilization program, and SB90 reimbursements from the state. It also includes revenues received from the federal government's Payment in Lieu of Taxes (PILT) program. The Emergency Economic Stabilization Act of 2008 (Public Law 110-343) was enacted on October 3, 2008 and authorized full funding for the PILT program from 2008 through 2012, which will generate approximately \$1.0 million in additional PILT revenue annually. 2012-13 is the last year that this additional PILT revenue will be received. The Board of Supervisors approved placing this additional \$1.0 million in the High Desert Fire Station Reserve.

### **Other Revenue**

Other revenue includes voided warrants issued by the County, projected transfers of unclaimed property tax refunds to the general fund, the county share of vehicle code violation revenue, and other miscellaneous revenues. Beginning in 2012-13, Other Revenue no longer includes overhead charges recovered through city law enforcement contracts with the Sheriff/Coroner/Public Administrator, which, in 2011-12, is currently budgeted in the amount of \$2.6 million. This overhead charge is now being retained by the Sheriff/Coroner/Public Administrator since they are being charged the full amount of COWCAP expense and are only being funded for the locally funded portion of these costs.

### **Other Funding Sources**

#### **Fund Balance and Reimbursements**

The 2011-12 estimated year-end fund balance for the general fund is \$38.9 million.

#### **Use of Reserves**

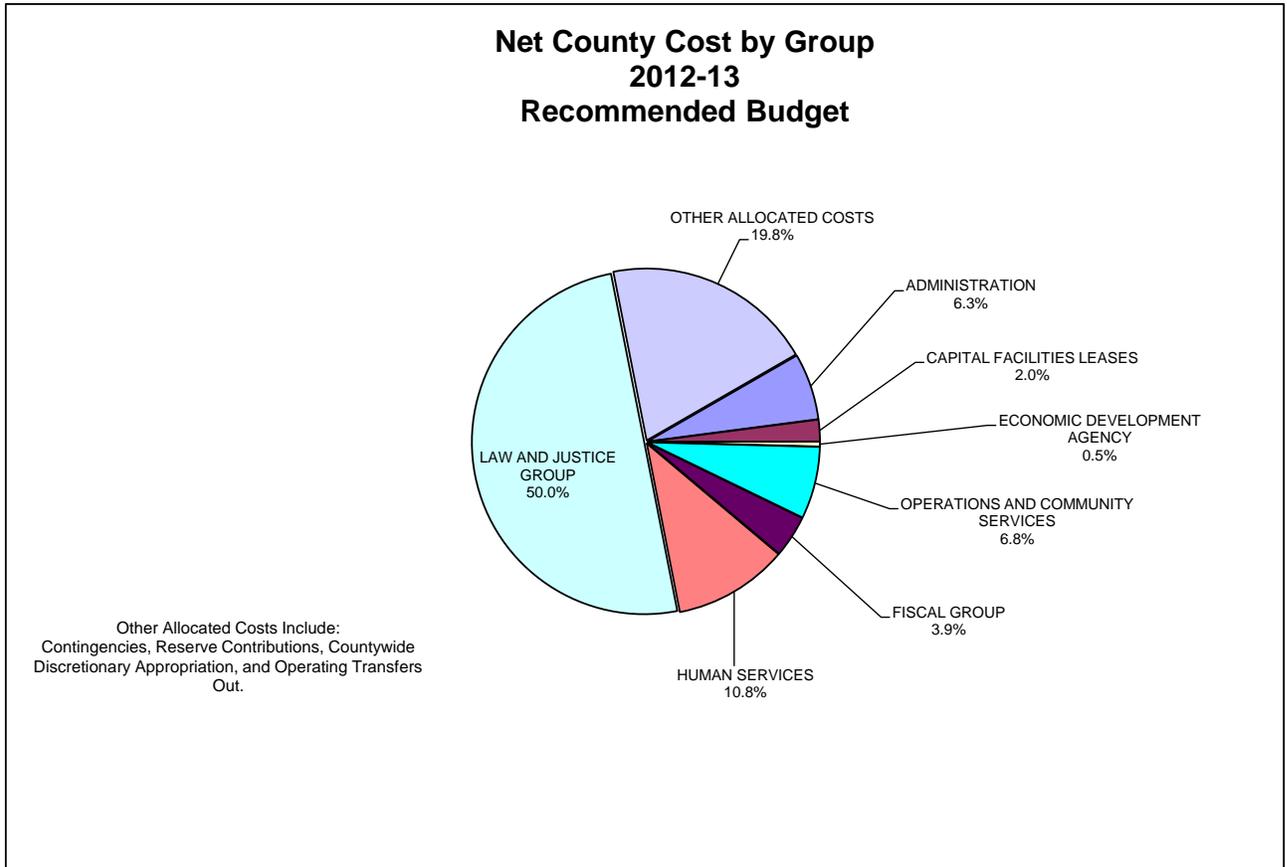
The 2012-13 budget anticipates the use of the full amount of the High Desert Fire Station Reserve, which will fund a \$2.6 million contribution to the fire station at Needles and a \$2.4 million contribution to the fire station at Spring Valley Lake.

#### **Operating Transfers In**

Operating transfers in primarily include \$17.0 million of ongoing tobacco settlement funds to provide \$15.0 million of ongoing funding for debt service on the Arrowhead Regional Medical Center and \$2.0 million of ongoing funding for Public Health, \$5.0 million of ongoing Courthouse and Criminal Justice Construction funds to fund debt service on the Foothill Law and Justice Center, and the return of \$17.0 million in one-time money from the Capital Improvement Program previously allocated to the Crime Lab project. The Crime Lab project is currently being redesigned.



Countywide discretionary revenue is allocated as net county cost to various general fund departments within the County. The pie chart below shows what percentage of the net county cost is allocated to each of the groups.



Percentages may not add to 100% due to rounding.

The schedule on the following page shows a comparison of 2011-12 modified net county cost and 2012-13 recommended net county cost by department. This schedule also includes appropriation and revenue, including operating transfers, which are mechanisms to move funding between the various county budget units. Operating transfers are presented in the following chart because the intended purpose is to provide a complete picture of the department's appropriation and revenue. Operating transfers are excluded from the countywide appropriation and revenue summaries presented in the County Budget Summary section of the 2012-13 Recommended Budget Executive Summary book, as their inclusion would overstate countywide appropriation and revenue on a consolidated basis.



Department Title	2011-12 Modified Budget:			2012-13 Recommended Budget:			Change Between 2011-12 Modified & 2012-13 Recommended:		
	Appropriation	Revenue	Net County Cost	Appropriation	Revenue	Net County Cost	Appropriation	Revenue	Net County Cost
BOARD OF SUPERVISORS (ALL DISTRICTS)	7,903,032	-	7,903,032	7,647,052	-	7,647,052	(255,980)	-	(255,980)
CLERK OF THE BOARD	1,776,092	383,750	1,392,342	1,851,963	371,138	1,480,825	75,871	(12,612)	88,483
COUNTY ADMINISTRATIVE OFFICE	4,075,332	-	4,075,332	3,911,078	-	3,911,078	(164,254)	-	(164,254)
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	392,708	-	392,708	389,938	-	389,938	(2,770)	-	(2,770)
COUNTY COUNSEL	8,663,610	5,455,250	3,208,360	8,551,502	5,444,400	3,107,102	(112,108)	(10,850)	(101,258)
FINANCE AND ADMINISTRATION	2,272,535	-	2,272,535	2,640,486	-	2,640,486	367,951	-	367,951
HUMAN RESOURCES	4,720,452	312,700	4,407,752	5,374,265	448,409	4,925,856	653,813	135,709	518,104
HUMAN RESOURCES - UNEMPLOYMENT INSURANCE	4,000,500	-	4,000,500	4,000,500	-	4,000,500	-	-	-
HUMAN RESOURCES - EMPLOYEE HEALTH AND WELLNESS	1,034,048	1,034,048	-	1,979,584	1,979,584	-	945,536	945,536	-
INFORMATION SERVICES - APPLICATION DEVELOPMENT	15,244,223	8,043,518	7,200,705	15,406,101	7,938,173	7,467,928	161,878	(105,345)	267,223
PURCHASING	1,308,823	500,198	808,625	1,684,799	498,168	1,186,631	375,976	(2,030)	378,006
LOCAL AGENCY FORMATION COMMISSION	311,213	-	311,213	301,000	-	301,000	(10,213)	-	(10,213)
COUNTY SCHOOLS	3,286,324	-	3,286,324	3,085,995	-	3,085,995	(200,329)	-	(200,329)
<b>ADMINISTRATION SUBTOTAL:</b>	<b>54,988,892</b>	<b>15,729,464</b>	<b>39,259,428</b>	<b>56,824,263</b>	<b>16,679,872</b>	<b>40,144,391</b>	<b>1,833,371</b>	<b>950,408</b>	<b>884,963</b>
CAPITAL FACILITIES LEASES	16,258,391	-	16,258,391	13,052,882	-	13,052,882	(3,205,509)	-	(3,205,509)
<b>CAPITAL FACILITIES LEASES SUBTOTAL:</b>	<b>16,258,391</b>	<b>-</b>	<b>16,258,391</b>	<b>13,052,882</b>	<b>-</b>	<b>13,052,882</b>	<b>(3,205,509)</b>	<b>-</b>	<b>(3,205,509)</b>
ECONOMIC DEVELOPMENT	3,192,151	125,000	3,067,151	3,045,214	130,000	2,915,214	(146,937)	5,000	(151,937)
<b>ECONOMIC DEVELOPMENT AGENCY SUBTOTAL:</b>	<b>3,192,151</b>	<b>125,000</b>	<b>3,067,151</b>	<b>3,045,214</b>	<b>130,000</b>	<b>2,915,214</b>	<b>(146,937)</b>	<b>5,000</b>	<b>(151,937)</b>
ASSESSOR/RECORDER/COUNTY CLERK	20,026,859	5,348,400	14,678,459	21,770,806	6,653,500	15,207,106	1,743,747	1,215,100	528,647
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	33,757,029	24,086,883	9,670,146	37,078,261	27,026,066	10,052,195	3,321,232	2,939,183	382,049
<b>FISCAL SUBTOTAL:</b>	<b>53,783,888</b>	<b>29,435,283</b>	<b>24,348,605</b>	<b>58,848,867</b>	<b>33,589,566</b>	<b>25,259,301</b>	<b>5,064,979</b>	<b>4,154,283</b>	<b>910,696</b>
HEALTH ADMINISTRATION	75,802,735	60,799,005	15,003,730	77,560,645	62,560,645	15,000,000	1,757,910	1,761,640	(3,730)
BEHAVIORAL HEALTH	129,222,181	127,229,970	1,992,211	131,127,574	129,135,363	1,992,211	1,905,393	1,905,393	-
PUBLIC HEALTH	70,108,259	66,543,051	3,565,208	71,133,895	67,304,428	3,829,467	1,025,636	761,377	264,259
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	18,863,281	14,290,446	4,572,835	19,568,371	14,991,401	4,576,970	705,090	700,955	4,135
PUBLIC HEALTH - INDIGENT AMBULANCE	472,501	-	472,501	472,501	-	472,501	-	-	-
AGING AND ADULT SERVICES	9,898,469	9,898,469	-	9,956,414	9,956,414	-	57,945	57,945	-
AGING AND ADULT SERVICES - PUBLIC GUARDIAN-CONSERVATOR	833,145	242,858	590,287	946,769	325,663	621,106	113,624	82,805	30,819
CHILD SUPPORT SERVICES	40,408,395	40,408,395	-	40,156,213	40,156,213	-	(252,182)	(252,182)	-
HUMAN SERVICES - ADMINISTRATIVE CLAIM	430,197,625	416,817,886	13,379,739	442,482,268	427,905,404	14,576,864	12,884,643	11,087,518	1,197,125
DOMESTIC VIOLENCE/CHILD ABUSE SERVICES	656,812	656,812	-	531,812	531,812	-	(125,000)	(125,000)	-
ENTITLEMENT PAYMENTS (CHILDCARE)	26,264,832	26,264,832	-	28,468,013	28,468,013	-	2,203,181	2,203,181	-
OUT-OF-HOME CHILD CARE	660,566	-	660,566	660,566	-	660,566	-	-	-
AID TO ADOPTIVE CHILDREN	49,988,138	48,038,618	1,949,520	52,913,715	50,964,195	1,949,520	2,925,577	2,925,577	-
AFDC - FOSTER CARE	106,784,212	94,547,104	12,237,108	111,663,120	97,714,103	13,949,017	4,878,908	3,166,999	1,711,909
REFUGEE CASH ASSISTANCE	67,738	67,738	-	77,075	77,075	-	9,337	9,337	-
CASH ASSISTANCE FOR IMMIGRANTS	1,297,984	1,297,984	-	1,614,063	1,614,063	-	316,079	316,079	-
CALWORKS - ALL OTHER FAMILIES	258,668,563	252,201,849	6,466,714	249,805,920	243,560,772	6,245,148	(8,862,643)	(8,641,077)	(221,566)
KINSHIP GUARDIANSHIP ASSISTANCE PROGRAM	5,928,840	4,594,851	1,333,989	6,352,298	5,018,309	1,333,989	423,458	423,458	-
SERIOUSLY EMOTIONALLY DISTURBED	-	-	-	-	-	-	-	-	-
CALWORKS - 2 PARENT FAMILIES	42,389,301	41,329,568	1,059,733	40,896,298	39,873,890	1,022,408	(1,493,003)	(1,456,678)	(37,325)
AID TO INDIGENTS (GENERAL RELIEF)	1,785,134	495,375	1,289,759	1,932,116	495,375	1,436,741	146,982	146,982	-
VETERANS AFFAIRS	1,714,566	438,000	1,276,566	1,850,613	451,000	1,399,613	136,047	13,000	123,047
<b>HUMAN SERVICES SUBTOTAL:</b>	<b>1,272,013,277</b>	<b>1,206,162,811</b>	<b>65,850,466</b>	<b>1,290,170,259</b>	<b>1,221,104,138</b>	<b>69,066,121</b>	<b>18,156,982</b>	<b>14,941,327</b>	<b>3,215,655</b>
COUNTY TRIAL COURTS - DRUG COURT PROGRAMS	368,186	368,186	-	390,103	390,103	-	21,918	21,918	-
COUNTY TRIAL COURTS - GRAND JURY	412,540	-	412,540	420,520	-	420,520	7,980	-	7,980
COUNTY TRIAL COURTS - INDIGENT DEFENSE PROGRAM	9,784,045	120,000	9,664,045	9,802,555	90,000	9,712,555	18,510	(30,000)	48,510
COUNTY TRIAL COURTS - COURT FACILITIES/JUDICIAL BENEFITS	1,288,342	-	1,288,342	1,230,902	-	1,230,902	(57,440)	-	(57,440)
COUNTY TRIAL COURTS - COURT FACILITIES PAYMENTS	2,505,233	-	2,505,233	2,505,233	-	2,505,233	-	-	-
COUNTY TRIAL COURTS - FUNDING OF MAINTENANCE OF EFFORT	27,054,567	17,928,316	9,126,251	26,397,866	16,269,848	10,128,017	(656,702)	(1,656,468)	999,766
DISTRICT ATTORNEY - CRIMINAL PROSECUTION	59,439,855	26,654,164	32,785,691	63,129,854	30,383,610	32,746,244	3,689,999	3,729,446	(39,447)
LAW & JUSTICE GROUP ADMINISTRATION	270,164	270,164	-	101,300	101,300	-	(168,864)	(168,864)	-
PROBATION - ADMINISTRATION, CORRECTIONS AND DETENTION	132,134,337	62,604,949	69,529,388	137,850,019	73,337,575	64,512,444	5,715,682	10,732,626	(5,016,944)
PROBATION - COURT-ORDERED PLACEMENTS	1,529,717	-	1,529,717	1,529,775	-	1,529,775	58	-	58
PROBATION - JUVENILE JUSTICE GRANT PROGRAM	-	-	-	-	-	-	-	-	-
PUBLIC DEFENDER	32,844,802	2,845,231	29,999,571	34,386,987	3,719,568	30,667,419	1,542,185	874,337	667,848
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	454,547,251	277,433,736	177,113,515	202,390,831	137,332,204	65,058,627	(252,156,202)	(140,101,532)	(112,054,888)
SHERIFF - DETENTIONS	-	-	-	153,623,662	51,750,275	101,873,387	153,623,662	51,750,275	101,873,387
SHERIFF - CONTRACTS	-	-	-	121,298,134	121,298,134	-	121,298,134	121,298,134	-
<b>LAW AND JUSTICE SUBTOTAL:</b>	<b>722,179,038</b>	<b>388,222,745</b>	<b>333,956,293</b>	<b>750,057,740</b>	<b>434,672,617</b>	<b>320,385,123</b>	<b>32,878,102</b>	<b>46,448,872</b>	<b>(13,571,170)</b>
AGRICULTURE/WEIGHTS AND MEASURES	6,435,146	5,383,670	1,051,476	6,699,811	5,403,365	1,296,446	264,665	19,695	244,970
AIRPORTS	3,168,349	3,168,349	-	2,799,545	2,799,545	-	(368,804)	(368,804)	-
ARCHITECTURE AND ENGINEERING	-	-	-	-	-	-	-	-	-
COUNTY MUSEUM	3,533,743	1,673,195	1,860,548	3,458,127	1,582,111	1,876,016	(75,616)	(91,084)	15,468
LAND USE SERVICES - ADMINISTRATION	224,775	-	224,775	700,000	-	700,000	475,225	-	475,225
LAND USE SERVICES - PLANNING	6,080,765	2,642,008	3,438,757	8,154,674	2,100,618	6,054,056	2,073,909	(541,390)	2,615,299
LAND USE SERVICES - BUILDING AND SAFETY	3,465,788	2,952,731	513,057	3,844,567	3,305,184	539,383	378,779	352,453	26,326
LAND USE SERVICES - CODE ENFORCEMENT	4,744,996	568,950	4,176,046	4,774,147	408,955	4,365,192	29,151	(159,995)	189,146
LAND USE SERVICES - FIRE HAZARD ABATEMENT	1,899,146	1,679,965	219,181	1,883,471	1,626,270	257,201	(16,675)	(53,695)	38,020
PUBLIC WORKS-SURVEYOR	3,938,358	3,678,455	259,903	3,808,406	3,528,503	279,903	(128,952)	(149,952)	20,000
REAL ESTATE SERVICES	1,243,884	1,243,884	-	1,225,745	1,225,745	-	(18,139)	(18,139)	-
REAL ESTATE SERVICES - RENTS AND LEASES	1,857,058	1,857,058	-	1,482,408	1,482,408	-	(374,650)	(374,650)	-
REAL ESTATE SERVICES - COURTS PROPERTY MANAGEMENT	2,336,364	2,336,364	-	2,221,510	2,221,510	-	(114,854)	(114,854)	-
REAL ESTATE SERVICES - FACILITIES MANAGEMENT	12,261,739	12,261,739	-	12,709,438	12,709,438	-	447,699	447,699	-
REAL ESTATE SERVICES - UTILITIES	19,786,736	1,957,093	17,829,643	19,618,237	385,292	19,232,945	(168,499)	(1,571,801)	1,403,302
REGIONAL PARKS	11,216,005	7,651,925	3,564,080	10,610,675	7,847,404	2,763,271	(605,330)	195,479	(800,809)
REGISTRAR OF VOTERS	9,471,048	2,513,500	6,957,548	8,834,337	2,700,500	6,133,837	(636,711)	187,000	(823,711)
<b>OPERATIONS AND COMMUNITY SERVICES SUBTOTAL:</b>	<b>91,663,900</b>	<b>51,568,886</b>	<b>40,095,014</b>	<b>92,825,098</b>	<b>49,326,848</b>	<b>43,498,250</b>	<b>1,161,198</b>	<b>(2,242,038)</b>	<b>3,403,236</b>
<b>GENERAL FUND DEPARTMENT SUBTOTAL:</b>	<b>2,214,079,537</b>	<b>1,691,244,189</b>	<b>522,835,348</b>	<b>2,269,824,323</b>	<b>1,755,503,041</b>	<b>514,321,282</b>	<b>55,744,786</b>	<b>64,258,852</b>	<b>(8,514,066)</b>
CONTINGENCIES	29,983,169	-	29,983,169	24,166,844	-	24,166,844	(5,816,325)	-	(5,816,325)
RESERVE CONTRIBUTIONS	26,501,791	-	26,501,791	6,594,897	-	6,594,897	(19,906,894)	-	(19,906,894)
BOARD DISCRETIONARY FUNDS	12,997,953	-	12,997,953	11,081,283	-	11,081,283	(1,916,670)	-	(1,916,670)
NON DEPARTMENTAL APPROPRIATION	7,794,705	7,794,705	-	7,500,000	7,500,000	-	(294,705)	(294,705)	-
OPERATING TRANSFERS OUT	103,217,438	-	103,217,438	84,826,990	-	84,826,990	(18,390,448)	-	(18,390,448)
<b>TOTAL COUNTYWIDE ALLOCATED COSTS:</b>	<b>180,495,056</b>	<b>7,794,705</b>	<b>172,700,351</b>	<b>134,170,014</b>	<b>7,500,000</b>	<b>126,670,014</b>	<b>(46,325,042)</b>	<b>(294,705)</b>	<b>(46,030,337)</b>
<b>GRAND TOTAL:</b>	<b>2,394,574,593</b>	<b>1,699,038,894</b>	<b>695,535,699</b> </						

**NON DEPARTMENTAL BUDGET UNIT**

The non departmental budget unit includes discretionary revenue of the general fund that is detailed in the table titled 'Countywide Discretionary Revenue Which Pay for Net County Cost' found earlier in this section of the budget book.

**APPROPRIATION**

	<b>2011-12 Adopted Budget</b>	<b>2011-12 Modified Budget</b>	<b>2011-12 Estimate</b>	<b>2012-13 Recommended Budget</b>
<b><u>Appropriation</u></b>				
Salaries & Benefits	435,051	435,051	179,889	-
Services & Supplies	1,000,000	1,000,000	420,111	1,000,000
Other Charges	6,064,949	6,359,654	1,394,705	6,500,000
<b>Total Expenditure Authority</b>	7,500,000	7,794,705	1,814,816	7,500,000

Non departmental appropriation pays for countywide expenditures not allocable to a specific department, and interest expense on the County's annual Tax and Revenue Anticipation Notes. The net interest earnings revenue reported in the table titled 'Countywide Discretionary Revenue Which Pay for Net County Cost' is reduced by these expenditures.



In addition to expenditures, this budget unit also includes operating transfers out which are transfers of cash to fund programs accounted for outside of the general fund.

**OPERATING TRANSFERS OUT**

	<b>2011-12 Adopted Budget</b>	<b>2011-12 Modified Budget</b>	<b>2011-12 Estimate</b>	<b>2012-13 Recommended Budget</b>
<b>One-Time</b>				
Capital Improvement Fund - County Building Program	20,221,931	20,221,931	20,221,931	10,000,000
Capital Improvement Fund - Lake Mojave Narrows Dam Project	2,100,000	2,100,000	2,100,000	
Capital Improvement Fund - Needles Fire Station				700,000
Capital Improvement Fund - Fontana Western Sphere MOU				2,600,000
Capital Improvement Fund -Design Sheriff Crime Lab Addition				1,300,000
Business Process Improvement Reserve allocations	287,270	287,270	287,270	
Garage - Motor Pool	386,565	386,565	386,565	
Flood Control - Rim Forest Drainage	350,000	350,000	350,000	5,900,000
Flood Control - Stormwater Program	4,297,504	4,297,504	4,391,756	
Transportation - Maintain County Roads (PCI) and Traffic Signal	8,000,000	8,000,000	8,000,000	5,250,000
District Attorney Fraud Unit		780,606	780,606	
New Financial Accounting System		12,000,000	12,000,000	
Public Works - System Changes				2,000,000
Special District - Lake Gregory Dam				4,000,000
Contributions to Oversight Board				300,000
Community Development/Foundation				268,250
<b>Ongoing</b>				
Capital Improvement Fund - Annual Allocation	15,300,000	15,300,000	15,300,000	12,000,000
Aging and Adult Services	1,057,620	1,057,620	1,057,620	1,057,620
800 MHz Project	24,000,000	24,000,000	24,000,000	20,000,000
Public Works - Fund 2 positions in land development	283,000	283,000	283,000	283,000
General Fund Subsidy to County Fire Protection District	12,799,942	12,799,942	12,799,942	17,542,970
County Redevelopment Agency to fund Sales Tax Sharing Agreement	353,000	353,000	124,636	325,150
Flood Control District Stormwater Permit	1,000,000	1,000,000	1,000,000	1,300,000
<b>Total Operating Transfers Out</b>	<b>90,436,832</b>	<b>103,217,438</b>	<b>103,083,326</b>	<b>84,826,990</b>



## **GENERAL FUND – FIVE-YEAR OPERATING FORECAST, 2011-12 THROUGH 2015-16**

Long-term financial planning is an effective tool for creating sustainable budgets and providing fiscal stability beyond the annual budget horizon. Long term financial planning is a strategic process that provides governments with the insights and information needed to establish multi-year budget solutions and financial policies and actions that maintain good fiscal health. The County creates a five-year operating forecast for the purpose of providing the Board of Supervisors with a framework for use in decision-making in order to maintain and continue the fiscal health of the county to ensure and enable a plan for the provision of services and capital assets.

The forecast is updated annually and is not a budget. It does not establish policy or priorities, it simply summarizes fiscal capacity. The forecast identifies key factors that affect the county's fiscal outlook and assesses how difficult balancing the budget may be in the future. It helps the County to understand the fiscal challenges ahead and the need to establish priorities.

The forecast is developed using a baseline environment, that is, revenues and expenditures are projected based primarily on trend analysis, specific circumstances and present level of services provided by the County. This forecast is not a prediction of what is certain to happen but rather a projection of what will occur in the absence of any mitigating actions or changing circumstances. As such, this plan highlights significant issues or problems that must be addressed in order to maintain a structurally balanced budget.

### **Significant Issues Impacting the General Fund:**

- Salaries and Benefits are projected to increase. The increase in the forecast reflects only current negotiated agreements between the County and employee representation units, and includes costs for budgeted positions.
- Retirement costs, in part, are anticipated to increase due to market losses incurred by the County's pension system.
- Additional Staffing for the Adult Detention Center Expansion will require a significant amount of funding beginning in 2013-14.
- The reduction in property tax revenue for County Fire increases the general fund subsidy required to maintain needed fire services and replace aged emergency fire vehicles.

The following table summarizes the County's five-year financial forecast as it relates to ongoing expenditures funded with ongoing discretionary revenue in the County General Fund. The forecast shows that although revenues are beginning to stabilize, cost increases create continued structural issues that need to be addressed.



**Five-Year Operating Forecast  
(in millions)**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<b>Assessed Valuation Change</b>	-0.5%	-1.0%	0.0%	2.0%	2.0%
<b>Revenue Growth:</b>					
Property Related	\$ 3.1	\$ (4.9)	\$ -	\$ 7.8	\$ 7.9
Proposition 172	2.5	8.5	6.1	6.3	5.6
Other Revenue	(9.0)	0.9	0.8	0.8	0.9
Total	<u>\$ (3.4)</u>	<u>\$ 4.5</u>	<u>\$ 6.9</u>	<u>\$ 14.9</u>	<u>\$ 14.4</u>
<b>Increase in Costs:</b>					
Salaries & Benefits	\$ (15.1)	\$ (2.4)	\$ (1.9)	\$ (3.0)	\$ (3.3)
Retirement Increases	(13.4)	(15.1)	(19.9)	(17.1)	(3.5)
Insurance and Central Services	(2.5)	(0.5)	0.2	(0.1)	(0.6)
Adult Detention Center Staffing	-	-	(34.2)	-	-
Sheriff Revenue (federal prisoners)	-	(5.8)	-	-	-
Unfunded Leave Liability	(3.9)	-	-	-	-
Increase Subsidy to County Fire	(5.4)	(4.6)	(1.2)	(0.8)	-
Other Costs	(3.5)	(9.3)	(1.6)	(4.4)	(3.1)
Total	<u>\$ (43.8)</u>	<u>\$ (37.7)</u>	<u>\$ (58.6)</u>	<u>\$ (25.4)</u>	<u>\$ (10.5)</u>
<b>Net Yearly Operating Deficit</b>	<u>\$ (47.2)</u>	<u>\$ (33.2)</u>	<u>\$ (51.7)</u>	<u>\$ (10.5)</u>	<u>\$ 3.9</u>
<b>Cumulative Yearly Operating Deficit</b>	<u>\$ (47.2)</u>	<u>\$ (80.4)</u>	<u>\$ (132.1)</u>	<u>\$ (142.6)</u>	<u>\$ (138.7)</u>

Measures have been implemented by the County to eliminate the structural deficit of \$47.2 million in 2011-12, which leaves a remaining structural deficit of \$91.5 million for fiscal years 2012-13 to 2015-16. Due to the projected budget gaps and operating cost pressures, the County Administrative Office has developed a strategic plan to address the \$91.5 million cumulative structural budget deficit for the remaining four years. The plan maintains a structurally balanced budget for 2012-13 and future years. This strategic plan is detailed in the County Strategic Plan section of this 2012-13 Recommended Budget Executive Summary book. The process of developing this plan began by identifying several critical areas which have, or are expected to have, an impact on the financial condition of the County in 2012-13. Once the critical issues were identified, specific measures have begun to be implemented. The County anticipates it will adhere to policy, make the necessary tough decisions, and adopt a structurally balanced budget each fiscal year.



**CONTINGENCIES**

The County Contingencies includes the following elements:

**Contingencies**

Mandatory Contingencies

Board Policy requires the county to maintain an appropriated contingency fund to accommodate unanticipated operational changes, legislative impacts or other economic events affecting the county's operations, which could not have reasonably been anticipated at the time the budget was prepared. Funding is targeted at 1.5% of locally funded appropriation.

Uncertainties Contingencies

Any unallocated funding available from current year sources (both ongoing and one-time) that has not been set-aside and any unallocated fund balance carried over from the prior year, is budgeted in the contingencies for uncertainties. Adopted budget action includes a provision that allocates any difference between estimated and final fund balance to this contingencies account.

**Ongoing Set-Aside Contingencies**

The County budget process differentiates between ongoing and one-time revenue sources. Ongoing set-asides represent ongoing sources of funding that have been targeted for future ongoing program needs.

	<b>2011-12 Adopted Budget</b>	<b>2011-12 Approved Contributions/ (Uses)</b>	<b>2012-13 Recommended Contributions / (Uses)</b>	<b>2012-13 Recommended Budget</b>
<b>Contingencies</b>				
Mandatory Contingencies (1.5% of Locally Funded Appropriation)	8,625,285		(232,940)	8,392,345
Uncertainties Contingencies	31,470,881	(10,112,997)	(5,583,385)	15,774,499
<b>Total Contingencies</b>	<b>40,096,166</b>	<b>(10,112,997)</b>	<b>(5,816,325)</b>	<b>24,166,844</b>

2011-12 Changes to Uncertainties Contingencies

In 2011-12 quarterly budget reports through the second quarter resulted in negative adjustments to the Uncertainties Contingencies of \$10,112,997 as follows:

- \$9,264,703 decrease due to \$23,029,376 in revenue increases, \$354,213 in reserve uses and \$32,648,292 in expenditure increases. This reflects the budget adjustments for the first quarter of 2011-12.
- \$141,675 decrease to fund a contract in Land Use Services to conduct a Development Impact Fee analysis and recommended fee structure for the County.
- \$706,619 decrease due to \$1,692,401 in revenue decreases offset by \$985,782 in expenditure decreases. This reflects the budget adjustments for the second quarter of 2011-12.

2011-12 Changes to Ongoing Set-Aside Contingencies

No Ongoing Set-Aside Contingencies are appropriated in the 2011-12 Modified Budget.



2012-13 Mandatory Contingencies

The base allocation to the mandatory contingencies is \$8,392,345, the amount required pursuant to Board policy, based on projected locally funded appropriation of \$559.5 million.

2012-13 Uncertainties Contingencies

The amount in the uncertainties contingencies represents the estimate of 2012-13 funding sources not appropriated for expenditure in the general fund.

2012-13 Ongoing Set-Aside Contingencies

No Ongoing Set-Aside Contingencies are appropriated in the 2012-13 Recommended Budget.



**RESERVES**

The County has a number of reserves that have been established over the years. Some are for specific purposes, such as to meet future known obligations or to build a reserve for capital projects. The general purpose reserve are funds held to protect the County from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the County. On January 6, 1998, the Board of Supervisors adopted a County policy to provide guidelines and goals for reserve levels. The current policy calls for the County General Purpose Reserve to equal 20% of locally funded appropriation. The Board of Supervisors also established specific purpose reserves to temporarily help meet future needs.

	6/30/11 Ending Balance	Approved 2011-12		Total Reserves			6/30/13 Estimated Balance
		Contributions	Uses	6/30/12 Estimated Balance	Recommended 2012-13		
					Contributions	Uses	
<b>General Purpose Reserve</b>	<b>59,733,617</b>	5,501,791		<b>65,235,408</b>	<b>5,594,897</b>		<b>70,830,305</b>
<b>Specific Purpose Reserves</b>							
Future Space Needs	22,878,705			22,878,705			22,878,705
New Property Tax System	-	9,000,000		9,000,000			9,000,000
Retirement	8,500,000			8,500,000			8,500,000
Medical Center Debt Service	32,074,905			32,074,905			32,074,905
Teeter	24,709,925			24,709,925			24,709,925
Capital Projects	4,000,000		(4,000,000)	-			-
Insurance	3,000,000			3,000,000			3,000,000
High Desert Fire Station	3,000,000	1,000,000		4,000,000	1,000,000	(5,000,000)	-
Restitution	1,545,025			1,545,025			1,545,025
Business Process Improvement	1,218,640		(1,218,640) (1)	-			-
<b>Total Specific Purpose</b>	<b>100,927,200</b>	10,000,000	(5,218,640)	<b>105,708,560</b>	1,000,000	(5,000,000)	101,708,560
<b>Total Reserves</b>	<b>160,660,817</b>			<b>170,943,968</b>			<b>172,538,865</b>

(1) \$287,270 of this amount represents funding for projects carried over from the prior year.

**2011-12 Contributions**

The Fund Balance and Reserve Policy, revised in June 2011, calls for a General Purpose Reserve targeted at 20% of locally funded appropriation, up from the previous target of 10%. For 2011-12 the general purpose reserve is increased by \$5.5 million. This brings the balance in the General Purpose Reserve to 11.3% of locally funded appropriation. The revised Fund Balance and Reserve Policy calls for continued annual contributions of one-time sources to this reserve until the 20% target is achieved.

- \$1.0 million contribution to the High Desert Fire Station Reserve.
- \$9.0 million contribution to the Reserve for a New Property Tax System.

**2011-12 Uses**

- Use of the Business Process Improvement Reserve, including \$287,270 to fund a case management project for the Public Defender. The Business Process Improvement Reserve is eliminated in 2011-12, and any remaining amount will fall into fund balance at the end of the fiscal year.
- \$4,000,000 use of the Capital Projects Reserve to be contributed towards the funding of the Downtown Building Project.



2012-13 Recommended Contributions and Uses

For 2012-13, there is a recommended increase to the General Purpose Reserve of \$5,594,897. This brings the balance of the General Purpose Reserve to \$70,830,305, or 12.7% of locally funded appropriation. The recommended budget also includes:

- \$1.0 million contribution to the High Desert Fire Station Reserve.
- The use of the entire \$5.0 High Desert Fire Station Reserve, which will fund a \$2.6 million contribution to a fire station in Needles, and a \$2.4 million contribution to a fire station at Spring Valley Lake.

The chart below shows recent history of the County Reserve levels.

	Year End Actual Balances				Estimated 2011-12	Recommended 2012-13
	2007-08	2008-09	2009-10	2010-11		
<b>Total General Purpose Reserve</b>	<b>57.2</b>	<b>59.7</b>	<b>59.7</b>	<b>59.7</b>	<b>65.2</b>	<b>70.8</b>
<b>Specific Purpose Reserves</b>						
Future Space Needs	37.7	31.9	55.5	22.9	22.9	22.9
New Property Tax System					9.0	9.0
Retirement	38.6	46.5	46.5	8.5	8.5	8.5
Medical Center Debt Service	32.1	32.1	32.1	32.1	32.1	32.1
Jail Expansion (formerly Future Financing)	21.5	-	-	-	-	-
Juvenile Maximum Security	13.9	-	-	-	-	-
Teeter	17.7	24.7	24.7	24.7	24.7	24.7
Moonridge Zoo	4.8	-	-	-	-	-
Capital Projects	4.0	4.0	4.0	4.0	-	-
Insurance	3.0	3.0	3.0	3.0	3.0	3.0
High Desert Fire Station	-	-	2.0	3.0	4.0	-
Restitution	1.8	1.7	1.5	1.5	1.5	1.5
Electronic Voting System	0.4	0.3	-	-	-	-
Business Process Improvement	4.4	2.1	1.3	1.2	-	-
Justice Facilities	0.1	0.1	0.1	-	-	-
<b>Total Specific Purpose Reserves</b>	(1) <b>180.0</b>	<b>146.4</b>	<b>170.7</b>	<b>100.9</b>	<b>105.7</b>	<b>101.7</b>
<b>Total Reserves</b>	(1) <b>237.2</b>	<b>206.1</b>	<b>230.4</b>	<b>160.7</b>	<b>170.9</b>	<b>172.5</b>

(1) Totals may not add due to rounding.

