

**SUMMARY**

	Fiscal Year 2012-13 Actual Amount	Fiscal Year 2013-14 Adopted Budget	Fiscal Year 2013-14 Final Budget	Fiscal Year 2014-15 Adopted Budget	Change From Prior Year Final	Percent Change From Prior Year
<b>Requirements</b>						
Staffing Expenses	1,627,005,428	1,768,173,106	1,817,762,603	1,839,470,445	21,707,842	1.19%
Operating Expenses	2,024,603,104	2,254,254,008	2,442,073,417	2,350,550,339	(91,523,078)	-3.75%
Capital Expenditures	131,966,548	308,723,058	358,614,420	324,348,910	(34,265,510)	-9.55%
Reimbursements	(273,608,709)	(287,062,459)	(311,397,112)	(310,159,873)	1,237,239	-0.40%
Contingencies	0	536,636,284	347,023,426	405,431,629	58,408,203	16.83%
Subtotal Appropriation	3,509,966,371	4,580,723,997	4,654,076,754	4,609,641,450	(44,435,304)	-0.95%
Operating Transfers Out	245,131,918	269,895,695	376,422,492	233,341,714	(143,080,778)	-38.01%
Contributions to Reserves	0	12,668,192	133,256,914	48,227,450	(85,029,464)	-63.81%
Total Requirements	3,755,098,289	4,863,287,884	5,163,756,160	4,891,210,614	(272,545,546)	-5.28%
<b>Sources</b>						
Taxes	712,687,296	693,080,716	697,641,447	733,643,627	36,002,180	5.16%
1991 Realignment*	160,873,855	207,203,363	248,255,663	209,149,972	(39,105,691)	-15.75%
2011 Realignment*	263,500,468	298,212,880	320,386,723	304,905,462	(15,481,261)	-4.83%
State, Federal, or Government Aid	1,432,347,558	1,549,159,198	1,619,178,697	1,573,072,710	(46,105,987)	-2.85%
Fee/Rate	780,214,494	836,569,290	919,354,976	893,328,166	(26,026,810)	-2.83%
Other Revenue	232,998,069	132,051,228	155,337,195	122,895,072	(32,442,123)	-20.88%
Operating Transfers In	246,305,728	247,827,306	266,229,189	213,179,591	(53,049,598)	-19.93%
Fund Balance/Use of Unrestricted Net Assets**	53,802,584	668,852,782	707,041,149	725,083,452	18,042,303	2.55%
General Fund Unassigned Fund Balance**	(127,631,763)	194,412,332	194,412,332	110,316,025	(84,096,307)	-43.26%
Use of Reserves	0	35,918,789	35,918,789	5,636,537	(30,282,252)	-84.31%
Total Sources	3,755,098,289	4,863,287,884	5,163,756,160	4,891,210,614	(272,545,546)	-5.28%

Budgeted Staffing***	20,523	20,726	21,082	21,306	224	1.06%
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\* In the Discretionary General Funding and Restricted Fund section of this budget book, Family Support Realignment (\$13,989,650), which was implemented as a result of 2011 Realignment, is categorized as 2011 Realignment. In this Budget Summary, Family Support Realignment is categorized as 1991 Realignment due to accounting requirements of the State.

\*\* For 2012-13, the two Fund Balance budget line items represent either the actual use of fund balance (if positive amounts) or the actual increase to fund balance (if negative amounts) throughout the fiscal year.

\*\*\* 2012-13 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.

Beginning in 2014-15, all County entities' budgets have been consolidated into one budget book. Historically, Other Agencies and Board Governed Special Districts, including those managed by the Special Districts Department, County Fire, and Flood Control, have not been included in the summary of the total County budget. As a result of the consolidation of all Board governed entities, amounts from prior year budgets in this summary have been restated to reflect this change.

The schedule above represents the entire County Budget from actual expenditures and revenue for 2012-13 through the 2014-15 Adopted Budget. The 2014-15 Adopted Budget for the County includes \$4.9 billion in budgeted requirements and sources as well as 21,306 in budgeted staffing. Further detail on the County's Adopted Requirements, Sources, and Budgeted Staffing for the upcoming fiscal year is provided on the following pages.

**Overview of 2014-15 Requirements and Sources**

As the largest political subdivision of the State, counties are vested by the California State legislature with the powers necessary to provide for the health and welfare of the people within its borders. The \$4.9 billion 2014-15 Adopted Budget reflects the planned allocation of resources necessary to carry out this mission for the citizens of San Bernardino County in accordance with the Countywide Vision and Goals and Objectives established by the Board of Supervisors on February 25, 2014. The County's 21,306 budgeted positions are responsible for a wide variety of services to residents, from responding to calls for help in emergencies (Sheriff's and Fire Department) to giving businesses the tools they need to succeed (Economic Development Agency) to providing a home for children in need (Human Services – Subsistence). The following budget is adopted in order to continue to provide the County's many important services in a fiscally responsible manner.

Total Requirements of \$4.9 billion consist primarily of Staffing and Operating Expenses, which represent 80.56% (\$4.2 billion) of total requirements (excluding the effect of reimbursements). Staffing Expenses of \$1.8 billion



consist of salaries of \$1.2 billion and benefit costs of \$679.3 million. Departments with significant budgeted staffing expenses include the Sheriff/Coroner/Public Administrator (\$420.3 million, 3,647 positions), Human Services Administrative Claim (\$335.8 million, 4,644 positions), and Arrowhead Regional Medical Center (\$249.9 million, 3,691 positions). The largest benefit related cost for the County is employee pensions (retirement), which makes up 58% (\$391.3 million) of all costs associated with employee benefits. The increase in staffing costs of \$21.7 million is primarily due to increased salary costs of \$7.8 million for additional staff for Human Services Departments (101 positions) and the Fire Protection District (24 positions), as well as additional retirement costs (\$15.4 million) resulting from significant market losses to the County pension fund in 2008-09, which the County is required to pay back over several years.

Operating Expenses in the County include costs for services and supplies, internal service fund charges, travel, transfers to the other County departments, and other charges. These expenses represent the largest share of costs within the County at \$2.4 billion, which is primarily a result of the County being charged by the State with the administration of Human Services programs. Many of these programs provide subsistence payments to help residents in need throughout the County.

The overall reduction in requirements of \$272.5 million can be attributed primarily to reductions in Operating Transfers Out of \$143.1 million, Operating Expenses of \$91.5 million, and \$85.0 million in County contributions to reserves. Between Operating Transfers Out and Operating Expenses, the largest overall reduction is related to a decrease in projected Disproportionate Share Hospital (DSH) Payments of \$136.4 million. DSH is a federal matching program that assists the County in funding indigent patients. The program required substantial return of matching funds to the State in 2013-14 as a result of overpayments made to the County in 2011-12 and 2012-13.

Contributions to County general and specific reserves decreased due to one-time contributions of \$120.6 million approved by the Board in the 2013-14 Third Quarter Budget Report. These contributions to Reserves were funded by substantial one-time monies received by the County in 2012-13 related to the dissolution of Redevelopment agencies and a rebate from the County's Workers Compensation program. Similar to County Contingencies, Contributions to Reserves represent sources that are not planned to be spent during the fiscal year. Excluding these two categories of requirements, the total budget available for expenditure in 2014-15 is \$4.4 billion. Further detail on General Fund Contingencies and County Reserves can be found in the Discretionary General Funding and Restricted Funds section of this Adopted Budget Book.

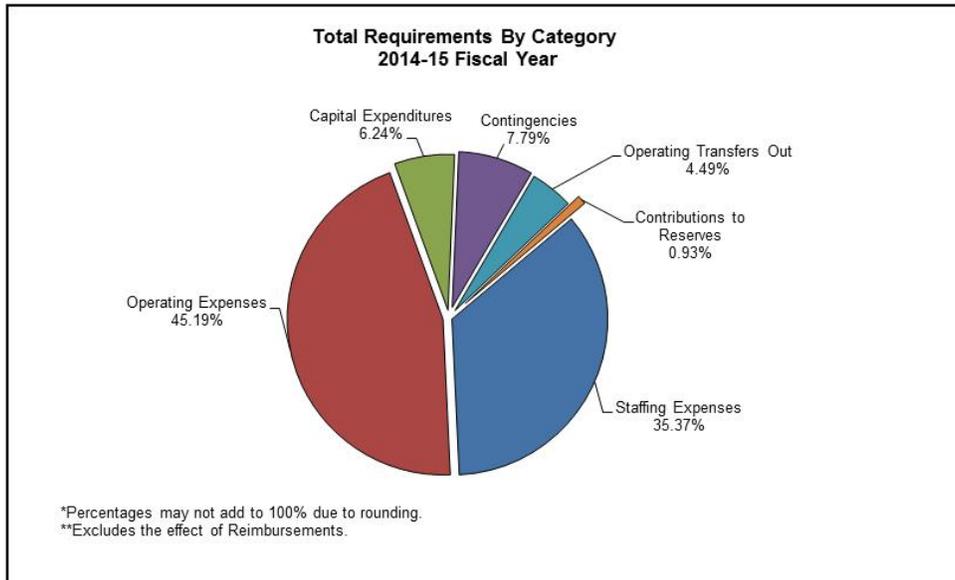
The three major funding sources of the County include revenue from other governmental entities (State, Federal or Government Aid), funding for direct services provided (Fee/Rate), and taxes. At \$1.6 billion, State, Federal or Government Aid represents 32.20% of County sources. The Human Services operational group receives the largest amount of funds from other governments, with \$416.2 million received from the State and \$626.5 million received from the federal government. Fee/Rate revenue of \$893.3 million represents 18.29% of County sources and includes funding from licenses, permits, fines, fees, rates, and other charges for direct services provided by the County. Much of this funding (\$192.2 million) is received by internal service fund departments, such as the Information Services Department and Risk Management Department, that provide direct services to other County departments. Other notable departments that receive funding to provide specific services include the Sheriff's Department (\$128.3 million), which provides law enforcement services for 14 incorporated County cities, and the County's Solid Waste Department (\$69.6 million) that is responsible for the operation and management of the County solid waste disposal system.

While historically it has been assumed that counties are reliant on relatively stable property taxes for the provision of services, with the realignment of many state services, counties have become increasingly dependent on sales tax revenue. When combining 1991 and 2011 Realignment revenues, which are primarily funded with sales tax (\$514.1 million), with County sales tax (\$20.2 million) and Proposition 172 Half Cent Sales taxes (\$156.0 million), the portion of requirements funded primarily with sales tax represents 14.1% of the County budget. While sales taxes are not projected to decrease in 2014-15, they tend to be much more volatile and quicker to react to changes in the economy, resulting in a higher risk of funding losses in future years.

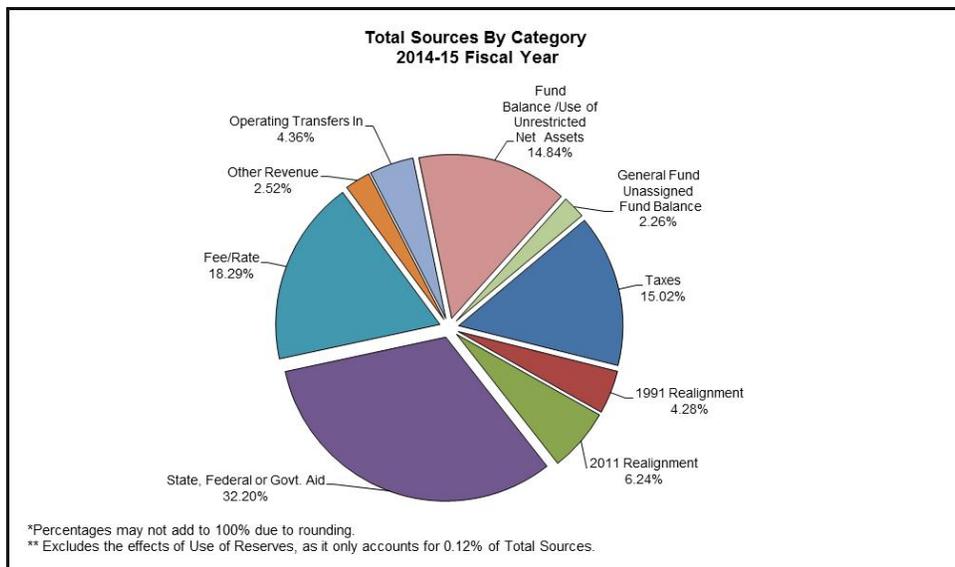
The County's aggressive approach to increasing County reserves in 2013-14 and 2014-15 reflects a fiscally conservative recognition of the resource shift from historically stable to risky tax sources. The reduction in General Fund Unassigned Fund Balance of \$84.1 million is a result of the need to increase County reserves. Instead of being "unassigned", this fund balance has instead been committed to various County specific purpose reserves through the County Quarterly Budget reports and the 2014-15 Adopted Budget.



Total Requirements include appropriation adopted by the Board of Supervisors, operating transfers out, and contributions to reserves. Operating transfers out provide a mechanism to transfer funding between budget units and are not appropriation to spend.



Total Sources include projected revenue and operating transfers in, which provide a mechanism to transfer funding from one budget unit to another within the County. Additionally, sources include the fund balance/use of unrestricted net assets for all non-general funds, the general funds available unassigned fund balance, and the use of County reserves.

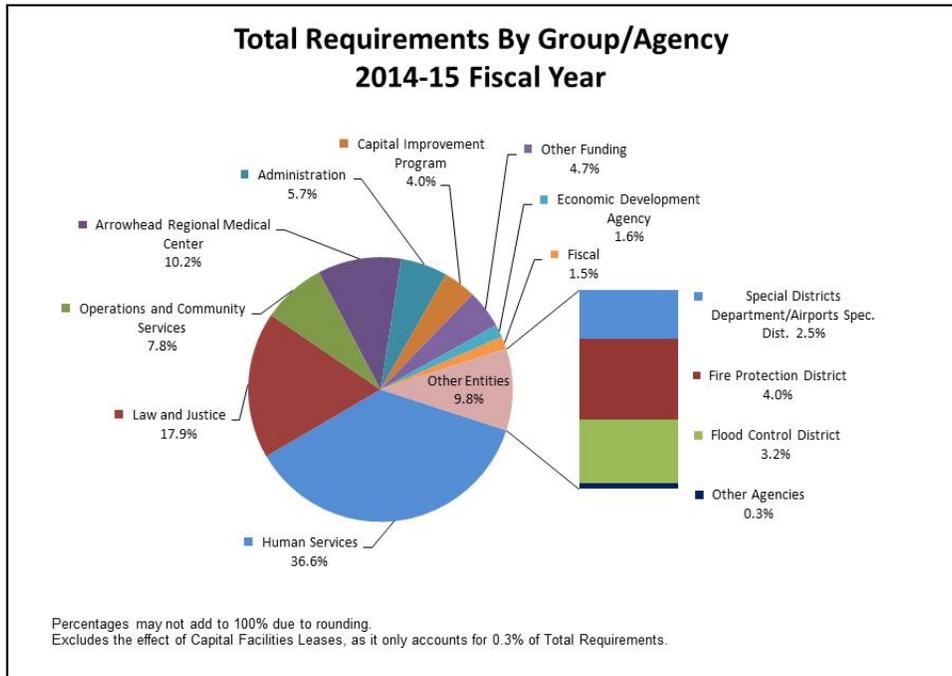


**REQUIREMENTS SUMMARY**

The 2014-15 Adopted Budget includes requirements of \$4.9 billion, which is a net decrease of \$272.5 million or 5.28% compared to the 2013-14 Final Budget.

	Fiscal Year 2012-13 Actual Amount	Fiscal Year 2013-14 Adopted Budget	Fiscal Year 2013-14 Final Budget	Fiscal Year 2014-15 Adopted Budget	Change From Prior Year Final	Percent Change From Prior Year
<b>County:</b>						
Administration	224,299,057	272,390,002	284,290,734	279,716,547	(4,574,187)	-1.61%
Capital Facilities Leases	12,930,934	13,013,014	13,013,014	13,016,519	3,505	0.03%
Economic Development Agency	47,957,766	79,326,558	81,225,755	76,133,849	(5,091,906)	-6.27%
Fiscal	57,316,128	73,853,766	75,313,302	74,122,924	(1,190,378)	-1.58%
Arrowhead Regional Medical Center	478,743,748	487,148,007	567,215,890	497,550,983	(69,664,907)	-12.28%
Human Services	1,417,511,885	1,697,142,892	1,798,963,735	1,784,748,231	(14,215,504)	-0.79%
Law and Justice	759,062,705	838,243,694	887,003,178	874,521,236	(12,481,942)	-1.41%
Operations and Community Services	332,174,552	384,274,300	397,137,111	380,579,092	(16,558,019)	-4.17%
Capital Improvement Program	116,853,709	178,101,898	197,528,972	194,509,142	(3,019,830)	-1.53%
Other Funding	95,837,310	368,408,299	371,044,529	229,118,412	(141,926,117)	-38.25%
<b>Subtotal:</b>	<b>3,542,687,794</b>	<b>4,391,902,430</b>	<b>4,672,736,220</b>	<b>4,404,016,935</b>	<b>(268,719,285)</b>	<b>-5.75%</b>
<b>Special Districts/Other Agencies:</b>						
Special Districts Department/Airports Spec. Dist.	34,740,395	123,713,542	134,149,029	120,766,295	(13,382,734)	-9.98%
Fire Protection District	116,791,157	179,582,897	186,990,275	196,654,229	9,663,954	5.17%
Flood Control District	52,302,498	155,241,829	156,391,851	156,991,933	600,082	0.38%
Other Agencies	8,576,445	12,847,186	13,488,785	12,781,222	(707,563)	-5.25%
<b>Subtotal:</b>	<b>212,410,495</b>	<b>471,385,454</b>	<b>491,019,940</b>	<b>487,193,679</b>	<b>(3,826,261)</b>	<b>-0.78%</b>
<b>Total:</b>	<b>3,755,098,289</b>	<b>4,863,287,884</b>	<b>5,163,756,160</b>	<b>4,891,210,614</b>	<b>(272,545,546)</b>	<b>-5.28%</b>
Budgeted Staffing*	20,523	20,726	21,082	21,306	224	1.06%

\*2012-13 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.



Below are explanations of the major expenditures that are included in the \$4.9 billion 2014-15 Adopted Budget and changes from the 2013-14 Final Budget.

**County Operations**

**Administration** has requirements of \$279.7 million and contains County departments and functions that provide leadership and support to departments that provide direct public services to County residents. The leadership section of this operational group includes the Board of Supervisors (\$7.2 million), which is the governing body of



County government, and the County Administrative Office (\$4.5 million), which directs and coordinates departmental activities according to the law and strategic goals set by the Board of Supervisors. Various support functions include civil legal services provided by County Counsel (\$8.8 million), employment and employee related services provided by Human Resources (\$19.4 million), and information technology support provided by the Information Services Department (\$72.4 million). The largest department in the Administration operational group is the Department of Risk Management, which has requirements of \$102.8 million and administers the County self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs as well as its insured programs.

Overall, the change in budget from the 2013-14 Final Budget for this operational group is \$4.6 million, which represents a 1.61% reduction in requirements. This is the result of a decrease in the Information Services – Telecommunication Services budget unit of \$4.7 million primarily due to the purchase of three years of SMARTnet wide area network maintenance and support for Information Services and other County departments in 2013-14. Another notable change that does not affect budgeted amounts is related to a shift of the Information Services Department's Application Development unit from the General Fund to an Internal Service Fund within Administration. It has been determined that this division should be budgeted as a new Internal Service Fund since the group primarily provides services to County departments and recovers all costs via a billable hourly programming rate.

**Capital Facilities Leases** has requirements of \$13.0 million and funds the cost of long-term capital lease payments for major County facilities financed by the General Fund. Lease payments include the Justice Center/Chino Airport Improvements and the West Valley Detention Center.

**Economic Development Agency** has requirements of \$76.1 million and provides services that seek to create, maintain, and grow the economic value of the County. Such services include small business assistance and technical support, permitting assistance, international trade services, and business site selection assistance. Notable departmental requirements include \$50.8 million for Community Development and Housing services funded primarily by federal Community Development Block Grant funds and \$21.8 million for the Department of Workforce Development, which is funded by federal Workforce Investment Act revenue to provide services to County residents including job search, skills assessments, vocational training, job readiness skills, and connection to employers.

The net reduction in requirements of \$5.1 million is primarily related to the completion of a major Housing and Urban Development Program by the Department of Community Development and Housing in 2013-14.

**Fiscal** has requirements of \$74.1 million and includes the Auditor-Controller/Treasurer/Tax Collector (\$38.6 million) as well as the Assessor/Recorder/County Clerk (\$35.6 million). These departments provide services to the public and other County departments related to the establishment and collection of County property taxes along with other fiscal services that ensure the proper reporting and usage of taxpayer funds. Specifically, the Auditor-Controller/Treasurer/Tax Collector processes, safeguards and provides information regarding County financial activities, manages the County treasury pool, collects and distributes property taxes and other obligations owed to County agencies and courts. The Assessor/Recorder/County Clerk performs mandated assessment of properties, recording of real estate and other documents, and County clerk functions.

Total requirements are decreasing \$1.2 million or 1.58% compared to the 2013-14 Final Budget. This is primarily related to a variety of one-time costs and projects funded by the Auditor-Controller/Treasurer/Tax Collector in 2013-14.

**Arrowhead Regional Medical Center (ARMC)** has total requirements of \$497.6 million and provides medical services to County residents. ARMC is an acute care facility that provides a full range of inpatient and outpatient services, has three off campus community health centers, and provides Department of Behavioral Health's inpatient activities and numerous specialty activities. For 2014-15, ARMC will continue to focus on the conversion of patients from self-pay to Medi-Cal to maximize the utilization of Federal and State programs to ensure receipt of all available resources under the Affordable Care Act.

ARMC is decreasing requirements a net \$69.7 million, which represents a 12.28% decrease. This is primarily due to a decrease of \$34.0 million in operating expenses, due to less than anticipated patient volumes as a result of the Affordable Care Act and the conclusion of the Low Income Health Program (LIHP) and its associated costs. Additionally, Operating transfers out are decreasing by \$39.1 million due to a one-time repayment in 2013-14 to



the State of an overpayment of 2011-12 and 2012-13 Disproportionate Share Hospital (DSH) revenues and the completion of various capital projects.

**Human Services** is the largest operational group within the County with requirements totaling \$1.8 billion. This group provides health and social service programs to County residents through a number of County departments. Health services are provided primarily through the Department of Behavioral Health (\$375.7 million) and Public Health (\$109.0 million). Social services are provided primarily through the Human Services Administrative Claim budget unit (\$503.2 million), Human Service Subsistence Payments budget units (\$522.6 million), the Preschool Services Department (\$49.0 million), Child Support Services Department (\$40.0 million), and the Aging and Adult Services Department (\$8.9 million).

Human Services is decreasing budgeted requirements by \$14.2 million primarily due to a decrease of \$59.9 million in the Health Administration budget unit resulting from a reduction in Disproportionate Share Hospital (DSH) payments. DSH is a federal matching program that assists the County in funding indigent patients. This reduction is offset by health related budget increases in the Department of Behavioral Health, which is increasing requirements a net \$35.5 million. Between its Mental Health Services Act Special Revenue Fund and General Fund budget units, the Department is adding 44 budgeted positions mainly to provide additional clinic services throughout the County. Additionally, operating costs for the Department are increasing to provide care for additional patients as a result of the Affordable Care Act. In the area of social services, the Human Services Administrative Claim budget unit is increasing requirements by \$8.5 million due to an increase in staffing expenses associated with retirement costs and the addition of 32 budgeted positions for the Transitional Assistance Department. The Human Services – Subsistence funds are also increasing requirements by \$5.4 million, which is due to a combination of caseload and grant cost increases.

**Law and Justice** has requirements of \$874.5 million and provides public safety services to County residents. The Sheriff/Coroner/Public Administrator (total of \$555.2 million) provides law enforcement services for the unincorporated areas of the County and certain services on a countywide basis (\$204.6 million). Another primary function of the Department is to provide Detention facilities (\$183.0 million) for all of the County pre-sentenced inmates as well as sentenced inmates that no longer go to State prison as a result of the realignment by the State of adult offenders (2011 Realignment). The Department also provides law enforcement services to 14 County cities through contractual agreements (\$128.3 million). The Probation Department (\$161.2 million) provides supervision of adult and juvenile probationers throughout the County as well as for recently realigned State parolees (2011 Realignment). The District Attorney's Office (\$76.0 million) is responsible for prosecuting crimes committed within the County, and the Public Defender (\$35.5 million) provides legal counsel for indigent defendants within the County.

Requirements are decreasing by \$12.5 million in this operational group primarily due to the funding of several one-time projects in 2013-14 by the Probation Department using 2011 Realignment funds. Such projects included \$5.1 million to acquire an office building for the West Valley Day Reporting Center and \$1.8 million for the cost of converting the Library Administration building in San Bernardino to a day reporting center. Although the Sheriff did not have a substantial change in overall requirements, the Department's Detention budget unit was allocated \$11.5 million in additional Discretionary General Funding in 2014-15 to fund the full year cost of staffing 222 new beds at the County's expanded High Desert Detention Center (formerly Adelanto Detention Center). The expanded facility was opened mid-year in 2013-14 using one-time 2011 Realignment growth funds, and therefore did not require a large increase in overall requirements for 2014-15. However, the allocation of Discretionary General funding will enable the Department to staff the additional 222 beds on an ongoing basis.

**Operations and Community Services** has requirements of \$380.6 million and provides both internal support of County operations as well as external services to the public that promote the quality of life and well-being of County residents. Services that support the general operation of County government include custodial, grounds, and maintenance by Real Estate Services - Facilities Management Division (\$14.2 million), the payment of County utilities (\$20.4 million), and real estate services (\$20.7 million). Departments that provide direct services to the community include Agriculture/Weights and Measures (\$7.0 million), the County Library (\$20.2 million), Land Use Services (\$22.6 million), Registrar of Voters (\$8.5 million), Regional Parks (\$18.2 million), and the County Museum (\$3.3 million). Notably, this group also includes the Department of Public Works – Transportation (\$143.2 million) and Public Works – Solid Waste Management (\$89.6 million). The Transportation Division is responsible for the operation, maintenance, and improvement of the County's road system that currently includes approximately 2,768 miles of roadway. Solid Waste Management is responsible for the operation and



management of the County solid waste disposal system, which consists of six regional landfills, nine transfer stations, and thirty-three closed landfills or disposal sites.

The net reduction in requirements is \$16.6 million, which represents a decrease of 4.17% from the 2013-14 Final Budget. The most notable change for 2014-15 is associated with a reduction in Public Works – Transportation of \$19.8 million due to decreases in operating expenses and contingencies because of fewer new major infrastructure projects and the end of State Proposition 1B funded pavement improvement projects in 2013-14.

**Capital Improvement Program** has requirements of \$194.5 million and is used to account for funding resources designated for the acquisition or construction of major capital facilities. Further detail on major capital projects for 2014-15 are shown in the Capital Improvement Program section of this summary on page 52.

**Other Funding** of \$229.1 million primarily represents the Countywide Discretionary Fund (\$69.9 million), General Fund Contingencies (\$54.4 million), and various restricted funds within the General Fund including Proposition 172 Half-Cent Sales tax (\$24.3 million), 1991 Realignment (\$18.4 million), and the Automated Systems Development Fund (\$11.9 million). Other Funding also includes Contribution to Reserves of \$48.2 million. Requirements within the Countywide Discretionary fund are used primarily to transfer Discretionary General Funding to various budget units outside the General Fund to fund various programs and projects, such as a multi-year 800 Mhz Radio Re-banding Project (\$20.0 million), numerous capital improvement projects for County facilities (\$12.0 million), and a subsidy to the Fire Protection District (\$18.0 million).

Restricted Funds (General Fund) consist of four limited use budgets – Proposition 172 Half-Cent Sales tax, 1991 Realignment, 2011 Realignment, and Automated Systems Development. Proposition 172 revenue assists in funding the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments. Realignment assists in funding law and justice, mental health, social services and health programs within the County. Automated Systems Development is funding that is set aside for the purpose of developing, upgrading, and/or replacing the County Financial Accounting System. Further detail on all Restricted Funds can be found in the Discretionary General Funding and Restricted Funds section of this Adopted Budget Book.

The net change to Other Funding of \$141.9 million primarily represents a reduction in Contribution to Reserves of \$85.0 million. This is due to the contribution of \$120.6 million to general purpose and specific County General Fund reserves approved by the Board in the 2013-14 Third Quarter Budget Report. Further detail on County Reserves can be found in the Discretionary General Funding and Restricted Funds section of this Adopted Budget Book. Additionally, 1991 Realignment requirements are decreasing \$57.1 million primarily due to funds being transferred in 2013-14 to Arrowhead Regional Medical Center in order for the hospital to return matching Disproportionate Share Hospital (DSH) program funds to the State as a result of overpayments made to the County in 2011-12 and 2012-13.

### **Special Districts/Other Agencies Operations**

**Special Districts Department/Airports Special District** has requirements of \$120.8 million and is managed primarily by the Special Districts Department (\$111.2 million) with \$9.6 million in requirements managed by County Airports. Airports manages County Service Area 60, which funds the operation, capital projects and maintenance of the Apple Valley Airport that was built in 1970 and is a public use airport providing general aviation services to the High Desert region.

The Special Districts Department provides for the management, funding, and maintenance of general, parks and recreation, road, sanitation, street lighting, and water districts for 102 Districts, County Services Areas (CSA) and Improvement Zones within the County. On December 29, 1969 the Board of Supervisors established CSA 70 Countywide to provide a centralized mechanism for administration of personnel and operations which serve all of the Board governed CSAs. Staff within CSA 70 Countywide provide centralized and regional management services, administration, engineering, fiscal, human resources, lien administration, park maintenance, payroll, information services, road maintenance and inspection services. Along with \$74.3 million in requirements that are budgeted for all departmental operations, the Special Districts Department maintains several budgets totaling \$36.9 million for the primary purpose of maintaining an adequate level of funds set aside to protect the districts from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the districts.



The net reduction of \$13.4 million is primarily due to the completion, cancellation or postponement of several capital improvement projects in 2013-14 by the Special Districts Departments. Completed projects include a fencing project for CSA 70 D-1 Lake Arrowhead, a skate park for CSA 56 Wrightwood, the Erwin Park Clubhouse renovation in Big Bear Recreation and Park District, Phase I completion of the meter/service line replacement project in CSA 70 Zone J Oak Hills, and partial completion of Kessler Park in Bloomington Recreation and Park District and the CSA 70 W-4 Pioneertown offsite pipeline supply project.

**Fire Protection District** has requirements of \$196.7 million and provides fire protection and emergency services throughout the County. The District covers 18,353 square miles, operates 63 fire stations and 11 facilities within four Regional Services Zones, serves 64 unincorporated communities, and the cities of Grand Terrace and the Town of Yucca Valley. Additionally, County Fire provides fire protection services by contract to four cities and two independent fire protection districts. The District is an all-risk fire department providing management for fire suppression, emergency medical services, ambulance services, hazardous materials (HAZMAT) response, arson investigation, technical rescue including water borne, flooding and mudslide, winter rescue operations, and terrorism and weapons of mass destruction.

Requirements are increasing a net \$9.7 million, which represents a 5.17% increase compared to the 2013-14 Final Budget. The most notable change within the District is an increase of 14 budgeted positions in the Valley Regional Service Zone, which is primarily due to the addition of 3 Firefighters, 3 Engineers, and 3 Captain positions for the Fontana Fire Protection District. These positions will be funded with contract revenue received from the Fontana Fire Protection District.

**Flood Control District** was created in 1939 under special State legislation and has requirements of \$157.0 million. The District has developed an extensive system of flood control and water conservation facilities, including dams, conservation basins, debris basins, channels and storm drains. The purpose of these facilities is to intercept and convey flood flows through and away from developed areas of the County, as well as to promote water conservation and improved water quality. Major construction projects in 2014-15 include Basin Construction projects at Cactus Basin #3, Donnell Basin Phase I, and Amethyst Basin as well as Channel Construction at Elder Creek, Mountain View Acres, Kitchen Dean Wash, Rialto Channel at Riverside Avenue, and Rimforest Drainage Mitigation.

The net increase of \$600,082 is primarily due to new equipment and vehicles being purchased in 2014-15 in order to replace outdated units.

**Other Agencies** has total requirements of \$12.8 million and contains four Other Agency budget reporting entities in the County, including the In-Home Supportive Services Public Authority (\$8.2 million), Inland Counties Emergency Medical Agency (\$4.5 million), County Industrial Development Authority (\$56,533), and Economic and Community Development Corporation (\$93 dollars). The In-Home Supportive Services program was created in 1973 to serve elderly, blind, and/or disabled individuals who are not able to remain safely in their home without assistance. The Inland Counties Emergency Medical Agency (ICEMA) was developed under a Joint Powers Agreement with San Bernardino, Inyo and Mono Counties and is charged with the coordination, evaluation, and monitoring of emergency medical services within public and private pre-hospital providers, specialty hospitals, paramedic base hospitals, and the effectiveness of Emergency Medical Services (EMS) educational programs and medical disaster preparedness. The County Industrial Development Authority and Economic and Community Development Corporation were agencies created to provide various methods of financing on behalf of private enterprise in order to promote and enhance economic development and increase opportunities for useful employment.

Net reductions in requirements of \$707,563 can be attributed to a reduction of \$913,909 in ICEMA primarily related to a reduction in the purchase of equipment and supplies for the Hospital Preparedness Program, reduced transfers for building lease expenses, and a reduction in computer software expenses.

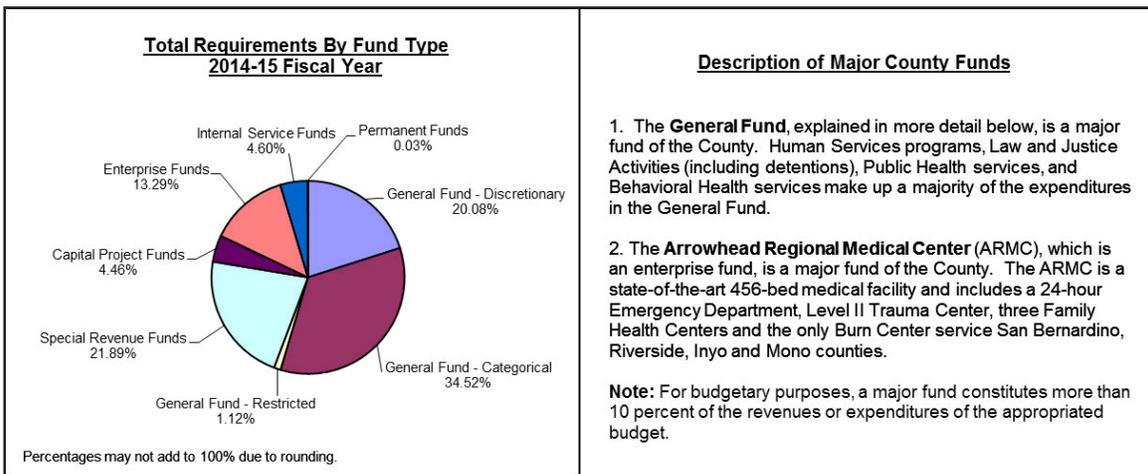


**TOTAL REQUIREMENTS BY FUND TYPE**

	Fiscal Year 2012-13 Actual Amount	Fiscal Year 2013-14 Adopted Budget	Fiscal Year 2013-14 Final Budget	Fiscal Year 2014-15 Adopted Budget	Change From Prior Year Final	Percent Change From Prior Year
General Fund - Discretionary	831,072,480	1,086,707,458	1,097,803,792	981,935,839	(115,867,953)	-10.55%
General Fund - Categorical	1,446,182,497	1,612,949,153	1,713,400,806	1,688,667,831	(24,732,975)	-1.44%
General Fund - Restricted	78,634	72,467,568	109,512,069	54,954,325	(54,557,744)	-49.82%
Special Revenue Funds	566,486,415	1,044,252,786	1,073,334,398	1,070,711,752	(2,622,646)	-0.24%
Capital Project Funds	117,668,970	201,972,068	226,928,078	217,961,783	(8,966,295)	-3.95%
Enterprise Funds	626,956,603	640,616,519	727,311,393	650,226,781	(77,084,612)	-10.60%
Internal Service Funds	166,647,056	202,697,267	213,840,559	225,132,238	11,291,679	5.28%
Permanent Funds	5,634	1,625,065	1,625,065	1,620,065	(5,000)	-0.31%
<b>Total</b>	<b>3,755,098,289</b>	<b>4,863,287,884</b>	<b>5,163,756,160</b>	<b>4,891,210,614</b>	<b>(272,545,546)</b>	<b>-5.28%</b>

Budgeted Staffing\* 20,523 20,726 21,082 21,306 224 1.06%

\*2012-13 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.



**Description of Major County Funds**

1. The **General Fund**, explained in more detail below, is a major fund of the County. Human Services programs, Law and Justice Activities (including detentions), Public Health services, and Behavioral Health services make up a majority of the expenditures in the General Fund.

2. The **Arrowhead Regional Medical Center (ARMC)**, which is an enterprise fund, is a major fund of the County. The ARMC is a state-of-the-art 456-bed medical facility and includes a 24-hour Emergency Department, Level II Trauma Center, three Family Health Centers and the only Burn Center service San Bernardino, Riverside, Inyo and Mono counties.

**Note:** For budgetary purposes, a major fund constitutes more than 10 percent of the revenues or expenditures of the appropriated budget.

**Governmental Fund Types**

**General Fund:** The General Fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund. The General Fund is the County’s primary operating fund and requirements are separated into discretionary, categorical, and restricted. General Fund – Discretionary are those budget units that the Board of Supervisors predominately have oversight on the sources and requirements. General Fund – Categorical are those budget units that are typically mandated in nature, such as human service programs. General Fund – Restricted consists of Prop 172, 1991 and 2011 Realignment, and Automated Systems Development.

**Special Revenue Funds:** Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (other than for major capital projects).

**Capital Project Funds:** Capital Project Funds account for financial resources designated for the acquisition or construction of major capital facilities other than those funded by Enterprise and Internal Service Funds.

**Permanent Funds:** Permanent Funds account for legally restricted resources provided by trust in which the earnings but not the principal may be used for purposes that support the primary government’s programs.

**Proprietary Fund Types**

**Enterprise Funds:** Enterprise Funds account for operations that are funded and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be funded or recovered primarily through user charges.

**Internal Service Funds:** Internal Service Funds account for the funding of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.



The matrix below lists the group/agency as depicted in the organizational chart of the County. For each group/agency listed, the various fund types utilized are shown with their total requirements (including Operating Transfers Out).

	General Fund	Special Revenue Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Permanent Funds
<b>ADMINISTRATION</b>						
BOARD OF SUPERVISORS	7,190,670					
BOARD DISCRETIONARY FUNDING	4,206,259					
CLERK OF THE BOARD	2,258,163					
COUNTY ADMINISTRATIVE OFFICE	4,903,738	28,843				
COUNTY COUNSEL	8,817,154					
FINANCE AND ADMINISTRATION	2,889,619					
HUMAN RESOURCES	13,610,089	5,813,327				
FLEET MANAGEMENT					36,529,788	
INFORMATION SERVICES	2,264,212				70,170,935	
PURCHASING	2,117,341				12,606,282	
RISK MANAGEMENT					102,751,233	
LOCAL AGENCY FORMATION COMMISSION	288,274					
COUNTY SCHOOLS	3,270,620					
<b>TOTAL ADMINISTRATION</b>	<b>51,816,139</b>	<b>5,842,170</b>	<b>0</b>	<b>0</b>	<b>222,058,238</b>	<b>0</b>
<b>CAPITAL FACILITIES LEASES</b>						
CAPITAL FACILITIES LEASES	13,016,519					
<b>TOTAL CAPITAL FACILITIES LEASES</b>	<b>13,016,519</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ARROWHEAD REGIONAL MEDICAL CENTER</b>						
ARROWHEAD REGIONAL MEDICAL CENTER				497,550,983		
<b>TOTAL ARROWHEAD REGIONAL MEDICAL CENTER</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>497,550,983</b>	<b>0</b>	<b>0</b>
<b>ECONOMIC DEVELOPMENT AGENCY</b>						
ECONOMIC DEVELOPMENT	3,468,279					
COMMUNITY DEVELOPMENT AND HOUSING		40,683,461	10,159,633			
WORKFORCE DEVELOPMENT		21,822,476				
<b>TOTAL ECONOMIC DEVELOPMENT AGENCY</b>	<b>3,468,279</b>	<b>62,505,937</b>	<b>10,159,633</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FISCAL</b>						
ASSESSOR/RECORDER/COUNTY CLERK	22,890,787	12,673,383				
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	36,880,704	1,678,050				
<b>TOTAL FISCAL</b>	<b>59,771,491</b>	<b>14,351,433</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HUMAN SERVICES</b>						
AGING AND ADULT SERVICES	9,740,887					
BEHAVIORAL HEALTH	172,139,912	203,547,034				
CHILD SUPPORT SERVICES	40,039,593					
HEALTH ADMINISTRATION	120,730,613	38,958,405				
HUMAN SERVICES	1,025,854,142	13,745,232				
PRESCHOOL SERVICES		49,009,940				
PUBLIC HEALTH	101,265,083	7,732,157				
VETERANS AFFAIRS	1,985,233					
<b>TOTAL HUMAN SERVICES</b>	<b>1,471,755,463</b>	<b>312,992,768</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LAW AND JUSTICE</b>						
COUNTY TRIAL COURTS	39,780,118	2,376,195				
DISTRICT ATTORNEY	65,839,206	10,176,991				
LAW AND JUSTICE GROUP ADMINISTRATION	90,208	4,311,034				
PROBATION	143,295,001	17,928,657				
PUBLIC DEFENDER	35,524,591					
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	515,891,169	39,308,066				
<b>TOTAL LAW AND JUSTICE</b>	<b>800,420,293</b>	<b>74,100,943</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATIONS AND COMMUNITY SERVICES</b>						
AGRICULTURE/WEIGHTS AND MEASURES	6,888,815	145,635				
AIRPORTS	2,810,030	6,156,238				
ARCHITECTURE AND ENGINEERING	0					
COUNTY LIBRARY		20,215,880				
COUNTY MUSEUM	3,191,462			69,131		
LAND USE SERVICES	22,609,296					
PUBLIC WORKS	3,405,098	143,397,484		89,626,923		
REAL ESTATE SERVICES	39,086,547	16,264,466				
REGIONAL PARKS	11,319,706	6,838,018		63,586		
REGISTRAR OF VOTERS	8,482,909					
FISH AND GAME COMMISSION		7,868				
<b>TOTAL OPERATIONS AND COMMUNITY SERVICES</b>	<b>97,793,863</b>	<b>193,025,589</b>	<b>0</b>	<b>89,759,640</b>	<b>0</b>	<b>0</b>
<b>CAPITAL IMPROVEMENT PROGRAM</b>						
CAPITAL IMPROVEMENT PROGRAM			194,509,142			
<b>TOTAL CAPITAL IMPROVEMENT PROGRAM</b>	<b>0</b>	<b>0</b>	<b>194,509,142</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER FUNDING</b>						
ALL OTHER FUNDING (E.G. COUNTYWIDE DISCRETIONARY, PROP 172, REALIGNMENT)	227,515,948	1,602,464				
<b>TOTAL OTHER FUNDING</b>	<b>227,515,948</b>	<b>1,602,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SPECIAL DISTRICTS DEPARTMENT/</b>						
<b>AIRPORTS SPECIAL DISTRICT</b>						
SPECIAL DISTRICTS DEPARTMENT/						
AIRPORTS SPECIAL DISTRICT		43,410,155	12,819,917	62,916,158		1,620,065
<b>TOTAL SPECIAL DISTRICTS DEPARTMENT/</b>	<b>0</b>	<b>43,410,155</b>	<b>12,819,917</b>	<b>62,916,158</b>	<b>0</b>	<b>1,620,065</b>
<b>AIRPORTS SPECIAL DISTRICT</b>						
<b>FIRE PROTECTION DISTRICT</b>						
FIRE PROTECTION DISTRICT		196,181,138	473,091			
<b>TOTAL FIRE PROTECTION DISTRICT</b>	<b>0</b>	<b>196,181,138</b>	<b>473,091</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FLOOD CONTROL DISTRICT</b>						
FLOOD CONTROL DISTRICT		153,917,933			3,074,000	
<b>TOTAL FLOOD CONTROL DISTRICT</b>	<b>0</b>	<b>153,917,933</b>	<b>0</b>	<b>0</b>	<b>3,074,000</b>	<b>0</b>
<b>OTHER AGENCIES</b>						
OTHER AGENCIES		12,781,222				
<b>TOTAL OTHER AGENCIES</b>	<b>0</b>	<b>12,781,222</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>2,725,557,995</b>	<b>1,070,711,752</b>	<b>217,961,783</b>	<b>650,226,781</b>	<b>225,132,238</b>	<b>1,620,065</b>



**TOTAL REVENUE AND OTHER FUNDING SOURCES**

	Fiscal Year 2012-13 Actual Amount	Fiscal Year 2013-14 Adopted Budget	Fiscal Year 2013-14 Final Budget	Fiscal Year 2014-15 Adopted Budget	Change From Prior Year Final	Percent Change From Prior Year
<b>Revenue</b>						
Taxes	712,687,296	693,080,716	697,641,447	733,643,627	36,002,180	5.16%
1991 Realignment*	160,873,855	207,203,363	248,255,663	209,149,972	(39,105,691)	-15.75%
2011 Realignment*	263,500,468	298,212,880	320,386,723	304,905,462	(15,481,261)	-4.83%
State, Federal or Government Aid	1,432,347,558	1,549,159,198	1,619,178,697	1,573,072,710	(46,105,987)	-2.85%
Fee/Rate	780,214,494	836,569,290	919,354,976	893,328,166	(26,026,810)	-2.83%
Other Revenue	232,998,069	132,051,228	155,337,195	122,895,072	(32,442,123)	-20.88%
<b>Total Revenue</b>	<b>3,582,621,740</b>	<b>3,716,276,675</b>	<b>3,960,154,701</b>	<b>3,836,995,009</b>	<b>(123,159,692)</b>	<b>-3.11%</b>
<b>Other Funding Sources</b>						
Operating Transfers In	246,305,728	247,827,306	266,229,189	213,179,591	(53,049,598)	-19.93%
Fund Balance/Use of Unrestricted Net Assets**	53,802,584	668,852,782	707,041,149	725,083,452	18,042,303	2.55%
General Fund Unassigned Fund Balance**	(127,631,763)	194,412,332	194,412,332	110,316,025	(84,096,307)	-43.26%
Use of Reserves	0	35,918,789	35,918,789	5,636,537	(30,282,252)	-84.31%
<b>Total Other Funding Sources</b>	<b>172,476,549</b>	<b>1,147,011,209</b>	<b>1,203,601,459</b>	<b>1,054,215,605</b>	<b>(149,385,854)</b>	<b>-12.41%</b>
<b>Total Revenue and Other Funding Sources</b>	<b>3,755,098,289</b>	<b>4,863,287,884</b>	<b>5,163,756,160</b>	<b>4,891,210,614</b>	<b>(272,545,546)</b>	<b>-5.28%</b>

\* In the Discretionary General Funding and Restricted Fund section of this budget book, Family Support Realignment (\$13,989,650), which was implemented as a result of 2011 Realignment, is categorized as 2011 Realignment. In this Budget Summary, Family Support Realignment is categorized as 1991 Realignment due to reporting requirements of the State.

\*\* For 2012-13, the two Fund Balance budget line items represent either the actual use of fund balance (if positive amounts) or the actual increase to fund balance (if negative amounts) throughout the fiscal year.

The revenue and other funding sources schedule above includes all County funds. This schedule includes operating transfers in, which are the mechanism for providing funding from one budget unit to another within the County. Additionally, this schedule summary provides the fund balance/use of unrestricted net assets for all non-general funds, the general fund's unassigned fund balance, as well as the use of County reserves. Descriptions of major sources of funding in the 2014-15 Adopted Budget and changes from the 2013-14 Final Budget are included below.

**Revenue**

**Taxes** of \$733.6 million consist of approximately \$479.3 million in Property Tax (\$450.8 million) and Sales/Other Tax (\$28.5 million) that is deposited directly into the Discretionary General Fund for allocation by the Board of Supervisors. Additionally, as a result of the consolidation of other Board Governed entities into the County budget summary, an additional \$83.5 million in Property Tax is reported for the Fire Protection District (\$35.9 million), Flood Control District (\$40.6 million), and Board Governed Districts managed by the Special Districts Department and Airports (\$7.0 million). Finally, Taxes also consist of Proposition 172 Half-Cent Sales Tax (\$156.0 million) and Sales Tax – Measure I Road Operations funds (\$7.0 million).

The net increase of \$36.0 million is primarily related to a \$23.3 million projected increase in Property taxes that are deposited into the Discretionary General Fund. This is the result of a projected 3.5% increase in the assessed valuation of properties within the County and a slight increase related to the dissolution of Redevelopment Agencies. Additionally, it is estimated that the Proposition 172 Half-Cent Sales Tax will increase by \$8.2 million in the upcoming fiscal year. For more detail on Discretionary General Fund related taxes, refer to the Discretionary General Funding and Restricted Funds section of this 2014-15 Adopted Budget book.

**1991 Realignment** revenues of \$209.1 million are decreasing over the prior year final budget by \$39.1 million primarily due to funds being transferred in 2013-14 to Arrowhead Regional Medical Center in order for the hospital to return matching Disproportionate Share Hospital (DSH) program funds to the State as a result of overpayments made to the County in 2011-12 and 2012-13. Although technically not categorized as the receipt of taxes, 1991 Realignment is received from the State and is primarily derived from sales taxes to pay for mental health, social services and health programs within the County. Because sales tax tends to be much more volatile and quicker to react to changes in the economy, its usage results in a higher risk of funding decreases in future years. These decreases will likely coincide with an economic downturn where there is an increased need for programs funded with this revenue. For more detail on 1991 Realignment funding, refer to the Discretionary General Funding and Restricted Funds section of this 2014-15 Adopted Budget Book.



**2011 Realignment** revenues of \$304.9 million are decreasing over the prior year final budget by \$15.5 million. Although technically not categorized as the receipt of taxes, this funding is received from the State and is primarily derived from sales taxes to pay for law and justice, mental health, and social services programs within the County. Because sales tax tends to be much more volatile and quicker to react to changes in the economy, its usage results in a higher risk of funding decreases in future years. These decreases will likely coincide with an economic downturn where there is an increased need for programs funded with this revenue. For more detail on 2011 Realignment funding, refer to the Discretionary General Funding and Restricted Funds section of this 2014-15 Adopted Budget Book.

**State, Federal, and Other Government Aid** represent the largest revenue source within the County totaling \$1.6 billion. The Human Services operational group receives the largest amount of funds from other governments, with \$416.2 million received from the State and \$626.5 million from the federal government. There is an overall decrease of \$46.1 million from the prior year final budget in this revenue category, which represents a decrease of 2.85%.

The overall decrease is comprised of both increases and decreases in various programs.

Primary increases in State, Federal or Government Aid include:

- **Human Services** operational group increased by a net \$50.5 million primarily due to additional funding for the Department of Behavioral Health's Mental Health Services Act fund, which is projected to increase by approximately \$24.4 million based on the 2012-13 personal income tax surcharge cash distribution being higher than anticipated. Much of this additional funding has been placed in contingencies for 2014-15. Additionally, the Department of Behavioral Health's General Fund budget unit is increasing by \$16.0 million due primarily to increases in Medi-Cal reimbursements related to the Affordable Care Act implementation.

Significant decreases in State, Federal or Government Aid include:

- **Fire Protection District** is decreasing by a net \$5.4 million primarily related to the completion of the 2011 and 2012 Homeland Security Grant Program (HSGP) projects in 2013-14. The District is still anticipating receiving various 2012, 2013, and 2014 HSGP funds, which are used by the District to help strengthen the County against risks associated with potential terrorist attacks.
- **Law and Justice** Operational Group is decreasing by a net \$17.7 million primarily due to reductions in the Probation Department of \$6.7 million and the Sheriff/Coroner/Public Administrator of \$9.5 million. The Probation Department anticipated a \$5.8 million decrease in Title IV – E foster care revenue received for juveniles on probation. Additionally, the revenue decrease for the Sheriff/Coroner/Public Administrator's is primarily due to a reduction in revenue from the Federal U.S. Marshall for federal inmates held in the County jails. The number of federal inmates has steadily declined since 2012-13 and the loss for 2014-15 represents a net reduction of 160 federal inmates. The loss of Title IV-E and U.S. Marshall revenue is offset by increased allocations of funding from the Discretionary General Fund, which enable the Departments to continue to provide much needed services to County residents.
- **Operations and Community Development** Operational Group is decreasing this source by a net \$20.9 million primarily due to reductions in the Public Works - Transportation budget unit associated with decreased reimbursements from outside agencies due to the completion of projects, such as the Lenwood Road and Alabama Avenue emergency projects and the Cherry Avenue widening and Cherry Avenue at Interstate 10 interchange project.

**Fee/Rate** includes the following types of revenues: licenses, permits, fines, fees, rates, and other services. Total revenue of \$893.3 million is anticipated to decrease from the 2013-14 final budget by \$26.0 million. Much of this funding (\$192.2 million) is received by internal service fund departments, such as the Information Services Department and Risk Management Department that provide direct services to other County Departments. Other notable departments that receive funding to provide specific services include the Sheriff's Department (\$128.3 million), which provides law enforcement services for 14 incorporated County cities, and the County's Solid Waste Department (\$69.6 million) that is responsible for the operation and management of the County solid waste disposal system.



The following provides the most significant increases in this revenue category.

- **Administration** Operational Group is increasing by a net \$24.1 million due to an increase in the Risk Management – Insurance Fund. The Department is increasing sources in this category as a result of additional premium allocations to departments for the Workers’ Compensation, General Liability, Law Enforcement Liability and Auto Liability Programs that will help them reach the 80% confidence level of funding that is required by Board Policy 05-01.
- **Law and Justice** Operational Group’s Sheriff/Coroner/Public Administrator is increasing sources by \$6.1 million due to additional charges to contract cities for the provision of law enforcement services. The increased funding for services is the result of additional workers compensation charges, increased retirement costs, and other increased operating expenses.

The following provides the most significant decreases in this revenue category.

- **Human Services** Operational Group’s Health Care Administration budget is decreasing sources by \$59.1 million due to a reduction of intergovernmental transfers for Disproportionate Share Hospital (DSH), Delivery System Reform Incentive Payments (DSRIP), and Medi-Cal managed care programs. To receive intergovernmental transfers, this budget unit advances funds to the State, which in turn are used to draw matching health care funds for Arrowhead Regional Medical Center (ARMC) from the federal government. These matching funds are used by ARMC to provide for uncompensated costs of care. Once the matching funds are received by ARMC, the Medical Center deposits funds equal to the amount originally advanced to the State back into the Health Care Administration budget and ARMC retains the matching funds. It is anticipated that the uncompensated cost of care will be reduced as a result of the Affordable Care Act, resulting in the decrease in this revenue source.

**Other Revenue** of \$122.9 million primarily includes interest earnings, rents and concessions, and tobacco settlement funds. This revenue source is anticipated to decrease by a net \$32.4 million over the prior year final budget. Notably, the Flood Control District is reducing other revenue by a net \$9.9 million related to a decrease in anticipated land sales for 2014-15. Additionally, the Information Services Department Internal Service fund budget units are decreasing other revenue by \$4.7 million, which primarily represents the use of retained earnings required in 2013-14 to purchase three years of SMARTnet services for wide area network maintenance and support for the County. Finally, Public Works – Solid Waste Management is reducing other revenue by \$4.2 million, which also primarily represents the use of retained earnings required in 2013-14. The department used retained earnings in 2013-14 for work on various groundwater and landfill gas systems and for non-routine work on the installation, operations, and maintenance of groundwater treatment systems throughout the disposal system.

### **Other Funding Sources**

**Operating Transfers In** of \$213.2 million is a funding source that provides a mechanism to transfer funding from one budget unit to another within the County. Two of the most notable groups with large Operating Transfers In include the Capital Improvement Program (\$53.6 million) and the Countywide Discretionary Fund (\$26.8 million). Operating Transfers In are the main funding source for the Capital Improvement Program as the program is funded primarily through monies received from other County Departments and the County General Fund for specific projects. The Countywide Discretionary Fund receives this funding primarily from the County’s Master Settlement Agreement fund, which transfers revenues received from a settlement with the tobacco industry, which in turn is used by the General Fund to pay for a portion of debt service on the Arrowhead Regional Medical Center facility, increased health care costs within the Department of Public Health, and a realignment local match requirement.

The net reduction in this funding source of \$53.0 million is a result of a decrease in Operating Transfers In to the Capital Improvement Program budget of \$40.2 million, which is primarily representative of a larger number of one-time projects funded by the Discretionary General Fund in 2013-14. Such 2013-14 projects included \$4.5 million towards the relocation of the Sheriff’s Aviation division to San Bernardino International Airport, \$4.5 million towards the purchase of buildings in Victorville, and \$15.7 million towards the expansion of the Sheriff’s Crime Lab.

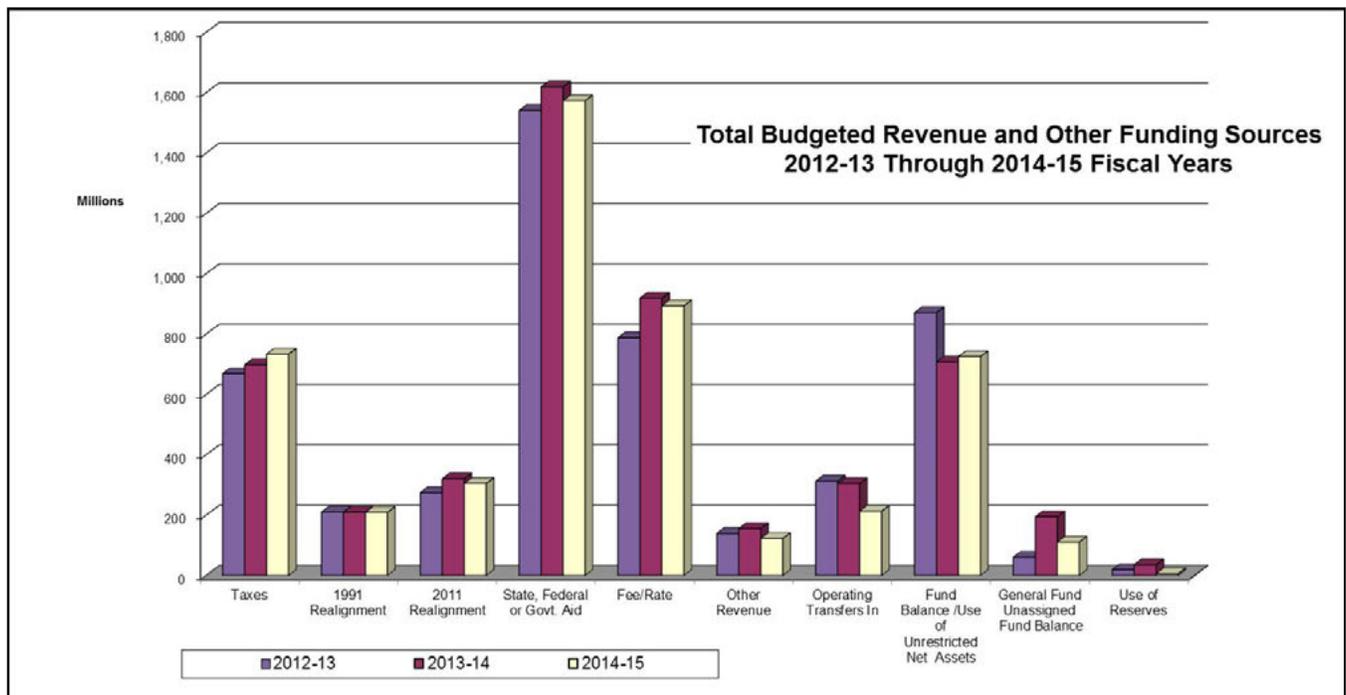


**Fund Balance/Use of Unrestricted Net Assets** of \$725.1 million represents unspent funds carried over from 2013-14 that are available to be budgeted for all Restricted, Special Revenue and Capital Improvement funds in the County and the use of unrestricted net assets that are available in Internal Service and Enterprise funds. The net increase of \$18.0 million represents an increase in this funding source that is available for appropriation. Although County governmental funds are required to budget all available fund balance, approximately \$405.4 million of total countywide fund balance is budgeted in contingencies, which is not allocated for any specific use and will require further Board approval to be spent in 2014-15.

**General Fund Unassigned Fund Balance** of \$110.3 million represents unspent General Fund balance carried over from 2013-14. Of this amount, \$48.2 million is contributed to a variety of specific purpose reserves in the General Fund and \$8.9 million is necessary to fund the County’s mandatory 1.5% contingency, which per Board Policy 05-01 is in the General Fund to accommodate unanticipated operational changes, legislative impacts, or other economic events affecting County operations that could not have been reasonably anticipated. This amount is decreasing by \$84.1 million from the prior year final budget as a result of additional amounts being set aside in General Fund Reserves. Instead of being “unassigned”, this fund balance has instead been committed to various County specific purpose reserves through the County Quarterly Budget reports. Further detail on County reserves can be found in the Discretionary General Funding and Restricted Funds section of this Adopted Budget Book.

**Use of Reserves** of \$5.6 million represents the use of Discretionary General Funding that had been set aside for the Glen Helen Grade Separation project (\$5.3 million) and the County General Plan Update (\$0.3 million). This represents a decrease of \$30.3 million from the prior year final budget, as the County used the Excess Teeter Reserve (\$13.0 million) and the Future Space Needs Reserve (\$22.9 million) in 2013-14 to fund one-time capital projects and other one-time expenditures. Further detail on County reserves can be found in the Discretionary General Funding and Restricted Funds section of this Adopted Budget Book.

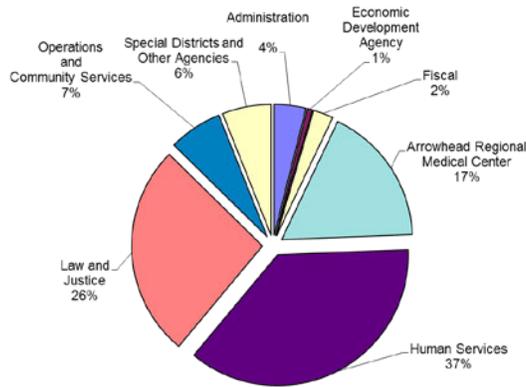
The bar graph below includes total budgeted revenue and other funding sources from the 2012-13 Final Budget to the 2014-15 Adopted Budget. 2012-13 amounts will not match previous information on prior pages because the bar graph below reports on budgeted revenue and amounts in the previous tables reflect actual revenue received.



**BUDGETED STAFFING SUMMARY**

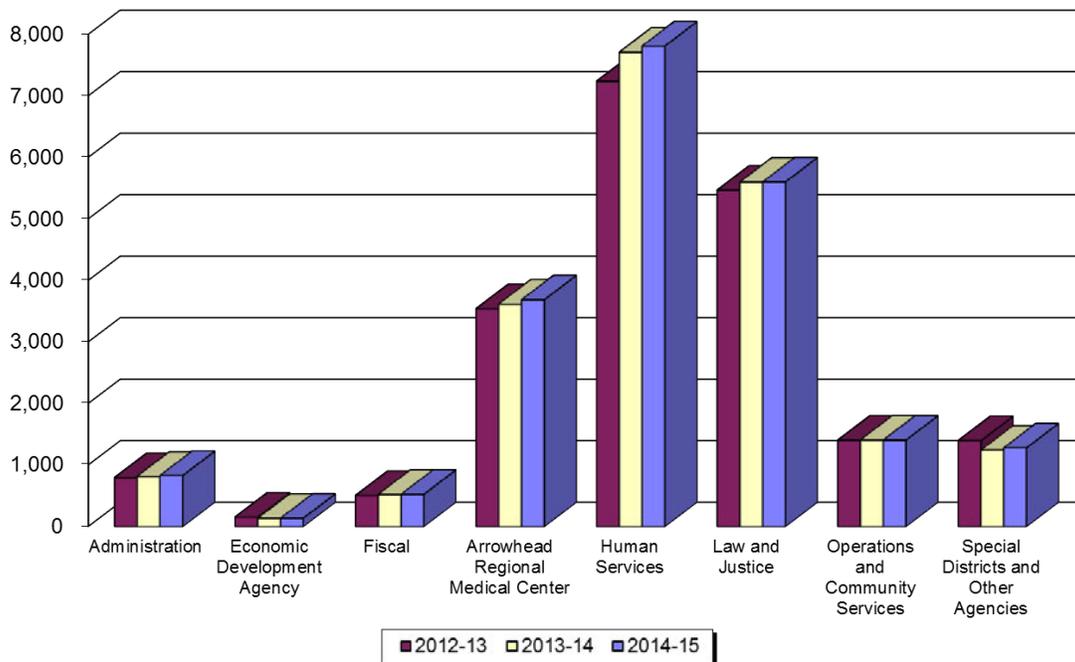
Budgeted staffing is accounted for using headcount; each position, whether full time or part time, is counted as one. The pie chart below depicts the budgeted staffing by group/agency for the 2014-15 fiscal year. The following bar graph illustrates the budgeted staffing for the 2014-15 fiscal year as well as the prior two fiscal years.

**Budgeted Staffing By Group / Agency  
2014-15 Fiscal Year**



Percentages may not add to 100% due to rounding.

**Budgeted Staffing By Group / Agency  
2012-13 Through 2014-15 Fiscal Years**



	2013-14 Final Budget Staffing	Change from Final Budget			2014-15 Adopted Budget Staffing	Percentage Change
		Caseload Driven/ Grant or Special Funded Programs	All Other Programs	Total Change		
County - General Fund	13,795	49	(85)	(36)	13,759	(0.3%)
County - Other Funds	6,041	136	87	223	6,264	3.7%
Special Districts and Other Agencies	1,246	37	-	37	1,283	3.0%
<b>Total</b>	<b>21,082</b>	<b>222</b>	<b>2</b>	<b>224</b>	<b>21,306</b>	

Budgeted staffing for **caseload driven/grant, or special funded programs**, increased overall by a net 222 positions. Significant changes from the previous year's final budgeted staffing in caseload driven, grant or special funded programs include the following:

### **County - General Fund**

- **Human Services Administrative Claim** had a net increase of 32 budgeted positions. The net increase is primarily the result of an additional 33 positions in the Transitional Assistance Department. The State elimination of the CalWORKs Young Child Exemption (which exempted individuals from having to receive training from Human Service employees), the engagement of currently sanctioned CalWORKs customers and the State's focus on Work Performance Rates requires increased Welfare to Work case management activities by the department.
- **Behavioral Health** increased by 18 budgeted positions. This is primarily due to the anticipated increase in demand for services as a result of the Affordable Care Act and the department's Choosing Healthy Options to Instill Change and Empowerment (CHOICE) program (7 positions). Additionally, the department added 7 new positions associated with increased demand for clinical services and 4 positions to support expanded services in collaboration with the Transitional Assistance Department for the Family Stabilization program.
- **Public Health – California Children's Services** increased budgeted staffing by a net 8 positions. This division of the Department of Public Health is a state program that provides case management, diagnosis and treatment services to individuals up to 21 years old with severe qualifying medical conditions and whose families are unable to pay for all or part of the care. The increased staffing is the result of a combination of caseload growth and the need to address lower than State standard staffing related to the previous economic downturn.
- **Probation – Administration, Correction, Detention** deleted a total of 5 vacant budgeted positions. Of the five, 3 Probation Officer II positions were eliminated due to less funding available from the State for the Department's House Arrest Program. Two Background Investigators were deleted because of decreased workload.

### **County - Other Funds**

- **Arrowhead Regional Medical Center (ARMC)** increased a net 70 budgeted positions (111 additions offset by the deletion of 41 positions). The new positions were needed to address existing operational needs related to regulatory requirements, quality improvement, and to maintain staffing ratios based on volume. The deleted positions were eliminated based on an operational assessment of staffing requirements.
- **The Department of Behavioral Health – Mental Health Services Act** budget unit is increasing by a net 26 positions. This is primarily related to the need to add 29 new positions for the expansion of regional clinical services, clinical assessment services, recovery based engagement support teams, and administrative support.
- **Preschool Services** added a net 32 budgeted positions, which will enable the Department to serve an additional 250 children as a result of the restoration of federal sequestration funds.



**Special Districts and Other Agencies**

- **Fire Protection District** added a net 24 budgeted positions. This is primarily due to the addition of 9 positions in the Fire Hand Crew needed to provide more support to the Land Use Fuel Clearing Program, 3 positions to provide full time supervision to the Inmate Fire Crew Program that will be in full force by the end of 2015, and an additional 9 budgeted firefighter positions related to the expansion of the contract with the Fontana Fire Protection District.
- **Other Agencies - In-Home Supportive Services – Public Authority** added 7 budgeted positions as a result of the Authority assuming Provider Payroll, Enrollment and Orientations responsibilities from the Department of Aging and Adult Services. Additional contract positions are required in order to meet the increased workload.

Budgeted staffing for **all other programs** increased a net 2 budgeted positions. Significant changes from the previous year’s final budgeted staffing in all other programs include the following:

**Information Services Department** Application Development unit was shifted to a new Internal Service Fund in 2014-15, resulting in the movement of 87 positions from the County General Fund to County - Other Funds. It has been determined that this division should instead be budgeted as an Internal Service Fund since the group primarily provides services to County departments and recovers all costs via a billable hourly programming rate. Therefore, all staff in this unit were moved to the Internal Service Fund.



Countywide staffing changes are outlined by County department in the following chart:

**BUDGETED STAFFING SUMMARY**

Department	2012-13 Final Budget	2013-14 Final Budget	2014-15 Adopted Budget	Change Between 2013-14 & 2014-15
<b>ADMINISTRATION</b>				
<b>GENERAL FUND</b>				
BOARD OF SUPERVISORS	35	44	48	4
CLERK OF THE BOARD	13	15	14	(1)
COUNTY ADMINISTRATIVE OFFICE	17	17	17	-
COUNTY COUNSEL	89	85	86	1
FINANCE AND ADMINISTRATION	14	15	18	3
HUMAN RESOURCES	79	79	79	-
HUMAN RESOURCES - CENTER FOR EMPLOYEE HEALTH AND WELLNESS	11	12	12	-
INFORMATION SERVICES	94	100	13	(87)
PURCHASING	17	20	22	2
SUBTOTAL GENERAL FUND	369	387	309	(78)
<b>OTHER FUNDS</b>				
FLEET MANAGEMENT	84	87	86	(1)
HUMAN RESOURCES - COMMUTER SERVICES	3	3	3	-
HUMAN RESOURCES - EMPLOYEE BENEFITS AND SERVICES	28	30	31	1
INFORMATION SERVICES - APPLICATION DEVELOPMENT	-	-	87	87
INFORMATION SERVICES - COMPUTER OPERATIONS	122	117	120	3
INFORMATION SERVICES - TELECOMMUNICATIONS SERVICES	92	96	98	2
PURCHASING - PRINTING SERVICES	14	15	15	-
PURCHASING - SURPLUS PROPERTY AND STORAGE OPERATIONS	2	2	3	1
PURCHASING - MAIL/COURIER SERVICES	25	25	25	-
RISK MANAGEMENT - OPERATIONS	58	59	57	(2)
SUBTOTAL OTHER FUNDS	428	434	525	91
<b>TOTAL ADMINISTRATION</b>	<b>797</b>	<b>821</b>	<b>834</b>	<b>13</b>
<b>ECONOMIC DEVELOPMENT AGENCY</b>				
<b>GENERAL FUND</b>				
ECONOMIC DEVELOPMENT	15	13	10	(3)
<b>OTHER FUNDS</b>				
COMMUNITY DEVELOPMENT AND HOUSING	18	21	24	3
WORKFORCE DEVELOPMENT	122	104	105	1
SUBTOTAL OTHER FUNDS	140	125	129	4
<b>TOTAL ECONOMIC DEVELOPMENT AGENCY</b>	<b>155</b>	<b>138</b>	<b>139</b>	<b>1</b>
<b>FISCAL</b>				
<b>GENERAL FUND</b>				
ASSESSOR/RECORDER/COUNTY CLERK	216	222	223	1
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	280	295	296	1
SUBTOTAL GENERAL FUND	496	517	519	2
<b>OTHER FUNDS</b>				
ASSESSOR/RECORDER/COUNTY CLERK - SPECIAL REVENUE FUNDS	12	11	10	(1)
SUBTOTAL OTHER FUNDS	12	11	10	(1)
<b>TOTAL FISCAL</b>	<b>508</b>	<b>528</b>	<b>529</b>	<b>1</b>



## BUDGETED STAFFING SUMMARY

Department	2012-13 Final Budget	2013-14 Final Budget	2014-15 Adopted Budget	Change Between 2013-14 & 2014-15
<b>ARROWHEAD REGIONAL MEDICAL CENTER</b>				
<b><u>OTHER FUNDS</u></b>				
ARROWHEAD REGIONAL MEDICAL CENTER	3,544	3,621	3,691	70
<b>TOTAL ARROWHEAD REGIONAL MEDICAL CENTER</b>	<b>3,544</b>	<b>3,621</b>	<b>3,691</b>	<b>70</b>
<b>HUMAN SERVICES</b>				
<b><u>GENERAL FUND</u></b>				
AGING AND ADULT SERVICES - AGING PROGRAMS	47	43	38	(5)
AGING AND ADULT SERVICES - PUBLIC GUARDIAN - CONSERVATOR	19	19	19	-
CHILD SUPPORT SERVICES	435	434	430	(4)
HEALTH ADMINISTRATION	2	2	1	(1)
BEHAVIORAL HEALTH	529	564	582	18
PUBLIC HEALTH	737	713	713	-
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	161	166	174	8
HUMAN SERVICES - ADMINISTRATIVE CLAIM	4,215	4,612	4,644	32
VETERANS AFFAIRS	18	22	22	-
SUBTOTAL GENERAL FUND	6,163	6,575	6,623	48
<b><u>OTHER FUNDS</u></b>				
HUMAN SERVICES - WRAPAROUND REINVESTMENT FUND	6	6	1	(5)
BEHAVIORAL HEALTH - MENTAL HEALTH SERVICE ACT	367	459	485	26
PRESCHOOL SERVICES	706	674	706	32
SUBTOTAL OTHER FUNDS	1,079	1,139	1,192	53
<b>TOTAL HUMAN SERVICES</b>	<b>7,242</b>	<b>7,714</b>	<b>7,815</b>	<b>101</b>
<b>LAW AND JUSTICE</b>				
<b><u>GENERAL FUND</u></b>				
DISTRICT ATTORNEY - CRIMINAL PROSECUTION	477	488	489	1
LAW AND JUSTICE GROUP ADMINISTRATION	1	1	1	-
PROBATION - ADMINISTRATION, CORRECTIONS & DETENTION	1,194	1,188	1,183	(5)
PROBATION - JUVENILE JUSTICE GRANT PROGRAM	38	39	39	-
PUBLIC DEFENDER	237	243	247	4
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	1,648	1,686	1,688	2
SHERIFF - DETENTIONS	1,301	1,385	1,383	(2)
SHERIFF - LAW ENFORCEMENT CONTRACTS	575	573	576	3
SUBTOTAL GENERAL FUND	5,471	5,603	5,606	3
<b><u>OTHER FUNDS</u></b>				
SHERIFF/CORONER/PUBLIC ADMINISTRATOR - PUBLIC GATHERINGS	-	-	-	-
SUBTOTAL OTHER FUNDS	-	-	-	-
<b>TOTAL LAW AND JUSTICE</b>	<b>5,471</b>	<b>5,603</b>	<b>5,606</b>	<b>3</b>



BUDGETED STAFFING SUMMARY

Department	2012-13 Final Budget	2013-14 Final Budget	2014-15 Adopted Budget	Change Between 2013-14 & 2014-15
<b>OPERATIONS AND COMMUNITY SERVICES</b>				
<b><u>GENERAL FUND</u></b>				
AGRICULTURE/WEIGHTS AND MEASURES	63	63	64	1
AIRPORTS	19	20	20	-
ARCHITECTURE AND ENGINEERING	19	21	22	1
COUNTY MUSEUM	30	22	21	(1)
LAND USE SERVICES - ADMINISTRATION	32	37	36	(1)
LAND USE SERVICES - LAND DEVELOPMENT	-	8	8	-
LAND USE SERVICES - PLANNING	20	26	31	5
LAND USE SERVICES - BUILDING AND SAFETY	21	21	22	1
LAND USE SERVICES - CODE ENFORCEMENT	27	28	30	2
LAND USE SERVICES - FIRE HAZARD ABATEMENT	15	15	17	2
PUBLIC WORKS - SURVEYOR	26	25	25	-
REAL ESTATE SERVICES (RES)	23	23	23	-
RES - FACILITIES MANAGEMENT DIVISION	106	110	102	(8)
RES - UTILITIES	2	2	2	-
REGIONAL PARKS	259	252	232	(20)
REGISTRAR OF VOTERS	24	27	37	10
SUBTOTAL GENERAL FUND	686	700	692	(8)
<b><u>OTHER FUNDS</u></b>				
COUNTY LIBRARY	279	279	291	12
COUNTY MUSEUM - MUSEUM STORE	1	1	2	1
PUBLIC WORKS - TRANSPORTATION - ROAD OPERATIONS	354	345	338	(7)
PUBLIC WORKS - SOLID WASTE MANAGEMENT - OPERATIONS	81	82	82	-
REGIONAL PARKS - ENTERPRISE FUNDS	5	4	4	-
REGIONAL PARKS - SPECIAL REVENUE FUNDS	-	-	-	-
SUBTOTAL OTHER FUNDS	720	711	717	6
<b>TOTAL OPERATIONS AND COMMUNITY SERVICES</b>	<b>1,406</b>	<b>1,411</b>	<b>1,409</b>	<b>(2)</b>
<b>TOTAL COUNTY DEPARTMENTS - GENERAL FUND</b>	<b>13,200</b>	<b>13,795</b>	<b>13,759</b>	<b>(36)</b>
<b>TOTAL COUNTY DEPARTMENTS - OTHER FUNDS</b>	<b>5,923</b>	<b>6,041</b>	<b>6,264</b>	<b>223</b>
<b>COUNTY DEPARTMENTS GRAND TOTAL</b>	<b>19,123</b>	<b>19,836</b>	<b>20,023</b>	<b>187</b>
<b>SPECIAL DISTRICTS AND OTHER AGENCIES</b>				
<b><u>OTHER FUNDS</u></b>				
SPECIAL DISTRICTS DEPARTMENT	203	185	187	2
FIRE PROTECTION DISTRICT	994	871	895	24
FLOOD CONTROL DISTRICT	158	150	155	5
OTHER AGENCIES	45	40	46	6
SUBTOTAL OTHER FUNDS	1,400	1,246	1,283	37
<b>TOTAL SPECIAL DISTRICTS AND OTHER AGENCIES</b>	<b>1,400</b>	<b>1,246</b>	<b>1,283</b>	<b>37</b>
<b>TOTAL ALL COUNTY ENTITIES</b>	<b>20,523</b>	<b>21,082</b>	<b>21,306</b>	<b>224</b>



**CAPITAL IMPROVEMENT PROGRAM**

The County budget summary includes requirements for Capital Improvement Projects. Below find summary information on the types and costs of projects budgeted in 2014-15.

**CAPITAL PROJECTS FUNDS SUMMARY**

	Fund CJP	Fund CJV	Sub-Total	ARMC Capital Fund CJE	Total
<b>Requirements</b>					
Services and Supplies		72,425	72,425		72,425
Contributions to Non-Owned Projects	1,000		1,000		1,000
Land	2,200,000		2,200,000		2,200,000
Improvements to Land	13,540,439		13,540,439	355,185	13,895,624
Structures and Improvements	186,029,665	2,402,583	188,432,248	4,225,655	192,657,903
Salaries and Benefits Transfers Out	21,989		21,989		21,989
Fixed Assets Transfers Out	266,493		266,493		266,493
<i>Total Requirements</i>	<b>202,059,586</b>	<b>2,475,008</b>	<b>204,534,594</b>	<b>4,580,840</b>	<b>209,115,434</b>

**Projects Administered by Architecture and Engineering**

The Architecture and Engineering Department manages major county projects which include construction and rehabilitation of facilities, and repair projects. The 2014-15 budgets for these projects are summarized in the schedule above. The schedule above does not include operating transfers out or reimbursements as part of total requirements. Instead, the schedule represents total budgeted project costs.

Architecture and Engineering projects include \$204.5 million in projects managed through Capital Funds and \$4.6 million in projects managed through Arrowhead Regional Medical Center Enterprise Funds, for a total budget of \$209.1 million.

In the 2014-15 Adopted Budget, \$52.6 million in new projects administered by Architecture and Engineering are funded primarily using County Discretionary General Funding. Major projects include the annual Discretionary General Funding allocation of \$20.0 million for the 800 Megahertz (MHz) Upgrade Project and \$1.4 million for the General Fund portion of parking and road improvements for the Fleet Management/County Fire/Public Works parking lots at Third and Lena Road in San Bernardino. In addition, the base budget for CIP of \$12.0 million, also funded with Discretionary General Funding, includes \$3.6 million of deferred maintenance at various County and Regional Park facilities; \$2.4 million for heating, ventilation and air conditioning upgrades and maintenance; \$1.9 million for interior renovations to improve County facilities; \$1.6 million for the County Buildings Acquisition and Retrofit Project including paving, sidewalks, and new landscaping improvements at the County Government Center Campus; \$0.7 million for site infrastructure such as water line repairs, sidewalk replacements and security enhancements; \$0.6 million for pavement management and rehabilitation at various facilities; \$0.6 million for boiler replacements at West Valley Detention Center; \$0.3 million to repair and/or replace various roofs; and \$0.3 million for Americans with Disabilities Act improvements to improve accessibility and fire/life safety projects as they occur during the year.

Projects approved in prior years but not yet completed total an additional \$156.5 million. The major multi-year carryover projects are the 800 MHz Replacement Project, the County Buildings Acquisition and Retrofit Project, the Sheriff's Crime Lab Expansion, and the Sheriff's Aviation Relocation from Rialto Airport to San Bernardino International Airport.

For a complete listing of capital improvement program highlights for the projects administered by Architecture and Engineering see the Capital Improvement Program Section of this budget book.



### Projects Administered by Other County Departments

Transportation and Solid Waste projects are administered by the Department of Public Works. Requirements for these projects are accounted for in special revenue funds and budgeted in the respective departments budgets. Budgets for both the Transportation and Solid Waste departments are found in the Operations and Community Services section of this budget book. Total projects budgeted in 2014-15 (both new and carryover) for Transportation is \$56.8 million, and for Solid Waste is \$14.8 million. Transportation project types include major rehabilitation and overlay, surface chip and seal, and major infrastructure improvements. Solid Waste Management project types include closure construction, liner construction, and construction of landfill gas extraction systems.

There are also projects that are administered by other departments such as Airports and Fleet Management, which are budgeted in various special revenue funds and internal service funds, and included in the respective department's budget pages. For 2014-15, projects administered by other departments total \$1.7 million.

For a complete listing of capital improvement program highlights for projects administered by other county departments see the Capital Improvement Program Section of this budget book.

### Projects Administered by Flood Control and Special Districts Department

The Flood Control District and the Special Districts Department have independent multi-year capital improvement project plans that are budgeted in special revenue funds, capital projects funds, and enterprise funds and included in the respective department's budget pages.

Flood Control, found in the Operations and Community Services section of this budget book has fourteen major improvement projects budgeted in 2014-15. Requirements for these projects (both new and carryover) total \$49.5 million. Projects types include basin construction, channel construction, and levee construction.

Special Districts Department capital projects are found in the Special Districts Department section of this budget book, in the Capital Improvement Program pages. A total of seventy-seven projects are budgeted in 2014-15. Requirements for these projects (both new and carryover) total \$20.4 million. Projects include \$4.0 million for design and construction of Snowdrop Road in the Rancho Cucamonga area, and \$5.8 million for the design and construction of a new site for the relocation of the Big Bear Alpine Zoo.

