



County Administrative Office

May 24, 2016

I am pleased to hereby submit the 2016-17 Recommended Budget. The preparation of the budget is guided by the Board-adopted Countywide Vision. The Countywide Vision calls for the creation of a “complete county” that capitalizes on its many assets to collaboratively establish a sustainable system of economic opportunity, education, well-being and amenities. The Countywide Vision and the Board’s County Goals and Objectives provide County government with clear direction as it makes budget decisions. County departments, Board Governed Special Districts and Other Agencies built their 2016-17 Recommended Budgets to achieve the Board’s policy direction. This straightforward approach has provided clarity of purpose during a particularly challenging time.

On December 2, 2015, we experienced an unprecedented attack on our County family that, though formidable, has highlighted our employees’ and our organization’s strength of character and resilience. In the 2016-17 Recommended Budget, the County has allocated \$10.2 million in funds towards improving the security of County employees and the public which we serve, including \$2.0 million to conduct a security assessment of all County facilities. Upon completion of the assessment, additional one-time funds will be required to address security improvements.

The 2016-17 Recommended Budget of \$5.4 billion is balanced and consistent with policy direction received from the Board of Supervisors. The 2016-17 Recommended Budgets address the following key issues:

- Ongoing funding for negotiated raises for County employees
- Ongoing funding for maintenance of County roads
- Continues investment in facilities, infrastructure and operating systems
- Ongoing funding of mental health and medical services for County residents
- Maintains fiscal responsibility through contributions to reserves of \$62.8 million

This budget book presents the County General Fund and County restricted general funds. It also presents capital project funds, special revenue funds, enterprise funds, internal service funds and permanent funds for all entities in the 2016-17 Recommended Budget book including the County, Board Governed County Service Areas, San Bernardino County Fire Protection District, San Bernardino County Flood Control District, Big Bear Valley Recreation and Park District, and Bloomington Recreation and Park District. Other agencies presented in this budget book include County Industrial Development Authority, Economic and Community Development Corporation, In-Home Supportive Services Public Authority, Inland Counties Emergency Medical Agency, and the recently added Housing Authority of the County of San Bernardino. The total requirements for these funds in 2016-17 are \$5.4 billion, which includes amounts budgeted as contingencies or contributions to reserves. Excluding these amounts, total projected expenditures for 2016-17 are \$5.3 billion.

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
Vice Chairman, First District

JANICE RUTHERFORD
Second District

JAMES RAMOS
Chairman, Third District

CURT HAGMAN
Fourth District

JOSIE GONZALES
Fifth District

GREGORY C. DEVEREAUX
Chief Executive Officer

General Fund Requirements total \$2.9 billion and are funded by Countywide discretionary revenues (primarily property taxes), departmental revenues, and other funding sources of the General Fund. Of this \$2.9 billion, only \$558.3 million is truly discretionary.

	Requirements (In Millions)		
	2015-16 Modified	2016-17 Recommended	Change
General Fund	\$ 2,984.3	\$ 2,911.1	\$ (73.2)
General Fund - Restricted	\$ 49.3	\$ 49.7	0.4
Special Revenue Funds	\$ 1,169.6	\$ 911.3	(258.4)
Capital Project Funds	\$ 257.6	\$ 298.4	40.7
Enterprise Funds	\$ 984.9	\$ 1,001.4	16.5
Internal Service Funds	\$ 244.7	\$ 248.2	3.5
Permanent Funds	\$ 1.6	\$ 0.0	(1.6)
	\$ 5,692.0	\$ 5,420.0	\$ (272.0)

There is a \$73.2 million net decrease in General Fund requirements due to a \$106.1 million reduction in contributions to General Fund reserves, as the Board of Supervisors approved an increase to multiple County reserves in the 2015-16 First Quarter Budget Report. However, aside from this reduction, County General Fund operational groups' requirements are increasing by \$32.9 million. There are notable increases in the two largest County operational groups, Human Services (\$48.1 million) and Law and Justice (\$12.5 million). The Human Services Operational Group is anticipating increased State and Federal funding that will support Department of Behavioral Health services, including inpatient hospitalization, indigent hospital care, general mental health services, and services for children, youth, and families. The County is also continuing to allocate additional resources to meet the growing need for augmented health and mental health correctional services associated with Public Safety Realignment.

The net reduction of \$258.4 million in Special Revenue Funds is associated with the County's shift in 2015-16 from budgeting contingencies to instead placing unallocated resources in reserves. This technical change resulted in a large one-time contribution to reserves in 2015-16 that is not required in 2016-17. This reduction in contributions to reserves totaling \$289.6 million is offset by increased operational costs of \$31.2 million. This is due to increases within the Department of Behavioral Health's Mental Health Services Act (MHSA) budget unit and the County Fire Protection District budget units. The MHSA budget unit is increasing requirements by \$62.0 million to meet the growing need for additional mental health services throughout the County. The County Fire Protection District budget is increasing as a result of the pending annexation of fire prevention and suppression services from the City of San Bernardino (\$29.6 million) and Twentynine Palms (\$1.7 million).

The \$40.7 million increase in Capital Project Funds is primarily due to the planned construction of two Department of Behavioral Health funded Crisis Stabilization Centers and four Crisis Residential Treatment Centers totaling \$36.5 million. This will enable Community Crisis Response Team (CCRT) clinics throughout the County to be expanded to provide 24 hour services and to respond to requests by law enforcement for support during the night hours.

Enterprise Funds requirements are increasing a net \$16.5 million. Notably, the Housing Authority of the County of San Bernardino has been added to the budget book and is contributing to the overall increase in Enterprise Fund requirements, including additional assumed payments for Housing Assistance and increased Capital Expenditures.



	Budgeted Staffing		
	2015-16 Modified	2016-17 Recommended	Change
County General Fund	14,332	14,425	93
County - Other Funds	6,375	6,508	133
Special Districts and Other Agencies	1,402	1,561	159
	22,109	22,494	385

Budgeted staffing for 2016-17 is 22,494, an increase of 385 positions from the 2015-16 Modified Budget. General Fund staffing is increasing by 93 positions primarily due to net increases in the Sheriff/Coroner/Public Administrator and Detentions budget units (45) for limited term positions to provide work relief associated with departmental vacancies and to provide additional health related services at the County jails. Additionally, increases to the District Attorney – Criminal Prosecution budget unit (20) are associated with new extra-help positions that are funded by additional grant funds to provide additional victim/witness services.

Staffing in Other County Funds is increasing by 133 positions associated with increases at Arrowhead Regional Medical Center (80) due to the addition of 12 beds in the behavioral health unit, increased staffing in the sterile processing unit, and additional positions tied to achieving goals for the renewed five-year Medicaid Demonstration Waiver. Another notable change includes the addition of 23 positions in the Mental Health Services Act budget unit (MHSA) which are needed in order to expand Community Crisis Response Team (CCRT) services and to provide administrative support and expand services in other MHSA programs such as the Homeless Outreach Support Team.

Special Districts and Other Agencies are increasing by 159 positions. This is primarily related to increases within the Fire Protection District, which has a net increase of 139 positions mainly for additional fire prevention and suppression services resulting from the pending annexation of fire powers from the City of San Bernardino and Twentynine Palms.

HIGHLIGHTS OF 2016-17 RECOMMENDED BUDGET

Following are highlights of programmatic and budgetary proposals included in the Recommended Budget as they relate to the 2016-17 County Goals as adopted by the Board of Supervisors on March 1, 2016.

Implement the Countywide Vision

- The County is facilitating the year-long Vision2Read initiative, which seeks to raise the bar for literacy in our community by connecting the public – whether they need help or can offer their help – to existing literacy programs provided by the County, cities, towns, school districts and community organizations. Vision2Read is an opportunity for all sectors and members of the San Bernardino County community to engage and take action to support the success of every child from cradle to career, which is one of the first regional implementation goals of the Countywide Vision Project.
- The Community Vital Signs Initiative (CVS), a community-driven effort to establish a countywide health improvement framework, continues to work on the development of its Open Data Platform. In 2016-17, CVS will focus on the launch of the Open Data Platform, to address the four priority areas of the Community Transformation Plan: Education, Economy, Access to Health, and Safety. CVS will allow the community to obtain information to support informed data-driven



decisions; track progress and achievements; and allow alignment of community efforts with existing partner resources to improve health countywide.

- Preschool Services Department (PSD) will partner with County Superintendent of Schools, First Five, and Children's Fund to launch the Early Learning Mobile Technology Platform. This program is designed to accelerate student achievement and empower parents by giving them easy to use web-based tools to augment their children's learning.

Create, Maintain, and Grow Jobs and Economic Value in the County

- The Real Estate Services Department – Project Management Division (formerly Architecture and Engineering) capital budget includes 355 active projects with total requirements of \$295.2 million, including \$128.2 million in new projects funded with \$57.7 million of Discretionary General Funding (Net County Cost). The \$57.7 million of Discretionary General Funding includes an ongoing base budget of \$12.0 million for maintenance and non-major Capital Improvement Program (CIP) projects, and \$45.7 million for construction and major CIP projects. These major projects include \$26.4 million for the 800 Megahertz Upgrade Project, \$12.2 million for various Sheriff's facility improvements, \$8.0 million for the County Buildings Acquisition and Retrofit Project including the upgrade of the County Government Center parking lots and grounds, and \$7.6 million for a variety of other projects.
- Regional Parks continues to expand amenities at Calico Ghost Town Regional Park by utilizing Off-Highway Vehicle funding to provide additional campground hook-ups and cabins. These improvements are expected to generate additional revenue for the department and the concession operators, as well as encourage new tourism.

Improve County Government Operations

- Enterprise Financial Management System: Implementation of the new system began in May 2016 with the first phase (out of two phases) continuing into 2016-17 at an estimated cost of \$7.1 million. The total cost for the new financial system is estimated to be \$25.0 million and will streamline business processes and provide better management information.
- Public Health will continue its efforts to achieve and maintain National Accreditation, through the Public Health Accreditation Board (PHAB). Accreditation ensures the Department's continued focus on quality and performance improvement, transparency and accountability to all stakeholders, and the capacity to deliver core Public Health functions. The department will be submitting the required application to PHAB in December of 2016.
- The County Library continues its plans to enhance service by replacing outdated computer hardware and software. Funding has been included in the Library's material's budget, which adds high demand items to the collection, including an expanded digital book collection.
- Land Use Services, in conjunction with Public Works, Information Services, and other County departments, continues to upgrade to a new enterprise permit solution, Accela. The new system will include a shared database, precise digital maps, and satellite images of land data that are linked to the County's GIS database. It will also provide field staff remote real-time access to the database. This solution will streamline the permitting process, offering the public access to a web portal to manage and monitor applications and permits online.



Operate in a Fiscally-Responsible and Business-like Manner

- The County Museum’s budget of \$3.8 million demonstrates the County’s commitment to support the Museum through a time of transition. The budget includes \$1.1 million in one-time Discretionary General Funding which includes bridge funds to support current operations and funding for activities related to re-accreditation. The County Museum continues to implement the consultant study recommendations as approved by the Board of Supervisors, to address organizational and financial challenges.
- The Transitional Assistance Department is in the second of a four year reduction to the State’s CalFresh Match Waiver pursuant to the phase-out agreement adopted in the prior year State budget. This waiver allowed the County to draw additional Federal and half of the State funding without increasing the County’s Maintenance of Effort. The budget includes the use of \$2.5 million of the original \$5.0 million general fund reserve that the Board approved in 2014-15 for this phase-out period.

Ensure Development of a Well-Planned, Balanced, and Sustainable County

- The County continues work on a complete overhaul of the County’s General Plan, referred to as the Countywide Plan. This Countywide Plan will be a comprehensive web-based system to document land use planning and organizational governance policies. It will be comprised of three basic components: The Policy Plan (a comprehensive general plan); the County Business Plan (a system that will define and guide how the County government operates and manages itself); and the Regional Issues Forum (a web-based resource center containing information regarding shared Countywide issues). Additionally, the County is updating and expanding the community plans. When completed, there will be 27 web-based community plans involving 49 communities.
- A team of County departments will continue to monitor the drought and develop ways to reduce water usage at County facilities to show good stewardship of this valuable resource. The Special Districts Department, in collaboration with other County departments, will continue to implement water conservation programs/strategies at various County Service Areas and Districts throughout the County.
- The Registrar of Voters budget fluctuates based on the 4-year election cycle, with the Presidential Election being the largest and most costly of the major elections. The Department is transitioning from a one minor and two major election cycle in 2015-16 to a one minor and one major election cycle for 2016-17. The budget includes provisions for the following: November 8, 2016 Presidential General Election (major); December 6, 2016 San Bernardino County Employees’ Retirement Association Election (minor); and three anticipated, but unscheduled special elections (minor). The minor elections are 100% reimbursable; however, the November Presidential General Election is only 30% reimbursable and thus requires one-time Discretionary General Funding (Net County Cost) of \$3.7 million for the year.
- The Public Works - Transportation budget includes over \$35.0 million in major infrastructure projects, funded in part with Discretionary General Funding. Budgeted activities include design, right of way and/or construction for major projects, including:
 - Bridge replacements on: Glen Helen Parkway, Baker Boulevard, Garnet Street, Rock Springs Road, Dola Ditch Bridge, Lanzit Ditch Bridge, Yermo Road and Arrowbear Drive;
 - New bridge on Shadow Mountain Road;
 - Widening of Slover Avenue in the Bloomington area;



- Installation of raised pavement markers on National Trails Highway in the Amboy area;
 - Reconstruction of Institution Road to improve access to the Sheriff facility in San Bernardino;
 - National Trails Highway Bridges: Bridge management plan for the repair, rehabilitation or replacement of 127 bridges on National Trails Highway and starting the design phase for replacement of 10 bridges;
 - Rehabilitation and re-profiling at various locations on Needles Highway in the Needles area;
 - Improvements to alleviate congestion and improve circulation of the interchange on Interstate 10 at Cedar Avenue
- The Public Works - Transportation budget includes \$31.5 million worth of pavement improvement projects, funded in part with ongoing Discretionary General Funding, to preserve the County's roadways by investing enough to keep the system from deteriorating further.
 - The Public Works - Solid Waste Management Division plans to complete \$8.9 million of capital improvement projects, which includes the following: \$2.0 million for resurfacing the entrance and haul roads at the San Timoteo Landfill; \$957,000 for construction of Groundwater Treatment Systems at the closed Lenwood-Hinkley Landfill and Yucaipa Disposal Site; \$1.5 million for the East Slope Stabilization and Mitigation project at the closed Heaps Peak Disposal Site; \$1.5 million for construction of Landfill Gas Extraction Systems at the Barstow and Big Bear Landfills which includes \$300,000 to bring electrical power to the Barstow Landfill.
 - The Public Works – Flood Control District (District) budget includes \$37.6 million in capital improvement projects. The District anticipates completion of the following projects: Cactus Basin #3, Wilson Creek Channel, Santa Ana River Flood Wall Repair, and the waterline relocations for Bandicoot Basin and Amethyst Basin. The District also plans to start construction on the following projects: Levee Certification Restoration for Patton Basin, Mojave River Levee, and Sand Creek/Warm Creek Confluence.
 - Land Use Services Planning budget includes \$150,000 of Discretionary General Funding for the preparation of a Morongo Basin Cultural Plan.
 - The Special Districts Department's budget includes \$45.3 million of capital improvement projects including the design and construction of the Big Bear Alpine Zoo relocation, rehabilitation of the Lake Gregory Dam, and design and construction of Snow Drop Road. Water and sanitation infrastructure projects of \$19.2 million include pipeline replacements; water system improvements; and design and construction of a pipeline, a 75,000-gallon water reservoir, and a pump station in CSA 70 W-4 - Pioneertown.
 - Community Development & Housing is constructing Phase 2 of the Bloomington Community and Neighborhood Revitalization. A total of 190 multi-generational affordable housing units include 120 family units and 70 senior units and the Bloomington Branch Library. The Bloomington Branch Library and the first phase of housing are completed. The second phase is currently under construction and will be completed by Spring 2017.

Provide for the Safety, Health and Social Service Needs of County Residents

- The County is expanding efforts to provide homeless support to County residents through the following allocations included in the 2016-17 budget:
 - The Department of Behavioral Health is investing \$4.0 million by providing for basic needs, case management, outreach services, and additional built and supportive housing opportunities.



- The Sheriff/Coroner/Public Administrator is continuing to fund the HOPE Program (Homeless Outreach Proactive Enforcement) Team (\$620,000), which provides services to the homeless population by connecting them to the appropriate agencies for much needed services that help in the transition from homelessness.
- The Probation Department has included \$3.2 million towards transitional housing for adult offenders requiring Probation Department supervision.
- The Department of Behavioral Health is expanding Mental Health Treatment Services, notably in the following areas:
 - \$1.0 million towards staffing Community Crisis Response Team clinics, which will now provide 24 hour services to departmental consumers and respond to requests by law enforcement for support during the night hours. The department has also allocated \$36.5 million towards the construction of new CCRT clinics throughout the County to expand these services.
 - \$8.5 million for the Mental Health Services Act (MHSA) Comprehensive Children and Family Support Services program to support expanded mental health services for children.
 - \$4.3 million for the MHSA Regional Adult Full Service Partnership (FSP) program to support expanded mental health services to adults.
 - \$1.0 million for the MHSA Forensic Integrated Mental Health Partnership program to expand services to develop peer support and mentoring strategies for individuals who have been released early from County jail or state prison.
- The Sheriff/Coroner/Public Administrator budget includes \$1.1 million of existing departmental resources for a program authorized by the Board as a pilot on December 15, 2015 (Item No. 72) related to the delivery of law enforcement services to unincorporated areas of the West End including the North Rancho/Etiwanda Preserve and the Mission Corridor, respectively. The program was successful and is now being incorporated as an ongoing service beginning in 2016-17.
- The Sheriff/Coroner/Public Administrator budget includes \$9.0 million of one-time Discretionary General Funding (Net County Cost) to replace 2 aging and obsolete patrol helicopters: including equipment, travel and training for pilots and mechanics, installation of equipment, and delivery charges. The helicopter replacements will provide newer more reliable aircraft.
- The Public Defender Proposition 47 program will use media resources to reach all potential citizens who have convictions eligible for reclassification to further enhance their ability to rehabilitate within the community.
- County Fire is assuming fire, rescue, Emergency Medical Services (EMS), and prevention responsibilities within the Cities of San Bernardino (\$29.6 million) and Twentynine Palms (\$1.7 million) as a result of the pending annexations. This continued expansion of a regional approach will provide a more effective and efficient delivery of fire services for County residents.
- Land Use Services Code Enforcement is continuing to pilot various strategic initiatives to address issues with short-term rentals, particularly in the mountain areas. For 2016-17, a pilot program for a short-term rental hotline will be established where the public can report illegal or disruptive activities at short-term rental properties.
- The Information Services Department Telecommunication Services division is in the process of upgrading the County's Regional Public Safety Radio System (800 Mhz Upgrade Project). The project is currently on schedule, with an estimated completion date of 2020-21. The estimated cost of the project is \$158.2 million primarily funded with Discretionary General Funding.



- The Department of Aging and Adult Services (DAAS) budget of \$8.3 million will supplement programs such as the Elderly Nutrition, Supportive Services, Medicare Improvements for Patients and Providers Act, and Family Caregiver.
- The Arrowhead Regional Medical Center (ARMC) budget includes the addition of 14 positions to strengthen the Sterile Processing division to meet operational needs and ensure compliance with regulatory standards.
- The Department of Children's and Family Services is implementing an After Hours Response Center (ARC) in June 2016 to provide optimal customer service to our community partners, children and families. The Center will enhance the departments critical after hour function of responding to child abuse, neglect and exploitation referrals called into the Child and Adult Abuse Hotline (CAAHL).

Pursue County Goals and Objectives by Working with Other Agencies

- ARMC is participating in California's 1115 Waiver Renewal (Medi-Cal 2020), working alongside the California Association of Public Hospitals, the State of California, the Centers for Medicare & Medicaid Services, and multiple County departments focusing on improved patient outcomes, efficiencies and access in patient care, integrated care models and procuring maximum reimbursement for performance of prescriptive clinical measures. The budget includes \$52.5 million in revenues related to the Medicaid Waiver programs.

Focus on Recovery and Resiliency Following the December 2, 2015 Terrorist Attack (SB Strong)

- The County Administrative Office has commenced a countywide effort to document the impact and ongoing response to the December 2, 2015 terrorist attack while pursuing multiple sources of potential cost-reimbursement and to create a historic and best-practices document.
- The County has allocated approximately \$10.2 million in funds towards improving security at County facilities. This includes \$8.2 million in immediate improvements to facilities, such as expanded security guard services, upgraded security cameras and key card access installations, and \$2.0 million to conduct a security assessment of all County facilities.



CHALLENGES IN FISCAL YEAR 2016-17 AND BEYOND

Although the balancing of future costs with projected revenue has improved compared to prior County five year forecasts, broad economic challenges remain. The current economic expansion will be 7 years at the end of June 2016, which is the fourth longest in the history of the United States and cannot be assumed to last indefinitely. In addition, the fiscal uncertainty inherent in the State budget process continues to present a major challenge to the County's fiscal planning efforts.

Economic Challenges

The County's Five Year Financial Forecast covers July 2016 through June 2021 and includes moderate growth of major revenue streams throughout the period. Not included in the forecast are the impacts of a potential recession or the unknown economic impacts of the coming statewide \$15 minimum wage.

By the end of the third year of the County's forecast the current economic expansion would match the longest expansion in history. Although the weakness of the current recovery and quantitative easing may have pushed off the next recession temporarily, it would be without precedent for the economy to expand throughout the County's entire five year forecast. In response to these unknown variables, the County has taken the approach of budgeting revenue growth in a conservative fashion over the entire five year forecast rather than assuming greater potential revenue increases in the immediate future with reductions in the later part of the forecast.

State Budget

On May 13, 2016, Governor Brown released his revised \$173.1 billion spending plan to the 2016-17 Proposed State Budget. Since the release of the Proposed Budget, the State's tax revenue forecast has been reduced by \$1.9 billion, reflecting poor April income tax receipts and more sluggish sales tax receipts than expected. Still, barring any significant changes, the budget over the next two fiscal years is balanced. The budget includes a \$6.7 billion Rainy Day fund and an additional \$1.8 billion set aside for economic uncertainty. Notable County impacts from the Governor's proposed budget are as follows:

- For Human Services, a notable change includes declining caseload projections in the CalWORKs program. The Transitional Assistance Department estimates this will reduce administrative and programmatic funding by \$7.1 million. Additionally, in the area of homeless services, the Governor's budget is supporting the Senate's No Place Like Home \$2 billion housing bond proposal, with debt financing support from the Mental Health Services Act (MHSA). At this time, there is not enough information to forecast how this will affect County MHSA funding in the future.
- The State Budget includes projected increases in Public Safety Realignment funding for all counties in 2016-17, based on a projected increase in the funding level available in 2015-16 of \$85.1 million. Based on the State's allocation methodology, this would result in an increase of \$6.4 million in ongoing (Base) funding and an additional \$9.4 million in one-time funding available to the County in 2016-17. Due to the volatile nature of sales tax (which is the funding source for Public Safety Realignment), the County has taken a conservative approach and has budgeted less in total County ongoing 2016-17 base funds than are estimated in the Governor's May Revision (a total County allocation of \$86.2 million has been budgeted compared to an estimated \$90.1 million County allocation in the Governor's May Revision).



- The trend of lower Highway User Tax Account (HUTA) revenues is expected to continue for the next two to three years. These reductions hamper the County Department of Public Works' ability to deliver ongoing operation and maintenance programs critical for the safety and quality of life of our communities. At this time, it is estimated that the net effect over the next two fiscal years will be a \$7.7 million decrease in projected revenues.

Sales Tax Volatility

Historically counties have been funded by relatively stable property taxes. The realignment of many state services has made counties increasingly dependent on sales tax revenue. As a result, the portion of requirements funded primarily with sales tax now represents 16.3% of the County budget and includes 1991 and 2011 Realignment revenues (\$691.0 million), County sales tax (\$22.7 million) and Proposition 172 Half Cent Sales taxes (\$169.1 million). While sales taxes are projected to experience a modest increase in 2016-17, 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.

Retirement Costs

Although there are minimal projected increases in retirement costs in 2016-17, the County is currently projecting the equivalent of an 11% loss in the County pension system for the year ending June 30, 2016, which will negatively impact County retirement costs beginning in 2017-18. Additionally, the County can expect to see increasing retirement cost volatility due to the increasing size of the pension fund. The County Administrative Office and the Retirement Association have an active dialog about monitoring, measuring, and mitigating the growing volatility risk.

CONCLUSION

The County fiscal plan as developed by the County Administrative Office is conservative in projecting anticipated costs and revenues while focusing on ensuring that the County is positioned to attract and retain a competitive workforce into the future through projected negotiated salary increases. As a result of the need to fund these increases, the 2016-17 Recommended Budget utilizes existing departmental resources or one-time funds for key projects and programs rather than additional ongoing Discretionary General Funding. The County is committed to making the most of its funding to provide necessary public services in an effective and efficient manner and fulfilling its role in the achievement of the Countywide Vision.



GREGORY C. DEVEREAUX
Chief Executive Officer



CONTENTS OF 2016-17 RECOMMENDED BUDGET

There are two workbooks for the 2016-17 Recommended Budget, both are user friendly for the public, Board of Supervisors, and departments. The first workbook is the 2016-17 Executive Summary and the second workbook is the 2016-17 Recommended Budget. Both workbooks have tabbed sections that are described below:

The first workbook, 2016-17 Executive Summary, is a summary of the 2016-17 Recommended Budget, which begins with a memo from the Chief Executive Officer (CEO), and includes the following sections:

- **County Fiscal Plan**, which summarizes the CEO's plan to address the five-year forecast and includes changes in ongoing County discretionary revenue and the ongoing cost to maintain services.
- **Identified Needs**, which summarizes the ongoing and one-time needs recommended to be funded in 2016-17 and identifies future needs that are recommended for funding by setting aside monies in reserves.
- **County Budget Summary**, which shows total requirements and total sources included in the 2016-17 Recommended Budget with comparative numbers from the 2015-16 modified budget. Also included is total budgeted staffing recommended for 2016-17 with comparative numbers from the 2015-16 modified budget.
- **Discretionary General Funding and Restricted Funds**, which summarizes how the general fund is funded in 2016-17 as well as the balances of unallocated discretionary sources (contingencies) and reserves. Also included is information related to Prop 172 sales tax revenue and Realignment revenue.

The second workbook, 2016-17 Recommended Budget, begins with the **Table of Contents** and a **County Budget Overview**, which provides information about the County and the budget process and explains to the reader how the workbook functions.

After the County Budget Overview, there is a tab for each budget group and behind each tab are all the budget unit details within that budget group.

For each department the following is included:

- **Department's Mission Statement.**
- **Department's Organizational Chart**, which includes the names of key personnel of the department, what functions the department performs and budgeted staffing counts by function included in their 2016-17 Recommended Budget.
- **Summary of Budget Units**, which summarizes the 2016-17 Recommended Budget by requirements, sources, net county cost, fund balance, unrestricted net position and staffing for all budget units under the direction of a specific department and/or group.
- **Department's 2015-16 Major Accomplishments.**
- **Department's Performance Measures to meet the 2016-17 County Goals and Objectives.**



For each departmental budget unit the following details are included:

- **Description of Major Services**, provides information regarding the main functions of each budget unit.
- **Budget at a Glance**, lists the budget unit's 2016-17 requirements (excluding reimbursements), sources (including reimbursements), net county cost, use of/(contribution to) fund balance/net position, budgeted staffing, and percentage of net county cost, if applicable.
- **Total Requirements (Excluding Reimbursements) and Total Sources (Including Reimbursements) pie charts**, illustrate what percentage of 2016-17 budgeted expenditure authority is spent on staffing expenses, operating expenses, etc., as well as, the percentage of the 2016-17 budgeted sources that come from net county cost, reimbursements, taxes, fee/rate supported revenues, etc.
- **Analysis of 2016-17 Recommended Budget**, includes line item budget amounts for requirements such as staffing expenses, operating expenses, etc., line items for revenue sources, and budgeted staffing for the most recent and upcoming fiscal year, as well as actual results for the past three fiscal years, and current year estimates.
- **Major Requirements and Sources in 2016-17 Recommended Budget**, provides explanations of major departmental requirements and sources included in the 2016-17 Recommended Budget.

The section named **Detail of 2016-17 Recommended Budget** is for funds that have been consolidated for presentation purposes (i.e. Assessor/Recorder/County Clerk Recorder Special Revenue Funds, Human Services Subsistence Funds, etc.) This section depicts the budget detail of each individual budget unit for 2016-17, including staffing, requirements, sources, net county cost, fund balance, and net position, where applicable; and also includes a description of major programmatic changes in requirements and sources.

- **Budget Changes and Operational Impact**, briefly describes any major budget unit program impacts, and highlights the 2016-17 budget including significant changes in requirements and sources from the prior year modified budget.
- **Analysis of Fund Balance/Net Position**, where applicable, describes the budgeted use of or (contribution to) fund balance/net position, provides detail on one-time and ongoing uses, and if it is being used for ongoing purposes, explains what the plan is to reduce reliance on fund balance/net position.
- **2016-17 Position Summary** identifies, by departmental function, the 2015-16 modified budgeted staffing, recommended additions, deletions, and re-orgs in order to develop the 2016-17 Recommended Budgeted Staffing. In addition, the chart separates positions by type (regular and limited term).
- **Staffing Changes and Operational Impact**, briefly highlights budgeted staffing changes and operational impacts for 2016-17, including significant changes from prior year modified budgeted staffing.



Long Term Financial Planning

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 information and insight needed to establish multi-year budget solutions and financial policies and actions that maintain good fiscal health. The County creates a five-year financial forecast for the purpose of providing the Board of Supervisors with a framework for use in decision-making to maintain continuity of services and capital investment. It also helps the County understand the fiscal challenges ahead and the need to establish priorities.

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.

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

Significant Issues Impacting the General Fund

Mandated program shifts from the State, funded primarily with sales tax revenue, increase the County's exposure to sales tax fluctuations. Sales tax revenue tends to be more volatile and quicker to react to changes in the economy than property tax revenue.

Although there are minimal projected increases in retirement costs in 2016-17, the County is currently projecting the equivalent of an 11% loss in the County pension system for the year ending June 30, 2016, which is reflected as Hypothetical Retirement costs of \$18.8 million through 2020-21.

Known costs associated with approved Memoranda of Understanding (MOUs) with employee groups reflect a cumulative change over the next five year period of \$24.1 million. However, the costs associated with current and upcoming negotiations with employee groups present an estimated \$43.2 million variable challenge to the County's current operating surplus projected for the next five years. These Hypothetical MOU costs reflect the assumption that salary adjustments for the contracts with the employee groups currently in negotiations will mirror the salary adjustments received by the employees with recently executed employee contracts. The County currently estimates that the ongoing cost of staffing the expanded High Desert Detention Center is \$27.6 million. Previously, the recommended funding deferral grew staffing in phases, moving Phase 2 to Fiscal Year 2017-18 and Phase 3 to Fiscal Year 2018-19, to mitigate costs. However, these costs are not funded in the Ongoing Budget Plan.

The Affordable Care Act will continue to impact Human Services departments and the Arrowhead Regional Medical Center as they are primary providers of Medi-Cal services. The longer term impacts of the Affordable Care Act remain difficult to forecast.



**TABLE 1
FIVE-YEAR FINANCIAL FORECAST
DISCRETIONARY GENERAL FUNDING
FISCAL YEARS 2016-17 THROUGH 2020-21
(dollars in millions)**

	<u>2016-17</u>	<u>Total Change</u> <u>2016-17 through 2020-21</u>
2015-16 Ongoing Carryover	\$10.8	\$10.8
Property Tax	\$27.1	\$77.3
Proposition 172 Sales Tax	4.3	18.3
Other Revenue	5.3	10.9
Total Ongoing Revenue Change	\$36.7	\$106.5
<u>Ongoing Cost Changes:</u>		
Retirement	(0.7)	(18.6)
MOU Costs	(8.6)	(24.1)
County Fire Subsidy Costs	(1.2)	(1.9)
Other Costs	(6.6)	7.6
Transportation Operations/Pavement Management Program (PCI)	(5.4)	(5.4)
Total Change in Costs	(22.5)	(42.4)
Yearly Operating Available	\$25.0	\$74.9
<u>Ongoing Costs Not Funded in the Ongoing Budget Plan</u>		
High Desert Detention Center Staffing (Phases 2 and 3)	0.0	(27.6)
Subtotal Ongoing (Deficit)/Surplus Adding Ongoing Costs Not Funded in the Ongoing Budget Plan	\$25.0	\$47.3
Hypothetical Memoranda Of Understanding (MOU) Costs	(5.2)	(43.2)
Hypothetical Retirement Costs	0.0	(18.8)
Annual Ongoing (Deficit)/Surplus Adding Ongoing Costs Not Funded in the Ongoing Budget Plan	\$19.8	(\$14.7)

Note: The Five-Year Financial Forecast represents future incremental costs and changes in revenues for the referenced fiscal year.

Table 1 displays the County's 2016-17 financial forecast and summarizes the County's five-year financial forecast. The forecast reflects ongoing expenditures funded with ongoing discretionary revenue in the County's General Fund. The forecast shows that ongoing revenues are increasing due to projected increases in property tax and Proposition 172 sales tax revenue. Ongoing Cost Changes reflect the cost to maintain current service levels. After accounting for these changes, the Yearly Operating Available is positive for the next five fiscal years, but only provides for minimal increases in services or labor costs.

In recent years, the County has identified an ongoing cost not previously included in the five year forecast that need to be addressed. This cost is included in Table 1 in the section Ongoing Costs Not Funded in the Ongoing Budget Plan and represents deferred staffing of the High Desert Detention Center. After including this cost component, the County's General Fund has a cumulative structural surplus of \$47.3 million over the next five fiscal years.

This forecast also illustrates the need for continued caution in allocating any surplus in light of upcoming and current negotiations with employee groups. The surplus reverts to a deficit when potential Memoranda of



Understanding (MOU) and Retirement costs are included. Costs associated with future negotiations have been estimated and identified in Table 1 as Hypothetical MOU Costs and Hypothetical Retirement Costs.

2016-17 Recommended Budget

The 2016-17 Recommended Budget is structurally balanced, with \$25.0 million of ongoing funding unallocated and available to fund future ongoing costs.

2016-17 Ongoing Revenue Changes

As reflected in the Five Year Financial forecast, the County anticipates increased revenues of \$36.7 million in 2016-17. A recession is likely to impact the forecast. As a result, the forecast includes conservative estimates of growth and does not attempt to predict the onset of recession impacts.

Property Tax Revenue, including pass-throughs from redevelopment agencies, is projected to increase due to higher than anticipated revenue in 2015-16 and 3.5% growth in assessed valuation (AV) in 2016-17.

Proposition 172 Sales Tax revenue is projected to increase 3.0% over the 2015-16 budgeted amount based on projections from a local economist and current year trends. This revenue is derived from a half-cent sales tax that provides funding for public safety services. Sales tax revenue tends to be more volatile which creates more risk the public safety services being provided.

Other Revenue includes an anticipated increase of \$1.1 million in discretionary sales tax revenue based on data provided by a local economist and the County's sales tax consultant and \$3.2 million in COWCAP revenue based on information received from the Auditor-Controller/Treasurer/Tax Collector. Remaining increases in other revenue is comprised of other property related revenue and Franchise Fees.

2016-17 Ongoing Cost Changes

As reflected in the Five Year Financial Forecast, the County anticipates an increase in Ongoing Costs of \$22.5 million in 2016-17. Ongoing Cost Changes reflect the cost to maintain current service levels.

Retirement costs are projected to increase by \$0.7 million primarily due to an increase in retirement costs for employees in the San Bernardino County Safety Employees Benefit Association.

MOU Costs increases reflect the 2016-17 cost of approved compensation changes pursuant to negotiated MOUs with employee groups.

County Fire Subsidy Costs are increasing primarily due to the additional costs associated with recently approved MOUs.

Other Costs increases include \$4.0 million in funding to Human Services for increased costs of Foster Care and California Children's Services, \$0.9 million in funding allocations to departments for Worker's Compensation increases, and an additional \$1.7 million for insurance, central services and other costs.

Transportation Operations/Pavement Management Program (PCI) represents an ongoing contribution to the maintenance of County responsibility roads to prevent further deterioration. In previous years, this cost was included in the Ongoing Costs Not Funded in the Ongoing Budget Plan section of the Five Year Financial Forecast. 2015-16 was the first year that sufficient ongoing resources existed to begin to fund this program on an ongoing basis. The 2015-16 Adopted Budget provided ongoing funding in the amount of \$8.8 million for this program. The 2016-17 Recommended Budget includes additional funding of the \$5.4 million identified in the Five Year Forecast, for total funding of \$14.2 million.





THIS PAGE LEFT INTENTIONALLY BLANK



The County Fiscal Plan (five-year financial forecast) primarily focuses on increases in costs to maintain current services and the amount of discretionary revenue available to fund these costs and/or what mitigations are needed. Under the direction of the Chief Executive Officer, Finance and Administration also identifies needs within the County that are not currently funded and require funding with ongoing or one-time sources.

ONGOING NEEDS

The 2016-17 Recommended Budget funds \$22.5 million in Ongoing Cost Changes identified in the five year financial forecast. No other ongoing costs are funded with Discretionary General Funding. This leaves approximately \$25.0 million of ongoing resources available to address projected increases in negotiated salary costs, to position the County to attract and retain a competitive workforce.

ONE-TIME NEEDS

The 2016-17 Recommended Budget funds \$59.6 million in increased one-time costs. One-time costs include \$7.5 million per Board policy or direction. This includes funding the Economic Development Agency with one-time Discretionary General Funding derived from revenue earned by the Department, funding the Registrar of Voters 2016-17 Election Cycle, and funding the required increase in the County's Mandatory Contingencies. Further detail is provided on the following pages of the remaining \$52.1 million in one-time needs included in the 2016-17 Recommended Budget.



**One-time Costs Identified to be Funded in 2016-17
(in millions)**

	<u>One-Time</u>
Give BIG San Bernardino County	\$0.1
Baker Emergency Medical Services	0.1
Human Resources - Legal Costs and Office Furniture	0.1
Human Services CalFresh MOE Waiver Discontinuance	2.5
Public Health - Non-Profit Permits for Temporary Events and Snack Bars	0.1
Trial Court Funding Maintenance of Effort	1.5
District Attorney - Cold Case Prosecution	0.3
Public Defender - Proposition 47 Caseload	0.5
Sheriff - Recruitment Program	0.5
Sheriff - Guns, Body Armor and Equipment	1.3
Sheriff - Helicopters	9.0
County Museum - Operations and Accreditation	1.1
Land Use Services - Accela Permit Systems Upgrade	0.7
Land Use Services Planning - Morongo Basin Cultural Plan	0.2
Land Use Services Code Enforcement	0.4
Surveyor - Completion of Old Surveys	0.1
Regional Parks - Prado Park Master Plan	0.3
Flood Control - Rimforest Drainage	0.7
Transportation - Road Projects	4.1
Special Districts - CSA 120 North Etiwanda Preserve	0.5
Capital Improvement Projects:	
Apple Valley Library Structural Beam Repair Project	0.5
ARMC Jail Ward	2.5
County Building Acquisition and Retrofit Project	8.0
County Government Center Security Improvements and Café Remodel	0.3
County Museum Camera System	0.1
Demolition of Old Cental Juvenile Hall Buildings	0.5
Glen Helen Rehabilitation Center - Remodel Housing Units	5.2
Glen Helen Rehabilitation Center - Security Control Panel Replacement and Intercom System	0.8
Regional Parks Improvements	1.8
Searles Valley Historical Society Building Demolition	0.1
Security Assessments and Improvements	2.0
Sheriff's Morongo Jail - Security Camera and Intercom System	0.4
Sheriff's Consolidation Operations Remodel	4.5
Sheriff's Training Center Range Restrooms	0.1
West Valley Detention Center Rec Yard Enclosure	1.2
One-time Costs in 2016-17 Recommended Budget	<u>\$52.1</u>



\$0.1 million for CAO - Give BIG San Bernardino County

Give BIG San Bernardino County is a 24-hour online giving day. It is a “web-a-thon” that provides an opportunity for non-profits to raise funds to address the needs in the local community. Use of the General Fund Reserve for the 2016-17 Give Big Event is recommended to be allocated to the CAO budget.

\$0.1 million for CAO - Baker Emergency Medical Services

On September 28, 2004 (Item No. 70), the Board of Supervisors approved Performance-Based Contract No. 04-1028 with Baker Emergency Medical Services, Inc., for the provision of ALS ambulance service in the County's Exclusive Operating Area 23 which serves the greater Baker area. On December 15, 2015 (Item No. 18), the Board approved a contract with Baker Emergency Medical services to provide financial support for the delivery of the ALS ambulance services in the amount of \$11,000 per month for a total not-to-exceed of \$132,000 for the period of January 1, 2016 through December 31, 2016. On March 2, 2016, as included in the Second Quarter Budget Report, the Board approved the use of Discretionary General Funding in the amount of \$66,000 for the period of January 1, 2016 through June 30, 2016.

\$0.1 million for Human Resources – Legal Costs and Office Furniture

Funding for outside legal counsel for employee relations matters, and the purchase of office equipment, including chairs for the testing center.

\$2.5 million for Human Services - CalFresh Maintenance of Effort (MOE) Waiver Discontinuance

Beginning in 2010-11, the CalFresh MOE Waiver allowed counties to draw down additional federal and half of the State funding for CalFresh without increasing the County's MOE. The 2016-17 Governor's budget includes a 50% reduction to the CalFresh Waiver which reflects the second year of the four-year phase-out agreement. The Board established a General Fund reserve for the CalFresh Waiver Discontinuance in 2013-14.

\$0.1 million for Public Health – Non-Profit Permits for Temporary Events and Snack Bars

Funding for the cost of permits issued to non-profits for temporary events and Snack Bars for youth sporting events.

\$1.5 million for Trial Court Funding Maintenance of Effort

On June 24, 2015 Governor Brown signed the Traffic Tickets/Infractions Amnesty Program into law. The program went into effect October 1, 2015 and remains in force until March 31, 2017. The program forgives unpaid traffic tickets due by January 1, 2013 in order to provide relief to qualified individuals who defaulted on a court-ordered obligation and may have had driving privileges suspended as a result. Funding is recommended to mitigate the decline in revenue anticipated in 2016-17 due to the amnesty program.

\$0.3 million for District Attorney – Cold Case Prosecution

One-time funding for the addition of two extra-help District Attorney Senior Investigators to assist with the workload of the District Attorney's Cold Case Prosecution Unit.

\$0.5 million for Public Defender – Proposition 47 Caseload

The State's Proposition 47, the Reduced Penalties for Some Crimes Initiative, was approved on the November 4, 2014 ballot. The initiative reduced the classification of most "non-serious and non-violent property and drug crimes" from a felony to a misdemeanor. Passage of Proposition 47 has resulted in a significant workload increase for the Public Defender. One-time funding is recommended for contract staffing costs associated with the Proposition 47 caseload.

\$0.5 million for Sheriff – Recruitment Program

Funding for recruitment, advertisement and processing of prospective applicants. Additional recruitment efforts will assist the department in addressing critical issues with attrition and the filling of positions.



\$1.3 million for Sheriff – Guns, Body Armor and Equipment

Funding for guns, ammunition and body armor associated with increased need at the Sheriff's Training Academy to expand response capabilities and upgrade the current body armor for optimum safety funded with a portion of the Jail Upgrades Reserve for the Glen Helen Rehabilitation Center.

\$9.0 million for Sheriff – Helicopters

Funding to replace two aging and obsolete patrol helicopters including equipment, travel and training for pilots and mechanics, installation of equipment and delivery charges funded with a portion of the Jail Upgrades Reserve for the Glen Helen Rehabilitation Center.

\$1.1 million for the County Museum – Operations and Accreditation

Includes bridge funding to support current operations, and funding for activities related to accreditation. Re-accreditation funding will be used for the following activities: relocating museum storage to a new climate controlled facility, developing an organizational strategic plan and exhibit interpretative master plan with a consultant, developing and upgrading wayfinding and interpretative signage, updating current exhibit spaces, and various other needs including the Museum's collection management system.

\$0.7 million Land Use Services – Accela Permit Systems Upgrade

Use of the Permit Systems Upgrade Reserve to fund 2016-17 costs related to the upgrade of the outdated permitting system to a new enterprise solution. Accela is an enterprise land management system that facilitates interdepartmental communication and cooperative processing in a shared data environment.

\$0.2 million for Land Use Services Planning – Morongo Basin Cultural Plan

Funding for costs related to the preparation of a Morongo Basin Cultural Plan.

\$0.4 million for Land Use Services Code Enforcement

Funding for various costs and initiatives within the division. This includes:

- \$100,000 relating to a pilot program for a 24/7 Short-Term Rental Complaint Hotline where the public can report illegal or disruptive activities at short-term rental properties.
- \$195,381 to assist with funding the division's demolition program where private structures that have been identified as significant hazards or public nuisances can be demolished and the hazard abated,
- \$50,000 for the purchase of kiosks in the Land Use offices to help better serve the public, and
- \$64,803 for the purchase of radios for Code Enforcement officers that tie into the County Sheriff's dispatch channels to improve public and staff safety.

\$0.1 million for Surveyor – Completion of Old Surveys

In 2012-13, the Records Survey Fee was converted from a flat fee to an actual cost fee. Prior to 2012-13, the flat fee was collected in advance. Consequently, work continues on many of these old surveys and the office of the Surveyor continues to incur costs without offsetting revenue. The recommended one-time allocation will fund the estimated hours that will be spent on these old surveys in 2016-17.

\$0.3 million for the Regional Parks – Prado Park Master Plan

Funding for costs related to the preparation of a Master Plan for Prado Park.

\$0.7 million for the Flood Control – Rimforest Drainage

A one-time contribution of \$0.7 million funded from the Rimforest Drainage Reserve will pay costs associated with Flood Control's Rimforest Drainage project. This project involves construction of storm drain systems and a detention basin along Highway 18 and inside the village of Rimforest to mitigate the impact of drainage on the stability of the slope.

\$4.1 million for the 2016-17 Transportation – Road Projects

A one-time contribution of \$4.1 million for the following projects funded from the General Fund Reserves set-aside for these Transportation Projects:

- \$0.1 million for the Cedar Avenue Interchange to fund land acquisition and continuing design activities.



- \$0.8 million for the Green Tree Boulevard Connection to construct a new road from Yates Road westward and ending at the intersection of Green Tree Boulevard and Hesperia Road, as part of the Yucca Loma Corridor project within the City of Victorville.
- \$3.2 million to fund the environmental phase and preliminary design costs of the multi-year structural improvements to 127 historically significant bridges on the National Trails Highway.

\$0.5 million for Special Districts – CSA 120 North Etiwanda Preserve

One-time funding of \$250,000 is recommended for land acquisition and parking improvements in CSA 120 North Etiwanda Preserve. An additional \$250,000 is recommended for a study involving the collection of biological data on wildlife and vegetation within the North Etiwanda Preserve to ensure appropriate management of these lands.

\$28.0 million for Capital Improvement Projects

One-time funding is recommended for various Capital Improvement Projects

- \$0.5 million for the Apple Valley Library Structural Beam Repair Project. This additional funding will complete the structural repairs at the Apple Valley Library.
- \$2.5 million for the Arrowhead Regional Medical Center Jail Ward Project. This will fund design costs for construction of a separate acute care ward for prisoners at the Arrowhead Regional Medical Center. Funding is from the ARMC Jail Ward Capital Projects Reserve.
- \$8.0 million for the County Buildings Acquisition and Retrofit Project. This funding will increase the project budget to \$84.3 million, for improvements to the newly acquired 323 Court Street Building in San Bernardino, the upgrade of the County Government Center parking lot and grounds, and \$2.0 million of design costs for the Valley Public Safety Operations Project.
- \$0.3 million for the County Government Center Security Improvements and Café Remodel. This project will provide design for security improvements and remodel of the County Government Center café.
- \$0.1 million for a new Museum camera system. This new project will upgrade the camera system and add additional cameras at the Main Museum in Redlands.
- \$0.5 million for the demolition of Old Central Juvenile Hall buildings. Funding of \$500,000 will complete the demolition of Old Juvenile Hall Buildings on Gilbert Street in San Bernardino in order to remove underground tunnels and infrastructure and to make the property available for future uses.
- \$5.2 million for the Glen Helen Rehabilitation Center (GHRC) Housing Unit Remodel. This new project will remodel housing units M-1 and M-2 at the Glen Helen Rehabilitation Center in Devore to increase security and ensure Americans with Disability Act, Board of State and Community Corrections and Title 15 compliance funded with a portion of the Jail Upgrades Reserve for the Glen Helen Rehabilitation Center.
- \$0.8 million for the Glen Helen Rehabilitation Center Security Control Panel Replacement and Intercom System funded with a portion of the Jail Upgrades Reserve for the Glen Helen Rehabilitation Center.
- \$1.8 million for Regional Parks Improvements including:
 - \$0.4 million for the Calico Ghost Town Roof Replacement Project. This new project will repair or replace the roofs of Lil's Salon, Old Miner's Café, Hank's Hotel and the Red House at Calico Ghost Town in Yermo.



- \$1.0 million for road improvements for the main road at Park Moabi. This new project will replace the four-mile main road from the gate house to the peninsula campground at Park Moabi in Needles.
- \$0.2 million for Prado Water Diversion Project. This new project will repair drainage pipes lying on the bottom of Prado Lake to provide a functioning diversion system that captures runoff, temporarily impounds runoff, and releases runoff via concrete pipe to a downstream water body.
- \$0.2 million for System-Wide Security Improvements. This new project will install security cameras at Glen Helen Regional Park, Cucamonga-Guasti Regional Park and Yucaipa Regional Park.
- \$0.1 million for the Searles Valley Historical Society Building Demolition. This new project will demolish a building that recently reverted back to County ownership from the Searles Valley Historical Society in Trona that poses a health and safety issue.
- \$2.0 million for Countywide Security Assessments and Improvements. This project will provide funding to conduct security assessments and make security improvements to various County office buildings identified as a result of the security assessments.
- \$0.4 million for the Sheriff's Morongo Jail - Security Cameras and Intercom System Project funded with a portion of the Jail Upgrades Reserve for the Glen Helen Rehabilitation Center.
- \$4.5 million for the Sheriff's Consolidated Operations Remodel. This project will remodel existing office space for the consolidation of specialized forces funded with a portion of the Jail Upgrades Reserve for the Glen Helen Rehabilitation Center.
- \$0.1 million for the Sheriff's – Training Center – Range Restrooms Project. This new project in the total amount of \$195,500 with \$75,500 funded with a portion of the Jail Upgrades Reserve for the Glen Helen Rehabilitation Center and \$120,000 from the Sheriff's department budget will purchase and install a pre-fabricated, concrete restroom building in the green belt area in front of Ranges 1 and 2 at the Sheriff's Training center in Devore.
- \$1.2 million for the West Valley Detention Center Rec Yard Enclosure Project. This new project is for the construction and installation of steel enclosures that contain a toilet, sink and intercom in the recreation yards funded with a portion of the Jail Upgrades Reserve for the Glen Helen Rehabilitation Center.



FUTURE ONE-TIME NEEDS

In addition to one-time needs allocated for use in 2016-17, there are future one-time needs for which funding is recommended. This funding is recommended to be set aside in County General Fund Reserves. The detail of these needs is described below.

One-time Needs Set-Aside in General Fund Reserves (in millions)

	One-Time
General Purpose	\$8.3
Asset Replacement	15.6
EMACS Upgrade	8.0
Labor	11.0
Lake Gregory Dam	4.5
Ontario Airport	0.3
Permit Systems Upgrade	1.1
Recorder/County Clerk's Enterprise System	1.0
Transportation Projects - National Trails Highway	5.0
One-time Reserve Contributions in 2016-17 Recommended Budget	\$54.8

\$8.3 million for the General Purpose Reserve

The County's Fund Balance and Reserve Policy provides for a General Purpose Reserve targeted at 20% of locally funded appropriation. This policy states that this reserve shall be built up with one-time sources until the established target is achieved. The recommended one-time contribution of \$8.3 million for 2016-17 brings the General Purpose Reserve to 14.6% of locally funded appropriation.

\$15.6 million for the Asset Replacement Reserve

The Discretionary General Funding share of asset replacement needs is approximately \$45.2 million. This includes assets that have or will exceed their useful lives by the end of 2016-17. The recommended contribution to this reserve will set-aside additional funds to address these needs.

\$8.0 million for the EMACS Upgrade Reserve

One-time funding is recommended to establish a reserve for the upgrade of the County payroll system (EMACS) to version 9.2.

\$11.0 million for the Labor Reserve

The County is currently in contract negotiations with various labor groups. The contribution to the Labor Reserve sets aside amounts to address potential one-time costs of these negotiations, and also sets aside a portion of the Hypothetical MOU costs identified in the five year financial forecast.

\$4.5 million for the Lake Gregory Dam Reserve

Additional funds are needed for this project due to unexpected construction conditions, additional work required by the State Division Safety of Dams, and increases in engineers' estimates as the project has developed.

\$0.3 million for the Ontario Airport Reserve

One-time funding is recommended for the establishment of a General Fund Reserve for future support for the Ontario International Airport.



\$1.1 million for Permit Systems Upgrade

Additional ISD support (staffing costs) that was not anticipated at the outset of the project requires an additional \$1.1 million in funding. This is partially due to project delays and additional modifications during the pre-implementation phase.

\$1.0 million for the Recorder/County Clerk's Enterprise System

One-time funding is recommended for the establishment of General Fund Reserves for the Recorder/County Clerk's Enterprise System. The recommended funding will assist with the replacement of the aging, outdated, and increasingly unsupported Recorder-County Clerk enterprise system, necessary for complex recording, filing, and cashing functions of the division.

\$5.0 million for Transportation for the National Trails Highway

Additional funding for the repair, rehabilitation or reconstruction of various bridges along National Trails Highway.



SUMMARY

	Fiscal Year 2014-15 Actual Amount	Fiscal Year 2015-16 Adopted Budget	Fiscal Year 2015-16 Modified Budget	Fiscal Year 2016-17 Recommended Budget	Change From Prior Year Modified	Percent Change From Prior Year
Requirements						
Staffing Expenses	1,723,309,722	1,897,422,414	1,910,753,946	1,980,260,445	69,506,499	3.64%
Operating Expenses	2,232,629,165	2,650,015,127	2,716,622,886	2,732,653,518	16,030,632	0.59%
Capital Expenditures	175,270,768	330,462,928	383,045,675	454,551,553	71,505,878	18.67%
Reimbursements	(277,965,985)	(334,355,666)	(353,501,439)	(358,213,950)	(4,712,511)	1.33%
Contingencies	0	126,105,409	43,195,582	36,961,824	(6,233,758)	-14.43%
Subtotal Appropriation	3,853,243,670	4,669,650,212	4,700,116,650	4,846,213,390	146,096,740	3.11%
Operating Transfers Out	376,549,084	429,934,041	500,140,092	493,211,429	(6,928,663)	-1.39%
General Fund Contributions to Reserves	0	68,515,086	168,898,179	62,787,241	(106,110,938)	-62.83%
Non-General Fund Contr. to Reserves/Net Position	0	359,359,025	322,874,076	17,790,962	(305,083,114)	-94.49%
Total Requirements	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%
Sources						
Taxes	798,544,354	792,753,688	804,654,853	853,638,531	48,983,678	6.09%
1991 Realignment	263,855,598	272,517,138	274,217,763	293,883,324	19,665,561	7.17%
2011 Realignment	347,597,438	398,381,791	404,084,631	397,162,639	(6,921,992)	-1.71%
State, Federal, or Other Government	1,578,695,362	1,638,865,645	1,675,441,285	1,801,076,712	125,635,427	7.50%
Fee/Rate	922,847,648	950,085,636	954,772,548	969,470,253	14,697,705	1.54%
Other Revenue	188,240,638	121,546,176	125,255,702	137,072,781	11,817,079	9.43%
Operating Transfers In	377,548,877	421,040,321	487,910,193	482,345,092	(5,565,101)	-1.14%
Use of Fund Balance/Unrestricted Net Position*	(190,623,734)	750,236,072	759,758,160	387,276,955	(372,481,205)	-49.03%
General Fund Unassigned Fund Balance*	(56,913,429)	179,109,752	179,109,752	47,972,619	(131,137,133)	-73.22%
Use of General Fund Reserves	0	2,922,144	26,824,110	50,104,116	23,280,006	86.79%
Total Sources	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%
Budgeted Staffing**	21,589	21,881	22,109	22,494	385	1.74%

* For 2014-15, the two Fund Balance budget line items represent the actual increase to fund balance/net position.

**2014-15 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.

Note: Beginning in 2016-17 the Housing Authority of the County of San Bernardino has been added to this budget book. Prior years have been restated for comparative purposes.

Overview of 2016-17 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 \$5.4 billion 2016-17 Recommended Budget reflects the planned allocation of resources necessary to carry out this mission for the citizens of San Bernardino County. This budget has been developed in accordance with the Countywide Vision which promotes a sustainable system of high-quality education, community health, public safety, housing, retail, recreation, arts and culture, and infrastructure. The County's 22,494 budgeted positions are responsible for a wide variety of services to residents, from responding to calls for help in emergencies (Sheriff 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 recommended in order to continue to provide the County's many important services in a fiscally responsible and sustainable manner.

Total Requirements of \$5.4 billion consist primarily of Staffing and Operating Expenses, which represent 81.6% (\$4.7 billion) of Total Requirements (excluding the effect of reimbursements). Staffing Expenses of \$2.0 billion consist of salaries of \$1.3 billion and benefit costs of \$730.2 million. Departments with significant budgeted staffing expenses include the Sheriff/Coroner/Public Administrator (\$446.7 million, 3,747 positions), Human Services Administrative Claim (\$345.6 million, 4,806 positions), and Arrowhead Regional Medical Center (\$263.7



million, 3,772 positions). The largest benefit related cost for the County is employee pensions (retirement), which makes up 58.4% (\$426.3 million) of all costs associated with employee benefits. The increase in staffing costs of \$69.5 million is largely due to increased costs of \$31.3 million for 139 additional staff for the Fire Protection District as a result of the assumption of fire protection services from the Cities of San Bernardino and Twentynine Palms. Other increases in staffing include \$10.0 million for the Arrowhead Regional Medical Center (80 positions) and \$8.5 million in the Law and Justice Departments (80 positions). The Human Services Group is also increasing staffing expenses by \$11.2 million while adding a net 13 positions due to position changes across multiple departments.

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 \$2.7 billion, which is primarily a result of the State giving the County the responsibility for administration of Human Services programs. Many of these programs provide subsistence payments to help residents in need throughout the County and as a result, the Human Services operational group makes up almost half (46%) of the County's operating expenses. In 2016-17 Operating Expenses are increasing by \$16.0 million which is primarily associated with increases in Human Services (\$63.5 million) and Administration (\$14.6 million) but is offset by decreases in Operations and Community Services (\$34.3 million), and the Flood Control District (\$21.7 million).

Total Requirements of \$5.4 billion are decreasing from the 2015-16 Modified Budget by \$272.0 million, or 4.78%. This decrease is primarily associated with a decrease in Contributions to Reserves/net position in the General Fund, and Special Revenue, Enterprise and Internal Service Funds. For the non-general funds, the 2015-16 budget included a change in the treatment of amounts not planned to be spent during the fiscal year. Instead of budgeting these amounts in contingencies, these amounts are now contributed to reserves/net position. As a result, the 2015-16 contribution to reserves/net position for the non-general funds included all amounts accumulated over multiple years, that were not budgeted for use in the 2015-16 fiscal year. In 2016-17 the contribution amount only represents the excess of sources over requirements, where they occur, for 2016-17. General fund reserve contributions are decreasing due to Contributions to Reserves made in the 2015-16 first quarter budget report, primarily funded with additional monies made available from 2015-16 final results of operations.

Total Requirements includes Contingencies and Contributions to Reserves (General Fund and Non General Fund). Like Contingencies, Contributions to Reserves represent Sources that are not planned to be spent in the coming fiscal year. Beginning in 2015-16, governmental funds other than the general fund eliminated the use of Contingencies, which represented Sources in excess of Requirements. Instead amounts that are available but not budgeted to be spent, are contributed to reserves. Excluding Contingencies and Contributions to Reserves, the total budget available for expenditure in 2016-17 is \$5.3 billion (including Operating Transfers Out). Further detail on General Fund Contingencies and Reserves can be found in the Discretionary General Funding and Restricted Funds section of the Executive Summary.

New for 2016-17 is the inclusion of the budget for the Housing Authority of the County of San Bernardino (HACSB) into this budget book. Total Requirements for HACSB included in the 2016-17 Recommended Budget are \$309.4 million (including Operating Transfers Out and Contributions to Reserves). Prior years have been restated to include HACSB Requirements for comparative purposes. Further detail on HACSB is included in the Other Agencies section of this budget book.

The three major funding sources of the County include revenue from other governmental entities (State, Federal or Other Government), funding for direct services provided (Fee/Rate), and taxes. At \$1.8 billion, State, Federal or Other Government Revenue represents 31.2% of the County budget (including the effects of reimbursements). The Human Services operational group receives the largest amount of funds from other governments, with \$410.8 million received from the State and \$650.8 million received from the federal government. Fee/Rate revenue of \$969.5 million represents 16.8% of the County budget and includes funding from licenses, permits, fines, fees, rates, and other charges for direct services provided by the County. Much of this funding (\$213.0 million) is received by departments, such as the Fleet, Information Services and Risk Management Departments, that provide direct services to other County Departments. Other notable departments that receive funding to provide



specific services include the Sheriff's Department (\$137.6 million), which provides law enforcement services for 14 incorporated county cities, and the Public Work's Solid Waste Division (\$70.7 million) that is responsible for the operation and management of the County solid waste disposal system.

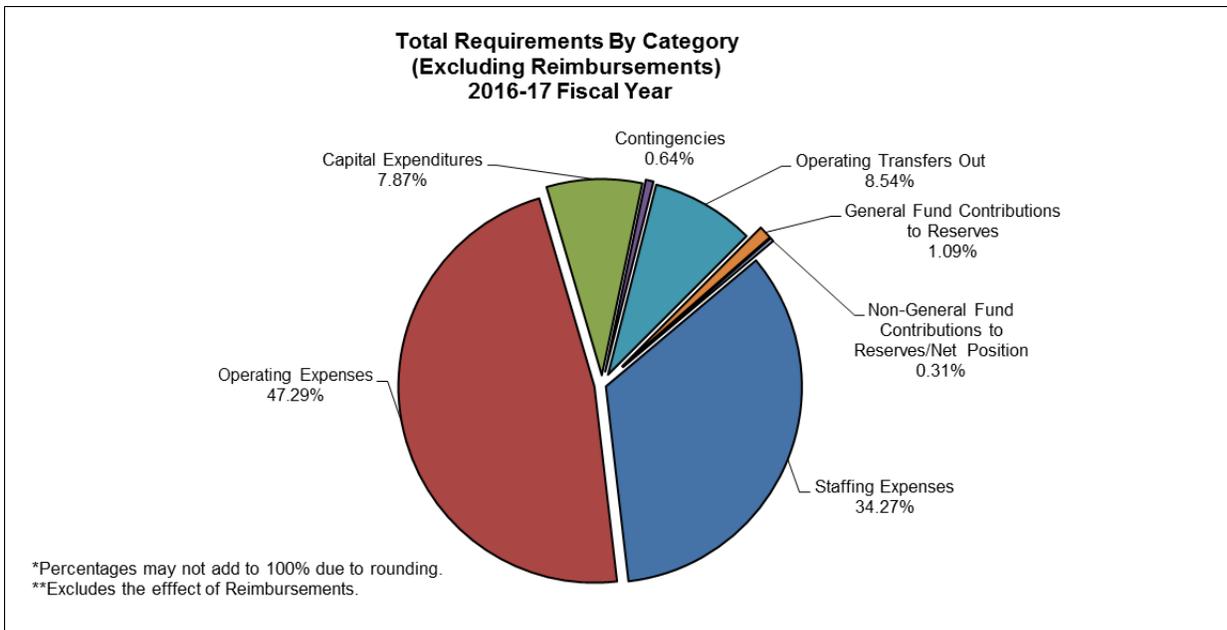
While historically it has been assumed that counties are reliant on relatively stable property taxes for the provision of services, with the realignment of many state services, counties have become increasingly dependent on sales tax revenue. When combining 1991 and 2011 Realignment revenues, which are primarily funded with sales tax (\$691.0 million), with County sales tax (\$22.7 million) and Proposition 172 Half Cent Sales taxes (\$169.1 million), the portion of requirements funded primarily with sales tax represents 15.3% of the County budget. While sales taxes are projected to experience a modest increase in 2016-17, 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 recognizes that a recession is likely to commence in the very near future, as the current economic expansion will be at 7 years at the end of June 2016 and is the 4th longest in the history of the United States. In a stable conservative fashion, rather than attempting to time the economic cycles, the County has taken the approach of budgeting revenue growth conservatively.

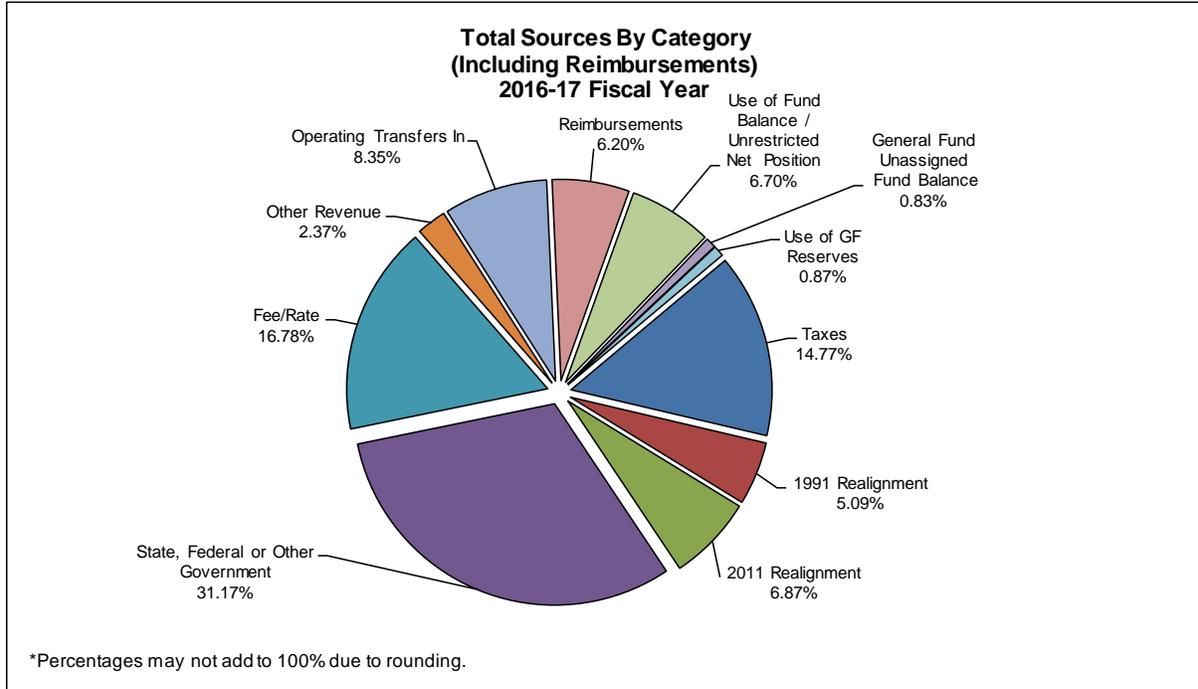
The County's approach to increasing County reserves reflects a fiscally conservative recognition of the resource shift from historically stable to risky tax sources. In 2015-16, the County contributed a total of \$491.8 million between General Fund (\$168.9 million) and Non-General Fund (\$322.9 million) reserves and is budgeted to contribute \$62.8 and \$17.8 million in 2016-17, respectively. Further detail on County General Fund Reserves can be found in the Discretionary General Funding and Restricted Funds section of the Executive Summary. Information regarding Non-General Fund Reserves can be found on Budget Unit Specific pages within the budget book.

REQUIREMENTS AND SOURCES BY CATEGORY

Total Requirements (excluding the effect of Reimbursements) include approved expenditure appropriation for adoption by the Board of Supervisors, Operating Transfers Out, and Contributions to Reserves/Net Position for the County General Fund and for non-general fund departments. Operating Transfers Out provide a mechanism to transfer funding between budget units and are not appropriated to spend.



Total Sources (including the effect of Reimbursements) 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 use of fund balance/unrestricted net position for all non-general funds, the general fund available unassigned fund balance, and the use of General Fund reserves.



REQUIREMENTS SUMMARY

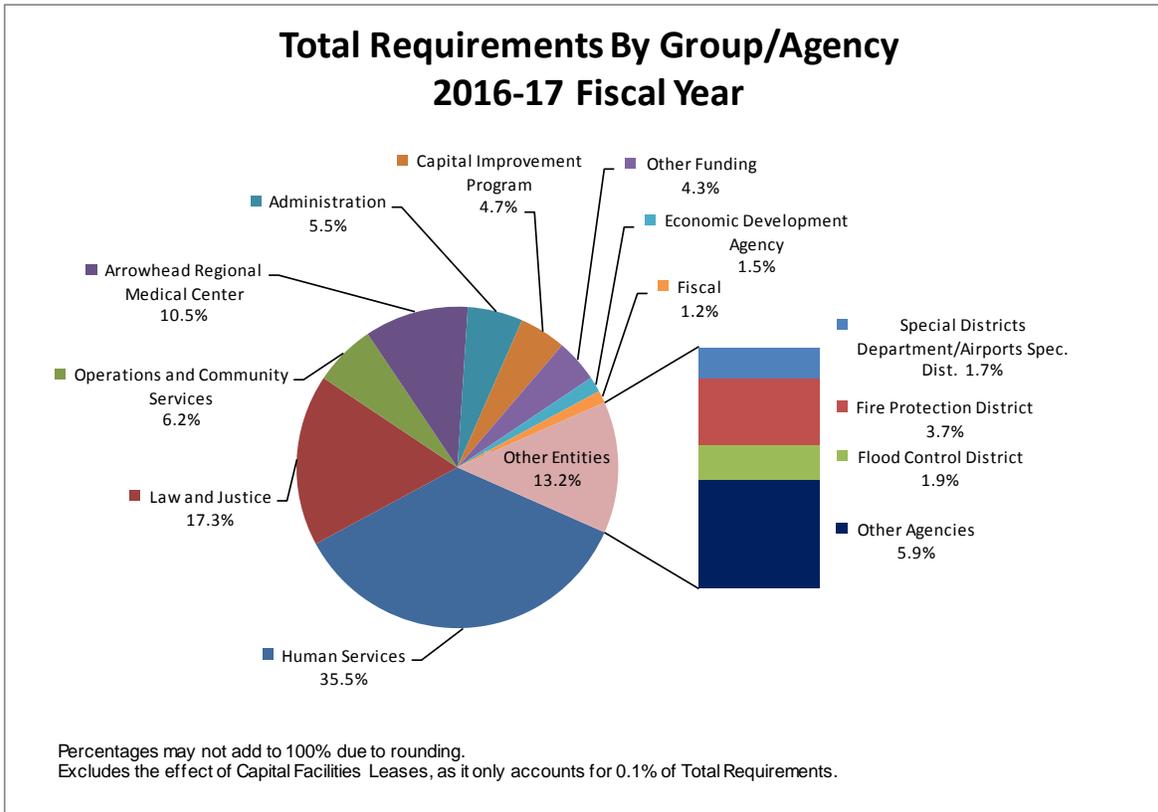
The 2016-17 Recommended Budget includes Requirements of \$5.4 billion, which is a net decrease of \$272.0 million or 4.78% compared to the 2015-16 Modified Budget.

	Fiscal Year 2014-15 Actual Amount	Fiscal Year 2015-16 Adopted Budget	Fiscal Year 2015-16 Modified Budget	Fiscal Year 2016-17 Recommended Budget**	Change From Prior Year Modified	Percent Change From Prior Year
County:						
Administration	222,427,527	291,462,469	296,698,425	300,327,021	3,628,596	1.22%
Capital Facilities Leases	13,297,988	12,940,810	12,940,810	7,240,810	(5,700,000)	-44.05%
Economic Development Agency	43,968,241	91,323,492	92,469,725	83,381,147	(9,088,578)	-9.83%
Fiscal	59,281,433	78,243,609	78,758,189	67,579,061	(11,179,128)	-14.19%
Arrowhead Regional Medical Center	506,251,949	529,808,838	537,345,769	565,652,411	28,306,642	5.27%
Human Services	1,570,035,135	1,896,338,489	1,912,597,331	1,920,819,388	8,222,057	0.43%
Law and Justice	837,870,934	930,293,104	959,576,888	935,254,824	(24,322,064)	-2.53%
Operations and Community Services	264,223,524	405,372,538	415,598,018	335,641,892	(79,956,126)	-19.24%
Capital Improvement Program	114,451,717	183,148,204	218,943,169	253,156,863	34,213,694	15.63%
Other Funding	81,032,484	314,155,802	358,659,156	234,178,463	(124,480,693)	-34.71%
Subtotal:	3,712,840,932	4,733,087,355	4,883,587,480	4,703,231,880	(180,355,600)	-3.69%
Special Districts/Other Agencies:						
Special Districts Department/Airports Spec. Dist.	43,346,775	129,142,965	133,804,312	93,223,488	(40,580,824)	-30.33%
Fire Protection District	137,065,263	196,035,176	202,837,041	198,240,109	(4,596,932)	-2.27%
Flood Control District	52,765,847	176,049,767	177,979,414	103,847,885	(74,131,529)	-41.65%
Other Agencies	283,773,937	293,143,101	293,820,750	321,459,660	27,638,910	9.41%
Subtotal:	516,951,822	794,371,009	808,441,517	716,771,142	(91,670,375)	-11.34%
Total:	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%
Budgeted Staffing*	21,589	21,881	22,109	22,494	385	1.74%

* 2014-15 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.

** Requirements include contributions to Available Reserves and Net Position.





Below are explanations of the major expenditures that are included in the \$5.4 billion 2016-17 Recommended Budget and changes from the 2015-16 Modified Budget. It should be noted that Requirements discussed in this section include Contributions to Reserves/Net Position. As a result, the Total Requirements included in this section may not align with the Total Requirements discussed on Budget Unit Specific pages.

County Operations

Administration has Requirements of \$300.3 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 (\$7.7 million), which is the governing body of County government, and the County Administrative Office (\$5.1 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 (\$9.7 million), employment and employee related services provided by Human Resources (\$18.1 million), and information technology support provided by the Information Services Department (\$88.3 million). The largest department in the Administration operational group is the Department of Risk Management, which has Requirements of \$106.3 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 2015-16 Modified Budget for this operational group is \$3.6 million, which represents a 1.2% increase in Requirements. The most notable change in the Administration group is a \$5.2 million increase across the Information Services Department budget units. This increase improves county government operations by funding increased operating expenses while also providing for additional staffing for server management and fiscal administration.

Capital Facilities Leases has Requirements of \$7.2 million which is a \$5.7 million decrease from the prior year. This budget unit funds the cost of long-term capital lease payments for the major County facilities financed by the



General Fund. Requirements are decreasing as the result of the elimination of the lease payment for the 2002 Justice Center/Airport Improvements financing that matures on July 1, 2016. The final facility financed by the General Fund is the West Valley Detention Center.

Economic Development Agency has Requirements of \$83.4 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, and business site selection assistance. Notable departmental Requirements include \$55.5 million for Community Development and Housing (CDH) services which includes \$17.7 million for infrastructure improvements in the areas surrounding San Sevine and Cedar Glen communities and \$29.4 million for low-moderate income housing assistance. In addition, the Department of Workforce Development (\$24.4 million), which is funded by federal Workforce Innovation and Opportunity Act revenue, includes \$15.4 million in direct services to job seekers and business customers, including vocational training, On-the-Job training, supportive services, business consulting, and workshops.

The net reduction in Requirements of \$9.1 million is primarily due to a decrease of \$4.8 million in CDH as the result of projects completed in 2015-16, and an increase in reimbursements of \$2.1 million in Workforce Development from the Human Services Transitional Assistance Department to provide low-income adults with paid work experience.

Fiscal has Requirements of \$67.6 million and includes the Auditor-Controller/Treasurer/Tax Collector (\$39.5 million) and the Assessor/Recorder/County Clerk (\$28.1 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. Notable Requirements in the Auditor-Controller/Treasurer/Tax Collector include \$25.5 million for staffing expenses to provide accounting, auditing, collections, and investment services to County departments and constituents. The Assessor/Recorder/County Clerk includes \$18.4 million in staffing expenses to perform mandated assessment of properties, recording of real estate and other documents, and County clerk functions.

Total Requirements in this group are decreasing \$11.2 million (14.2%) and are primarily associated with a decrease in Contributions to Reserves as compared to the prior year. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.

Arrowhead Regional Medical Center (ARMC) has Requirements of \$565.7 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 2016-17, ARMC will focus on the next steps of healthcare transformation brought about by the renewal of the State of California's Section 1115 Waiver by the Centers for Medicare and Medicaid Services.

ARMC is increasing Requirements by \$28.3 million, which represents a 5.3% increase over the prior year. This includes a \$10 million increase in staffing expenses which is primarily the result of a continued focus on patient care and patient care volume through the addition of 80 positions to support the addition of 12 beds in the behavioral health unit, increased staffing in the sterile processing unit, and positions tied to achieving funding from the renewed Waiver. Also included in the increase is a \$13.2 million increase in Capital Expenditures related to the funding of numerous capital improvement projects including the installation of a Multipurpose Angio Unit that will provide versatility in the types of procedures performed from simple x-rays to complex angiography.

Human Services is the largest operational group within the County with Requirements totaling \$1.9 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 (\$446.9 million) and Public Health (\$108.5 million). Social services are provided primarily through Human Services (\$1.1 billion) including the Human Services Administrative Claim budget unit (\$564.0 million), the Human Service Subsistence Payments budget units (\$548.5 million) and the Wraparound Reinvestment Fund budget unit (\$11.6 million). Additional social services are provided by the Preschool Services Department (\$50.7 million), Child Support Services



Department (\$39.9 million), and the Aging and Adult Services Department (\$9.5 million). Notable Requirements in the Human Services group include \$1.3 billion in Operating Expenses of which \$549.4 million are in the Human Services Subsistence funds and represent either direct payments to welfare recipients or payments to organizations that provide services to the welfare recipients.

Human Services is increasing Requirements by a net \$8.2 million which primarily includes increases of \$63.5 million in Operating Expenses, \$20.2 million in Operating Transfers Out and \$11.2 million in Staffing Expenses that are largely offset by decreases in Contributions to Reserves of \$78.6. Changes in Operating Expenses are primarily the result of increases in the Department of Behavioral Health which include an increase of \$60.8 million to fund increases to service provider contracts for inpatient hospitalization, indigent hospital care, foster family services, general mental health services, and services for children, youth, and families. Increases in Operating Transfers Out are primarily due to the construction of facilities for the Department of Behavioral Health (\$40.6 million) and are offset by a decrease in the Master Settlement Agreement fund due to the elimination of a one-time transfer of funds in the prior year (\$18.3 million), which was contributed to the ARMC Jail Ward Reserve. The net increase in staffing expenses within this operational group (\$11.2 million) is primarily the result of the addition of a net 13 positions across all programs and increases in costs associated with negotiated salary and benefit changes.

Law and Justice has Requirements of \$935.3 million and provides public safety services to County residents. The Sheriff/Coroner/Public Administrator (total - \$605.5 million) provides law enforcement services for the unincorporated areas of the County and certain services on a countywide basis through its Operations budget unit (\$240.7 million). Another primary function of the Sheriff's Department is to provide Detention facilities (\$206.4 million) for all of the County pre-sentenced inmates as well as sentenced inmates no longer required to go to State prison. This is the result of the realignment of services by the State for adult offenders (2011 Realignment). The Sheriff's Department also provides law enforcement services to 14 county cities through contractual agreements (\$137.6 million). The Probation Department (\$168.5 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 (\$81.8 million) is responsible for prosecuting crimes committed within the County, and the Public Defender (\$38.5 million) provides mandated representation to indigent adult clients in felony, misdemeanor, and mental health civil commitment cases, as well as to clients facing probation, parole, or post-community supervision release violations.

Requirements are decreasing by a net \$24.3 million in this operational group primarily due to increases in Staffing Expenses and Capital Expenditures that are offset by decreases in Operating Transfers Out and Contributions to Reserves.

Staffing Expenses are increasing by \$8.5 million as follows:

- \$6.4 million between the Sheriff's Operations budget (\$4.9 million) and the Detentions budget (\$1.5 million) will fund a combination of new positions, increased retirement costs and negotiated salary increases.
- \$2.1 million in the District Attorney's Criminal Prosecution budget will fund a combination of negotiated salary increases and new positions (\$2.1 million).

Capital Expenditures are increasing by \$9.3 million and are primarily due to increases in the Sheriff's Operations budget unit to purchase two replacement patrol helicopters. These increases are offset by decreases in Operating Transfer Out as follows:

- \$7.5 million between Probation's general fund budget unit (\$3.5 million) and the SB 678 special revenue fund (\$4.0 million) which are due to one-time projects funded in 2015-16.
- \$4.2 million in the Sheriff's Operations budget due to the completion of capital improvement projects in 2015-16.

The remainder of the decrease in this group reflects a decrease in Contributions to Reserves as compared to the prior year. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.



Operations and Community Services has Requirements of \$335.6 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 (\$17.3 million), the payment of County utilities (\$19.6 million), Real Estate Services (\$1.3 million) and the Chino Agricultural Preserve (\$2.6 million). Departments that provide direct services to the community include Agriculture/Weights and Measures (\$7.4 million), the County Library (\$18.0 million), Land Use Services (\$23.3 million), Registrar of Voters (\$9.6 million), Regional Parks (\$14.7 million), and the County Museum (\$3.9 million). Notably, this group also includes the Department of Public Works – Transportation (\$115.5 million) and Public Works – Solid Waste Management (\$85.1 million). The Transportation Division is responsible for the operation, maintenance, and improvement of the County's road system that currently includes approximately 2,550 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 decrease in Requirements is \$80.0 million, which represents a 19.2% decrease from the 2015-16 Modified Budget. Reimbursements are decreasing by a total of \$13.9 million primarily due to the reduction of projects in the Public Works Transportation funds that are funded through reimbursements. Operating expenses are decreasing by \$34.3 million which includes the following notable decreases:

- \$2.2 million decrease in Land Use – Planning primarily due to a reduction in the use of one-time funding for the Countywide Plan project.
- \$18.6 million decrease in Public Works – Transportation due to reductions in projects funded by Measure I, Facilities, and Regional Development Mitigation plans funding.
- \$9.1 million decrease in the Solid Waste Management Division due to a decrease of import tonnage and a negative cost of living adjustment for contracted operations rates.

Lastly, the remainder of the decrease in this group reflects a decrease in Contributions to Reserves as compared to the prior year. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.

Capital Improvement Program has Requirements of \$253.2 million and is used to account for funding resources designated for the acquisition or construction of major capital facilities. The increase in Requirements is due to an increase in new projects funded in 2016-17. Notably, this includes the construction of two Crisis Stabilization Centers and four Crisis Residential Treatment Centers for the Department of Behavioral Health (\$36.5 million), additional funding for the design of the ARMC Jail Ward Project (\$2.5 million) and increased funding for the Sheriff's consolidation project (\$4.5 million). Further detail on major capital projects for 2016-17 are shown in the Capital Improvement Program section of this budget summary and in the CIP section of this budget book.

Other Funding of \$234.2 million primarily represents the Countywide Discretionary Fund (\$110.4 million), General Fund Contingencies (\$10.2 million), and various restricted funds within the General Fund including contingencies within the Proposition 172 Half-Cent Sales tax budget unit (\$26.8 million), 1991 Realignment (\$10.6 million), and the Automated Systems Development Fund (\$11.9 million). Other Funding also includes Contribution to Reserves of \$62.8 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 upgrade project (\$17.9 million), and numerous non-major capital improvement projects for County facilities (\$12.0 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 realigned 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 budget document.



The net decrease to Other Funding of \$124.5 million primarily represents decreases to General Fund Contingencies (\$6.2 million) and General Fund Contributions to Reserves (\$106.1 million). Contingencies represent funding available from 2016-17 Sources that have not been allocated for expenditure. Further detail on County Contingencies and Reserves can be found in the Discretionary General Funding and Restricted Funds section of this budget document.

Special Districts/Other Agencies Operations

Special Districts Department/Airports Special District has Requirements of \$93.2 million and is managed primarily by the Special Districts Department (\$88.7 million) with \$4.5 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, and maintenance of general, parks and recreation, road, sanitation, streetlighting, and water districts for 101 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.

Overall Requirements across Special Districts are decreasing by \$40.6 million. Requirements budgeted to fund expenses in 2016-17 are decreasing slightly from the prior year due to the completion of projects throughout various districts. However the major change in Requirements is due to a decrease in Contributions to Reserves as compared to the prior year. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.

Fire Protection District has Requirements of \$198.2 million and provides fire protection and emergency services throughout the County. The District encompasses approximately 16,585 square miles, operates over 70 fire stations and 11 facilities within four Regional Service Zones (Mountain, North Desert, South Desert and Valley) and serves more than 60 unincorporated communities, the City of San Bernardino, City of Twentynine Palms, City of Grand Terrace, and the Town of Yucca Valley. Additionally, County Fire provides fire protection services through contracts to five cities, which include Adelanto, Needles, Victorville, Hesperia, and Fontana's independent fire protection district.

Requirements are decreasing by \$4.6 million which is primarily due to an increase in staffing expenses as a result of the annexation of fire protection services from the Cities of San Bernardino and Twentynine Palms. This increase is offset by reductions in Operating Transfers Out (\$10.4 million) which reflect a decreased use of reserve funding, and a decreases in Contributions to Reserves. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.

Flood Control District was created in 1939 under special State legislation and has Requirements of \$103.8 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.

The net decrease of \$74.1 million is primarily due to reductions of \$21.7 million in Operating Expenses which includes a contribution of one-time funds to the refunding of the District's Judgement Obligation Bonds and professional services for construction projects. The remainder of the decrease in this group reflects a decrease in Contributions to Reserves. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.



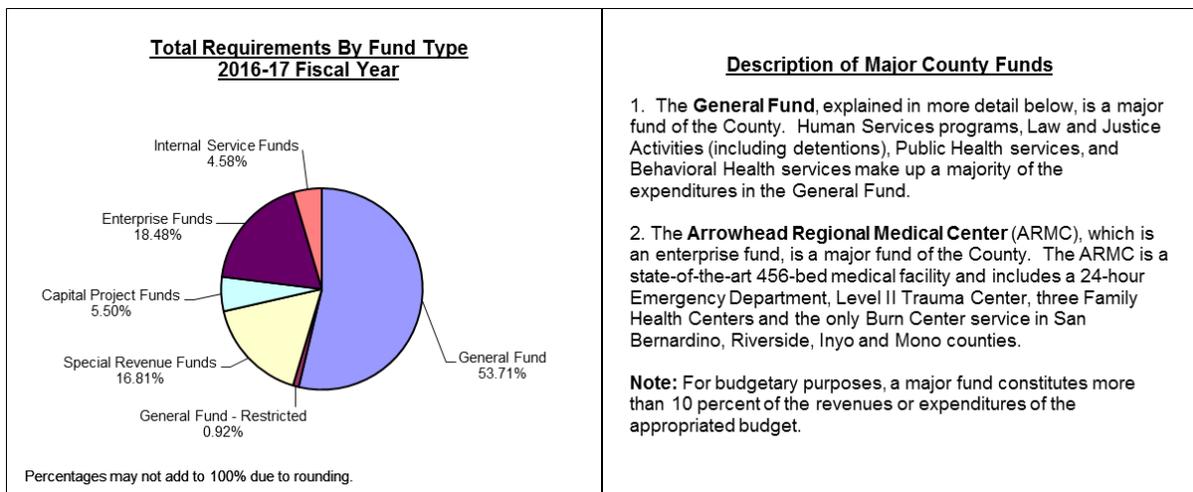
Other Agencies has total Requirements of \$321.5 million and contains five Other Agency budget reporting entities in the County, including the Housing Authority of the County of San Bernardino (\$309.4 million), In-Home Supportive Services Public Authority (\$7.8 million), Inland Counties Emergency Medical Agency (\$4.1 million), County Industrial Development Authority (\$56,616), and Economic and Community Development Corporation (\$43 dollars). The Housing Authority of the County of San Bernardino (HACSB) is a critical economic partner of the County providing vital resources, skills, and motivation to individuals and families to help them transition out of government-assisted programs and into economic independence. The In-Home Supportive Services (IHSS) 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 are 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.

Requirements are increasing by 9.4% associated with an increase in HACSB, primarily due to the increase of Sources available to fund the Capital Fund Program and the Housing Choice Voucher program.

TOTAL REQUIREMENTS BY FUND TYPE

	Fiscal Year 2014-15 Actual Amount	Fiscal Year 2015-16 Adopted Budget	Fiscal Year 2015-16 Modified Budget	Fiscal Year 2016-17 Recommended Budget**	Change From Prior Year	Percent Change From Prior Year
General Fund	2,456,969,616	2,892,796,649	2,984,337,333	2,911,106,323	(73,231,010)	-2.45%
General Fund - Restricted	771,213	49,256,709	49,256,709	49,675,850	419,141	0.85%
Special Revenue Funds	589,260,122	1,151,526,320	1,169,616,041	911,260,027	(258,356,014)	-22.09%
Capital Project Funds	127,718,157	221,295,580	257,647,446	298,370,365	40,722,919	15.81%
Enterprise Funds	878,428,608	972,148,505	984,877,882	1,001,375,151	16,497,269	1.68%
Internal Service Funds	176,639,785	238,826,536	244,685,521	248,210,306	3,524,785	1.44%
Permanent Funds	5,252	1,608,065	1,608,065	5,000	(1,603,065)	-99.69%
Total	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%
Budgeted Staffing*	21,589	21,881	22,109	22,494	385	1.74%

*2014-15 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.



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 General Fund and General Fund – Restricted. Funds included in the General Fund category are those that the Board of Supervisors predominately have oversight on the Sources and Requirements, including units that are typically mandated in nature, such as human services programs. General Fund – Restricted Funds 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	Contr. To Reserves/Net Position	Total - All Funds
ADMINISTRATION							
BOARD OF SUPERVISORS	7,663,486						7,663,486
BOARD DISCRETIONARY FUNDING	1,555,087						1,555,087
CLERK OF THE BOARD	2,099,466						2,099,466
COUNTY ADMINISTRATIVE OFFICE	5,076,909						5,076,909
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	395,761						395,761
COUNTY COUNSEL	9,654,658						9,654,658
FINANCE AND ADMINISTRATION	3,065,263					7,530	3,072,793
HUMAN RESOURCES	13,554,747	4,511,521					18,066,268
FLEET MANAGEMENT					40,468,867		40,468,867
INFORMATION SERVICES	2,412,145				85,909,655		88,321,800
PURCHASING	2,536,046				11,592,780	22,137	14,150,963
RISK MANAGEMENT					106,296,377	173	106,296,550
LOCAL AGENCY FORMATION COMMISSION	308,741						308,741
COUNTY SCHOOLS	3,195,672						3,195,672
TOTAL ADMINISTRATION	51,517,981	4,511,521	0	0	244,267,679	29,840	300,327,021
CAPITAL FACILITIES LEASES							
CAPITAL FACILITIES LEASES	7,240,810						7,240,810
TOTAL CAPITAL FACILITIES LEASES	7,240,810	0	0	0	0	0	7,240,810
ARROWHEAD REGIONAL MEDICAL CENTER							
ARROWHEAD REGIONAL MEDICAL CENTER*				561,178,244		4,474,167	565,652,411
TOTAL ARROWHEAD REGIONAL MEDICAL CENTER	0	0	0	561,178,244	0	4,474,167	565,652,411
ECONOMIC DEVELOPMENT AGENCY							
ECONOMIC DEVELOPMENT	3,535,436						3,535,436
COMMUNITY DEVELOPMENT AND HOUSING		36,258,817	19,199,727				55,458,544
WORKFORCE DEVELOPMENT		22,993,213				1,393,954	24,387,167
TOTAL ECONOMIC DEVELOPMENT AGENCY	3,535,436	59,252,030	19,199,727	0	0	1,393,954	83,381,147
FISCAL							
ASSESSOR/RECORDER/COUNTYCLERK	23,673,605	4,417,943					28,091,548
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	39,250,013	200,000				37,500	39,487,513
TOTAL FISCAL	62,923,618	4,617,943	0	0	0	37,500	67,579,061
HUMAN SERVICES							
AGING AND ADULT SERVICES	9,450,173						9,450,173
PUBLIC GUARDIAN	1,309,616						1,309,616
BEHAVIORAL HEALTH	223,299,970	223,646,299					446,946,269
CHILD SUPPORT SERVICES	39,889,701						39,889,701
HEALTH ADMINISTRATION	120,371,376	17,000,000				381,156	137,752,532
HUMAN SERVICES	1,112,462,465	11,578,529					1,124,040,994
PRESCHOOLSERVICES		50,690,123					50,690,123
PUBLIC HEALTH	104,535,572	3,926,780				47,302	108,509,654
VETERANS AFFAIRS	2,230,326						2,230,326
TOTAL HUMAN SERVICES	1,613,549,199	306,841,731	0	0	0	428,458	1,920,819,388
LAW AND JUSTICE							
COUNTY TRIAL COURTS	37,731,403	1,884,255				3,135	39,618,793
DISTRICT ATTORNEY	72,918,145	8,883,729					81,801,874
LAW AND JUSTICE GROUP ADMINISTRATION	5,000	1,312,021					1,317,021
PROBATION	153,136,633	15,360,045					168,496,678
PUBLIC DEFENDER	38,520,660						38,520,660
SHERIFF/CORONER/PUBLIC ADMINSTRATOR	584,671,701	20,828,097					605,499,798
TOTAL LAW AND JUSTICE	886,983,542	48,268,147	0	0	0	3,135	935,254,824
OPERATIONS AND COMMUNITY SERVICES							
AGRICULTURE/WEIGHTS AND MEASURES	7,222,637	145,698					7,368,335
AIRPORTS	3,445,895	7,260,685					10,706,580
ARCHITECTURE AND ENGINEERING	0						-
COMMUNITY SERVICES GROUP	274,090						274,090
COUNTY LIBRARY		17,976,016					17,976,016
COUNTY MUSEUM	3,848,945			80,092			3,929,037
LAND USE SERVICES	23,301,652						23,301,652
PUBLIC WORKS	3,281,366	115,550,303		79,966,633		5,168,544	203,966,846
REAL ESTATE SERVICES	41,179,662	2,641,030					43,820,692
REGIONAL PARKS	9,891,178	4,795,381		40,761			14,727,320
REGISTRAR OF VOTERS	9,571,324						9,571,324
TOTAL OPERATIONS AND COMMUNITY SERVICES	102,016,749	148,369,113	0	80,087,486	0	5,168,544	335,641,892
CAPITAL IMPROVEMENT PROGRAM							
CAPITAL IMPROVEMENT PROGRAM			253,156,863				253,156,863
TOTAL CAPITAL IMPROVEMENT PROGRAM	0	0	253,156,863	0	0	0	253,156,863
OTHER FUNDING							
ALL OTHER FUNDING (E.G. COUNTYWIDE DISCRETIONARY, PROP 172, REALIGNMENT)	233,014,838	1,163,625					234,178,463
TOTAL OTHER FUNDING	233,014,838	1,163,625	0	0	0	0	234,178,463
SPECIAL DISTRICTS DEPARTMENT/							
AIRPORTS SPECIAL DISTRICT							
SPECIAL DISTRICTS DEPARTMENT/ AIRPORTS SPECIAL DISTRICT		23,751,790	26,013,775	40,940,999		2,516,924	93,223,488
TOTAL SPECIAL DISTRICTS DEPARTMENT/ AIRPORTS SPECIAL DISTRICT	0	23,751,790	26,013,775	40,940,999	0	2,516,924	93,223,488
FIRE PROTECTION DISTRICT							
FIRE PROTECTION DISTRICT		196,020,039				2,220,070	198,240,109
TOTAL FIRE PROTECTION DISTRICT	0	196,020,039	0	0	0	2,220,070	198,240,109
FLOOD CONTROL DISTRICT							
FLOOD CONTROL DISTRICT		99,927,568			3,920,317	0	103,847,885
TOTAL FLOOD CONTROL DISTRICT	0	99,927,568	0	0	3,920,317	0	103,847,885
OTHER AGENCIES							
OTHER AGENCIES		11,933,949		308,007,341		1,518,370	321,459,660
TOTAL OTHER AGENCIES	0	11,933,949	0	308,007,341	0	1,518,370	321,459,660
GRAND TOTAL*	2,960,782,173	904,657,456	298,370,365	990,214,070	248,187,996	17,790,962	5,420,003,022

* Includes Requirements of \$17,324,768 that is budgeted in the Capital Improvement Program budget (Fund CJE).



TOTAL REVENUE AND OTHER FUNDING SOURCES

	Fiscal Year 2014-15 Actual Amount	Fiscal Year 2015-16 Adopted Budget	Fiscal Year 2015-16 Modified Budget	Fiscal Year 2016-17 Recommended Budget	Change From Prior Year	Percent Change From Prior Year
Revenue						
Taxes	798,544,354	792,753,688	804,654,853	853,638,531	48,983,678	6.09%
1991 Realignment	263,855,598	272,517,138	274,217,763	293,883,324	19,665,561	7.17%
2011 Realignment	347,597,438	398,381,791	404,084,631	397,162,639	(6,921,992)	-1.71%
State, Federal or Government Aid	1,578,695,362	1,638,865,645	1,675,441,285	1,801,076,712	125,635,427	7.50%
Fee/Rate	922,847,648	950,085,636	954,772,548	969,470,253	14,697,705	1.54%
Other Revenue	188,240,638	121,546,176	125,255,702	137,072,781	11,817,079	9.43%
Total Revenue	4,099,781,038	4,174,150,075	4,238,426,782	4,452,304,240	213,877,458	5.05%
Other Funding Sources						
Operating Transfers In	377,548,877	421,040,321	487,910,193	482,345,092	(5,565,101)	-1.14%
Use of Fund Balance/Unrestricted Net Position*	(190,623,734)	750,236,072	759,758,160	387,276,955	(372,481,205)	-49.03%
General Fund Unassigned Fund Balance*	(56,913,429)	179,109,752	179,109,752	47,972,619	(131,137,133)	-73.22%
Use of General Fund Reserves	0	2,922,144	26,824,110	50,104,116	23,280,006	86.79%
Total Other Funding Sources	130,011,716	1,353,308,289	1,453,602,215	967,698,782	(485,903,433)	-33.43%
Total Revenue and Other Funding Sources	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%

* For 2014-15, the two Fund Balance budget line items represent the actual increase to fund balance/net position.

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 summary schedule provides the use of fund balance/unrestricted net position for all non-general funds, the general fund unassigned fund balance, as well as the use of general fund and non-general fund reserves. Descriptions of major sources of funding in the 2016-17 Recommended Budget and changes from the 2015-16 Modified Budget are included below.

Revenue

Taxes of \$853.6 million consist of approximately \$543.4 million of Property Tax (\$518.6 million) and Sales/Other Taxes (\$24.9 million) that is deposited directly into the Countywide Discretionary General Fund budget unit for allocation by the Board of Supervisors. Additionally, \$134.0 million in Property Tax is reported for the County Library (\$14.7 million), Fire Protection District (\$66.2 million), Flood Control District (\$45.3 million), and Board Governed Districts managed by the Special Districts Department and Airports (\$7.8 million). Finally, Taxes also consist of Proposition 172 Half-Cent Sales Tax (\$169.1 million) and Sales Tax – Measure I Road Operations funds (\$6.6 million).

The net increase of \$49.0 million is primarily related to a \$21.6 million projected increase in taxes that fund Fire Protection Services as a result of the assumption of fire protection services from the City of San Bernardino. The remainder of the increases is primarily the result of projected increases in the taxes that are deposited into the Countywide Discretionary General Fund budget unit. This is the result of a projected 3.5% increase in the assessed valuation of properties within the County resulting in \$16.4 million of additional property tax revenue. Additionally, it is estimated that the Proposition 172 Half-Cent Sales Tax will increase by \$4.3 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 the 2016-17 Recommended Budget.

1991 Realignment revenues of \$293.9 million are increasing by \$19.7 million over the prior year while **2011 Realignment** revenues of \$397.2 million are decreasing over the prior year modified budget by \$6.9 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 realigned law and justice, 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 when there is an increased need for programs funded with this revenue. For more detail on Realignment funding, refer to the Discretionary General Funding and Restricted Funds section of the 2016-17 Recommended Budget.

State, Federal, and Other Government represent the largest revenue source within the County totaling \$1.8 billion. The Human Services operational group receives the largest amount of funds from other governments, with \$410.8 million received from the State and \$650.8 million from the federal government. Countywide, there is an overall increase of \$125.6 million from the prior year modified budget in this revenue category, which represents an increase of 7.5%.

Notable changes within this revenue source include:

- **Human Services** is increasing \$73.9 million primarily due to increases within the Department of Behavioral Health's MHSA (\$42.3 million) and General Fund (\$29.9 million) budgets. Increases in the MHSA budget are primarily the result of increases in MHSA revenue and state SB82 grants approved by the California Health Facilities Financing Authority. Increases in the General Fund are primarily due to increases in Medi-Cal revenue related to program expansion, increased service capacity, and expanded eligibility under the Affordable Care Act (ACA).
- **ARMC** is increasing State, Federal and Other Government revenue by \$28.5 million due to volume increases in acute inpatient, outpatient, and behavioral health units which are funded by a combination of revenue associated with programs such as the state's Managed Care Program and the Federal Medicare program.
- **Operations and Community Services** is increasing this revenue source by \$17.6 million primarily due to increases in the Public Works – Transportation budget unit associated with funding for new construction, reconstruction and routine maintenance of the County's maintained roads and bridges.
- **Other Agencies** are increasing State, Federal and Other Government revenue by \$10.2 million primarily due to increases in financing for HACSB's Capital Fund Program and the Housing Choice Voucher program.

Fee/Rate includes the following types of revenues: licenses, permits, fines, fees, rates, and other services. Total revenue of \$969.5 million is anticipated to increase from the 2015-16 Modified Budget by \$14.7 million. Much of this funding (\$213.0 million) is received by 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 (\$137.6 million), which provides law enforcement services for 14 incorporated county cities, and Public Works Solid Waste Division (\$70.7 million) that is responsible for the operation and management of the County solid waste disposal system.

The most significant change in this category is included in the **Fire Protection District** that is increasing by \$13.4 million including \$7.4 million in new special assessment taxes as a result of the annexation of the City of San Bernardino into Service Zone FP-5 San Bernardino, \$2.1 million in new special assessment taxes from the annexation of Twentynine Palms into Service Zone FP-5 Twentynine Palms, and a \$1.3 million increase from the City of Fontana for additional contract services.

Other Revenue of \$137.1 million primarily includes interest earnings, rents and concessions, and tobacco settlement funds. This revenue source is anticipated to increase by a net \$11.8 million over the prior year modified budget. Notably, the Solid Waste Division is increasing other revenue by \$5.0 million due to a one-time sale of surplus property.

Other Funding Sources

Operating Transfers In of \$482.3 million is a funding source that provides a mechanism to transfer funding from one budget unit to another within the County or other entity. Two of the most notable groups with large Operating Transfers In include the Capital Improvement Program (\$122.8 million) and HACSB (\$181.3 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 Operating Transfers In for HACSB reflects the movement of funds within the agency related to the Moving to Work Program.

The net decrease in this funding source of \$5.6 million is primarily the result of one time transfers funded in 2015-16 which are not funded at the same levels in 2016-17.

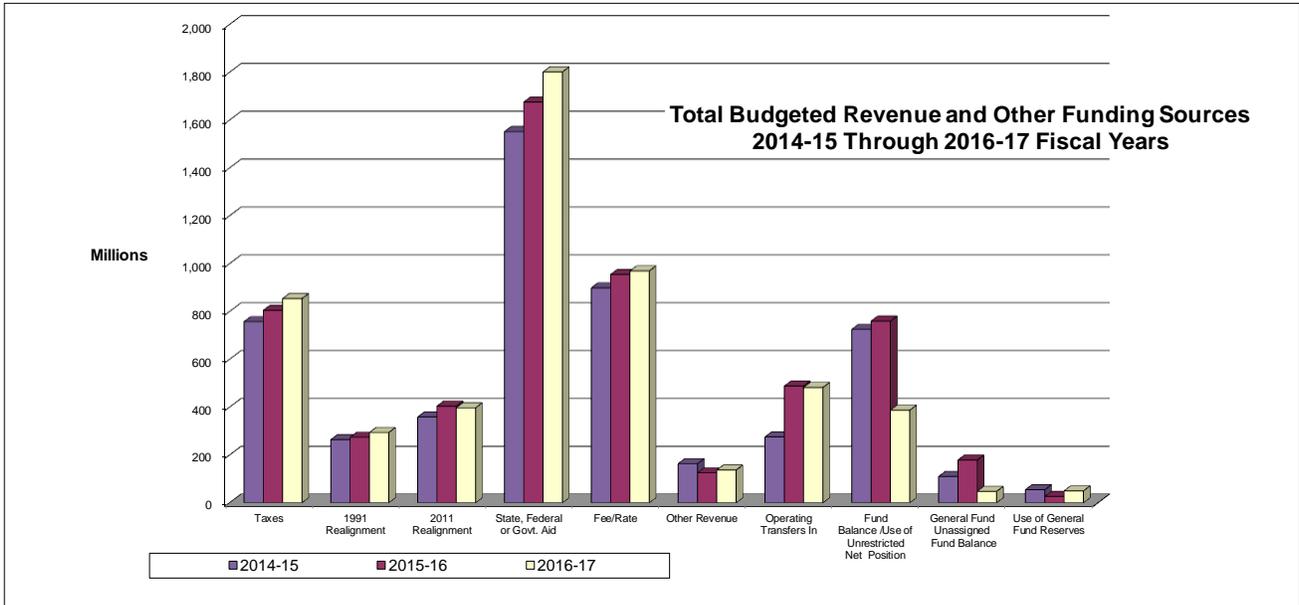
Use of Fund Balance/Unrestricted Net Position of \$387.3 million represents unspent funds carried over from prior years that are available to be budgeted for all Restricted General Funds, Special Revenue Funds, and Capital Project funds in the County and the use of unrestricted net position that is available in Internal Service and Enterprise funds. The use of fund balance/net position is decreasing from the prior year by \$372.5 million primarily due to the one-time use of fund balance in 2015-16 that was contributed to reserves.

General Fund Unassigned Fund Balance of \$48.0 million represents unspent general fund balance carried over from 2015-16. This amount, in conjunction with other one-time money, funds one-time costs for department programs, capital improvement projects, transportation projects, contributions to General Fund Reserves, and also funds 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. General Fund Unassigned Fund Balance is decreasing by \$131.1 million from the prior year, and reflects the estimate of the General Fund results of operations for 2015-16.

Use of General Fund Reserves of \$50.1 million represents the use of General Fund Reserves set aside for the County Permit System Upgrade (\$0.7 million), Give Big (\$0.1 million), the CalFresh Waiver Discontinuance (\$2.5 million), the Rimforest Drainage Project (\$0.7 million), the National Trails Highway (\$3.2 million), Cedar Avenue Interchange (\$0.08 million), Green Tree Blvd Connection (\$0.8 million), ARMC Jail Ward (\$2.5 million), County Buildings and Acquisition Project (\$8.0), Glen Helen Rehabilitation Center SB1022 (\$22.4 million), and Cash Flow Deficit (\$9.1 million). This represents an increase of \$23.3 million from the 2015-16 Modified Budget and is detailed in the Discretionary General Funding and Restricted Funds section of this budget document.



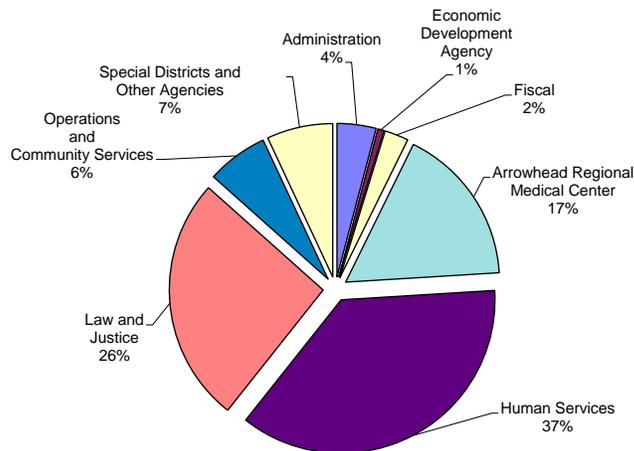
The bar graph below includes total budgeted revenue and other funding sources from the two prior Budgets and the 2016-17 Recommended Budget. 2014-15 amounts will not match previous information on prior pages because the bar graph reports on budgeted revenue and the previous tables reflect actual revenue 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 2016-17 fiscal year. The following bar graph illustrates the budgeted staffing for the 2016-17 fiscal year as well as the prior two fiscal years.

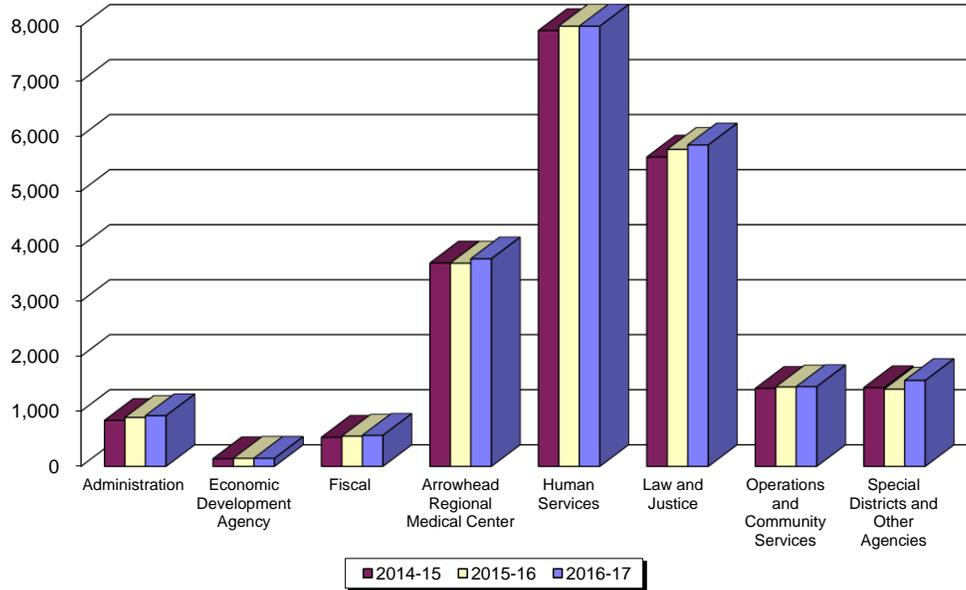
**Budgeted Staffing By Group / Agency
2016-17 Fiscal Year**



Percentages may not add to 100% due to rounding.



**Budgeted Staffing By Group / Agency
2014-15 Through 2016-17 Fiscal Years**



	2015-16 Modified Budget Staffing	Change from Modified Budget			2016-17 Recommended Budget Staffing	Percentage Change
		Caseload Driven/ Grant or Special Funded Programs	All Other Programs	Total Change		
County - General Fund	14,332	28	65	93	14,425	0.6%
County - Other Funds	6,375	132	1	133	6,508	2.1%
Special Districts and Other Agencies	1,402	159	-	159	1,561	11.3%
Total	22,109	319	66	385	22,494	

Budgeted Staffing for caseload driven/grant, or special revenue funded programs, increased overall by a net 319 positions. Significant changes from the previous year's modified budgeted staffing in caseload driven, grant or special fund programs include the following:

County - General Fund

- **Behavioral Health** is requesting a net budgeted staffing increase of 28 positions between the Behavioral Health and Alcohol and Drug Services budget units. This is primarily to accommodate the expansion of the CHOICE program as well as the Correctional Mental Health Services expansion.
- **Public Health** is requesting a net increase of seven positions to address changes in grant funding, operational needs, quality improvement, equity issues, and to increase efficiency in operations.
- **The Human Services Administrative Claim** is requesting a net decrease of 48 budgeted positions. This includes the addition of 86 positions across its various departments but is offset by the deletion of 134 positions, the majority of which are from the Transitional Assistance Department (131). While a small



increase in TAD funding is anticipated, it is more than offset by increased salary costs and planned one-time expenditures. As a result, the department is requesting the deletion of these vacant positions to reflect anticipated allocations.

- **The District Attorney** is requesting the addition of 20 positions including the addition of one Deputy District Attorney IV to assist the department with increased workload, and 19 extra help positions to provide additional victim/witness services, aid in the department's Cold Case Prosecution Unit, and provide temporary clerical assistance.
- **Probation** is requesting the addition of 11 positions in the Administrative, Corrections and Detentions budget unit including five positions to support the department's Tattoo Removal Program, two Program Specialists to help monitor and evaluate the department's programs and treatments, and four administrative positions to improve management of the department's financial reporting and budget development processes.
- **Sheriff's Department** is requesting an increase of 14 positions in its Detentions unit including the addition of seven positions to meet TB testing requirements at the West Valley Detention Center, three positions to manage the department's inmate health records, and one Sheriff's Nurse Supervisor II to act as the department's Quality Improvement Coordinator to ensure compliance with the National Commission on Correction Health Care Standards.

County - Other Funds

- **Information Services - Computer Operations** is requesting the addition of nine regular positions to address an increased workload related to server management, system support and fiscal/administrative functions.
- **Arrowhead Regional Medical Center** is requesting the addition of a net 80 positions to address the addition of 12 beds in the behavioral health unit, increased staffing in the sterile processing unit, and additional positions tied to achieving goals for the renewed Waiver.
- **The Behavioral Health Mental Health Services Act** budget unit is increasing budgeted staffing by 23 positions. The Community Crisis Response Team (CCRT) is expanding to 24 hour clinical services and additional staffing increases are necessary to provide administrative support and to expand services in other MHSA programs such as the Homeless Outreach Support Team, which provides permanent support housing with wraparound case management.
- **Preschool Services** is requesting to increase budgeted staffing by 11 positions including eight limited term positions that will allow the department to convert staffing at three sites from Head Start to Early Head Start and three regular positions to address the increased demand for health and disability services for both Head Start and Early Head Start children and parents.

Special Districts and Other Agencies

- **Fire Protection District** is recommending an increase of 139 positions primarily as a result of the annexation of fire protection services from the Cities of San Bernardino and Twentynine Palms.

Budgeted staffing for all other programs is increasing by a net 66 budgeted positions. Significant changes from the previous year's modified budgeted staffing in all other programs include the following:

- **Administration** – Excluding the previously mentioned increases in Information Services, budgeted staffing within the Administration Group is increasing by a total of 23 positions. Significant changes within the group include increases in the Board of Supervisors (9), Human Resources (6) and Risk Management (4). The Board of Supervisors is increasing positions to recognize the addition of limited term contract



positions added since the First Quarter Budget Report. Human Resources is requesting to add six positions to improve access to professional guidance and training for Human Resources Officers, to improve the ability for the department to serve as an additional resource to departments and also to support increased workload due to labor negotiations and recruitment. Risk Management is adding four positions to assist with claims handling due to an unexpected increase in claims related to the Waterman Incident, City of San Bernardino Fire annexation to County Fire, and to reduce claims per adjuster ratio.

- **Fiscal** – The Fiscal Group is increasing budgeted staffing by a total of 15 positions primarily due to additions within the Assessor/Recorder/County Clerk (13). The Assessor/Recorder/County Clerk is requesting to increase staffing to adequately address anticipated increases in development, to improve overall operations through reorganization, and to enhance public assistance in the Assessor and Recorder divisions.
- **Law and Justice** – Excluding the previously mentioned increases in the Sheriff's Detentions, District Attorney, and Probation budget units, the Law and Justice Group is adding 35 positions. This primarily includes 31 positions within the Sheriff's Operations budget unit including two Sheriff's Services Specialists to provide evidence handling for Fontana and Big Bear, one Sheriff's pilot for fixed wing operations, one Detective for Terrorism Liaison Officer for Crime Intelligence, four Dispatcher IIs to provide workload relief, 17 Public Service Employees to provide temporary workload relief due to vacancies and three student interns for the Bureau of Administration.
- **Operations and Community Services** – The Operations and Community Services Group is increasing staffing by a net of six positions. Significant changes within this group include a decrease within Regional Parks (10) and increases in Land Use Services (7), Real Estate Services (4) and the County Library (3). Regional Parks is deleting 10 positions which have been vacant for the majority of 2015-16 and have been deemed unnecessary. Land Use is increasing positions across multiple divisions in order to improve the quality and timeliness of services provided. In addition, Real Estate Services is adding a net of four positions to assist with contract administration, project management, and workload relief. The County Library is adding a net three positions to assist with the new Bloomington Library, bookmobile program and to perform analysis of system-wide procedures, branch supervision, program implementation, and budgetary analysis.
- **Other Agencies** are increasing by a net of 14 positions primarily due to an increase of 10 budgeted positions in the In-Home Supportive Services budget unit associated with new responsibilities mandated by state and federal agencies, such as fingerprinting requirements of IHSS Providers and new federal legislation on overtime and services for homecare workers.



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

BUDGETED STAFFING SUMMARY

Department	2014-15 Final Budget	2015-16 Modified Budget	2016-17 Recommended Budget	Change Between 2015-16 & 2016-17
ADMINISTRATION				
<u>GENERAL FUND</u>				
BOARD OF SUPERVISORS	48	51	60	9
CLERK OF THE BOARD	14	13	13	-
COUNTY ADMINISTRATIVE OFFICE	17	17	17	-
COUNTY ADMINISTRATIVE OFFICE - AUTOMATED SYSTEMS DEVELOPMENT	-	12	13	1
COUNTY COUNSEL	86	93	95	2
FINANCE AND ADMINISTRATION	18	20	20	-
HUMAN RESOURCES	79	91	98	7
HUMAN RESOURCES - CENTER FOR EMPLOYEE HEALTH AND WELLNESS	12	12	12	-
INFORMATION SERVICES	13	15	15	-
PURCHASING	23	25	25	-
SUBTOTAL GENERAL FUND	310	349	368	19
<u>OTHER FUNDS</u>				
FLEET MANAGEMENT	87	93	95	2
HUMAN RESOURCES - COMMUTER SERVICES	3	3	4	1
HUMAN RESOURCES - EMPLOYEE BENEFITS AND SERVICES	31	31	29	(2)
INFORMATION SERVICES - APPLICATION DEVELOPMENT	87	88	89	1
INFORMATION SERVICES - COMPUTER OPERATIONS	120	123	132	9
INFORMATION SERVICES - TELECOMMUNICATIONS SERVICES	98	100	100	-
PURCHASING - PRINTING SERVICES	15	16	17	1
PURCHASING - SURPLUS PROPERTY AND STORAGE OPERATIONS	3	4	4	-
PURCHASING - MAIL/COURIER SERVICES	25	24	21	(3)
RISK MANAGEMENT - OPERATIONS	57	58	62	4
SUBTOTAL OTHER FUNDS	526	540	553	13
TOTAL ADMINISTRATION	836	889	921	32
ARROWHEAD REGIONAL MEDICAL CENTER				
<u>OTHER FUNDS</u>				
ARROWHEAD REGIONAL MEDICAL CENTER	3,696	3,692	3,772	80
TOTAL ARROWHEAD REGIONAL MEDICAL CENTER	3,696	3,692	3,772	80
ECONOMIC DEVELOPMENT AGENCY				
<u>GENERAL FUND</u>				
ECONOMIC DEVELOPMENT	10	12	10	(2)
<u>OTHER FUNDS</u>				
COMMUNITY DEVELOPMENT AND HOUSING	24	26	24	(2)
WORKFORCE DEVELOPMENT	105	109	113	4
SUBTOTAL OTHER FUNDS	129	135	137	2
TOTAL ECONOMIC DEVELOPMENT AGENCY	139	147	147	-



BUDGETED STAFFING SUMMARY

Department	2014-15 Final Budget	2015-16 Modified Budget	2016-17 Recommended Budget	Change Between 2015-16 & 2016-17
FISCAL				
GENERAL FUND				
ASSESSOR/RECORDER/COUNTY CLERK	222	224	237	13
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	297	315	317	2
SUBTOTAL GENERAL FUND	519	539	554	15
OTHER FUNDS				
ASSESSOR/RECORDER/COUNTY CLERK - SPECIAL REVENUE FUNDS	10	10	10	-
SUBTOTAL OTHER FUNDS	10	10	10	-
TOTAL FISCAL	529	549	564	15
HUMAN SERVICES				
GENERAL FUND				
AGING AND ADULT SERVICES - AGING PROGRAMS	38	40	40	-
AGING AND ADULT SERVICES - PUBLIC GUARDIAN - CONSERVATOR	19	21	21	-
CHILD SUPPORT SERVICES	431	428	424	(4)
HEALTH ADMINISTRATION	1	1	1	-
BEHAVIORAL HEALTH	513	584	610	26
BEHAVIORAL HEALTH - ALCOHOL AND DRUG	75	90	92	2
PUBLIC HEALTH	715	736	743	7
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	174	179	179	-
HUMAN SERVICES - ADMINISTRATIVE CLAIM	4,707	4,854	4,806	(48)
VETERANS AFFAIRS	22	26	22	(4)
SUBTOTAL GENERAL FUND	6,695	6,959	6,938	(21)
OTHER FUNDS				
HUMAN SERVICES - WRAPAROUND REINVESTMENT FUND	1	-	-	-
BEHAVIORAL HEALTH - MENTAL HEALTH SERVICE ACT	517	567	590	23
PRESCHOOL SERVICES	707	700	711	11
SUBTOTAL OTHER FUNDS	1,225	1,267	1,301	34
TOTAL HUMAN SERVICES	7,920	8,226	8,239	13
LAW AND JUSTICE				
GENERAL FUND				
DISTRICT ATTORNEY - CRIMINAL PROSECUTION	503	511	531	20
LAW AND JUSTICE GROUP ADMINISTRATION	1	1	1	-
PROBATION - ADMINISTRATION, CORRECTIONS & DETENTION	1,183	1,238	1,249	11
PROBATION - JUVENILE JUSTICE GRANT PROGRAM	39	47	46	(1)
PUBLIC DEFENDER	247	262	267	5
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	1,698	1,701	1,732	31
SHERIFF - DETENTIONS	1,373	1,419	1,433	14
SHERIFF - LAW ENFORCEMENT CONTRACTS	578	582	582	-
SUBTOTAL GENERAL FUND	5,622	5,761	5,841	80
OTHER FUNDS				
SHERIFF/CORONER/PUBLIC ADMINISTRATOR - PUBLIC GATHERINGS	-	-	-	-
SUBTOTAL OTHER FUNDS	-	-	-	-
TOTAL LAW AND JUSTICE	5,622	5,761	5,841	80



BUDGETED STAFFING SUMMARY

Department	2014-15 Final Budget	2015-16 Modified Budget	2016-17 Recommended Budget	Change Between 2015-16 & 2016-17
OPERATIONS AND COMMUNITY SERVICES				
<u>GENERAL FUND</u>				
AGRICULTURE/WEIGHTS AND MEASURES	64	64	65	1
AIRPORTS	20	20	20	-
COMMUNITY SERVICES GROUP	-	1	1	-
COUNTY MUSEUM	21	22	22	-
LAND USE SERVICES - ADMINISTRATION	36	38	40	2
LAND USE SERVICES - LAND DEVELOPMENT	8	8	8	-
LAND USE SERVICES - PLANNING	31	31	29	(2)
LAND USE SERVICES - BUILDING AND SAFETY	23	21	23	2
LAND USE SERVICES - CODE ENFORCEMENT	30	33	35	2
LAND USE SERVICES - FIRE HAZARD ABATEMENT	17	14	17	3
PUBLIC WORKS - SURVEYOR	25	23	23	-
REAL ESTATE SERVICES (RES)	26	24	24	-
RES - PROJECT MANAGEMENT DIVISION	22	22	24	2
RES - FACILITIES MANAGEMENT DIVISION	102	111	113	2
RES - UTILITIES	2	2	2	-
REGIONAL PARKS	232	205	195	(10)
REGISTRAR OF VOTERS	37	73	73	-
	<u>696</u>	<u>712</u>	<u>714</u>	<u>2</u>
SUBTOTAL GENERAL FUND	696	712	714	2
<u>OTHER FUNDS</u>				
COUNTY LIBRARY	291	295	298	3
COUNTY MUSEUM - MUSEUM STORE	2	3	3	-
PUBLIC WORKS - TRANSPORTATION - ROAD OPERATIONS	341	341	343	2
PUBLIC WORKS - SOLID WASTE MANAGEMENT - OPERATIONS	83	86	87	1
REGIONAL PARKS - ENTERPRISE FUNDS	4	6	4	(2)
REGIONAL PARKS - SPECIAL REVENUE FUNDS	-	-	-	-
	<u>721</u>	<u>731</u>	<u>735</u>	<u>4</u>
SUBTOTAL OTHER FUNDS	721	731	735	4
TOTAL OPERATIONS AND COMMUNITY SERVICES	1,417	1,443	1,449	6
TOTAL COUNTY DEPARTMENTS - GENERAL FUND	13,852	14,332	14,425	93
TOTAL COUNTY DEPARTMENTS - OTHER FUNDS	6,307	6,375	6,508	133
COUNTY DEPARTMENTS GRAND TOTAL	20,159	20,707	20,933	226
SPECIAL DISTRICTS AND OTHER AGENCIES				
<u>OTHER FUNDS</u>				
SPECIAL DISTRICTS DEPARTMENT	188	182	184	2
FIRE PROTECTION DISTRICT	911	878	1,017	139
FLOOD CONTROL DISTRICT	162	166	170	4
OTHER AGENCIES	169	176	190	14
	<u>1,430</u>	<u>1,402</u>	<u>1,561</u>	<u>159</u>
SUBTOTAL OTHER FUNDS	1,430	1,402	1,561	159
TOTAL SPECIAL DISTRICTS AND OTHER AGENCIES	1,430	1,402	1,561	159
TOTAL ALL COUNTY ENTITIES	21,589	22,109	22,494	385



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 2016-17.

Projects Administered by Real Estate Services Department – Project Management Division

CAPITAL PROJECTS FUNDS SUMMARY

	Fund CJP	Fund CJV	Sub-Total	ARMC Capital Fund CJE	Total
Requirements					
Land	2,223,801		2,223,801		2,223,801
Improvements to Land	16,594,057		16,594,057	1,580,165	18,174,222
Structures and Improvements	257,412,641	931,224	258,343,865	15,744,603	274,088,468
Salaries and Benefits Transfers Out	4,793		4,793		4,793
Fixed Assets Transfers Out	707,931		707,931		707,931
<i>Total Requirements</i>	276,943,223	931,224	277,874,447	17,324,768	295,199,215

In August 2015, County departments were requested to provide a five-year projection of their capital requirements. The 2016-2021 5-Year Capital Improvement Program Plan was completed in December 2015. That document included information on Major Capital Improvements that are currently in progress, and projects proposed by County departments and Special Districts to commence within the next five years. It is intended to be a tool for management and the Board to prioritize capital needs, develop funding plans, and stay informed about the progress of multi-year projects. Departments request funding for these capital improvement projects as part of the budget process, when they submit a request for funding consideration to the Real Estate Services Department. Requests can also be submitted mid-year, if necessary, with any required budget adjustments made on quarterly budget reports.

The Real Estate Services Department – Project Management Division (RES-PMD) manages major county projects which include construction and rehabilitation of facilities, and repair projects. The 2016-17 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.

RES-PMD projects include \$277.9 million in projects managed through Capital Funds and \$17.3 million in projects managed through Arrowhead Regional Medical Center Enterprise Funds, for a total project budget of \$295.2 million.

The 2016-17 Recommended Budget includes \$128.2 million in new project funding. This includes \$57.7 million in projects funded with Discretionary General Funding. Discretionary General Funding allocations include 800MHz Upgrade Project (\$17.9 million) the County Buildings Acquisition and Retrofit Project (\$8.0 million), various Sheriff facility improvements (\$12.2 million) and the ARMC Jail Ward project (\$2.5 million). Additionally \$12.0 million in new project funding is allocated to non-major CIP and maintenance projects.

Projects approved in prior years but not yet completed have carryover balances of \$167.0 million. The major multi-year projects with carryover balances are the 800 MHz Upgrade Project, the County Buildings Acquisition and Retrofit Project, and the Sheriff’s Aviation Relocation from Rialto Airport to San Bernardino International Airport.



For a complete listing of capital improvement program highlights for projects administered by the Real Estate Services Department – Project Management Division 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 and enterprise funds and budgeted in the respective department(s) 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 2016-17 (both new and carryover) for Transportation is \$66.5 million, and for Solid Waste is \$10.1 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, land acquisition, and construction of landfill gas extraction systems.

Also reflected in the Capital Improvement Program are \$0.4 million in Requirements for minor projects which are administered by various departments with oversight and inspection provided by RES-PMD. In 2016-17, this includes Airports (\$0.3 million), CONFIRE (\$45,000), and Public Works (\$60,000).

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 are included in the respective department's budget pages.

Flood Control, found in the Operations and Community Services section of this budget book, has twenty-five major improvement projects budgeted in 2016-17. Requirements for these projects (both new and carryover) total \$37.6 million and includes right-of-way acquisition expenses, consultants for design or geotechnical services, labor, and construction costs.

Special Districts Department capital projects are found in the Special Districts Department section of this budget book, in the Capital Improvement Program pages. In 2016-17, Requirements for these projects (both new and carryover) total \$45.3 million. Requirements include \$8.9 million for the design and construction of a new Big Bear Alpine Zoo, \$8.5 million for Lake Gregory Dam rehabilitation, \$5.4 million for the Snow Drop Road Project and \$5.3 million for the CSA 70 Pioneertown Offsite Pipeline Supply project.



DISCRETIONARY GENERAL FUNDING AND RESTRICTED FUNDS

County General Fund operations of \$2.9 billion are funded with four major types of sources: countywide discretionary revenue (\$767.5 million), Proposition 172 revenue (\$169.1 million), 1991 and 2011 Realignment revenues (\$689.2 million), and departmental revenue (\$1.3 billion).

- 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 available fund balance, use of reserves and operating transfers in, are other funding sources that may be allocated to General Fund departments in the same manner as countywide discretionary revenue.
- 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.
- 1991 Realignment revenue provides health and welfare funding. In 1991-92, the State approved the Health and Welfare Realignment Program that involved 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.
- 2011 Realignment revenue provides public safety, health, and welfare funding. In 2011-12, the State approved what has become known as AB 109 Public Safety Realignment. As part of this realignment, the State addressed prison over-crowding by shifting custodial responsibility of non-violent, non-sex, and non-sex-against-children ('Triple-Nons') offenders to local jails. In addition, the parole function of the State was delegated to county Probation departments. In conjunction with Public Safety Realignment, the State also shifted full financial burden of many social service and mental health programs. The County was responsible for delivery of these programs before realignment, but with the shift the State would no longer contribute a share of cost. While the State no longer shares in the cost, it has dedicated a portion of the State sales tax (1.0625%) revenue along with a portion of vehicle license fees for these realigned programs.
- Departmental revenue includes fees, service charges, and State and federal support for programs such as welfare, health care, and mental health.

County General Fund operations not funded by departmental revenue, Proposition 172 revenue, and/or Realignment revenue are funded by Net County Cost (or Discretionary General Funding). Net County Cost is funded by countywide discretionary revenue, which is primarily property tax revenue.

Any countywide discretionary revenue not distributed to departments through their Net County Cost allocation, if not transferred to other funds for specific projects/programs, is contributed to contingencies or reserves. Every year the County of San Bernardino has set aside a prudent dollar amount in contingencies and/or 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:

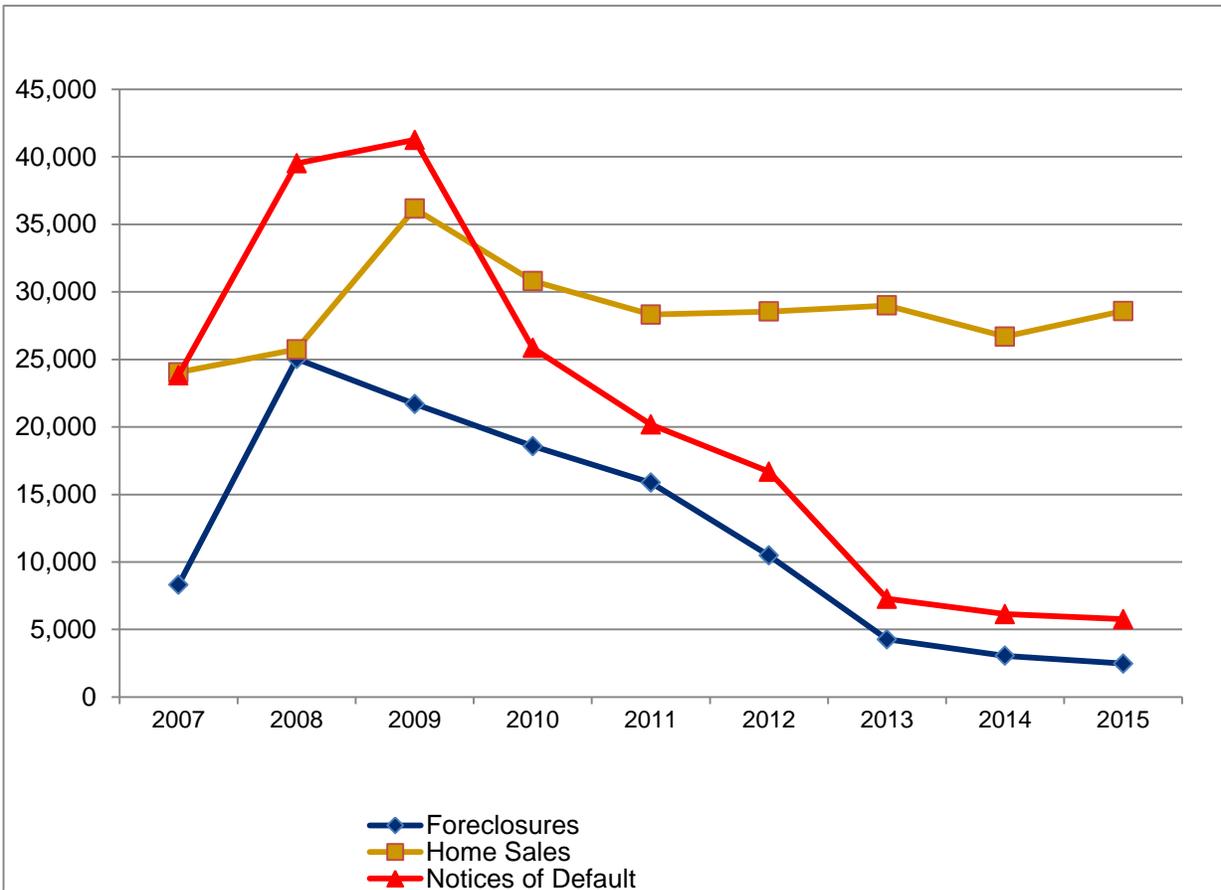
- The economic indicators that are factored into the County's fiscal plan.
- How economic indicators and other factors affect countywide discretionary revenue.
- How Discretionary General Funding (Net County Cost) has been allocated for the fiscal year.
- Information on General Fund contingencies and reserves.
- How economic indicators and other factors affect Proposition 172 revenue and Realignment revenue.
- The County Restricted General Fund – Automated Systems Development budget unit.



ECONOMIC INDICATORS

Property related revenue accounts for 67.6 percent of the County’s discretionary revenue and other funding sources. These revenues were severely impacted by the mortgage and financial crisis, which also had a significant effect on the housing market within the County. During this crisis, home values plummeted while foreclosures and notices of default skyrocketed. Assessed valuation was 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. However, as shown in the chart below, foreclosures have declined from their peak of 7,899 experienced in the third quarter of 2008, down to 548 in the first quarter of 2016. Home sales have stabilized at roughly 28,000 annually since 2011. In addition, as shown in the chart on the next page, the median home prices are rising.

**COUNTY OF SAN BERNARDINO
FORECLOSURES/HOME SALES/NOTICES OF DEFAULT BY QUARTER
CALENDAR YEARS 2009 THROUGH 2015**

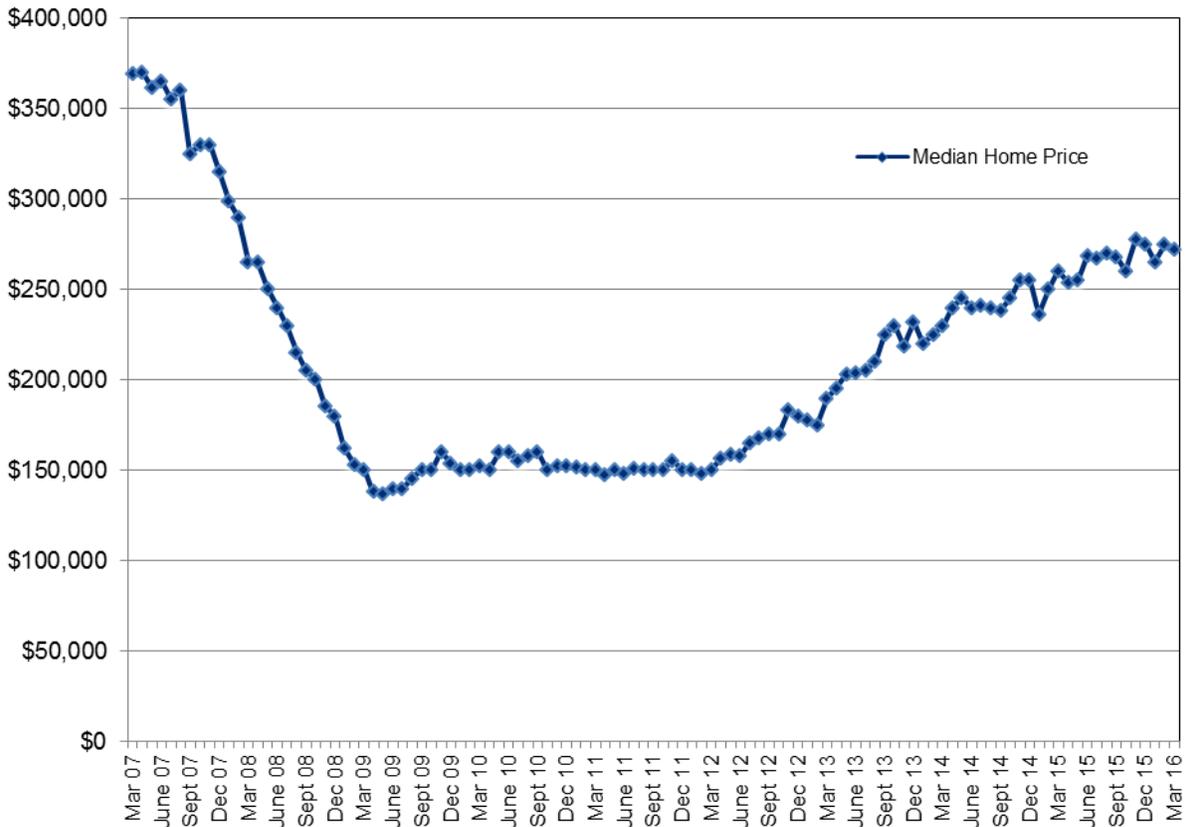


Source: County Assessor and CoreLogic/Dataquick



In 2015, foreclosures were down 18.9% from 2014, and for the first quarter of 2016 they were down by 17.8%. 2015 Notices of Default were down by 6.0% from the prior year, and for the first quarter of 2016 are down 6.3%. As foreclosures and Notices of Default decline, the County continues to see a rise in the median price of a home. The chart below shows the fluctuation in the median price over the past eight years. Prior to the steady increase that began in November of 2012, the median price had been stable at approximately \$150,000 for the 34 month period between September 2009 and June 2012. As of March 2016, the County's median home price has risen to \$272,000.

**COUNTY OF SAN BERNARDINO
MEDIAN HOME PRICE BY MONTH
MARCH 2008 THROUGH MARCH 2016**

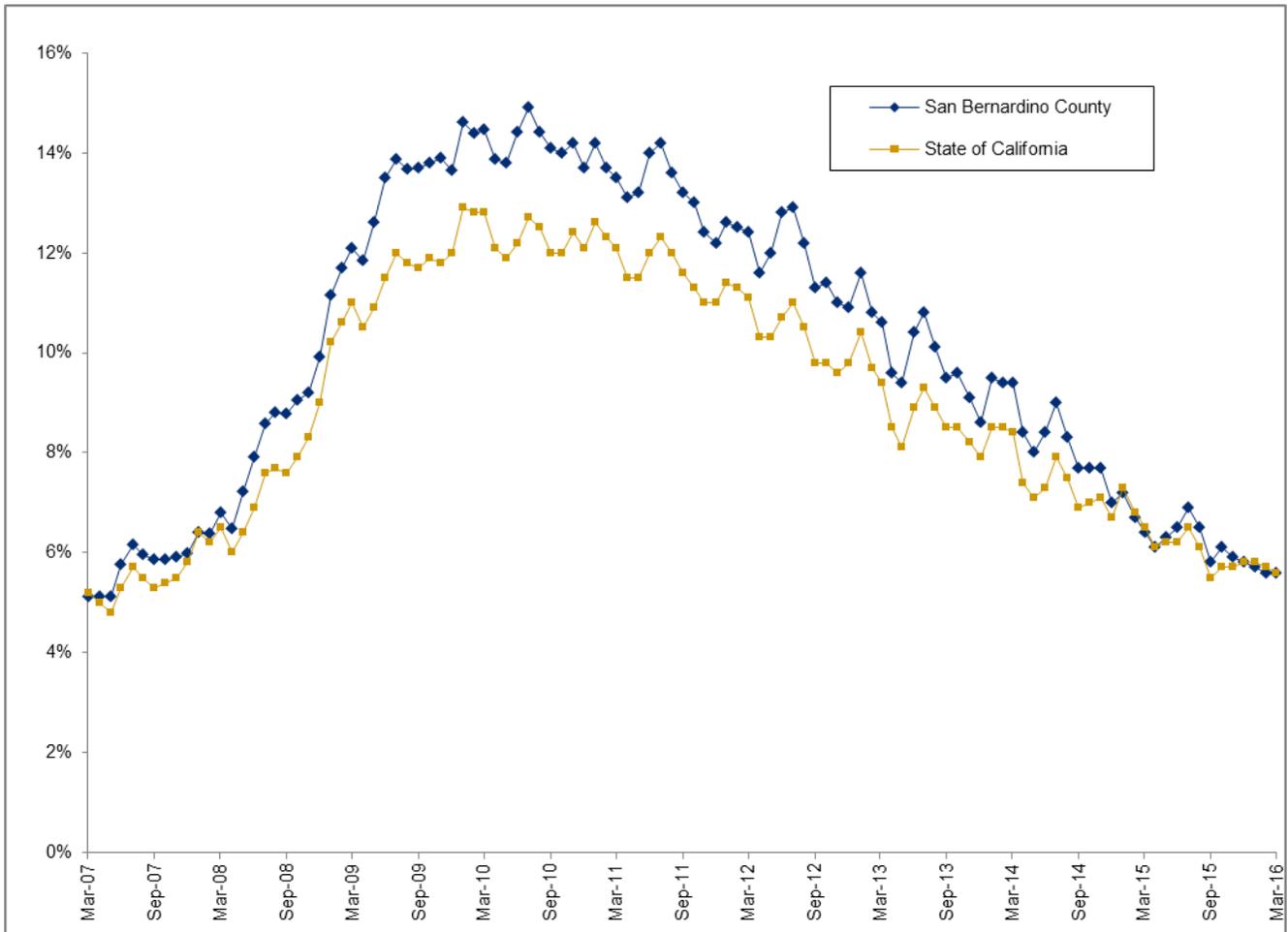


Source: CoreLogic/Dataquick



During the recession, in addition to the decline in property values, the loss of jobs in the County led to high levels of unemployment, as shown in the chart below. County unemployment reached its peak of 14.8% in July 2010. However conditions have improved. In 2015, 58,692 jobs were added, and total job gains since 2011 are 196,708, which is 137.56% of the 142,993 jobs lost during the recession. Job growth for 2016 is forecasted at 48,700, which, if achieved, will be consistent with median job growth experienced prior to the recession. Unemployment has declined, returning to pre-recession levels at 5.6% as of March 2016, which compares to unemployment rates for the State and the United States of America, which were 5.6% and 5.0%, respectively.

**COUNTY OF SAN BERNARDINO
UNEMPLOYMENT RATES
STATE OF CALIFORNIA AND SAN BERNARDINO COUNTY
MARCH 2007 THROUGH MARCH 2016**



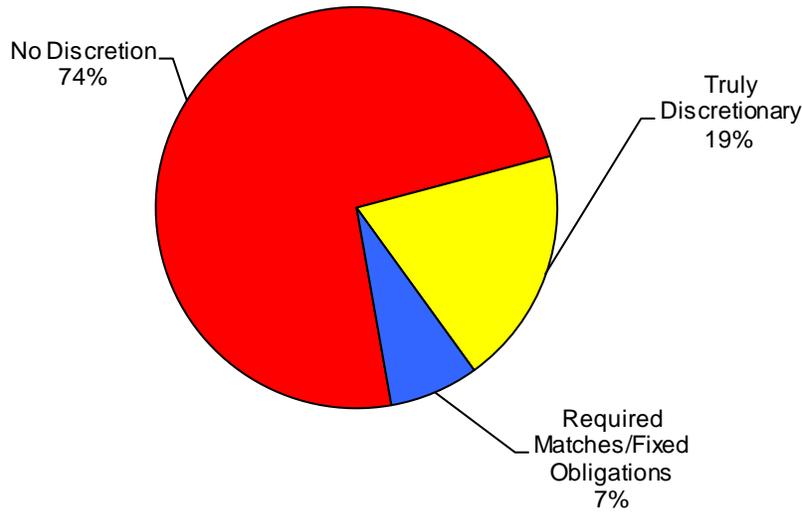
Source: State of California Employment Development Department



COUNTYWIDE DISCRETIONARY REVENUE

The entire General Fund budget including operating transfers in is \$2.9 billion, however, only \$0.56 billion (or 19.2%) is truly discretionary as seen in this pie chart.

**2016-17 Recommended Budget
General Fund Spending**

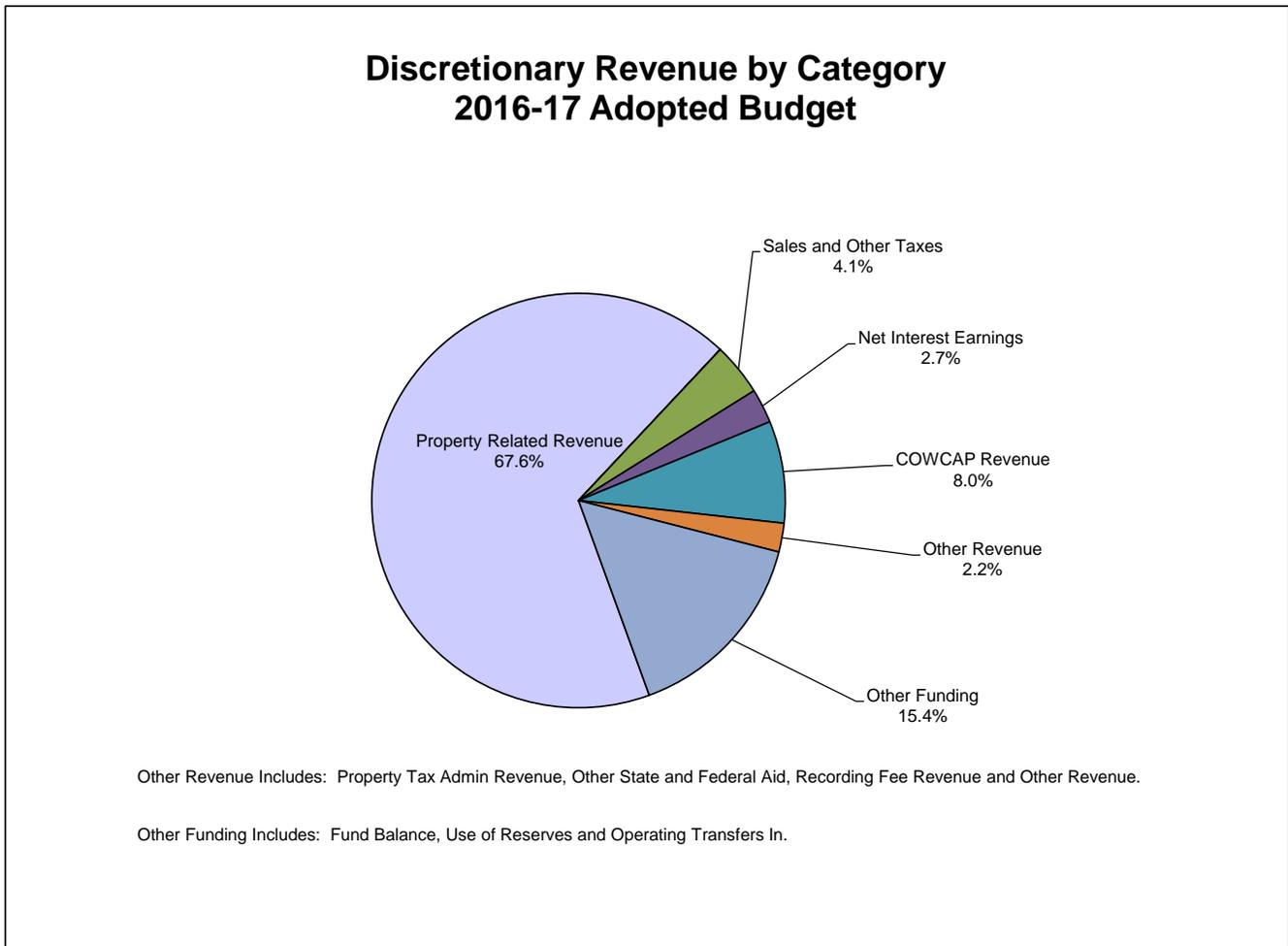


SPENDING WHERE THERE IS NO DISCRETION. INCLUDES:	2,143,617,544
Welfare costs reimbursed by state and federal monies (\$1,075.8 million)	
Other program costs funded by program revenues such as user fees (\$1,067.8 million)	
REQUIRED HEALTH AND WELFARE MATCHES AND OTHER FIXED OBLIGATIONS:	209,209,106
SPENDING WHERE THERE IS DISCRETION. INCLUDES:	558,279,673
Reserve Contributions (\$54.4 million)	
Contingencies Contributions (\$0.2 million)	
Law and justice program costs funded by local revenues (\$354.1 million)	
All other program costs funded by local revenues (\$149.6 million)	
TOTAL:	\$2,911,106,323

Countywide discretionary revenue and other funding sources total \$767,488,779 and is first obligated to pay for required health and welfare matches and other fixed obligations, which total \$209,209,106. The remaining amount of \$558,279,673 is available to fund departmental budgets' Net County Cost or other expenditures.



Shown below are the sources of countywide discretionary revenue and other funding sources of \$767,488,779 for the 2016-17 Recommended Budget:



Percentages may not add to 100% due to rounding.



COUNTYWIDE DISCRETIONARY REVENUE WHICH PAYS FOR NET COUNTY COST

2016-17 Discretionary General Funding of \$767,488,779 includes Countywide Discretionary Revenue of \$648.9 million and Other Funding Sources of \$118.6 million. Per the County Fund Balance and Reserve Policy, the General Purpose Reserve will be built up with one-time sources until the target of 20% of locally funded appropriation is reached. The 2016-17 Recommended Budget includes a contribution of \$8,347,763 to the General Purpose Reserve (1% of locally funded appropriation) and brings the funding level to \$97,124,165, or 14.6% of locally funded appropriation. County policy also requires a minimum of 1.5% of locally funded appropriation be placed in General Fund Mandatory Contingencies, which is \$9,988,981 for 2016-17.

	2015-16 Adopted Budget	2015-16 Modified Budget	2015-16 Estimate	2016-17 Recommended Budget
Countywide Discretionary Revenue				
Property Related Revenue:				
Current Secured, Unsecured, Unitary	249,353,638	253,579,566	251,500,201	261,788,007
VLF/Property Tax Swap	227,495,213	232,065,308	232,070,078	240,212,594
Supplemental Property Tax	3,000,000	5,000,000	6,716,031	5,000,000
Property Transfer Tax	7,500,000	7,725,000	7,725,000	7,725,000
Penalty on Current Taxes	2,160,000	2,160,000	2,160,000	2,160,000
Prior Property Taxes, Penalties and Interest	1,690,000	1,690,000	1,690,000	1,690,000
Total Property Related Revenue	491,198,851	502,219,874	501,861,310	518,575,601
Sales and Other Taxes:				
Sales and Use Tax	21,561,071	21,561,071	23,573,825	22,682,247
Franchise Fees	5,950,000	6,645,000	6,645,000	6,645,000
Hotel/Motel Tax	1,500,000	1,500,000	1,500,000	1,500,000
Other Taxes	790,000	678,000	678,000	678,000
Total Sales and Other Taxes	29,801,071	30,384,071	32,396,825	31,505,247
Net Interest Earnings	20,550,000	20,550,000	20,550,000	20,550,000
COWCAP Revenue	57,921,243	57,921,243	57,923,243	61,089,208
Property Tax Admin Revenue	8,636,581	8,636,581	8,636,581	8,809,313
Recording Fee Revenue	2,850,000	2,850,000	2,850,000	2,850,000
State and Federal Aid	5,122,675	5,122,675	5,753,310	5,122,675
Other Revenue	430,000	430,000	13,661,174	430,000
Total Countywide Discretionary Revenue	616,510,421	628,114,445	643,632,443	648,932,044
Other Funding Sources				
Available Fund Balance, beginning	176,598,036	176,598,036	176,598,036	46,417,532
Fund Balance for Board Discretionary Fund Allocations	2,511,716	2,511,716	2,511,716	1,555,087
Use of Reserves	2,922,144	26,824,110	26,824,110	50,104,116
Operating Transfers In (One-Time)	12,000,000	33,018,544	33,018,544	3,480,000
Operating Transfers In (Ongoing)	17,000,000	17,000,000	17,000,000	17,000,000
Total Other Funding Sources	211,031,896	255,952,406	255,952,406	118,556,735
Total Countywide Discretionary Revenue and Other Funding Sources	827,542,317	884,066,851	899,584,849	767,488,779
Locally Funded Appropriation				
Total Countywide Discretionary Revenue	616,510,421	628,114,445	643,632,443	648,932,044
Operating Transfers In (Ongoing)	17,000,000	17,000,000	17,000,000	17,000,000
Locally Funded Appropriation	633,510,421	645,114,445	660,632,443	665,932,044



Countywide Discretionary Revenue

Property Related Revenue accounts for 67.6% of countywide discretionary revenue and other funding sources. These revenues were severely impacted as a result of the mortgage and financial crisis, which also had a significant effect on the housing market within the County. Assessed valuation was 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. However, the median price of a home in the County has risen and the volume of home sales remains relatively stable. Rising home prices are also leading to value being added back to the assessment roll for valuations that had been reduced through Proposition 8 reassessments.

The 2016-17 Recommended Budget anticipates a 3.5% increase in the assessed valuation of properties within the County.

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 ABx1 26. Pursuant to ABx1 26, 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 (residual) for local public agencies, including the County.

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 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 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 its 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, accounted for as interest earnings in Countywide discretionary revenue, are projected to remain static to prior year earnings.



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

Current Secured, Unsecured, Unitary

Secured Property Tax Revenue makes up approximately \$236.1 million of the \$261.8 million in the 2016-17 “Current Secured, Unsecured, Unitary” budgeted revenue number, up from \$228.2 million in the 2015-16 Modified Budget. This reflects a projected increase in assessed valuation of 3.5%. This number also includes a \$1.0 million increase in residual revenue related to the dissolution of Redevelopment Agencies pursuant to ABx1 26 and pass-through payments consistent with the legislation (see ‘Elimination of Redevelopment Agencies’ on the previous page).

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’).

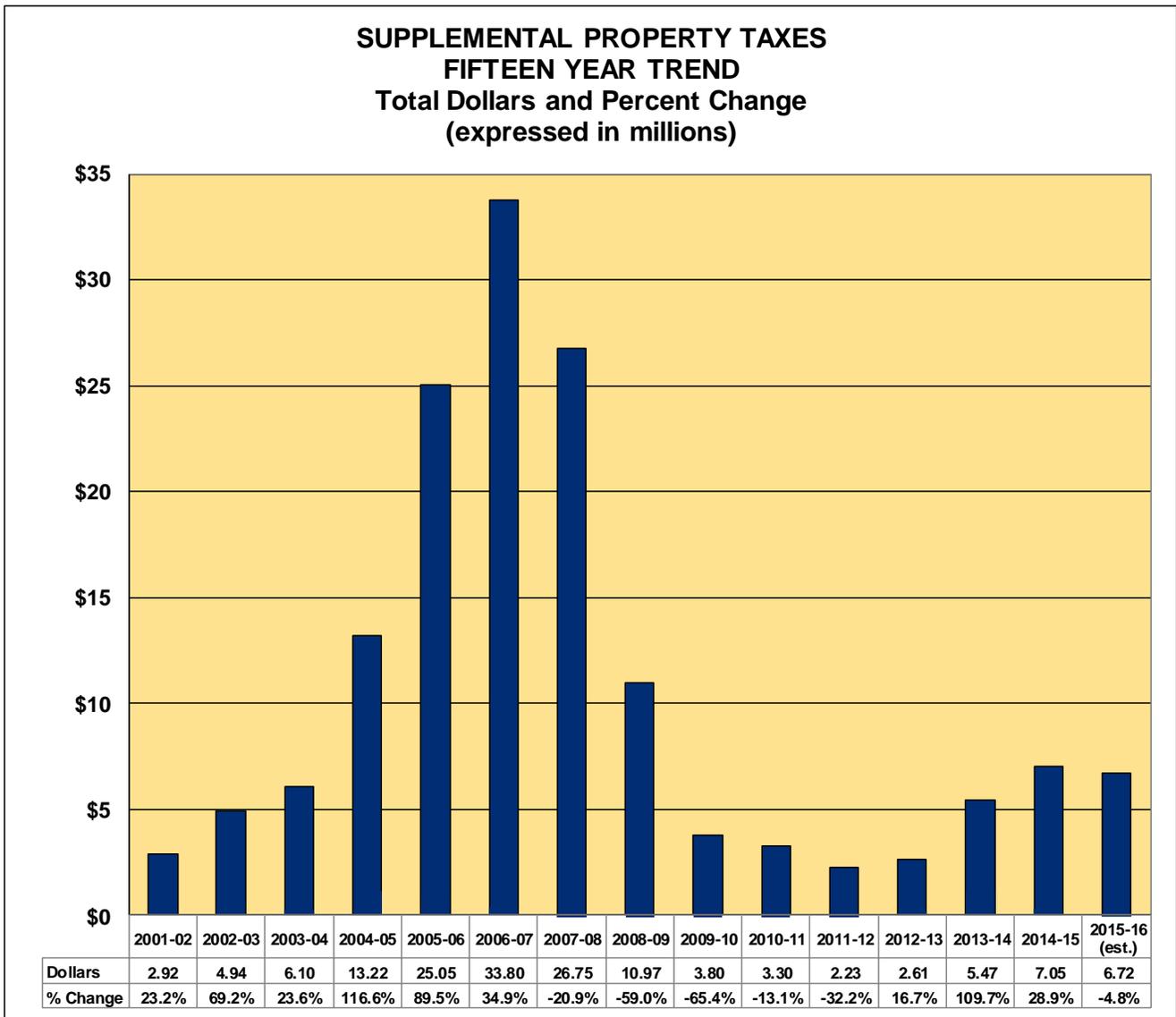
The VLF Backfill was eliminated in the 2004-05 State Budget. In that year, the VLF Backfill to cities and counties was permanently replaced with an equivalent increase in property tax revenues (VLF/Property Tax Swap revenues). This increase was funded by decreases in property tax revenues allocated to 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 2016-17 budgeted amount reflects the projected increase in assessed valuation of 3.5% as compared to the 2015-16 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 home values are decreasing, 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.



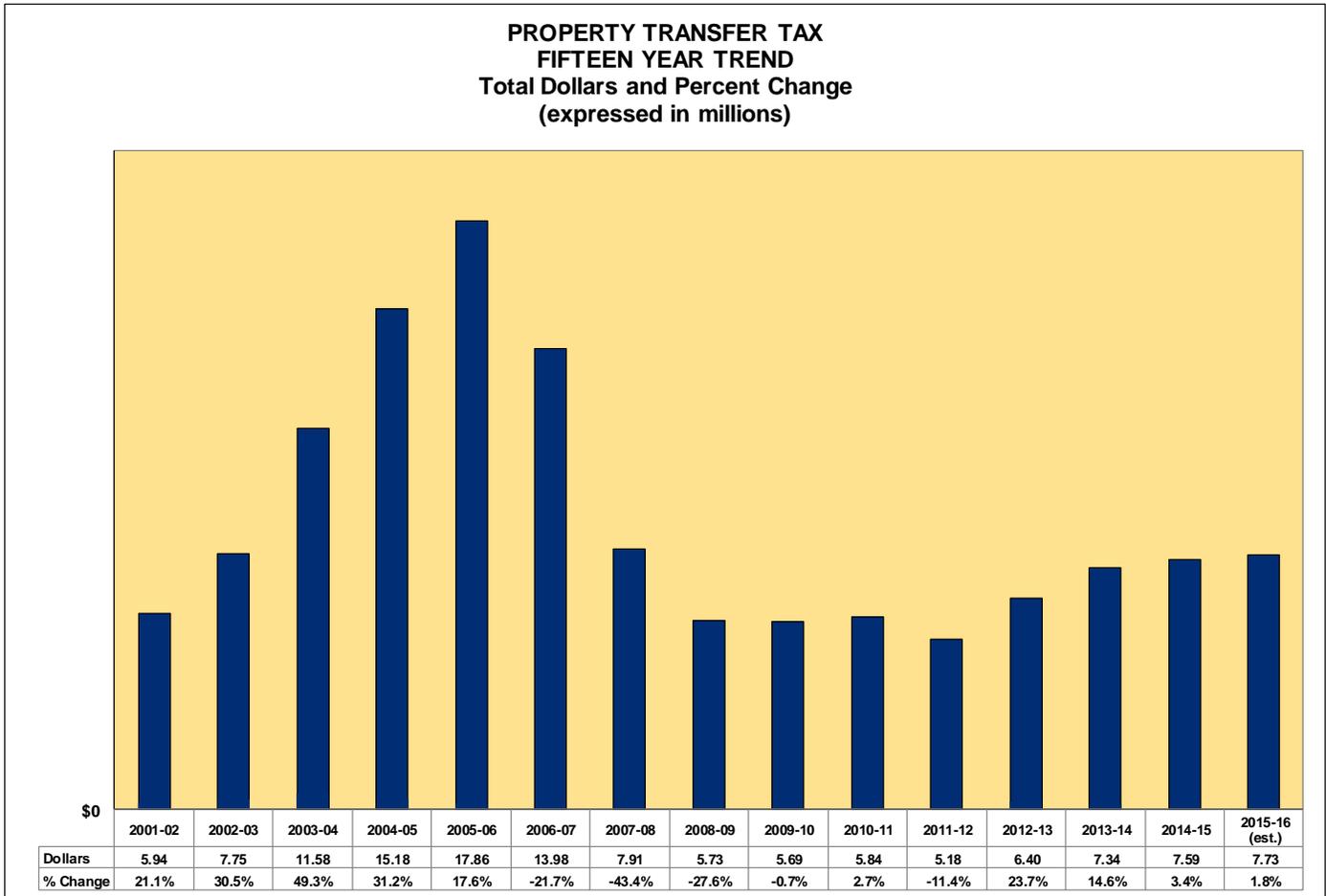


As shown in the chart above, supplemental property tax revenues have declined significantly since 2006-07 as a result of the collapse of the housing market. Supplemental revenue in 2012-13 showed the first year over year increase since 2006-07. The County projects the ongoing portion of these revenues to be \$5.0 million in 2016-17.



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 total \$7.7 million in 2016-17, consistent with 2015-16 revenue. The following chart presents the most recent fifteen year trend of property transfer tax revenue.



Sales and Use Tax

Countywide discretionary revenue includes 1.0% of the 8.0% 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 2016-17, Sales and Use Tax revenue is anticipated to increase by 5.2% over the prior year budgeted amount.

Elimination of the Sales Tax/Property Tax Swap of 0.25%

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. Prior to that time, counties and cities received 1.0% of the State’s base sales tax rate. Pursuant to new provisions enacted by the legislature, this 1.0% 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 made up the loss of property tax revenue to the schools. This change is referred to as the 'Triple Flip'. 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.

Since 2013-14, both components of discretionary sales tax revenue (Sales and Use Tax Allocation of 0.75%, and Sales Tax/Property Tax Swap) were combined and reported together as Sales and Use Tax. However, the Triple Flip expired December 31, 2015 with the final payment of the California Economic Recovery Bonds in August 2015. Effective January 1, 2016, the County's share of the base sales tax rate was restored to the full 1.0%.

2016-17 ongoing sales tax revenue in the unincorporated area is projected to total \$25.6 million (after adjusting for the Triple Flip). However, the County has budgeted only \$22.7 million for 2016-17. The sales tax revenue projection of \$22.7 million excludes 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 certain 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.

Sales Tax Risk – Potential Annexations and Incorporations: A portion 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).

Not included in budgeted sales and use tax revenue is \$3.5 million of one-time use tax revenue estimated to be generated from major construction projects in the unincorporated areas of the County. This revenue would normally be distributed to the County, and cities within the County, based on their percent share of countywide sales tax revenue. However, due to the efforts of the Economic Development Department working with companies doing this construction, 100% of this revenue will be allocated to the County. Because this revenue is one-time in nature, it is budgeted as Operating Transfers In (one-time) instead of sales and use tax revenue.

Net Interest Earnings

Net interest earnings for 2016-17 are projected at \$20.6 million and anticipated to remain flat when compared to the 2015-16 Adopted Budget amount as there are no material changes projected to penalties and interest earned from the Teeter program. For more information see the section titled 'The Teeter Plan' found earlier in this section.

COWCAP (Countywide Cost Allocation Plan) Revenue

The budgeted COWCAP Revenue reflects the recovered allowable costs included in the 2016-17 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 General Fund departments and taxing entities such as the County Library and Board-governed Special Districts. The County



anticipates COWCAP revenue to increase by \$3.2 million when compared to the 2015-16 Adopted Budget based on information provided by the Auditor-Controller/Treasurer/Tax Collector.

Property Tax Administration 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.

The 2016-17 Recommended budget anticipates revenue to be relatively flat compared to the 2015-16 estimated revenue as there are no anticipated changes to supplemental property tax revenues and no material change in the County's cost to provide property tax assessment and collection services.

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 to the prior year's 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, SB90 reimbursements from the State, and excess Vehicle License Fee (VLF) revenue. 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 generated approximately \$1.0 million in additional PILT revenue annually. Although scheduled to end in 2012, the full funding level for PILT was extended through federal fiscal year 2016 (October 1, 2015 to September 30, 2016). It is anticipated that this revenue will remain flat as compared to the 2015-16 Adopted budget as there are no changes anticipated to the related programs in 2016-17.

Other Revenue

Other revenue includes voided warrants issued by the County, projected transfers of unclaimed property tax refunds to the General Fund, the County's share of vehicle code violation revenue, and other miscellaneous revenues.



Other Funding Sources

Fund Balance

The 2015-16 estimated year-end fund balance for the General Fund is \$48.0 million. This reflects fund balance that is available for appropriation. Anticipated fund balance is a result of unspent General Fund contingencies, departmental cost savings and additional revenue.

Use of Reserves

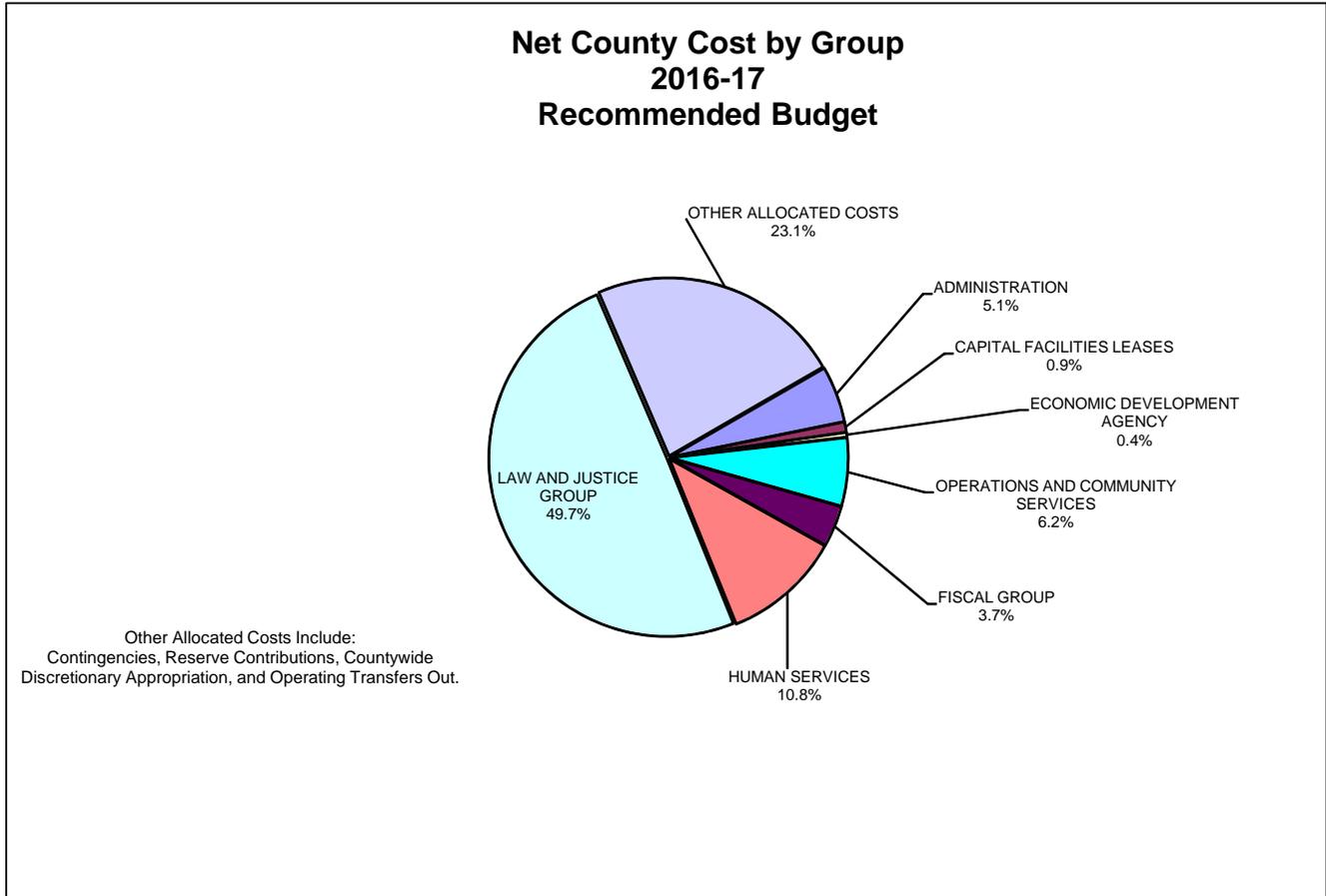
The County has set aside specific reserves and the recommended budget anticipates drawing down the reserves for use on projects. The \$50.1 million use of General fund reserves is primarily to fund capital projects, Transportation projects, and other one-time needs in 2016-17.

Operating Transfers In

Operating Transfers In includes \$17.0 million of ongoing tobacco settlement funds which primarily fund a portion of the annual debt service on the Arrowhead Regional Medical Center and ongoing funding for Public Health. One-time Operating Transfers In include \$3.5 million of estimated one-time sales tax revenue discussed in the section titled 'Sales and Use Tax'.



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 2015-16 modified Net County Cost and 2016-17 recommended Net County Cost by department. This schedule also includes requirements and sources, 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 departments' requirements and sources.



Department Title	2015-16 Modified Budget:			2016-17 Recommended Budget:		
	Requirements	Sources	Net County Cost	Requirements	Sources	Net County Cost
BOARD OF SUPERVISORS (ALL DISTRICTS)	7,682,582	-	7,682,582	7,663,486	-	7,663,486
CLERK OF THE BOARD	2,109,445	236,172	1,873,273	2,099,466	219,235	1,880,231
COUNTY ADMINISTRATIVE OFFICE	5,060,819	-	5,060,819	5,076,909	-	5,076,909
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	393,868	-	393,868	395,761	-	395,761
COUNTY COUNSEL	8,648,122	5,467,467	3,180,655	9,654,658	6,275,947	3,378,711
FINANCE AND ADMINISTRATION	3,100,901	-	3,100,901	3,065,263	-	3,065,263
HUMAN RESOURCES	7,307,622	774,563	6,533,059	7,353,290	846,622	6,506,668
HUMAN RESOURCES - UNEMPLOYMENT INSURANCE	2,228,127	2,228,127	-	4,000,500	-	4,000,500
HUMAN RESOURCES - EMPLOYEE HEALTH AND WELLNESS	4,000,500	-	4,000,500	2,200,957	2,200,957	-
INFORMATION SERVICES - APPLICATION DEVELOPMENT	2,392,072	216,872	2,175,200	2,412,145	212,922	2,199,223
PURCHASING	2,527,502	773,451	1,754,051	2,536,046	820,330	1,715,716
LOCAL AGENCY FORMATION COMMISSION	294,039	-	294,039	308,741	-	308,741
COUNTY SCHOOLS	3,139,352	-	3,139,352	3,195,672	-	3,195,672
ADMINISTRATION SUBTOTAL:	48,884,951	9,696,652	39,188,299	49,962,894	10,576,013	39,386,881
CAPITAL FACILITIES LEASES	12,940,810	5,700,000	7,240,810	7,240,810	-	7,240,810
CAPITAL FACILITIES LEASES SUBTOTAL:	12,940,810	5,700,000	7,240,810	7,240,810	-	7,240,810
ECONOMIC DEVELOPMENT	3,848,263	233,000	3,615,263	3,535,436	220,000	3,315,436
ECONOMIC DEVELOPMENT AGENCY SUBTOTAL:	3,848,263	233,000	3,615,263	3,535,436	220,000	3,315,436
ASSESSOR/RECORDER/COUNTY CLERK	23,690,556	7,021,748	16,668,808	23,673,605	7,025,000	16,648,605
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	39,533,685	27,718,097	11,815,588	39,250,013	27,160,388	12,089,625
FISCAL SUBTOTAL:	63,224,241	34,739,845	28,484,396	62,923,618	34,185,388	28,738,230
HEALTH ADMINISTRATION	120,279,015	105,279,015	15,000,000	120,371,376	105,371,376	15,000,000
BEHAVIORAL HEALTH	185,423,229	183,431,018	1,992,211	223,299,970	221,307,759	1,992,211
PUBLIC HEALTH	83,701,158	79,284,996	4,416,162	83,013,050	78,534,422	4,478,628
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	21,778,580	17,092,434	4,686,146	21,050,021	16,746,219	4,303,802
PUBLIC HEALTH - INDIGENT AMBULANCE	472,501	-	472,501	472,501	-	472,501
AGING AND ADULT SERVICES	9,989,182	9,989,182	-	9,450,173	9,450,173	-
AGING AND ADULT SERVICES - PUBLIC GUARDIAN-CONSERVATOR	1,180,093	280,513	899,580	1,309,616	422,000	887,616
CHILD SUPPORT SERVICES	40,069,787	40,069,787	-	39,889,701	39,889,701	-
HUMAN SERVICES - ADMINISTRATIVE CLAIM	551,243,051	534,303,265	16,939,786	563,994,911	542,997,213	20,997,698
DOMESTIC VIOLENCE/CHILD ABUSE SERVICES	531,812	531,812	-	531,812	531,812	-
ENTITLEMENT PAYMENTS (CHILDCARE)	26,477,701	26,477,701	-	25,528,380	25,528,380	-
OUT-OF-HOME CHILD CARE	1,010,566	-	1,010,566	1,110,566	-	1,110,566
AID TO ADOPTIVE CHILDREN	64,112,155	62,062,635	2,049,520	68,000,000	65,700,480	2,299,520
AFDC - FOSTER CARE	137,044,207	118,470,799	18,573,408	148,623,654	127,726,708	20,896,946
REFUGEE CASH ASSISTANCE	125,000	125,000	-	125,000	125,000	-
CASH ASSISTANCE FOR IMMIGRANTS	2,521,954	2,521,954	-	2,521,954	2,521,954	-
CALWORKS - ALL OTHER FAMILIES	258,658,750	253,267,251	5,391,499	244,312,640	239,287,028	5,025,612
KINSHIP GUARDIANSHIP ASSISTANCE PROGRAM	10,809,739	9,684,054	1,125,685	12,305,750	10,804,158	1,501,592
SERIOUSLY EMOTIONALLY DISTURBED	-	-	-	-	-	-
CALWORKS - 2 PARENT FAMILIES	45,949,621	44,905,012	1,044,609	43,850,925	42,850,555	1,000,370
AID TO INDIGENTS (GENERAL RELIEF)	1,571,708	248,000	1,323,708	1,556,873	306,863	1,250,010
VETERANS AFFAIRS	2,457,463	926,677	1,530,786	2,230,326	660,000	1,570,326
HUMAN SERVICES SUBTOTAL:	1,565,407,272	1,488,951,105	76,456,167	1,613,549,199	1,530,761,801	82,787,398
COUNTY TRIAL COURTS - DRUG COURT PROGRAMS	-	-	-	-	-	-
COUNTY TRIAL COURTS - GRAND JURY	453,461	-	453,461	442,952	-	442,952
COUNTY TRIAL COURTS - INDIGENT DEFENSE PROGRAM	10,369,383	32,000	10,337,383	10,043,258	32,000	10,011,258
COUNTY TRIAL COURTS - COURT FACILITIES/JUDICIAL BENEFITS	1,211,897	-	1,211,897	1,014,763	-	1,014,763
COUNTY TRIAL COURTS - COURT FACILITIES PAYMENTS	2,676,349	-	2,676,349	2,676,349	-	2,676,349
COUNTY TRIAL COURTS - FUNDING OF MAINTENANCE OF EFFORT	25,509,881	14,182,000	11,327,881	23,554,081	10,726,316	12,827,765
DISTRICT ATTORNEY - CRIMINAL PROSECUTION	72,063,785	37,441,867	34,621,918	72,918,145	39,413,128	33,505,017
LAW & JUSTICE GROUP ADMINISTRATION	92,839	92,839	-	5,000	5,000	-
PROBATION - ADMINISTRATION, CORRECTIONS AND DETENTION	153,131,369	77,357,342	75,774,027	153,136,633	77,155,942	75,980,691
PROBATION - JUVENILE JUSTICE GRANT PROGRAM	-	-	-	-	-	-
PUBLIC DEFENDER	38,428,256	4,219,996	34,208,260	38,520,660	4,387,086	34,133,574
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	234,330,505	162,052,519	72,277,986	240,730,402	165,383,333	75,347,069
SHERIFF - DETENTIONS	200,460,005	67,538,836	132,921,169	206,354,117	71,216,247	135,137,870
SHERIFF - CONTRACTS	135,751,710	135,751,710	-	137,587,182	137,587,182	-
LAW AND JUSTICE SUBTOTAL:	874,479,440	498,669,109	375,810,331	886,983,542	505,906,234	381,077,308
AGRICULTURE/WEIGHTS AND MEASURES	6,945,681	5,542,860	1,402,821	7,222,637	5,809,655	1,412,982
AIRPORTS	3,018,485	3,018,485	-	3,445,895	3,445,895	-
ARCHITECTURE AND ENGINEERING	-	-	-	-	-	-
COMMUNITY SERVICES GROUP - ADMIN	270,000	-	270,000	274,090	-	274,090
COUNTY MUSEUM	3,908,537	432,900	3,475,637	3,848,945	395,700	3,453,245
LAND USE SERVICES - ADMINISTRATION	1,592,320	-	1,592,320	1,286,340	-	1,286,340
LAND USE SERVICES - PLANNING	9,675,962	3,995,034	5,680,928	7,325,595	2,595,000	4,730,595
LAND USE SERVICES - LAND DEVELOPMENT	1,016,493	384,810	631,683	928,324	281,112	647,212
LAND USE SERVICES - BUILDING AND SAFETY	5,022,848	4,458,719	564,129	5,349,734	4,792,424	557,310
LAND USE SERVICES - CODE ENFORCEMENT	6,576,917	795,490	5,781,427	5,822,393	694,588	5,127,805
LAND USE SERVICES - FIRE HAZARD ABATEMENT	2,539,311	2,255,165	284,146	2,589,266	2,291,073	298,193
PUBLIC WORKS-SURVEYOR	3,243,549	2,502,675	740,874	3,281,366	2,546,047	735,319
REAL ESTATE SERVICES (RES)	1,237,791	1,237,791	-	1,315,417	1,315,417	-
RES - FACILITIES MANAGEMENT	16,185,043	15,977,043	208,000	17,273,477	17,065,477	208,000
RES - UTILITIES	20,894,541	347,495	20,547,046	19,585,889	253,268	19,332,621
RES - RENTS AND LEASES	943,284	943,284	-	1,130,994	1,130,994	-
RES - COURTS PROPERTY MANAGEMENT	2,064,941	2,064,941	-	1,873,885	1,873,885	-
REGIONAL PARKS	10,675,534	8,571,356	2,104,178	9,891,178	7,612,000	2,279,178
REGISTRAR OF VOTERS	9,217,245	2,252,723	6,964,522	9,571,324	2,365,573	7,205,751
OPERATIONS AND COMMUNITY SERVICES SUBTOTAL:	105,028,482	54,780,771	50,247,711	102,016,749	54,468,108	47,548,641
GENERAL FUND DEPARTMENT SUBTOTAL:	2,673,813,459	2,092,770,482	581,042,977	2,726,212,248	2,136,117,544	590,094,704
CONTINGENCIES	16,665,070	-	16,665,070	10,170,981	-	10,170,981
RESERVE CONTRIBUTIONS	168,898,179	-	168,898,179	62,787,241	-	62,787,241
BOARD DISCRETIONARY FUND	2,511,716	-	2,511,716	1,555,087	-	1,555,087
NON DEPARTMENTAL APPROPRIATION	7,500,000	7,500,000	-	7,500,000	7,500,000	-
OPERATING TRANSFERS OUT	114,948,909	-	114,948,909	102,880,766	-	102,880,766
TOTAL COUNTYWIDE ALLOCATED COSTS:	310,523,874	7,500,000	303,023,874	184,894,075	7,500,000	177,394,075
GRAND TOTAL:	2,984,337,333	2,100,270,482	884,066,851	2,911,106,323	2,143,617,544	767,488,779

NOTE: Total countywide allocated costs on this schedule includes appropriation for the Non Departmental budget unit. This appropriation is offset in the countywide discretionary revenue schedule on the net interest earnings line.



REQUIREMENTS

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 Pays for Net County Cost' found earlier in this section of the budget book.

	2015-16 Adopted Budget	2015-16 Modified Budget	2015-16 Estimate	2016-17 Adopted Budget
Services & Supplies	1,000,000	1,000,000	1,226,862	1,000,000
Other Charges	6,500,000	6,500,000	1,624,621	6,500,000
Total Expenditure Authority	7,500,000	7,500,000	2,851,483	7,500,000

Non-departmental expenditure authority pays for Countywide expenditures not allocable to a specific department, interest expense on the County's annual Tax and Revenue Anticipation Notes, and unanticipated costs such as settlements. The amount budgeted has not decreased to reflect actual cost experience. This is to ensure that payments can be made when needed without having to request additional spending authority. Settlement payments can have required payment dates without sufficient lead time to obtain approval for budget adjustments. 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

	2015-16 Adopted Budget	2015-16 Final Budget	2015-16 Estimate	2016-17 Recommended Budget
One-Time				
Capital Improvement Fund				
401 Arrowhead Building HVAC	400,000	400,000	400,000	-
Apple Valley Library Structural Beam Repair Project	2,500,000	2,500,000	2,500,000	460,000
ARMC Jail Ward	-	-	-	2,500,000
Board of Supervisors Chamber Remodel	-	1,200,000	1,200,000	-
Civil Liabilities Remodel	180,000	180,000	180,000	-
County Building Acquisition and Retrofit Project	11,200,000	11,200,000	11,200,000	8,000,000
County Government Center Café Remodel	-	-	-	250,000
County Fire Consolidation Headquarters	-	13,500,000	5,000,000	-
County Museum Camera System	-	-	-	50,000
Demolition of Old Central Juvenile Hall Building	1,500,000	1,830,000	1,830,000	500,000
Environmental Health Services Remodels	-	3,200,000	3,200,000	-
Glen Helen Rehabilitation Center Remodels	406,600	406,600	406,600	6,000,000
High Desert Detention Center Generator	1,000,000	1,000,000	1,000,000	-
High Desert Detention Center Housing Unit 2 HVAC	1,700,000	1,700,000	1,700,000	-
Lake Gregory Dam	-	2,090,000	2,090,000	-
Minor CIP Program	-	725,000	725,000	-
Regional Parks Improvements	-	-	-	1,778,226
Searles Valley Historical Society Building Demolition	-	-	-	105,000
Security Assessments and Improvements	-	-	-	2,000,000
Sheriffs Aviation Relocation	-	250,000	250,000	-
Sheriffs Morongo Jail Camera and Intercom System	-	-	-	400,000
Sheriffs Consolidation Remodel	-	-	-	4,500,000
Sheriffs Training Center Lead Mitigation Phase II	2,470,000	2,470,000	2,470,000	-
Sheriffs Training Center Range Restrooms	-	-	-	75,500
Update Valley Public Safety Operations Center (PSOC) Needs Assessment	200,000	200,000	200,000	-
Yucca Valley - Station 41 Room Addition	560,928	560,928	560,928	-
West Valley Detention Center Rec Yard Enclosure	-	-	-	1,200,000
800 MHz Project	8,500,000	8,500,000	8,500,000	-
Community Development and Housing - RDA Dissolution	150,000	150,000	150,000	-
County Fire Memorandum of Understanding Incentive Pay	-	795,083	795,083	-
County Fire Pilot's Weekend	-	132,000	132,000	-
County Fire Reserve Reduction	(12,820,000)	(12,820,000)	(12,820,000)	-
Flood Control District - Rimforest Drainage Project	874,098	874,098	874,098	650,000
Litigation	-	964,650	964,650	-
Public Works - Transportation Projects	6,432,500	9,841,855	9,841,855	4,093,500
Spring Valley Parkway Project	-	25,000	25,000	-
Special Districts CSA 120 North Etiwanda Preserve Parking Lot	-	-	-	250,000
Special Districts CSA 120 North Etiwanda Preserve Vegetation/Wildlife Study	-	-	-	250,000
Ongoing				
Aging and Adult Services	1,057,620	1,057,620	1,057,620	1,057,620
Capital Improvement Fund - Annual Allocation	12,000,000	12,000,000	12,000,000	12,000,000
800 MHz Project	17,881,452	17,881,452	17,881,452	17,881,452
General Fund Subsidy to County Fire Protection District				
Operations	461,429	461,429	461,429	5,825,679
Office of Emergency Services	1,901,228	1,901,228	1,901,228	1,901,228
North Desert Zone	7,976,378	7,976,378	7,899,697	8,113,922
South Desert Zone	3,455,077	3,455,077	3,455,077	4,077,591
Valley Zone	2,349,499	2,349,499	2,349,499	-
Mountain Zone	-	-	-	1,338,583
Equipment Purchases	3,774,879	3,774,879	3,774,879	-
Emergency Fuel	162,848	162,848	162,848	-
Court Settlement POB Payment	300,000	709,000	709,000	878,180
County Successor Agency to fund Sales Tax Sharing Agreement	250,000	250,000	185,973	250,000
Flood Control District Stormwater Permit	1,300,000	1,300,000	1,300,000	1,300,000
Public Works	8,794,285	8,794,285	8,794,285	14,194,285
Special Districts - Water/Wastewater System for Regional Parks	1,000,000	1,000,000	1,000,000	1,000,000
Total Operating Transfers Out	87,918,821	114,948,909	106,308,201	102,880,766



CONTINGENCIES

The County Contingencies include 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 or contributed to reserves is budgeted in the contingencies for uncertainties.

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. There are no ongoing set-aside contingencies.

	2015-16 Adopted Budget	2015-16 Approved Contributions/ (Uses)	2016-17 Adopted Contributions / (Uses)	2016-17 Adopted Budget
Contingencies				
Mandatory Contingencies (1.5% of Locally Funded Appropriation)	9,502,656		486,325	9,988,981
Uncertainties Contingencies	90,072,241	(82,909,827)	(6,980,414)	182,000
Total Contingencies	99,574,897	(82,909,827)	(6,494,089)	10,170,981

2015-16 Changes to Uncertainties Contingencies

In 2015-16, there was a net use of \$82,909,827. The major adjustments are as follows:

- A use of \$4,000,000 for various Sheriff/Coroner/Public Administrator Capital Improvement Program projects.
- A use of \$1,200,000 for a remodel of the Board of Supervisors meeting chambers.
- A use of \$350,000 for various County Museum exhibits.
- A use of \$500,000 for Code Enforcement to fund the costs of cleanup of illegal dumping sites.
- A use of \$248,300 for Community Development and Housing to support temporary and permanent housing solutions for homeless veterans.
- A net use of \$4,200,000 resulting from the use of \$22.5 million to fund the Capital Projects Reserve for the ARMC Jail Ward offset by a contribution from Tobacco Master Settlement available fund balance of \$18.3 million.



- A use of \$71,355,682 to fund increases to or establish the following reserves:
 - Asset Replacement in the amount of \$16,817,302
 - County Buildings and Acquisition Retrofit Project in the amount of \$40.0 million
 - Cash Flow Deficit in the amount of \$9.1 million
 - Chino Airport Development Plan in the amount of \$250,000
 - Labor in the amount of \$4.9 million
 - Land Use Services General Plan/Development Code Amendments in the amount of \$288,380

2016-17 Mandatory Contingencies

The base allocation to the mandatory contingencies is \$9,988,981, the amount required pursuant to Board policy, based on projected locally funded appropriation of \$665.9 million.

2016-17 Uncertainties Contingencies

All available General Fund sources not appropriated in the Recommended Budget or contributed to General Fund Reserves are reflected in the recommended Uncertain Contingencies of \$182,000 above.

RESERVES

The County has a number of reserves that have been established over the years. The majority is 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 target to be 20% of locally funded appropriation. The Board of Supervisors also established specific purpose reserves to set aside funds to meet future needs.

2016-17 Recommended Contributions and Uses

The Fund Balance and Reserve Policy calls for a General Purpose Reserve targeted at 20% of locally funded appropriation, up from the previous target of 10%. The 2016-17 recommended contribution to the General Purpose Reserve brings the balance in the General Purpose Reserve to 14.6% of locally funded appropriation. The Fund Balance and Reserve Policy calls for continued annual contributions of one-time sources to the reserve until the 20% target is achieved. The 2016-17 contributions to Specific Purpose reserves include amounts set-aside to fund Capital Improvement Projects, Transportation Projects, the Earned Leave Reserve contribution, and many other important projects and future potential costs as show in the following tables.



Total Reserves

	6/30/15	Approved 2015-16		6/30/16	Recommended 2016-17		6/30/17
	Ending Balance	Contributions	Uses	Ending Balance	Contributions	Uses	Estimated Balance
General Purpose Reserve	82,440,902	6,335,500		88,776,402	8,347,763		97,124,165
Specific Purpose Reserves							
Asset Replacement	1,899,098	23,344,713		25,243,811	15,644,202		40,888,013
CalFresh Waiver Discontinuance	5,000,000		(1,275,000)	3,725,000		(2,538,401)	1,186,599
Capital Projects							
Animal Shelter	10,000,000			10,000,000			10,000,000
ARMC Jail Ward	-	22,500,000		22,500,000		(2,500,000)	20,000,000
County Buildings and Acquisition Retrofit Project	4,000,000	40,000,000		44,000,000		(8,000,000)	36,000,000
Lake Gregory Dam	5,000,000	3,803,000	(2,090,000)	6,713,000	4,500,000		11,213,000
Public Defender - Victorville/Rancho Court Remodel	430,000			430,000			430,000
Rancho Court Remodel - District Attorney	270,000		(270,000)	-			-
Rim Forest Drainage	5,900,000		(874,098)	5,025,902		(650,000)	4,375,902
Unspecified	-	6,700,000		6,700,000			6,700,000
Cash Flow Deficit	-	9,100,000		9,100,000		(9,100,000)	-
Chino Airport Development Plan Reserve	-	250,000		250,000			250,000
Computer Systems:							
Assessor-Recorder-Clerk's Enterprise System	-			-	1,000,000		1,000,000
EMACS Upgrade	-			-	8,000,000		8,000,000
New Property Tax System	20,000,000	5,000,000		25,000,000			25,000,000
New Financial Accounting System	13,000,000			13,000,000			13,000,000
Permit Systems Upgrade	2,389,538		(1,002,695)	1,386,843	1,100,000	(696,715)	1,790,128
County Fire Consolidated Headquarters	-	13,500,000	(13,500,000)	-			-
County Fire - Fire Training Center	-	820,000		820,000			820,000
Earned Leave	13,658,038	7,945,799	(2,146,166)	19,457,671	7,945,799		27,403,470
Give BIG San Bernardino County	-	200,000		200,000		(100,000)	100,000
Insurance	3,000,000			3,000,000			3,000,000
Jail Upgrades							
Adelanto Detention Center	9,969,361			9,969,361			9,969,361
Glen Helen Rehabilitation Center 512 Bed Step Housing Program	22,500,000			22,500,000		(22,425,500)	74,500
West Valley Detention Center ADA Improvements	7,000,000			7,000,000			7,000,000
Labor	4,681,832	7,400,000		12,081,832	10,999,477		23,081,309
Land Use Services General Plan/Development Code Amendments	1,553,408	1,807,368	(1,305,046)	2,055,730			2,055,730
Litigation Expenses	-	3,000,000		3,000,000			3,000,000
Litigation	-	1,350,000	(964,650)	385,350			385,350
Medical Center Debt Service	32,074,905			32,074,905			32,074,905
Ontario Airport Reserve	-			-	250,000		250,000
Redevelopment Agency Overpayment	3,800,000			3,800,000			3,800,000
Restitution	1,545,025			1,545,025			1,545,025
Retirement	8,500,000			8,500,000			8,500,000
Transportation Projects							
Cedar Avenue Interchange	-	8,175,000		8,175,000		(80,000)	8,095,000
Glen Helen Grade Separation	-			-			-
Glen Helen Parkway Bridge Replacement/Widening Construction	1,844,651	1,420,799	(1,226,455)	2,038,995			2,038,995
Green Tree Boulevard Connection	-	841,000		841,000		(841,000)	-
National Trails Highway	5,000,000	5,000,000	(2,100,000)	7,900,000	5,000,000	(3,172,500)	9,727,500
Rock Springs Bridge Replacement /Widening Construction	2,107,000		(70,000)	2,037,000			2,037,000
Stanfield Cutoff Road Repair and Bridge Replacement	-	405,000		405,000			405,000
Total Specific Purpose	185,122,856			320,861,425			325,196,787
Total Reserves	267,563,758			409,637,827			422,320,952



	2011-12	2012-13	2013-14	2014-15	Estimated 2015-16	Recommended 2016-17
General Purpose	\$ 65.2	\$ 70.8	\$ 82.4	\$ 82.4	\$ 88.8	\$ 97.1
Specific Purpose						
Asset Replacement	-	-	-	1.9	25.2	40.9
Cal Fresh Waiver Discontinuance	-	-	5.0	5.0	3.7	1.2
Capital Projects:	-	-	-	-	-	-
Animal Shelter	-	-	10.0	10.0	10.0	10.0
ARMC Jail Ward Reserve	-	-	-	-	22.5	20.0
303 Building Upgrades	-	-	4.0	-	-	-
County Buildings and Acquisition Retrofit Project	-	-	4.0	4.0	44.0	36.0
Lake Gregory Dam	-	-	-	5.0	6.7	11.2
Public Defender - Victorville and Rancho Court Remodel	-	-	-	0.4	0.4	0.4
Rancho Court Remodel - District Attorney	-	-	-	0.3	-	-
Rim Forest Drainage	-	-	5.9	5.9	5.0	4.4
Unspecified	-	-	-	-	6.7	6.7
Cash Flow Deficit	-	-	-	-	9.1	-
Chino Airport Development Plan Reserve	-	-	-	-	0.3	0.3
Computer Systems						
Assessor-Recorder-Clerk's Enterprise System	-	-	-	-	-	1.0
EMACS Upgrade	-	-	-	-	-	8.0
New Property Tax System	9.0	20.0	20.0	20.0	25.0	25.0
New Financial Accounting System	-	-	13.0	13.0	13.0	13.0
Permit Systems Upgrade	-	-	2.0	2.4	1.4	1.8
County Fire - Fire Training Center	-	-	-	-	0.8	0.8
County Fire - High Desert Fire Station	4.0	-	-	-	-	-
Earned Leave	3.6	3.6	10.6	13.7	19.5	27.4
Future Space Needs	22.9	22.9	-	-	-	-
Give BIG San Bernardino County	-	-	-	-	0.2	0.1
Insurance	3.0	3.0	3.0	3.0	3.0	3.0
Jail Upgrades:						
Adelanto Center	-	-	10.0	10.0	10.0	10.0
Glen Helen Rehabilitation Center 512 Bed Step Housing Program	-	-	22.5	22.5	22.5	0.1
West Valley Detention Center ADA Improvements	-	-	7.0	7.0	7.0	7.0
Labor	-	-	-	4.7	12.1	23.1
Land Use Services General Plan/Development Code Amendments	-	-	5.4	1.6	2.1	2.1
Litigation Expenses	-	-	-	-	3.0	3.0
Litigation	-	-	-	-	0.4	0.4
Medical Center Debt Service	32.1	32.1	32.1	32.1	32.1	32.1
Ontario Airport Reserve	-	-	-	-	-	0.3
Property Tax Admin Fee Litigation	14.2	-	-	-	-	-
Redevelopment Agency Overpayment	-	-	3.8	3.8	3.8	3.8
Restitution	1.5	1.5	1.5	1.5	1.5	1.5
Retirement	8.5	8.5	8.5	8.5	8.5	8.5
Transportation Projects	-	-	-	-	-	-
Cedar Avenue Interchange	-	-	-	-	8.2	8.1
Glen Helen Grade Separation	-	-	5.3	-	-	-
Glen Helen Parkway Bridge Replacement/Widening Construction	-	-	-	1.8	2.0	2.0
Green Tree Boulevard Connection	-	-	-	-	0.8	-
National Trails Highway	-	-	-	5.0	7.9	9.7
Rock Springs Bridge Replacment/Widening Construction	-	-	-	2.1	2.0	2.0
Stanfield Cutoff Road Repair and Bridge Replacement	-	-	-	-	0.4	0.4
Workers Compensation Rebate	-	-	16.7	-	-	-
Total Specific Purpose	98.8	91.6	190.4	185.1	320.9	325.2
Total Reserves ⁽¹⁾	\$164.0	\$162.4	\$272.8	\$267.6	\$409.6	\$422.3

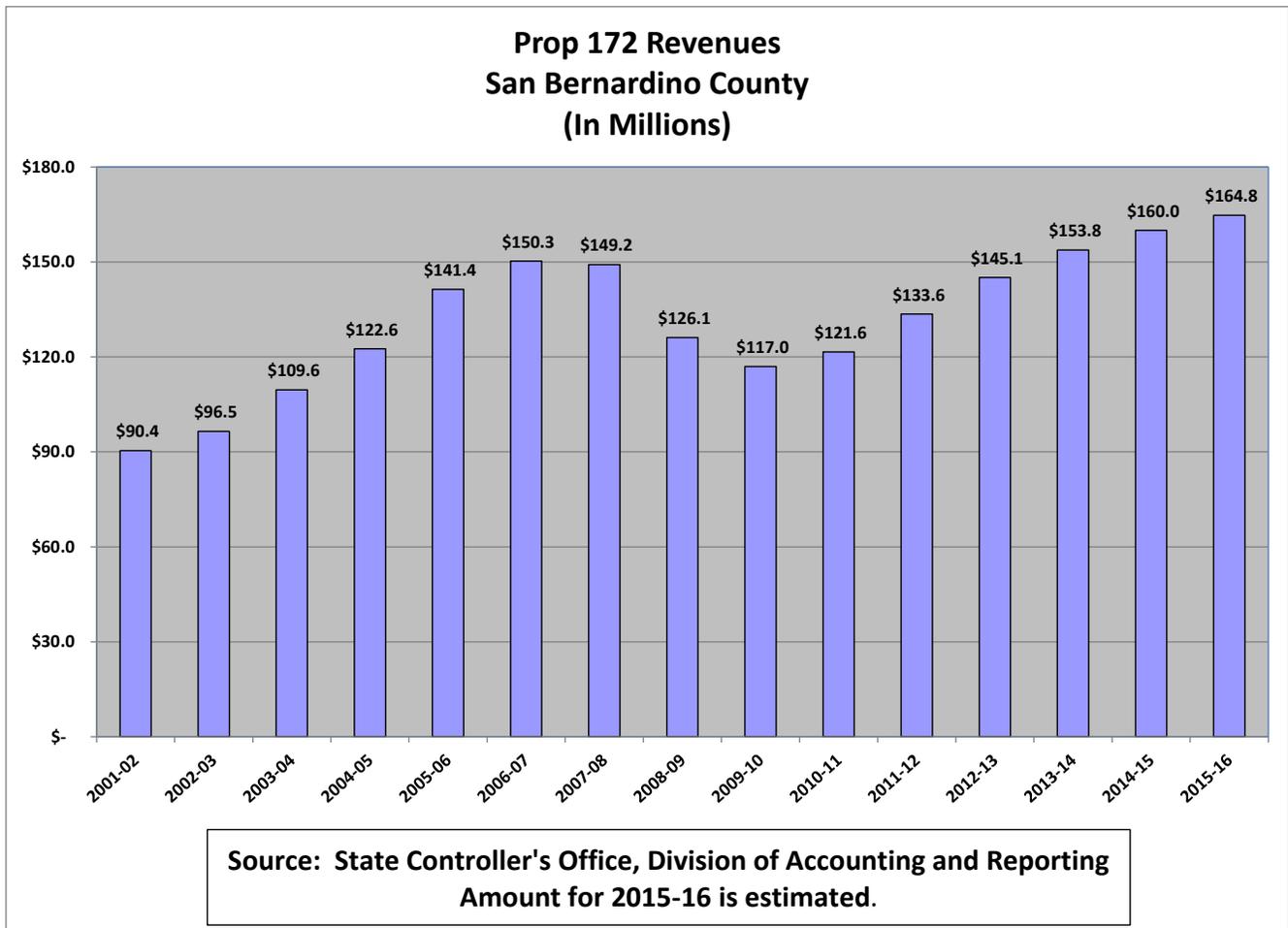
(1) Totals may not be exact due to rounding



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 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 estimated beginning and ending fund balances of the Prop 172 restricted general fund, budgeted revenue and departmental usage for 2016-17, the required 10% contingency target, and the amount above that target.

	Estimated Beginning Fund Balance	2016-17 Budgeted Revenue	2016-17 Budgeted Usage	Estimated Ending Fund Balance	10% Contingency	Amount Above Required Contingency
Sheriff/Coroner	18,722,170	118,461,000	(118,370,000)	18,813,170	11,846,100	6,967,070
District Attorney	5,302,498	29,618,500	(29,592,500)	5,328,498	2,961,850	2,366,648
Probation	2,636,175	21,150,500	(21,137,500)	2,649,175	2,115,050	534,125
Total	26,660,843	169,230,000	(169,100,000)	26,790,843	16,923,000	9,867,843



REALIGNMENT FUNDS

Beginning in 1991, the State of California (State) shifted the fiscal and programmatic responsibility of several health and social services programs from the State to counties. In 2011 the State shifted more social services and mental health programs to the counties along with law enforcement services. Separate budget units were established to account for the realigned program funding for the following service areas:

1991 Realignment
Mental Health
Social Services
Health

2011 Realignment
Law Enforcement Services
Support Services

Other Realignment
CalWORKs MOE
Family Support

These Realignment budget units receive funds through a portion of sales tax and vehicle license fees. The budget units do not directly spend funds or provide services, but rather transfer funds to the operating budget units of the departments that incur the actual expenditures related to the realigned programs. The breakdown of the revenue received and departmental usage for each of the individual Realignment budget units is included in this section.

With the realignment of many state services, counties have become increasingly dependent on sales tax and vehicle license fee revenue for these realigned programs. This puts the County at the mercy of the business cycle, as funding will rise and fall in direct correlation to the State's economy. When the economy is doing well, the demand for public services goes down, but when the economy begins to retract, the demand for those services rises while revenues decrease, making the County more vulnerable to market fluctuations. Therefore the County maintains reserves in the 1991 Realignment funds and will establish reserves for certain 2011 Realignment funds to address sales tax volatility.

1991 Realignment

In 1991, the State shifted responsibility for a number of mental health, social services, and health programs to counties. This shift, known as 1991 Realignment, resulted in the creation of two dedicated funding streams to pay for the shifted services: a one-half 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 1991 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 1991 Realignment revenue.

The County is now responsible for the following mental health programs: community-based mental health programs, State Hospital services for County patients, and Institutions for Mental Disease. The County is now responsible for the following social services programs: the County revenue stabilization program and the County justice subvention program. The County is now responsible for the following health programs: 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 1991 Realignment, Foster Care non-federal reimbursable costs were funded by 95% State resources and 5% County resources. As a realigned program, Foster Care is funded with 40% State resources and 60% County resources, significantly impacting County resources.

The 1991 Realignment legislation allows for some flexibility in usage of funds at the County level. Upon approval 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 this provision in the past to help support either the health or social services programs; however, the County has not made a 10% transfer in several years and is not budgeting one for this fiscal year.



The 1991 Realignment program has some flaws in its design that adversely impact San Bernardino County 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. 1991 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.

2011 Realignment

The State addressed prison overcrowding by shifting custodial responsibility of non-violent, non-sex, and non-sex-against-children (‘Triple-Nons’) offenders to local jails in 2011, through Public Safety Realignment (AB 109). In addition, the parole function of the State was delegated to county Probation departments; parole revocation hearings were shifted to the local jurisdictions and cases were assigned to the District Attorney and Public Defender. The State also realigned Juvenile Reentry and Trial Court Security by placing 100% of the financial burden of those programs on the County. The justification for the ‘Public Safety Realignment’ is that it gives the County flexibility to better provide mental health and social services to the recently incarcerated in the hopes of reducing recidivism and having the net effect of lowering both jail and prison population.

In conjunction with AB 109, the State also shifted full financial burden of many social service and mental health programs to the County, including: Adult Protective Services, Foster Care, Child Welfare Services, Child Abuse Prevention and Intervention, Drug Court, and Medi-Cal substance abuse treatment programs. The County was responsible for delivery of these programs before realignment, but with the shift, the State no longer participates in the share of cost. While the State no longer shares in the cost, it has dedicated a portion of the State sales tax (1.0625%) revenue, along with a portion of vehicle license fees for these realigned programs. The County continues to receive federal funding in all of these programs at different levels depending on the program.

In November 2012, the California voters passed Proposition 30 which increased both Sales and Income Tax. The measure also dedicated a funding stream for 2011 Realignment in the State Constitution. That process has mitigated the revenue stream doubts that existed with the onset of 2011 Realignment, but funding will now be directly dependent on the health of the economy.

The two service areas of 2011 Realignment, Law Enforcement Services and Support Services, have each been assigned their own budget unit. The Law Enforcement Services budget unit has four subaccounts: Trial Court Security (administered by the Sheriff/Coroner/Public Administrator’s department); District Attorney/Public Defender (which share the funds equally); Juvenile Justice (administered by Probation); and Community Corrections. The Community Corrections subaccount is administered by the Local Community Corrections Partnership which consists of a membership defined by Penal Code Section 1230 (including the Chief Probation Officer, the Sheriff/Coroner/Public Administrator, the District Attorney, the Public Defender, and Social Services Executives). As established by State law, the County’s Local Community Corrections Partnership (CCP) has authority over the allocation of revenue from the Community Corrections subaccount. Historically, additional subaccount revenue has been used to cover the cost of new Public Safety Realignment programs. The CCP has also allocated additional estimated revenue from the subaccount to fund existing Public Safety Realignment program inflationary costs (e.g., retirement increases, negotiated employee cost increases).

The Support Services budget unit has two subaccounts: Behavioral Health and Protective Services. The Department of Behavioral Health allocates the subaccount funding to Specialty Mental Health, Drug Court, and the Drug Medi-Cal substance use disorder treatment programs while Human Services allocates the Protective Services subaccount to the appropriate social service programs. The 2011 Realignment legislation allows counties to allocate up to 10% between the Behavioral Health and Protective Services subaccounts. The 10% is based on the amount deposited in the previous year in the subaccount with the lowest balance. The County is not budgeting a transfer between subaccounts in this fiscal year. In the event that such transfer is needed, Board



of Supervisors approval is required. The Board of Supervisors also has the discretion to establish a Support Services Reserve Subaccount by up to five-percent (5%) from each subaccount's previous year's deposits.

Other Realignment

The State redirected funding from 1991 Realignment for Mental Health Services to the CalWORKs MOE portion related to 2011 Realignment. Sales tax and vehicle license fee revenue that previously was directed to the fund for Mental Health matching funds is now going to the CalWORKs MOE fund. The CalWORKs MOE budget unit provides funding to pay benefits to CalWORKs clients. The Mental Health funding now comes in the form of a defined monthly amount taken off the top of 2011 Realignment revenues. California Government Code establishes a statewide amount of \$1.121 billion per year directed to the Mental Health Fund with future growth in the CalWORKs MOE fund to be directed to Mental Health as well.

Assembly Bill 85 (AB85) was signed into law on June 27, 2013, in order to provide a mechanism for the State of California to redirect a portion of 1991 Realignment for Health Services to fund social service programs. This shift is due to the idea that less health realignment is necessary as a result of the implementation of the Affordable Care Act. Per California Welfare and Institutions Code 176500.10(a)(5) and AB85 legislation the establishment of a new Family Support subaccount was required at the local level. This funding replaces State General Fund to fund the non-federal share of CalWORKs benefits.

Budgetary Note: The methodology used to present budget information in the Realignment budget sections was changed as of the 2014-15 Adopted Budget Book. Growth and ongoing revenues are now reflected in the period the revenue is received and is consistent with other County budget reporting. A line has been added for each budget unit to reflect prior year growth revenue received so it is shown separately from regular revenues received in the budget unit. Previously, financial information presented in the Realignment budget sections was consistent with State reporting requirements for the 1991 Realignment funds. The State's reporting requirements are not consistent with the County's implementation of GASB 34, as it relates to revenue accrual. This is a revenue timing issue only as a result of delays by the State in distributing sales tax growth revenue.

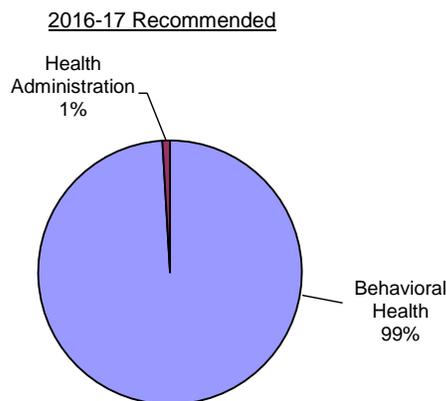


MENTAL HEALTH				
	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Beginning Fund Balance	47,364,635	55,890,919	55,890,919	66,215,374
Revenue	56,903,563	56,280,019	56,280,019	56,280,019
Prior Year Growth Revenue	1,057,687	-	2,969,137	-
Departmental Usage	49,434,965	59,382,343	48,924,701	57,371,142
10% Transfers	-	-	-	-
Ending Fund Balance	55,890,919	52,788,595	66,215,374	65,124,251
Change in Fund Balance	8,526,286	(3,102,324)	10,324,455	(1,091,123)

Revenues are projected to exceed departmental usage in 2015-16 primarily due to a decrease in the number of clients requiring services without benefit of Medi-Cal or other coverage as a result of the implementation of the Affordable Care Act. This will result in an increase in fund balance of \$10.3 million. Fund balance is budgeted to decrease by \$1.1 million in 2016-17 due to additional departmental usage for the expansion of clinic facilities and services to meet client needs.

Prior year growth revenue of \$3.0 million was received in 2015-16, which is available to fund one-time needs. Although 2015-16 growth revenue is also expected to be received in 2016-17, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Departmental usage will continue to be monitored closely to ensure that fund balance is maintained at adequate levels since the Mental Health 1991 Realignment has a fixed allocation.

DEPARTMENTAL USAGE OF MENTAL HEALTH 1991 REALIGNMENT				
	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Behavioral Health	48,748,215	58,860,940	48,489,927	56,842,753
Health Administration	686,750	521,403	434,774	528,389
Total Departmental Usage	49,434,965	59,382,343	48,924,701	57,371,142



SOCIAL SERVICES

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Beginning Fund Balance	81,189,104	79,974,990	79,974,990	77,460,913
Revenue	94,909,884	100,576,259	98,800,013	99,594,319
Prior Year Growth Revenue	771,552	-	794,306	-
Departmental Usage	96,895,550	107,106,457	102,108,396	108,613,169
10% Transfers	-	-	-	-
Ending Fund Balance	79,974,990	73,444,792	77,460,913	68,442,063
Change in Fund Balance	(1,214,114)	(6,530,198)	(2,514,077)	(9,018,850)

Departmental usage is projected to exceed revenues in 2015-16, resulting in a \$2.5 million decrease in fund balance. Departmental usage is budgeted to exceed revenues in 2016-17 primarily due to the addition of positions in Children and Family Services to service increased caseload levels, resulting in a decrease in fund balance of \$9.0 million.

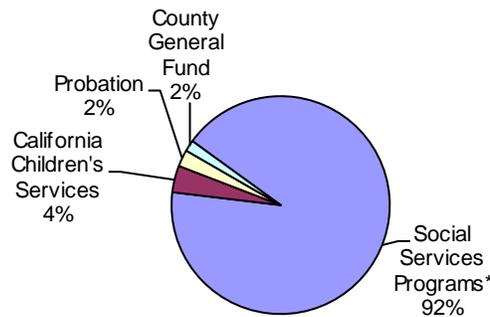
Social Services has priority claim on any 1991 Realignment sales tax growth received. Prior year growth revenue of \$794,306 was received in 2015-16, which is available to fund one-time needs. Although 2015-16 growth revenue is expected in 2016-17, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Departmental usage will continue to be monitored closely to ensure that fund balance is maintained at adequate levels to mitigate potential operational impacts of sales tax fluctuations.

DEPARTMENTAL USAGE OF SOCIAL SERVICES 1991 REALIGNMENT

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Social Services Programs*	90,097,280	97,920,681	94,688,215	99,809,737
California Children's Services	2,298,641	4,686,146	2,920,551	4,303,802
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	96,895,550	107,106,457	102,108,396	108,613,169

* Social Services Programs include: Foster Care (AAB BHI), Administrative Claim matches (AAA DPA), Aid to Adoptive Children (AAB ATC), and Health Administration Support (AAA HCC).

2016-17 Recommended



HEALTH

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Beginning Fund Balance	68,011,436	100,177,482	100,177,482	107,290,750
Revenue	49,440,445	29,914,502	25,865,026	25,865,026
Prior Year Growth Revenue	1,590,371	-	923,608	-
Departmental Usage	18,864,769	31,392,834	19,675,366	32,462,665
10% Transfers	-	-	-	-
Ending Fund Balance	100,177,482	98,699,150	107,290,750	100,693,111
Change in Fund Balance	32,166,046	(1,478,332)	7,113,268	(6,597,639)

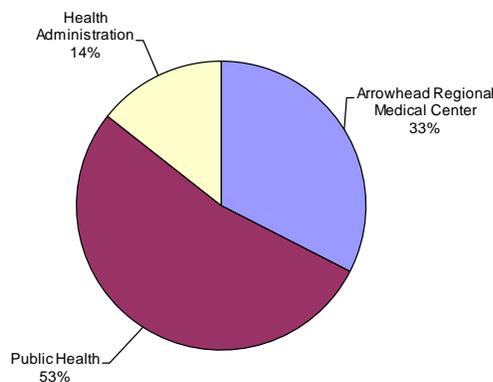
Revenues are projected to exceed departmental usage in 2015-16, resulting in an increase in fund balance of \$7.1 million primarily due to no planned usage by ARMC as a result of the implementation of the Affordable Care Act. Revenues are projected to remain flat in 2016-17 as a result of Assembly Bill 85 legislation which redirects health realignment to the State to fund social services programs due to the passage of the Affordable Care Act. Departmental usage is budgeted to exceed revenues in 2016-17 due to the funding of one-time capital expenditures, resulting in a decrease of fund balance of \$6.6 million.

Prior year growth revenue of \$923,608 was received in 2015-16, which is available to fund one-time needs. Although 2015-16 growth revenue is expected to be received in 2016-17, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Departmental usage will continue to be monitored closely to ensure that fund balance is maintained at adequate levels to mitigate potential operational impacts of sales tax fluctuations.

DEPARTMENTAL USAGE OF HEALTH 1991 REALIGNMENT

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Arrowhead Regional Medical Center	-	10,561,681	-	10,561,681
Public Health	12,310,685	16,253,196	15,503,196	17,235,296
Health Administration	6,554,084	4,577,957	4,172,170	4,665,688
Total Departmental Usage	18,864,769	31,392,834	19,675,366	32,462,665

2016-17 Recommended



LAW ENFORCEMENT SERVICES

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Beginning Fund Balance	26,295,636	30,808,259	30,808,259	58,660,017
Revenue	106,662,128	116,730,607	124,737,779	126,300,282
Prior Year Growth Revenue	6,652,222	0	14,513,446	0
Departmental Usage	108,801,727	124,364,046	111,399,467	129,974,911
Ending Fund Balance	30,808,259	23,174,820	58,660,017	54,985,388
Change in Fund Balance	4,512,623	(7,633,439)	27,851,758	(3,674,629)

2011 Realignment required each county to develop an implementation plan approved by the Local Community Corrections Partnership and the Board of Supervisors. As a result of delays in filling positions funded with realignment as well as prior year growth revenue received, a fund balance of \$30.8 million existed in the Law Enforcement Services budget unit at the beginning of 2015-16. Revenues are projected to exceed departmental usage in 2015-16, resulting in an increase of \$27.8 million in fund balance that will be available to fund one-time needs. Departmental usage is budgeted to exceed revenues in 2016-17 due to the funding of various one-time needs, resulting in a decrease in fund balance of \$3.7 million.

Prior year growth revenue of \$14.5 million was received in 2015-16, which is available to fund one-time needs. Although 2015-16 growth revenue is expected to be received in 2016-17, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Departmental usage will continue to be monitored closely to ensure that fund balance is at adequate levels. Fund balance will be used for one time needs and to establish reserves for sales tax volatility.

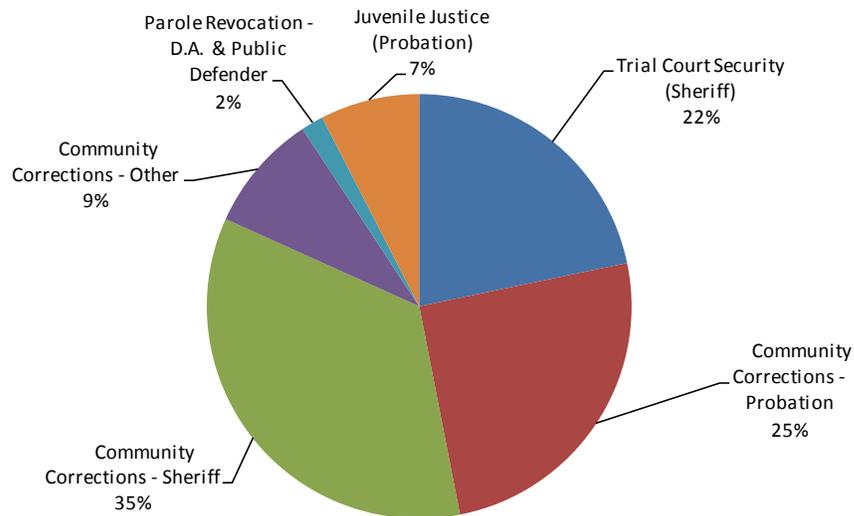
Departmental usage of 2011 Realignment funding for Law Enforcement Services is detailed in the table and chart on the following page.



DEPARTMENTAL USAGE OF LAW ENFORCEMENT SERVICES 2011 REALIGNMENT

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Trial Court Security (Sheriff)	27,000,000	27,903,518	27,903,518	28,242,585
Community Corrections:				
Probation	31,786,968	34,158,410	24,859,524	32,748,182
Sheriff/Coroner/Public Administrator	30,291,339	41,695,857	38,010,960	45,258,167
District Attorney	2,843,626	3,036,570	3,036,570	3,327,400
Public Defender	2,057,454	2,330,391	2,330,391	2,551,581
Public Health	93,656	106,359	91,727	106,359
Aging and Adult Services	5,244	0	0	0
Behavioral Health	4,950,473	3,736,462	3,730,145	4,223,939
Alcohol and Drug Services	0	1,100,433	1,266,845	1,100,433
Workforce Development	151,876	211,854	120,000	232,746
Transitional Assistance	(8,235)	0	0	0
Human Resources	119,391	141,236	141,051	155,164
Subtotal Community Corrections	72,291,792	86,517,572	73,587,213	89,703,971
Parole Revocation:				
District Attorney	775,298	873,948	873,948	1,190,116
Public Defender	523,544	873,948	873,948	1,017,385
Subtotal Parole Revocation	1,298,842	1,747,896	1,747,896	2,207,501
Juvenile Justice (Probation):				
Youthful Offender Block Grant	8,095,257	8,050,060	8,087,727	9,675,854
Juvenile Reentry	115,836	145,000	73,113	145,000
Subtotal Juvenile Justice	8,211,093	8,195,060	8,160,840	9,820,854
Total Departmental Usage	108,801,727	124,364,046	111,399,467	129,974,911

2016-17 Recommended



SUPPORT SERVICES

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Beginning Fund Balance	8,243,888	19,724,644	19,724,644	26,413,179
Revenue	144,918,932	152,423,797	152,423,797	167,247,753
Prior Year Growth Revenue	6,282,329	0	11,544,588	0
Departmental Usage	139,720,505	156,380,284	157,279,850	172,737,735
Ending Fund Balance	19,724,644	15,768,157	26,413,179	20,923,197
Change in Fund Balance	11,480,756	(3,956,487)	6,688,535	(5,489,982)

Revenues are projected to exceed departmental usage in 2015-16, primarily due to attrition and delay in staffing within protective services departments that use realignment. Also, various subsistence budget units qualified for greater federal reimbursement thus reducing the need for realignment funding. This will result in an increase in fund balance of \$6.7 million. Fund balance is budgeted to decrease by \$5.5 million in 2016-17 due to planned additional departmental usage for the expansion of child welfare services programs to meet client needs.

Prior year growth revenue of \$11.5 million was received in 2015-16 which is available to fund one-time needs. Although 2015-16 growth revenue is expected to be received in 2016-17, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds. Departmental usage will continue to be monitored closely to ensure that fund balance is at adequate levels. Fund balance will be used for one time needs and to establish reserves for sales tax volatility.

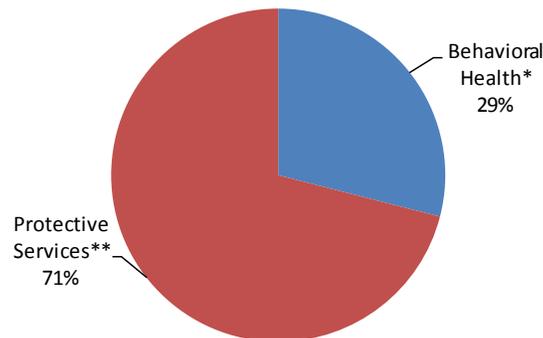
DEPARTMENTAL USAGE OF SUPPORT SERVICES 2011 REALIGNMENT

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Behavioral Health*	38,063,526	41,347,604	43,903,018	50,100,760
Protective Services**	101,656,978	115,032,680	113,376,832	122,636,975
Total Departmental Usage	139,720,505	156,380,284	157,279,850	172,737,735

*The Behavioral Health sub-account funds Drug Court and Rehabilitative Services.

**The Protective Services sub-account funds Adult Protective Services, Foster Care Administration, Foster Care Assistance, Child Welfare Services, Aging & Adult Administration, Aging & Adult Assistance, Child Abuse Prevention, and Probation Programs for Juveniles.

2016-17 Recommended



CalWORKs MOE

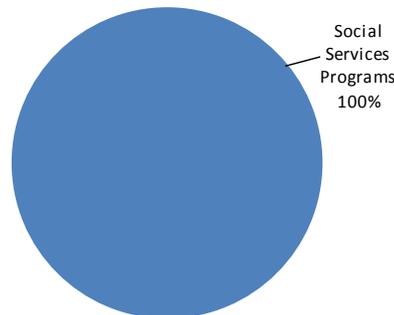
	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Beginning Fund Balance	0	14,528,999	14,528,999	14,528,999
Revenue	107,759,942	123,340,301	119,141,655	94,449,993
Prior Year Growth Revenue	5,844,262	0	0	0
Departmental Usage	99,075,206	123,340,301	119,141,655	94,449,993
Ending Fund Balance	14,528,999	14,528,999	14,528,999	14,528,999
Change in Fund Balance	14,528,999	0	0	0

Funding for the CalWORKs MOE comes from both Sales Tax and Vehicle License Fee revenues. These revenues originally funded Mental Health programs but, as part of 2011 Realignment, the funds were redirected to CalWORKs. Typically, there is not expected to be any fund balance in this budget unit since amounts received are immediately transferred to the budget unit used for assistance payments to CalWORKs clients. However, revenues exceeded departmental usage in 2014-15, resulting in an increase in fund balance of \$14.5 million, primarily due to the timing of the State reconciliation process. The department anticipates returning the fund balance to the State at a later date.

DEPARTMENTAL USAGE OF CalWORKs MOE REALIGNMENT

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Social Services Programs	99,075,206	123,340,301	119,141,655	94,449,993
Total Departmental Usage	99,075,206	123,340,301	119,141,655	94,449,993

2016-17 Recommended



FAMILY SUPPORT

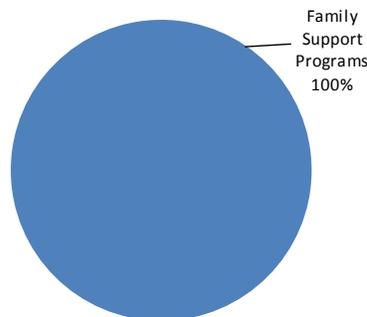
	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Beginning Fund Balance	0	7,911,474	7,911,474	7,911,474
Revenue	96,099,726	76,336,129	74,738,150	95,436,348
Prior Year Growth Revenue	10,563,626	0	8,004,371	0
Departmental Usage	98,751,878	76,336,129	82,742,521	95,436,348
Ending Fund Balance	<u>7,911,474</u>	<u>7,911,474</u>	<u>7,911,474</u>	<u>7,911,474</u>
Change in Fund Balance	7,911,474	0	0	0

This budget unit was established in 2013-14 per California Welfare and Institutions Code 17600.10(a)(5). Funding for Family Support comes from counties' indigent health care savings that are redirected from counties' Health 1991 Realignment Subaccount and moved to the new Family Support subaccount at the State level. Funds are allocated to counties from the Family Support subaccount in lieu of State general fund for CalWORKs assistance payments. The distribution of funds is based on counties' CalWORKs general fund expenditures. Typically, there is not expected to be any fund balance in this budget unit since amounts received are immediately transferred to the budget unit used for assistance payments to CalWORKs clients. However, revenues exceeded departmental usage in 2014-15, resulting in an increase in fund balance of \$7.9 million, primarily due to the timing of the State reconciliation process. The department anticipates returning the fund balance to the State at a later date. Although 2015-16 growth revenue is expected to be received in 2016-17, it has not been included in the budget at this time due to the uncertainty of the amount and the timing of the actual receipt of the funds.

DEPARTMENTAL USAGE OF FAMILY SUPPORT REALIGNMENT

	ACTUAL 2014-15	MODIFIED BUDGET 2015-16	ESTIMATED 2015-16	RECOMMENDED BUDGET 2016-17
Family Support Programs	<u>98,751,878</u>	<u>76,336,129</u>	<u>82,742,521</u>	<u>95,436,348</u>
Total Departmental Usage	98,751,878	76,336,129	82,742,521	95,436,348

2016-17 Recommended



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), a core information technology system; and for other future developments.

The new FAS project is a countywide collaborative effort to 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 Supervisors approved a \$6.0 million allocation of Discretionary General Funding to fund this project, and added an additional \$6.0 million mid-year. Although it hasn’t been placed in this budget unit, an additional \$13.0 million has been set-aside in general fund reserves for this project. A Request for Information was released in July 2011 and the resulting information was utilized to prepare a scope of services. In 2012-13, the County contracted with the Government Finance Officers Association, which has a history of successful government accounting information system installations, to oversee the Request for Proposal process for the County. In 2013-14 the County released the Request for Proposal. In April 2016, the Board of Supervisors approved contracts with SAP Public Services, Inc. (SAP) for financial software license, maintenance and support, and Labyrinth Solutions, Inc. for SAP Enterprise Financial Management System implementation consulting services. Implementation of the new system commenced in May 2016.

Requirements of \$11.9 million represent staffing, operating and application development costs. Staffing Expenses of \$1.8 million fund 13 positions to assist Auditor-Controller/Treasurer/Tax Collector, Finance and Administration, Human Resources, and Information Services in the implementation and operation of the new system. Operating Expenses are increasing \$873,067, primarily due to staffing costs associated with four contract positions, and Reimbursements to Purchasing for staffing costs related to two department positions that will be working on the project on a part-time basis. In 2016-17, Capital Expenditures are decreasing \$888,667 to reflect Requirements that have been identified for the start-up of the new system (Staffing and Operating Expenses).

Below is a table detailing budgeted Requirements for this unit in 2016-17.

GROUP: Fiscal
DEPARTMENT: Auditor-Controller/Treasurer/Tax Collector
FUND: Restricted General

BUDGET UNIT: AAP CAO
FUNCTION: General
ACTIVITY: Finance

	2012-13	2013-14	2014-15	(A) 2015-16	2015-16	(B) 2016-17	(B-A)
	Actual	Actual	Actual	Modified Budget	Estimate	Recommended Budget	Change From Prior Year Modified Budget
Requirements							
Staffing Expenses	0	0	0	1,679,507	0	1,800,985	121,478
Operating Expenses	78,635	52,637	130,450	902,101	189,088	1,775,168	873,067
Capital Expenditures	0	0	0	9,226,054	0	8,337,387	(888,667)
Total Exp Authority	78,635	52,637	130,450	11,807,662	189,088	11,913,540	105,878
Reimbursements	0	0	0	0	0	32,040	32,040
Total Appropriation	78,635	52,637	130,450	11,807,662	189,088	11,945,580	137,918
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	78,635	52,637	130,450	11,807,662	189,088	11,945,580	137,918
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State/Fed/Other Government	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
Net County Cost	78,635	52,637	130,450	11,807,662	189,088	11,945,580	137,918
Budgeted Staffing*	0	0	0	12	12	13	1

*Data represents modified budgeted staffing



2016-17 POSITION SUMMARY*

Division	2015-16				2016-17		
	Modified Staffing	Adds	Deletes	Re-Orgs	Recommended	Limited	Regular
Enterprise Financial Management System	12	13	-12	0	13	1	12
Total	12	13	-12	0	13	1	12

Staffing Expenses for 13 positions include:

- 1 Administrative Analyst III (limited term)
- 1 EMACS Manager
- 1 Departmental IS Administrator
- 1 Auditor-Controller Division Chief
- 2 Systems Accountant III
- 1 Systems Accountant II
- 1 Systems Accountant I
- 2 Accountant III
- 2 Programmer Analyst III
- 1 Business Systems Analyst III

STAFFING CHANGES AND OPERATIONAL IMPACT

Staffing Expenses of \$1.8 million fund 13 positions of which 12 are regular positions and one is a limited term position. Changes in staffing include the addition of: one Auditor-Controller Division Chief; two Systems Accountant III; one Systems Account I; one Departmental IS Administrator; two Programmer Analyst III; one EMACS Manager; and one limited term Administrative Analyst III. Deletions include the following regular positions: three Systems Accountant II; one Business Applications Manager; one Administrative Analyst III, two Business Systems Analyst III, and one Systems Support Analyst III. These staffing changes will better reflect the skillset needed for the project.





THIS PAGE LEFT INTENTIONALLY BLANK



COUNTY OF SAN BERNARDINO

The County of San Bernardino's 2016-17 Recommended Budget covers the period from July 1, 2016 – June 30, 2017. The 2016-17 Recommended Budget represents a consolidation of all County entities which includes \$5.4 billion in budgeted Requirements and Sources as well as 22,494 in budgeted staffing. The budget consists of several funds including the general fund, restricted funds, capital project funds, special revenue funds, internal service funds, enterprise funds and permanent funds. Each department is responsible for operating within their budget and has the authority to spend up to the approved budget.

When developing their individual budgets, each department considers the Countywide Vision and goals and objectives of the County of San Bernardino approved by the Board of Supervisors (Board):

Countywide Vision

In 2010, the Board set out to establish a Countywide Vision for the future of the county as a whole, seeking input from the community through an online survey, town hall meetings and more than two dozen industry-specific focus groups. The County partnered with the San Bernardino Associated Governments (SANBAG) representing the county's 24 cities and towns on this effort that culminated in development of the Countywide Vision Statement and report, which were endorsed and adopted by the Board on June 30, 2011.

We envision a complete county that capitalizes on the diversity of its people, its geography, and its economy to create a broad range of choices for its residents in how they live, work, and play.

We envision a vibrant economy with a skilled workforce that attracts employers who seize the opportunities presented by the county's unique advantages and provide the jobs that create countywide prosperity.

We envision a sustainable system of high-quality education, community health, public safety, housing, retail, recreation, arts and culture, and infrastructure, in which development complements our natural resources and environment.

We envision a model community which is governed in an open and ethical manner, where great ideas are replicated and brought to scale, and all sectors work collaboratively to reach shared goals.

From our valleys, across our mountains, and into our deserts, we envision a county that is a destination for visitors and a home for anyone seeking a sense of community and the best life has to offer.

The Countywide Vision report and related documents are available for review at www.sbcounty.gov/vision.

County Paradigm and Job Statement

Following the adoption of the Countywide Vision, the Board adopted the County paradigm and job statements on April 10, 2012. These statements describe County government's role in achievement of the Vision.

Our Paradigm: The County of San Bernardino is a regional government. We understand that every aspect of the quality of life in a community is part of an interrelated system. The County takes responsibility for ensuring that the community has determined how, when and by whom each element of that system is being addressed in pursuit of our shared Vision of the county and the future we desire.

Our Job: Our job is to create a county in which those who reside and invest can prosper and achieve well-being.

2016-17 County Goals and Objectives

The Board has annually established goals for the County since 2010. These goals seek to improve County government by providing a unified focus for all departments, clarifying roles and responsibilities, ensuring



alignment and proper allocation of fiscal and human resources, and fostering collaboration with other governmental agencies.

The Board approved the following 2016-17 County Goals and Objectives on March 1, 2016.

Implement the Countywide Vision

- *Continue the County role of convening conversations on community collaboration and collective action.*
- *Continue to promote the Countywide Vision and support the Element Groups.*

Create, Maintain, and Grow Jobs and Economic Value in the County

- *Focus on training, education, employment and support services for the unemployed and underemployed, developing a more highly-educated and trained workforce.*
- *Continue business retention and expansion programs while implementing office and industrial attraction strategies for companies providing high-paying jobs.*
- *Provide stable governmental leadership, consistent decision-making and efficient processing to inspire confidence in investors and ensure a business-friendly environment.*
- *Compete globally, regionally and locally for businesses and investment.*
- *Utilize County programs and resources to support the local economy, maximize job creation and promote tourism.*

Improve County Government Operations

- *Maintain clear lines of authority and clarity in terms of roles, responsibilities and governance of all County departments and programs.*
- *Develop an approach to evaluate the performance of department heads who report to the Board.*
- *Continue to develop and maintain consistent messaging for the organization.*
- *Ensure that employees know that they and their work are valued.*
- *Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness, and collaboration.*

Operate in a Fiscally-Responsible and Business-Like Manner

- *Develop a long-term budget plan which brings County operations into both fiscal and programmatic balance, including full funding of reserves for infrastructure and operating system maintenance and replacement.*
- *Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.*
- *Eliminate silos and consolidate and centralize administrative functions, including financial management and oversight.*
- *Implement information management best-practices that will fully utilize available technology, unify platforms and move toward a standardized enterprise approach.*

Ensure Development of a Well-Planned, Balanced, and Sustainable County

- *Ensure that the County's approach to development recognizes the diverse character of County unincorporated areas.*
- *Work collaboratively with cities on zoning and development standards in their spheres of influence.*
- *Prioritize investments in services and amenities for County unincorporated communities.*

Provide for the Safety, Health, and Social Service Needs of County Residents

- *Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.*
- *Support efforts to improve the capacity of non-profit organizations to help address the needs of County residents.*
- *Develop a clinically integrated network of County departments and other health providers to support a comprehensive approach to population health management for County residents.*



Pursue County Goals and Objectives by Working with Other Agencies

- *Work with Federal, State and regional governments and organizations, to ensure San Bernardino County receives its fair share of resources.*
- *Collaborate with other agencies to help shape legislation and regulations which affect the County.*
- *Maintain close working relationships with cities, tribes and other governmental agencies.*

Focus on Recovery and Resiliency Following the December 2, 2015 Terrorist Attack (SB Strong)

- *Support County employees affected by the December 2, 2015 terrorist attack.*
- *Develop a memorial honoring County victims and first responders.*
- *Pursue economic investment in the City of San Bernardino and the region.*
- *Document actions taken to support the victims and the County organization and analyze their effectiveness in order to share lessons learned with those preparing for or suffering similar tragedies.*

In addition to the adoption of annual Goals & Objectives, since 2010 the Board of Supervisors is continuing to focus on maintaining the County's infrastructure and facilities, investing in underlying operating systems and improving service levels while implementing long-term solutions needed to establish a solid financial foundation for the County.

Performance Measurements

As part of the continuing effort to align resources with operational priorities, each department was asked to review existing performance measurements to ensure alignment with the 2016-17 County Goals and Objectives. These measurements should be realistic, easily quantifiable, and reflect progress on long-term multi-year strategic initiatives or the accomplishment of shorter-term tactical goals, that directly correlate to the identified County objectives and reflect activities within the department's control. Performance measurement progress continues to be reported as part of each quarterly budget report.

Performance measure information in the 2016-17 Recommended Budget book includes departmental strategies to achieve selected County Goals and Objectives, departmental performance measures for 2016-17 to demonstrate if departments are meeting the County Goals and Objectives and prior year accomplishments for performance measures carried over from the prior year. The following chart provides a sample of specific department performance measures for 2016-17:



SYNOPSIS OF SAN BERNARDINO COUNTY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

DEPARTMENT	OBJECTIVE	PERFORMANCE MEASURE
FOCUS ON RECOVERY AND RESILIENCY FOLLOWING THE DECEMBER 2, 2015 TERRORIST ATTACK (SB STRONG)		
County Administrative Office	Develop a memorial honoring County victims and first responders.	Participate on the memorial planning committee.
County Administrative Office	Document actions taken to support the victims and the County organization and analyze their effectiveness in order to share lessons learned with those preparing for or suffering similar tragedies.	Coordinate recovery, documentation, and evaluation efforts following the December 2, 2015 Terrorist Attack. (Target 100%)
Behavioral Health	Support County employees affected by the December 2, 2015 terrorist attack.	Number of providers and supportive personnel trained (Target 225).
IMPLEMENT THE COUNTYWIDE VISION		
Community Development and Housing	Continue the County role of convening conversations on community collaboration and collective action.	Activities, events and programs completed and delivered by the Affordable Housing Collaborative (Target: 8).
Public Health	Continue to promote the Countywide Vision and support the Element Groups.	Complete the 2016-17 Work Plan for addressing priorities of the Wellness Element Group of the Countywide Vision (Target: 100%).
CREATE, MAINTAIN, AND GROW JOBS AND ECONOMIC VALUE IN THE COUNTY		
Clerk of the Board	Provide stable governmental leadership, consistent decision-making and efficient processing to inspire confidence in investors and ensure a business-friendly environment.	Turnaround time for processing new business licenses (Target: 11 days).
Economic Development	Continue business retention and expansion programs while implementing office and industrial attraction strategies for companies providing high-paying jobs.	Number of jobs resulting from County Economic Development attraction and expansion efforts (Target: 1,650).
Airports	Continue business retention and expansion programs while implementing office and industrial attraction strategies for companies providing high-paying jobs.	Occupancy Rate of Developed Space for Commercial Use (Target: 92%).
Regional Parks	Utilize County programs and resources to support the local economy, maximize job creation and promote tourism.	Number of tourist visitors to Regional Parks (Target: 110,000).
IMPROVE COUNTY GOVERNMENT OPERATIONS		
Arrowhead Regional Medical Center	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness and collaboration.	Percentage of survey respondents who would "definitely" recommend the hospital (Target: 72%).
Fleet Management	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness and collaboration.	Current level of uptime (vehicle availability) of light-duty vehicles serviced at Fleet facilities (Target: 96%).
Land Use Services	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness and collaboration.	Complete initial review of planning permit applications within 3 weeks of acceptance (Target: 70%).
Public Works	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness and collaboration.	Percentage of flood control basins cleaned out to full capacity before rainy season (Target: 99%).
Special Districts	Monitor and evaluate operations and implement strategies to continually improve efficiency, effectiveness and collaboration.	Percentage of customers (with cellular read meters) notified of new leaks within 1 business day of detection (Target: 100%).
OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER		
Information Services Department	Implement information management best-practices that will fully utilize available technology, unify platforms and move toward a standardized enterprise approach.	Percentage of current year's task for the 800 MHz system upgrade completed (Target: 100%).
Risk Management	Develop a long-term budget plan which brings County operations into both fiscal and programmatic balance, including full funding of reserves for infrastructure and operating system maintenance and replacement.	Cost of risk as a percentage of County budget (Target: <2%).
Assessor-Recorder-County Clerk	Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.	Percentage of completed Business Property Statements filed by the annual deadline (Target: 99%).
Real Estate Services	Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.	Reduction in electricity usage (kilowatt hours - kWh) (Target: 600,000).
ENSURE DEVELOPMENT OF A WELL-PLANNED, BALANCED, AND SUSTAINABLE COUNTY		
Land Use Services	Ensure that the County's approach to development recognizes the diverse character of County unincorporated areas.	Complete 100% of the following Countywide Plan tasks (Target: 100%).
PROVIDE FOR THE SAFETY, HEALTH AND SOCIAL SERVICE NEEDS OF COUNTY RESIDENTS		
Sheriff/Coroner/Public Administrator	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Number of contacts with homeless individuals, which results in an estimated 30% annual referral rate for housing assistance (Target: 800).
Child Support Services	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Amount of child support collected for every dollar expended (Target: \$4.35).
Children and Family Services	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Number of newly licensed foster family homes (Target: 145).
District Attorney	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Number of victims served at the Children's Assessment Center (Target: 1,810).
Probation	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Percentage of adult supervision cases recidivating (Target: 26.0%).
Public Defender	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Number of Social Service Practitioner referrals for adult cases (Target: 900).
County Fire Protection District	Partner with County and non-County agencies and maximize the use of Federal and State programs and funding to address the public health, safety and social service needs of County residents and move participants to self-sufficiency.	Percentage reduction in the number of hospital readmissions to ARMC for Medi-Care patients (Target: 30%).
PURSUE COUNTY GOALS AND OBJECTIVES BY WORKING WITH OTHER AGENCIES		
Auditor-Controller/Treasurer/Tax Collector	Maintain close working relationships with cities, tribes and other governmental agencies.	Percentage of apportionments completed by the third week of the following fiscal year (Target: 100%).
Public Health	Maintain close working relationships with cities, tribes and other governmental agencies.	Number of Rescue Group Partners (Target: 441).
Registrar of Voters	Collaborate with other agencies to help shape legislation and regulations which affect the County.	Number of national, state and regional committees of which the department is a member (Target 12).



BUDGET PLANNING CALENDAR

ONGOING

Policy Direction - The Board of Supervisors provides ongoing policy direction to the Chief Executive Officer.

Significant Budgetary or Programmatic Impacts – Significant budgetary or programmatic changes and potential impacts are immediately communicated to the County Administrative Office and the Board of Supervisors to allow for timely decision-making and policy direction.

Year-End Estimates - Departments provide year-end estimates of revenues and expenditures to Finance and Administration on a monthly basis and any significant changes are addressed timely.

Quarterly Budget Reports - The County Administrative Office brings an agenda item to the Board of Supervisors requesting modifications to the adopted budget. Quarterly budget adjustments serve as a management tool to help each department assess the current environment, and anticipate and respond appropriately to that environment. In addition, the quarterly budget adjustments provide the Board of Supervisors with the most current information on County department revenues (sources) and appropriation (requirements) with which to base decisions, and serve as a guideline to lead the County in preparing the upcoming budget.

OCTOBER THROUGH DECEMBER

Capital Improvement Plan – Departments submit annual capital improvement requests for improvements to land or structures that exceed \$5,000. These requests include a project description and justification, financial impact, and funding source. The requests are evaluated and prioritized by Finance and Administration and provided to the Chief Executive Officer for comments and recommendations, and presented to the Board of Supervisors for final approval. In addition, departmental five-year capital improvement plans are updated to re-evaluate priorities based on changing circumstances, staffing levels, and available funding.

Fee and Internal Service Rate Development – Departments develop their recommended fee changes and internal service rate adjustments for the upcoming budget year and submit them to Finance and Administration for review and recommendation to the Chief Executive Officer, and to the Board of Supervisors for final approval. Departments are required to compute their full cost of service, capturing both direct and indirect costs associated with fees and internal service rates. Departments are able to recommend an alternate fee amount to the Board of Supervisors, if based on their knowledge, implementation of a full cost fee or internal service rate would not be beneficial.

JANUARY AND FEBRUARY

Five-Year Fiscal Forecast – Finance and Administration develops a Five-Year Fiscal Forecast of financial operations for general fund programs, projecting major revenues (sources) and expenditures (requirements), based on current service levels and expected future changes to those programs or service levels. The analysis includes the identification of trends, significant impacts, and recommendations, which are presented to the Chief Executive Officer for recommendation to the Board of Supervisors for final approval.

Budget Prep System – The in-house budget system is updated for changes in the various Memorandums of Understanding between the County and the various employee representation units.

MARCH AND APRIL

Budget Prep System – The system is opened for departmental input in preparation of the budget submittal. Internal training is conducted for all users of the system.



County Fiscal Plan – The five-year County fiscal plan is developed based on revenue projections and estimates of ongoing cost changes to maintain current service levels for the five years. This plan includes the allocation of discretionary general funding (net county cost) and provides estimates of any remaining funding or shortfall.

Preparation of Recommended Budget – Departments develop their respective recommended budgets and submit them to Finance and Administration for review, and to the Chief Executive Officer for recommendation, and to the Board of Supervisors for final approval. General fund departments must budget within their respective net county cost allocations given to them based on the County fiscal plan. Special Revenue Funds, Internal Service Funds, and Enterprise Funds may budget requirements in excess of current year sources which reflects an operational decision to utilize assets that have been carried over from prior periods.

APRIL THROUGH JUNE

Internal Service Rates – The rates charged by departments for services provided to other departments are brought before the Board of Supervisors for approval. In addition to rates for internal service funds, rates for services provided by general fund departments, such as Facilities Management, Human Resources, and Architecture and Engineering are also approved.

Fee Hearing – The Board of Supervisors conducts a public hearing on the Recommended Fee changes for the upcoming fiscal year. Approved fee changes are included in the Recommended Budget submittals to the Board of Supervisors.

Fiscal Overview – The Board of Supervisors conducts a special meeting to receive a presentation from the Chief Executive Officer on the County’s current and projected financial condition. The presentation includes a preview of the Recommended Budget including proposed budget programs, potential issues and also provides the Board of Supervisors the opportunity to discuss and provide input for development of the County’s Recommended Budget.

Submission of Recommended Budget – The Recommended Budget Book is finalized and presented to the Board of Supervisors. The County Administrative Office publishes notices and schedules public hearings to discuss the Recommended Budget.

Budget Hearing and Adoption of Budget – The Board of Supervisors conducts a public hearing on the Recommended Budget. At this time, the Board may modify the Recommended Budget. All Board approved changes are incorporated into the Adopted Budget.

JULY THROUGH SEPTEMBER

Budget Prep System – Finance and Administration makes final budget changes to the Budget Prep System for items approved by the Board of Supervisors, including final fund balance adjustments.

Preparation of Adopted Budget Book – Finance and Administration updates the Recommended Budget Book to reflect final changes.

Calendar for the 2016-17 Budget

October 6, 2015	Fee Instructions to Departments
December 18, 2015	Capital Improvement Call Letter to Departments
December 7, 2015	Departments Submit Fee Workbooks
February 1, 2016	Departments Submit Capital Improvement Requests
March 10, 2016	Budget Prep System Training



March 14, 2016	Budget Prep System opened for Departmental Input
March 15, 2016	2016-17 Fee Workshop
March 18, 2016	Budget Instructions to Departments
April 5, 2016	Fee Hearing
April 5, 2016	2016-17 Internal Service Rates Approved
April 6, 2016	Departments Submit Budget Workbooks
May 10, 2016	2016-17 Budget Workshop and Fiscal Overview
May 24, 2016	Recommended Budget Delivered to the Board of Supervisors
June 14, 2016	Budget Hearing and Adoption of 2016-17 Budget
October 2016	Adopted Budget Book Printed

General Fund Budget Process

The County Administrative Office has the responsibility of developing the County fiscal plan for all General Fund departments. This plan begins with a Five-Year Fiscal Forecast which is detailed in the Discretionary General Funding section of the Executive Summary. This forecast highlights estimated costs and revenue projections for the upcoming fiscal year, as well as the next four fiscal years. The County uses this forecast to build their fiscal plan for the five years beginning 2016-17.

The County fiscal plan also focuses on two restricted general fund funding sources, Proposition 172, and 1991 and 2011 Realignment. **Proposition 172** assists in funding the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments. **1991 Realignment** assists in funding the general fund departments of Human Services, Behavioral Health, and Public Health for mental health, social services, and health programs. **2011 Realignment** assists in funding the general fund departments of Human Services, Sheriff/Coroner/Public Administrator, Probation, District Attorney, Public Defender and Behavioral Health for public safety, health and welfare programs.

For some departments, budgets are also built utilizing revenues generated from fees. On March 15, 2016 the Board of Supervisors held a fee workshop to discuss recommended fee changes and the fee process, and held a fee hearing on April 5, 2016. The fee hearing is designed to take public testimony related to fee changes for the 2016-17 fiscal year. The majority of approved fees become effective July 1, 2016.

Other Funds Budget Process

In addition to the general fund, the County of San Bernardino has capital project funds, special revenue funds, enterprise funds and internal service funds. All of these funds are restricted to the revenue sources they receive. Each department having these types of funds is responsible for developing its budget based on the revenue (sources) available to them. These sources include projected revenue to be collected in 2016-17 and any revenue not spent and carried forward from prior years (for example, fund balance for special revenue funds). These budgets will also be discussed during the Budget Hearing. When the Board of Supervisors adopts the recommended budget, they will also approve the necessary fund balance adjustments to special revenue funds to agree to the Auditor-Controller/Treasurer/Tax Collector’s actual fund balance.

Other Entities Budget Process

In 2014-15, Board Governed Special Districts and Other Agencies (referred to collectively as “entities”) were consolidated into the uniform, Countywide budget process. These entities include special revenue funds, capital



project funds, internal service funds, enterprise funds and permanent funds. Acting as the appropriate governing body, the Board is presented with and adopts a recommended budget for each respective entity.

The 2016-17 Recommended Budget, including all entities and funds discussed above, is scheduled for hearing and adoption on June 14, 2016.

Amending the Adopted Budget

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the appropriation unit level within budget units for the County. Any increases in appropriation in a budget unit after adoption of the budget will be submitted on a quarterly budget report placed on the agenda of the Board of Supervisors and a four-fifths vote is necessary for approval.

Transfers of appropriation within the same budget unit may be approved by the County Administrative Office depending upon the appropriation unit, unless noted below:

Transfer of Salaries and Benefits Appropriation:

- Transfers out require Board of Supervisors approval and should be included in a quarterly budget report.

Transfers of Fixed Asset Appropriation:

- Transfers in and out among the different fixed asset appropriation units are approved by the County Administrative Office as long as the total fixed asset appropriation does not increase.
- Transfers out of Fixed Asset Appropriation-
 - Transfers out increasing a non-fixed asset appropriation unit within individual Capital Improvement Program (CIP) project budgets are approved by the County Administrative Office as long as the total project budget does not increase.
 - Transfers out increasing a non-fixed asset appropriation unit are required to be included in the quarterly budget reports for Board of Supervisors approval, except within the CIP, as detailed above.
- Transfers in of Fixed Asset Appropriation-
 - Transfers in from a non-fixed asset appropriation unit to fund a unit value less than \$10,000 may be approved by the County Administrative Office.
 - Transfers in from a non-fixed asset appropriation unit to fund a unit value of \$10,000 or more are required to be included in the quarterly budget reports for Board of Supervisors approval.

Transfers impacting Operating Transfers Out Appropriation:

- Any changes to Operating Transfers Out are required to be included in the quarterly budget reports for Board of Supervisors approval.



BUDGET BOOK FORMAT

Budget units presented in this book are displayed at a fund/department level. Although some departments incorporate additional organizational levels when developing their budgets, the fund/department level of presentation was selected to provide consistency between all budget units. A sample of the departmental budget format is included in this overview.

**DEPARTMENT
Department Head**

The department name and responsible administrator are listed at the top.

DEPARTMENT MISSION STATEMENT

A clear, concise statement of purpose for the department that focuses on the broad, yet distinct, results the department will achieve.

Photo of the Department Head

ORGANIZATIONAL CHART

Demonstrates the names of key personnel and departmental structure by function, including budgeted staffing counts.

To determine total budgeted staffing, sum the values listed in each box.

SUMMARY OF BUDGET UNITS

	2016-17					
	Requirements	Sources	Net County Cost	Use of / (Contribution to) Fund Balance	Use of / (Contribution to) Net Position	Staffing
General Fund						
Name of General Fund Budget Unit	0	0	0			0
Total General Fund	0	0	0			0
Special Revenue Funds						
Name of Special Revenue Fund Budget Unit	0	0		0		0
Total Special Revenue Funds	0	0		0		0
Internal Service Funds						
Name of ISF Budget Unit	0	0			0	0
Total Internal Service Funds	0	0			0	0
Enterprise Funds						
Name of EF Budget Unit	0	0			0	0
Total Enterprise Funds	0	0			0	0
Total - All Funds	0	0	0	0	0	0



2015-16 MAJOR ACCOMPLISHMENTS

← 2015-16 Major Accomplishments provides significant departmental accomplishments during the last fiscal year.

DEPARTMENT GOALS AND OBJECTIVES

COUNTY GOAL: BLANK		Measure	2014-15 Actual	2015-16 Target	2015-16 Est.	2016-17 Target
OBJECTIVE						
OBJECTIVE						
STRATEGY			0	0	0	0
STRATEGY						
STRATEGY						
STRATEGY						

↑ The above table lists the County Goal and Objectives, department strategies and performance measures for the 2016-17 fiscal year.

The budget unit name is listed at the top, and begins the section on specific budget unit information. Up to this point the data has been departmental.

Name of Budget Unit

DESCRIPTION OF MAJOR SERVICES

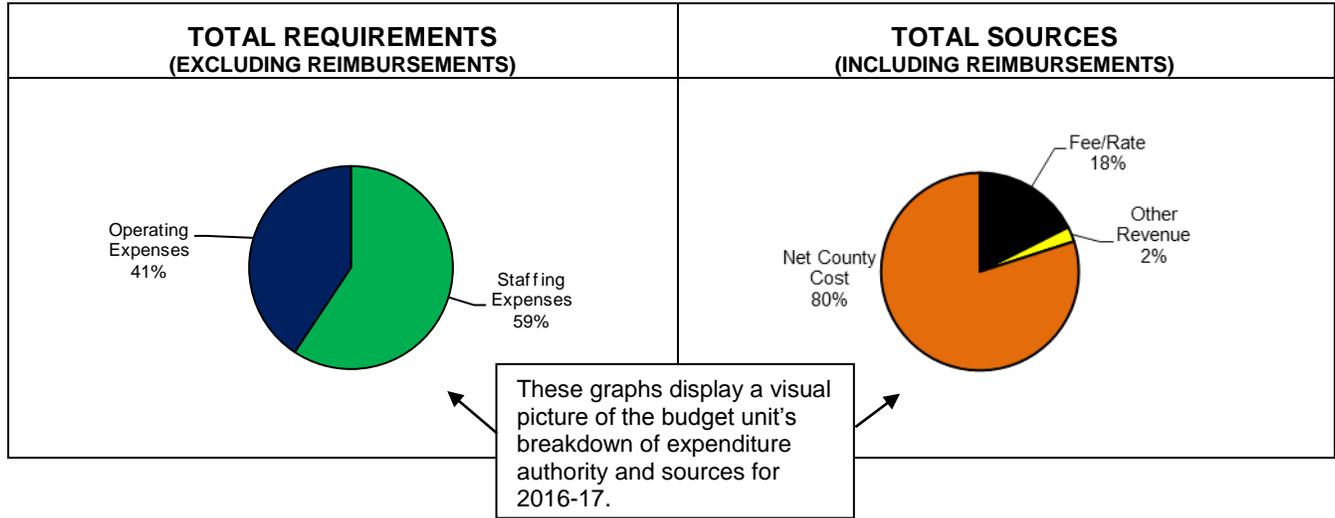
← Description of Major Services provides a narrative describing the function and activity of the budget unit.

Budget at a Glance	
Total Requirements (Excl. Reimb.)	\$5,434,814
Total Sources (Incl. Reimb.)	\$501,095
Net County Cost	\$4,933,719
Total Staff	17
Funded by Net County Cost	91%

↑ Budget at a Glance lists the budget unit's 2016-17 total requirements excluding reimbursements, total sources including reimbursements, total budgeted staffing, use of net county cost or use of carry over funding, if any, and percentage of requirements funded by net county cost, if applicable.



2016-17 RECOMMENDED BUDGET



ANALYSIS OF 2016-17 RECOMMENDED BUDGET

The header shows which budget unit you are looking at and lists the Function and Activity per state guidelines.

GROUP:	-			(A)		(B)	(B-A)
DEPARTMENT:	-			2015-16	2015-16	2016-17	
FUND:	-			Modified Budget	Estimate	Recommended Budget	Change From Prior Year Modified Budget
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>				
	Actual	Actual	Actual				
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Total Exp Authority	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	0	0	0	0	0	0	0
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State/Fed/Other Government	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
Net County Cost	0	0	0	0	0	0	0
Budgeted Staffing*	0	0	0	0	-	0	0

*Data represents modified budgeted staffing



DETAIL OF 2016-17 RECOMMENDED BUDGET

← **Detail of 2016-17 Recommended Budget section only applies to funds that have been consolidated for presentation purposes** (i.e. Assessor/Recorder/County Clerk Recorder Special Revenue Funds, Human Services Subsistence funds, etc.) This section depicts the budget detail of each individual budget unit for 2016-17, including staffing, requirements, sources, net county cost, fund balance, and net position, where applicable; and also includes a description of major programmatic changes in requirements and revenues (sources).

MAJOR EXPENDITURES AND REVENUE IN 2016-17 RECOMMENDED BUDGET

← The Major Expenditures and Revenue in the 2016-17 Recommended Budget section briefly describes significant budgeted expenditures and sources included within the Departments' recommended budget.

BUDGET CHANGES AND OPERATIONAL IMPACT

← The Budget Changes and Operational Impact section briefly describes any major budget unit program impacts, and highlights the 2016-17 budget, including significant changes in requirements and sources from the prior year Modified budget.

2016-17 POSITION SUMMARY

Division	2015-16				2016-17		Limited	Regular
	Modified Staffing	Adds	Deletes	Re-Orgs	Recommended			
					0			
Total	0	0	0	0	0		0	0

*Detailed classification listing available in Appendix D.

↑ The 2016-17 Position Summary above displays 2015-16 modified staffing by division within the budget unit (as of the 2015-16 2nd Quarter Budget Report adopted on March 1, 2016) and the details regarding if positions have been added, deleted or reorganized to derive the 2016-17 recommended staffing. It also provides limited term and regular position counts for 2016-17 budgeted staffing.

STAFFING CHANGES AND OPERATIONAL IMPACT

← The Staffing Changes and Operational Impact section briefly highlights budgeted staffing changes and operational impacts for 2016-17, including significant changes from the prior year budgeted staffing.

