COUNTY OF SAN BERNARDINO

2005-06
FINAL BUDGET

Supervisor Bill Postmus, Chair ..... First District

Supervisor Paul Biane, Vice Chair ..... Second District

Supervisor Dennis Hansberger ..... Third District

Supervisor Gary Ovitt..... Fourth District

Supervisor Josie Gonzales ..... Fifth District

Mark H. Uffer, County Administrative Officer

Larry Walker, Auditor/Controller-Recorder

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MARK H. UFFER
County Administrative Officer

COUNTY OF SAN BERNARDINO

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BOARD OF SUPERVISORS

Bill Postmus, Chair ..... *First District*
Paul Biane, Vice Chair ..... *Second District*
Dennis Hansberger ..... *Third District*
Gary C. Ovitt ..... *Fourth District*
Josie Gonzales ..... *Fifth District*

The Honorable Board of Supervisors
County of San Bernardino
San Bernardino, California

The Board of Supervisors adopted the final budget for 2005-06 on June 21, 2005. The budget stands as a fiscally sound spending plan. The 2005-06 budget provides for the operational needs of County departments, increases the County's general purpose reserve, and sets aside a significant amount of contingencies for uncertainties that the County may face during the current year and next fiscal year.

When building the 2005-06 budget, the County Administrative Office (CAO) adhered to the County's three financing policies; the budget financing policy, which holds that one-time funds shall not be used to finance ongoing operational costs; the reserve policy, which maintains an ongoing general purpose reserve equal to 10% of locally funded appropriations, coupled with an appropriated contingency fund equal to 1.5% of locally funded appropriations; and the debt policy, which calls for the prudent management of liabilities, and wherever possible, the pursuit of alternative sources of funding in order to minimize the level of debt.

Additionally, when developing the County's budget, consideration was given to the State and Federal impacts, the State's economy, and the local economy. At the time the budget was adopted, State and Federal budget changes were unknown. Also unknown was the impact of new judgeships and the salary negotiations with the various representation units and the exempt employees. With this in mind, the County took a conservative approach when adopting the budget. The County built into its financing plan set asides of both ongoing and one-time financing for the purposes mentioned above, with the intention of returning to the Board of Supervisors to recommend modifications to the budget mid-year when actual impacts can be determined.

THE BUDGET IN BRIEF

Countywide expenditures, including enterprise funds, total $3.1 billion, an increase of $252.5 million over fiscal year 2004-05. General Fund appropriations, including the restricted financing general funds of Prop.172 and Realignment, total $2.2 billion, which is an increase of $175.3 million over the prior year. The General Fund budget includes approximately $936.0 million for salaries and benefits, which is a $90.3 million increase over the previous year. Of the $90.3 million increase, $55.7 million is for the Law and Justice Group to fund MOU increases for the safety and safety management units, retirement costs, workers compensation costs, and the addition of 399.0 new positions. The remaining $34.6 million in the non-law and justice groups funded retirement costs, workers compensation costs, and the addition of 170.5 new positions.

The $2.2 billion in General Fund spending is funded by countywide discretionary revenues, financing transfers from departments, the use of reserves, and beginning fund balance in the General Fund. Of this $2.2 billion, the Board of Supervisors has discretion over $554.5 million.

When the 2005-06 final budget was adopted, there was $40.6 million in general purpose reserves and $97.8 million in specific purpose reserves. Additionally, on-going set asides were established for retirement costs ($7.9 million), costs related to the future needs of the growing population ($7.0 million), and departmental workload issues ($2.7 million).

BUDGET HIGHLIGHTS

The Board continued to focus the County's resources on public safety. The 2005-06 final budget saw increased appropriations of $63.3 million to the Law and Justice Departments. Increases were for operating costs for the new Adelanto jail facility and operating costs for the expansion of the High Desert Juvenile Detention Center, funding for the new Countywide Gang Initiative, funding for the purchase of new helicopters, funding for additional patrol deputies for County operations, and restoration of all prior year reductions.

Additionally, the capital projects budget increased by $80.5 million in 2005-06. In this area, the Board financed the following projects: $31.3 million for the purchase and remodel of the new Adelanto jail facility, $19.6 million to purchase and remodel an office building in the City of San Bernardino, $19.2 million in general fund support to finance 55 one-time projects, and $7.9 million for general capital projects, whereas general capital projects has historically been funded with a base budget of $3.5 million.

The Board of Supervisors had requested the development of a countywide economic strategy to serve as a framework for policy decision-making when planning for the explosive growth and development the County now faces. As part of this strategy, the 2005-06 adopted budget reflects a management reorganization which resulted in a new economic development function and departments that report directly to the CAO. The basic objectives of the reorganization were to strengthen the County's overall economic development efforts, provide greater managerial oversight over the various county functions/departments, and improve customer service by establishing a structure that is more understandable and responsive to the general public.

LOOKING AHEAD – CHALLENGES IN FISCAL YEAR 2006-07 AND BEYOND

As the population of the County continues to increase, the needs of the County continue to grow. Among the County financing issues on the horizon are:

- Jail Expansion
- Hospital Expansion
- State Financing Issues
- New Judgeships
- Building Needs
- Redevelopment Needs

CONCLUSION

The fiscal year 2005-06 San Bernardino County Budget meets the County's budget objectives and addresses the major policy issues that face the County. As the County enters a new year and looks forward to the challenges that lie ahead in future years, we will continue to strive to efficiently and effectively meet the needs of San Bernardino County's citizens.

Respectfully submitted,

MARK H. UFFER
County Administrative Officer

COUNTY OF SAN BERNARDINO

The Board of Supervisors adopted the County of San Bernardino's 2005-06 Final Budget on June 21, 2005. This budget covers the period from July 1, 2005 – June 30, 2006. Each department is responsible for operating within their budget and has the authority to spend up to the approved budget amount.

The County of San Bernardino's 2005-06 Final Budget consisting of the general fund, restricted financing funds, capital project funds, special revenue funds, and enterprise funds has a total appropriation of $3.1 billion.

When developing their individual budgets, each department considers the following mission, vision, and value statements of the County of San Bernardino:

Mission Statement

The mission of the government of the County of San Bernardino is to satisfy its customers by providing service that promotes the health, safety, well being, and quality of life of its residents according to the County Charter, general laws, and the will of the people it serves.

Vision Statement

Our vision is to create a safe, clean, and healthy environment that appeals to families and individuals, and attracts the best in business and industry. We will create, support, and enhance vibrant communities that emphasize beauty, culture, art, recreation, education, and a sense of history.

VALUES Statement

To achieve our Vision, we dedicate ourselves to these values:

- **V**aluing our workforce by providing recognition, training and education, opportunities for customer service and career development, a safe and healthy work environment and fair compensation.
- **A**ppreciation and promotion of the diverse cultures that comprise our workforce and the communities we serve.
- **L**eadership by coordinating regional planning through collaboration with local communities and businesses.
- **U**nquestioned integrity that embraces a culture of honor and trustworthiness.
- **E**xcellence in the development of efficient and cost-effective strategies to improve customer service in an atmosphere that allows and encourages new ideas.
- **S**ervice of the highest quality to our customers delivered with dignity and respect.

General Fund Budget Process

The County Administrative Office has the responsibility of developing the county financing plan for all general fund departments. This plan begins with reviewing the two restricted financing sources, Prop. 172 and Realignment. Prop. 172 assists in financing the Sheriff, District Attorney, and Probation departments. Realignment assists in financing the general fund departments of Human Services, Behavioral Health, and Public Health. If these financing sources are not sufficient to pay for those departments' costs, then the general fund sources are considered.

The 2005-06 financing plan included a total of $405.7 million in ongoing discretionary revenue for the general fund. This revenue is comprised of property taxes, interest on the county investment pool, sales tax, and other taxes. Mandatory costs such as previously negotiated salary increases, previous year's Board approved costs, and other mandated costs are first financed by the discretionary revenue. After the mandatory costs are financed, the

remaining unallocated discretionary revenue is presented to the Board of Supervisors during the budget workshop for approval of distribution.

A budget workshop was held June 6th through 8th, 2005, to discuss each department's proposed budget. Each department submitted a proposed budget based on the general fund financing amount allocated to them and their own departmental revenues. At that time, departments also requested fee adjustments and/or policy items, which included funding requests for those workload and program changes that were unable to be financed in their proposed budget.

A budget and fee hearing was held on June 20, 2005, for public input on the county budget and fee ordinance changes. The Board adopted the 2005-06 final budget on June 21, 2005.

The following schedules describe in detail what was approved at the budget and fee hearings, and the adoption of the final budget.

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Fee Adjustments:				
County Counsel	91,500	91,500	-	1.0
Public Health	86,240	86,240	-	-
Regional Parks	378,259	378,259	-	-
Surveyor	7,257	7,257	-	-
Solid Waste Mgmt	1,834,205	1,834,205	-	-
Auditor Controller-Recorder	941,785	1,175,713	(233,928)	10.0
Sheriff-Coroner	1,300	1,300	-	-
Total Fee Adjustments	**3,340,546**	**3,574,474**	**(233,928)**	**11.0**

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Policy Items Approved:				
Joint Powers Leases - Debt Reduction	1,000,000	-	1,000,000	-
County Administrative Office - Administrative Analyst - Grant Writer	111,943	-	111,943	1.0
Clerk of the Board - Staff Analyst II	75,000	-	75,000	1.0
Information Services Department - Geographic Information Systems Upgrades	280,000	-	280,000	-
County Museum				
Ongoing Maintenance Allocation	70,000	-	70,000	0.3
Support for Six Museum Admission-Free Days	-	(15,000)	15,000	-
Enhanced Marketing Budget	40,000	20,000	20,000	-
Addition of Part-time Museum Clerk	16,062	-	16,062	0.5
Educational Center Development	31,500	-	31,500	-
Regional Parks - Information Technology	47,000	-	47,000	1.0
Registrar of Voters				
Poll Worker stipend increase, polling place stipend, and bi-lingual differential	196,400	100,200	96,200	-
Business Applications Manager	94,000	-	94,000	1.0
Economic Development - Fund economics activities based on Husing Report	3,070,554	-	3,070,554	-
Assessor				
Addition of Assistant Assessor Position	126,099	-	126,099	1.0
Increase of Business Property Staff	361,266	-	361,266	6.0
Increase of Real Property Staff	175,788	-	175,788	4.0
Veterans Affairs - Addition of Veterans Service Representative II	64,330	-	64,330	1.0
Facilities Management				
MAINTENANCE - Plumber and Electrician	198,000	-	198,000	2.0
MAINTENANCE - Services and Supplies	100,000	-	100,000	-
CUSTODIAL - Window Washing	35,000	-	35,000	-
MAINTENANCE - Maintenance Supervisor	116,000	-	116,000	1.0
CUSTODIAL - Custodian I	45,000	-	45,000	1.0
CUSTODIAL - Custodian I	45,000	-	45,000	1.0
GROUNDS - Seasonal Planting/ Beautification	25,000	-	25,000	-
MAINTENANCE - Maintenance Mechanic	189,000	-	189,000	2.0
Sheriff-Coroner				
SHERIFF - Purchase of Three AS350-B3 Patrol Helicopters	2,800,000	-	2,800,000	-
SHERIFF - Additional Patrol Deputies for County Operations	3,100,000	-	3,100,000	25.0
SHERIFF - School Resource Officer	30,000	-	30,000	-
Total Policy Items Approved	**12,442,942**	**105,200**	**12,337,742**	**48.8**

NOTE: In addition, the policy item for $2.0 million additional CIP contribution is funded via operating transfer out.

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Items Approved Mid-Year After Compilation of the Proposed Budget Workbook:				
GENERAL FUND				
Aging and Adult Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	3,400	3,400	-	-
Agriculture/Weights & Measures				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	3,900	-	3,900	-
Assessor				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	51,400	-	51,400	-
Auditor/Controller-Recorder				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	176,000	-	176,000	-
Behavioral Health				
Proposition 63 Mental Health Services Act Program Planning Funding from the California Dept of Mental Health *(Approved May 17, 2005, Item No. 70)*	482,746	482,746	-	4.0
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	235,500	235,500	-	-
Behavioral Health - Alcohol and Drug Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	18,800	18,800	-	-
Child Support Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	134,200	134,200	-	-
Clerk of the Board				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	10,400	-	10,400	-
County Administrative Office				
Amendments to County Code for Organizational Restructuring *(Approved May 3, 2005, Item No. 90)*	(479,269)	-	(479,269)	(4.0)
County Counsel				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	16,100	-	16,100	-
County Museum				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	5,500	-	5,500	-

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Items Approved Mid-Year After Compilation of the Proposed Budget Workbook:				
GENERAL FUND				
District Attorney - Criminal				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	133,200	-	133,200	-
Grant Award from Indian Gaming Committee *(Approved June 14, 2005, Item No. 70)*	178,842	178,842	-	2.0
Economic Development Function				
Amendments to County Code for Organizational Restructuring Increases in appropriation and reimbursements of $1,107,458; net zero. *(Approved May 3, 2005, Item No. 90)*	-	-	-	9.0
Facilities Management				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	2,100		2,100	-
Financial Administration				
Amendments to County Code for Organizational Restructuring *(Approved May 3, 2005, Item No. 90)*	(583,586)	-	(583,586)	-
Franchise Administration				
Amendments to County Code for Organizational Restructuring *(Approved May 3, 2005, Item No. 90)*	(44,867)	-	(44,867)	-
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	1,000		1,000	-
Human Resources				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	43,700	-	43,700	-
Human Resources - Employee Health & Wellness				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	2,600	2,600	-	-
Human Services Group (formerly Human Services System)				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	1,006,700	855,700	151,000	-
Information Services - Application Development				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	6,500		6,500	-

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Items Approved Mid-Year After Compilation of the Proposed Budget Workbook:				
GENERAL FUND				
Land Use Services - Administration				
Purchase of Accela Permits Plus System Software Upgrades and Professional Services Increases in appropriation and reimbursements of $92,911; net zero. *(Approved May 17, 2005, Item No. 84)*	-	-	-	-
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	4,300	4,300	-	-
Land Use Services - Building & Safety				
Purchase of Accela Permits Plus System Software Upgrades and Professional Services *(Approved May 17, 2005, Item No. 84)*	92,911	92,911	-	-
Request for Additional Positions - Services & Supplies portion ONLY *(Approved April 19, 2005, Item No. 71)*	83,000	83,000	-	-
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	13,900	13,900	-	-
Land Use Services - Code Enforcement				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	4,400	-	4,400	-
Land Use Services - Current Planning				
Request for Additional Positions - Services & Supplies portion ONLY *(Approved April 19, 2005, Item No. 71)*	5,000	5,000	-	-
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	1,800	1,800	-	-
Land Use Services - Fire Hazard Abatement Program				
MOU between Land Use Services - Fire Hazard Abatement and SB Co Fire for Abatement Svcs within City of Hesperia *(Approved May 17, 2005, Item No. 14)*	225,500	225,500	-	1.0
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	2,500	2,500	-	-

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Items Approved Mid-Year After Compilation of the Proposed Budget Workbook:				
GENERAL FUND				
Probation - Administration & Community Corrections				
Contract Amendments for Independent Living Skills Program Services Increases in appropriation and reimbursements of $27,000; net zero. *(Approved June 14, 2005, Item No. 57)*	-		-	-
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	186,700	-	186,700	-
Probation - Detention Corrections				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	49,400	-	49,400	-
Public and Support Services (formerly Econ Dev/Public Svc Grp)				
Amendments to County Code for Organizational Restructuring *(Approved May 3, 2005, Item No. 90)*	1,389,421	-	1,389,421	(1.0)
Public Defender				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	34,400	-	34,400	-
Public Guardian-Conservator				
Contract with Panoramic Software, Inc. for an Intranet Accessible Case Management Application *(Approved May 10, 2005, Item No.30)*	16,000		16,000	-
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	12,300	-	12,300	-
Public Health				
Increase Public Awareness and Control Capabilities of West Nile Virus *(Approved April 19, 2005, Item No. 69)*	88,000	-	88,000	-
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	252,900	224,200	28,700	-
Public Health - California Children's Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	74,200	74,200	-	-
Purchasing				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	900	-	900	-
Real Estate Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	2,100	-	2,100	-

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Items Approved Mid-Year After Compilation of the Proposed Budget Workbook:				
GENERAL FUND				
Regional Parks				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	20,000	-	20,000	-
Registrar of Voters				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	22,500	-	22,500	-
Sheriff-Coroner				
13th Amendment to Contract No. 94-937 with the City of Hesperia to provide law enforcement services *(Approved April 12, 2005, Item No. 38)*	118,990	118,990	-	1.0
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	344,100	129,000	215,100	-
Grant Award from Indian Gaming Committee *(Approved June 14, 2005, Item No. 70)*	400,000	400,000	-	1.0
Surveyor				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	2,900	2,900	-	-
Treasurer-Tax Collector/Public Administrator				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	65,400	-	65,400	-
Veteran's Affairs				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	4,900	-	4,900	-
Subtotal General Fund	4,923,288	3,289,989	1,633,299	13.0
SPECIAL REVENUE FUND				
Assessor - State/County Property Tax Admin				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	6,500	6,500	-	-
Auditor/Controller-Recorder - Systems Development				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	12,600	12,600	-	-
Community Development and Housing (formerly Econ & Comm Dev)				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	5,800	5,800	-	-
County Library				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	6,400	6,400	-	-
District Attorney - State Asset Forfeiture				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	3,500	3,500	-	-

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Items Approved Mid-Year After Compilation of the Proposed Budget Workbook:				
SPECIAL REVENUE FUND				
District Attorney - Workers' Comp Fraud				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	800	800	-	-
Human Resources - Commuter Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	800	800	-	-
Human Resources - Employee Benefits and Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	37,300	37,300	-	-
Preschool Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	18,800	18,800	-	-
Probation - Juvenile Justice Grant Program (AB 1913)				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	12,800	12,800	-	-
Regional Parks - County Trail System				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	1,600	1,600	-	-
Transportation				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	17,500	17,500	-	-
Workforce Development (formerly Jobs and Employment Services)				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	16,500	16,500	-	-
Subtotal Special Revenue Funds	140,900	140,900	-	-
ENTERPRISE FUND				
Arrowhead Regional Medical Center				
Amendment 1 to Agreement No. 04-659 with Arrowhead Cardiology Medical Group, Inc. *(Approved May 24, 2005, Item No. 48)*	65,000	65,000	-	-
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	663,700	663,700	-	-
County Museum - Museum Store				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	5,600	5,600	-	-
Solid Waste Management				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	3,600	3,600	-	-
Subtotal Enterprise Funds	737,900	737,900	-	-

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Items Approved Mid-Year After Compilation of the Proposed Budget Workbook:				
INTERNAL SERVICE FUND				
Fleet Management - Garage				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	7,800	7,800	-	-
Fleet Management - Motor Pool				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	1,000	1,000	-	-
Human Resources - Risk Management				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	22,700	22,700	-	-
Information Services - Computer Operations				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	17,500	17,500	-	-
Information Services - Network Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	10,700	10,700	-	-
Purchasing - Central Stores				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	1,800	1,800	-	-
Purchasing - Mail/Courier Services				
Clerical Classification Study *(Approved April 5, 2005, Item No. 67)*	1,800	1,800	-	-
Subtotal Internal Service Funds Funds	63,300	63,300	-	-
Total Items Approved Mid-Year After Compilation of the Proposed Budget Workbook:	**5,865,388**	**4,232,089**	**1,633,299**	**13.0**

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Other Items Required Based on Revised Financing Plan:				
GENERAL FUND				
Economic and Community Development - Economic Promotion				
Consolidation of Economic Promotion into the new Economic Development Function.	(808,963)	-	(808,963)	(2.0)
Economic and Community Development - Small Business Develop.				
Consolidation of Small Business Development into the new Economic Development Function.	(160,062)	-	(160,062)	(3.0)
Economic Development Function				
Transfer of Executive Secretary III position from former Econ Dev/Public Svc Grp. Fully reimbursed position No. 7328 was erroneously omitted from Re-org Board Agenda Item No. 90, approved on May 3, 2005.	-	-	-	1.0
Consolidation of Economic Promotion into the new Economic Development Function.	808,963	-	808,963	2.0
Consolidation of Small Business Development into the new Economic Development Function.	160,062	-	160,062	3.0
Transfer of 19.0 fully reimbursed positions from Workforce Development into new Economic Development Function	-	-	-	19.0
Transfer of 6.0 fully reimbursed positions from Community Development and Housing into new Economic Development Function	-	-	-	6.0
Facilities Management - Utilities				
Utilities Savings	(311,141)	-	(311,141)	-
Financial Administration				
Higher interest expense for TRANS due to issuance of a TRANS larger than anticipated in the March financing plan. This expense will be offset by increased interest earnings on the borrowed funds.	1,500,000	1,500,000	-	-
Local Agency Formation Commission (LAFCO)				
Legal Mandate to fund one-third of LAFCO operating costs that are not reimbursed by fees and other revenue. Proposed budget amount was based on estimate provided in March 2005. LAFCO has since adopted its final budget. Increase in appropriations is based on final adopted LAFCO budget.	2,000		2,000	-
Public and Support Services (formerly Econ Dev/Public Svc Grp)				
Transfer of Executive Secretary III position to new Economic Development Svc Grp. Fully reimbursed position No. 7328 was erroneously omitted from Re-org Board Agenda Item No. 90, approved on May 3, 2005.	-	-	-	(1.0)
Registrar of Voters				
Governor declared Special Election November 8, 2005.	200,000	200,000	-	-
Sheriff-Coroner				
Financing mechanism to move operating transfer out, originally intended to fund lease payments for the Adelanto Detention Center, to Financial Administration for jail purchase. This will result in a local cost reduction of $2,999,379 because this ongoing expense has been eliminated.	-	-	-	-
Use of Sheriff's portion of Prop. 172 revenue to purchase helicopter. Department will be reimbursed with future proceeds from the sale of seven aircraft.	2,800,000	2,800,000	-	-
Subtotal General Fund	4,190,859	4,500,000	(309,141)	25.0

BOARD APPROVED CHANGES TO THE PROPOSED BUDGET WORKBOOK

	Approp	Departmental Revenue	Local Cost	Addt'l Staffing
Other Items Required Based on Revised Financing Plan:				
RESTRICTED GENERAL FUND				
Prop. 172 (Sheriff-Coroner portion)				
Use of Sheriff's portion of Prop. 172 revenue to purchase helicopter. Department will be reimbursed with future proceeds from the sale of seven aircraft.	(2,800,000)	(2,800,000)	-	-
Subtotal Restricted General Fund	(2,800,000)	(2,800,000)	-	-
SPECIAL REVENUE FUND				
Workforce Development (formerly Jobs and Employment Services)				
Transfer of 19.0 fully reimbursed positions from Workforce Development into new Economic Development Function	-	-	-	(19.0)
Community Development and Housing (formerly Econ & Comm Dev)				
Transfer of 6.0 fully reimbursed positions from Community Development and Housing into new Economic Development Function	-	-	-	(6.0)
Subtotal Special Revenue Funds	-	-	-	(25.0)
Total Other Items Required Based on Revised Financing Plan:	**1,390,859**	**1,700,000**	**(309,141)**	**-**
Grand Total Board Approved Changes to the Proposed Budget Workbook	**23,039,735**	**9,611,763**	**13,895,828**	**72.8**

When the budget was adopted on June 21, 2005, the unrestricted financing available totaled $35.0 million. This unrestricted financing was not allocated given that the State budget impact to the County was still unknown, and the impact of salary negotiations with the various representation units and the exempt employees was also unknown. The breakdown of the unrestricted financing into categories of ongoing and one-time was $10.7 million and $24.3 million, respectively. In addition, the Board of Supervisors directed that any fund balance adjustment in the general fund would be made to the appropriations for contingencies. No money can be spent from contingencies without obtaining Board of Supervisors approval.

Other Funds Budget Process

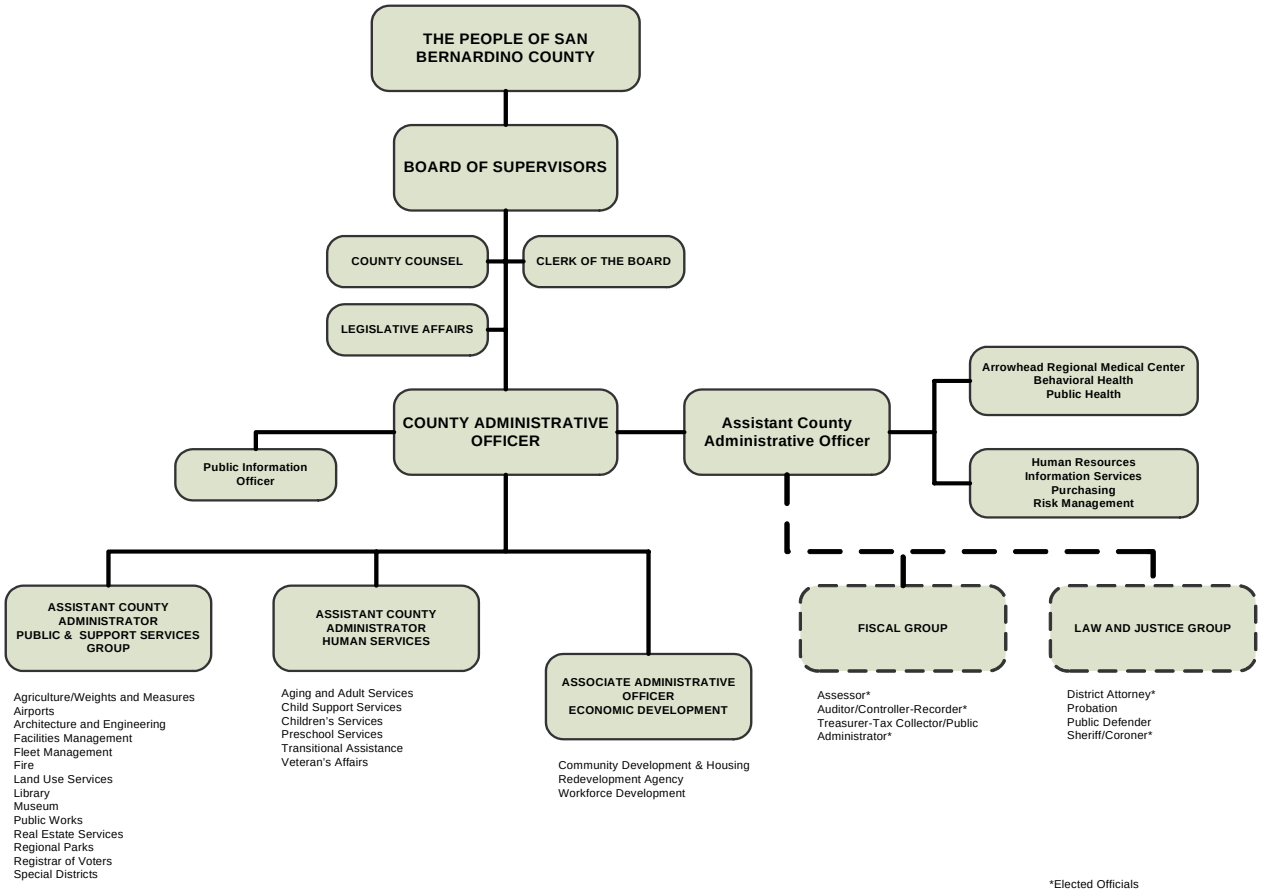
In addition to the general fund, the County of San Bernardino has restricted financing funds, capital project funds, special revenue funds, enterprise funds, and internal service funds. All of these funds are restricted to the revenue sources they receive. Each department having these types of funds is responsible for developing its budget based on the revenue resources available to them. These resources include projected revenue to be collected in 2005-06 and any revenue not spent and carried forward from prior years (for example, fund balance for special revenue funds). These budgets were also discussed during the budget workshop and Budget and Fee Hearing. In addition, the Board of Supervisors gave approval to make necessary fund balance adjustments to these funds to agree to the Auditor/Controller-Recorder's actual fund balance.

Budget Workbook Format

The County of San Bernardino's 2005-06 Final Budget is presented in this book based on the County Organizational Structure, which is depicted below. The Administrative/Executive Group is those departments that report directly to the Board of Supervisors or those departments that report directly to the County Administrative Office. This group performs functions related to the overall support of the county.

Budget units presented in this book are displayed at a fund/department level. Although some departments incorporate the organizational level 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 shown on pages 14 - 17 of this Preface. This sample further shows and explains how each budget unit is presented in the book.

A list of Budget Book Definitions is provided on pages 18 - 21 of this Preface. This listing defines budget terms commonly used throughout the budget workbook.



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

DEPARTMENT
Department Head

MISSION STATEMENT

ORGANIZATIONAL CHART

Departments that have multiple budget units will have a summary at the front that lists the individual budget units and budget figures for 2005-06 that they are responsible for.

	2005-06				
	Appropriation	Revenue	Local Cost	Rev Over(Under) Exp/ Fund Balance	Staffing
Budget #1				-	
Budget #2				-	
Budget #3			-		
Total	-	-	-	-	-

DESCRIPTION OF MAJOR SERVICES

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

BUDGET & WORKLOAD HISTORY

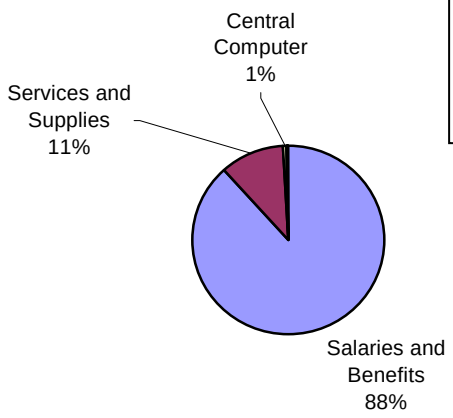
	Actual 2003-04	Budget 2004-05	Actual 2004-05	Budget 2005-06
Appropriation				
Departmental Revenue				
Local Cost				
Budgeted Staffing				
Workload Indicators				
Workload Indicator #1				
Workload Indicator #2				

Budget & Workload History provides a historical overview of the budget unit, including actuals from 2003-04, the 2004-05 adopted budget and actuals for this year, and the 2005-06 adopted budget.

It also includes budget and actual information related to measurements of workload, called Workload Indicators.

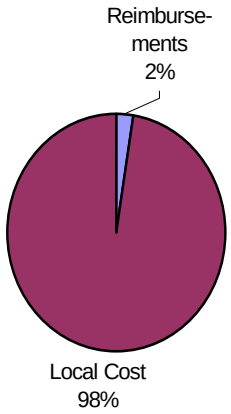
For those departments that have significant variances between budget and actual in 2004-05, there will be an explanation of why this occurred. The 2004-05 Budget is the original budget adopted in late June and does not reflect any mid year changes approved by the Board during the fiscal year. In many cases, this is why there are variances between budget and actual in 2004-05.

2005-06 BREAKDOWN BY EXPENDITURE AUTHORITY

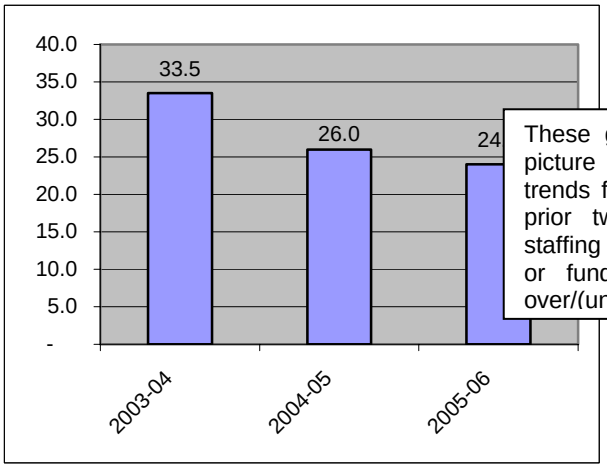


These graphs display a visual picture of the budget unit's breakdown of expenditure authority and financing sources for 2005-06.

2005-06 BREAKDOWN BY FINANCING SOURCE

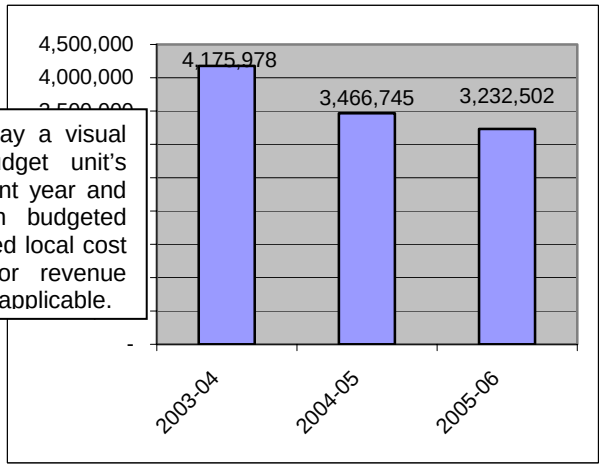


2005-06 STAFFING TREND CHART



These graphs display a visual picture of the budget unit's trends for the current year and prior two years in budgeted staffing and budgeted local cost or fund balance or revenue over/(under), where applicable.

2005-06 LOCAL COST TREND CHART



The header shows which budget you are looking at and lists the Function and Activity that tie this page to the summary financial schedules prepared by the Auditor's Office.

GROUP:	-	**BUDGET UNIT:**	-
DEPARTMENT:	-	**FUNCTION:**	-
FUND:	-	**ACTIVITY:**	-

	2004-05 Actuals	2004-05 Final Budget	2005-06 Board Approved Base Budget	2005-06 Board Approved Changes to Base Budget	2005-06 Final Budget
Appropriation					
Salaries and Benefits	-				-
Services and Supplies	-				-
Central Computer	-				-
Other Charges	-				-
Land	-				-
Improvement to Land	-				-
Improvement to Structures	-				-
Equipment	-				-
Vehicles	-				-
L/P Structures	-				-
L/P Equipment	-				-
L/P Vehicles	-				-
Transfers	-				-
Contingencies	-				-
Total Exp Authority	-				-
Reimbursements	-				-
Total Appropriation	-				-
Operating Transfers Out	-				-
Total Requirements	-				-
Departmental Revenue					
Taxes	-				-
Licenses & Permits	-				-
Fines and Forfeitures	-				-
Use of Money and Prop	-				-
State, Fed or Gov't Aid	-				-
Current Services	-				-
Other Revenue	-				-
Other Financing Sources	-				-
Total Revenue	-				-
Operating Transfers In	-	-	-	-	-
Total Financing Sources	-	-	-	-	-
Local Cost	-	-	-	-	-
Budgeted Staffing		-	-	-	-

This section provides a summary overview of how the budget incrementally progresses from prior year adopted to the current year adopted.

A more detailed breakout of the expenditure and revenue changes in the Board Approved Changes to Base Budget category is included in the following schedule.

Prior year actual figures are included for informational purposes.

From left to right, following prior year actuals are: the prior year approved budget; the Board approved base budget, which includes non-discretionary budget changes, such as changes due to legal requirements or salary negotiations; Board approved changes to the base budget, which includes any type of discretionary changes made by the department, policy items approved, or fee adjustments approved; and finally the final budget which is the sum of the Board Approved Base Budget column and the Board Approved Changes to Base Budget column.

The header shows which budget unit you are looking.

DEPARTMENT: -
FUND: -
BUDGET UNIT: -

BOARD APPROVED CHANGES TO BASE BUDGET

	Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
1.		-	-	-	-
2.			-	-	-
3.			-	-	-
4.			-	-	-
	Total	-	-	-	-

This schedule provides the reader with a description and explanation of Board approved changes to base budget.

Final Budget Adjustments, approved by the Board after the proposed budget was submitted, are listed in bold print.

BUDGET BOOK DEFINITIONS

Activity: A component within a fund; usually a specific line of work performed to accomplish a function for which a governmental unit is responsible.

Appropriation: An authorization from a specific fund to a specific program to make expenditures/incur obligations for a specified purpose and period of time. The budget contains many appropriations or items. These appropriations are limited to one year, unless otherwise specified.

Base Budget: The base budget represents the prior year approved budget plus mandated cost adjustments such as across-the-board salary increases (MOU), retirement costs, risk management liabilities, and previous year's mid-year Board approved costs.

Budgeted Staffing: The number of equivalent positions funded in the budget unit. Also referred to as full-time equivalent (FTE).

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

Central Computer: Central Computer expense category is set up specifically to allocate the Information Services Department's computer charges to departments based on usage. These are countywide costs for computer infrastructure such as email, wide area network, payroll processing, and software/hardware staff support. Each department's Central Computer budget amount is estimated at the beginning of the fiscal year by the Information Services Department and is billed based on that estimate. Next year's budget (2006-07) will be adjusted based upon the actual usage in 2005-06.

Contingencies: An amount set aside within a budget for unforeseen expenditure requirements. Board action must be taken to spend contingency funds and a 4/5 vote is required for approval.

Costs to Maintain Current Program Services: All non-discretionary budget changes that are factored into the base budget: these include the cost of new mandates and negotiated salary increases. The Board of Supervisors approved these costs for the general fund in the County Administrative Office's financing plan.

COWCAP: COWCAP is an acronym for County Wide Cost Allocation Plan. It is the method by which indirect support costs for services such as Human Resources, Payroll, Purchasing, etc. are allocated to departments. It is prepared annually by the County Auditor/Controller-Recorder in accordance with the Office of Management and Budget, Budget Circular A-87, which is the guideline for state and federal reimbursements for indirect costs.

Department: An organizational unit used by county management to group programs of a like nature.

Department Recommended Funded Adjustments: A proposal by the department to change or implement a new program funded through existing resources that is not currently authorized by the Board.

Depreciation: The recording of expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.

Discretionary Revenue: Revenue not legally designated for a specific purpose or program that can be appropriated at the discretion of the Board of Supervisors.

Employee Health & Productivity Program (EHaP): A modified duty/return to work program that utilizes specialized nurses to obtain effective and timely treatment for injured or ill employees. Overall goals are to return the employee to the workplace as soon as possible and to increase the health and productivity of employees through health promotion and risk reduction programs.

Encumbrance: An obligation placed on an appropriation to pay for goods or services that have been ordered by means of contracts, but not yet received. In other words, the money is tied up. Even though it has not been spent, it cannot be used for any other purpose.

Enterprise Funds: Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through operational revenues.

Final Budget: A document produced each fiscal year by the County Administrative Office, which is approved by the Board of Supervisors, as the annual spending plan for the County of San Bernardino. Note: Since subsequent appropriations and other actions affect a fiscal year's budget. These actions are modifications to the final budget.

Fiscal Year (FY): The County's twelve-month accounting period (July 1 through the following June 30), which varies from the calendar year and the federal fiscal year.

Fixed Asset: An asset of a long-term character such as land, buildings, furniture, and other equipment costing $5,000 or more and having a useful life of one year or more.

Full-time Equivalent (FTE): The number of equivalent positions funded in the budget units. Also referred to as budgeted staffing.

Function: A group of related activities aimed at accomplishing a major service for which a governmental unit is responsible. This designation is specified by the State Controller. For example: "Public Protection" is the function of the Sheriff's Department.

Fund: A legal unit that provides for the segregation of moneys or other resources in the county treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves, and fund balance, as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specific fund income or expenditures.

Fund Balance: The excess of assets over liabilities, including the cancellation of prior year encumbrances.

GASB 34: Governmental Accounting Standards Board (GASB), Statement 34 establishes new requirements for the annual financial reports of state and local governments. The goal is to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions.

There are many components of GASB 34, but as it relates to the budget, it is primarily composed of how services provided between county budget units are accounted. GASB 34 specifies how payments for services should be accounted for (either as reimbursements or as revenues). While the net impact is zero, reclassifications between these two categories cause inconsistencies when comparing year-to-year budgets by specific expense or revenue categories. In situations where this impact is significant, the departments have included an explanation of the reclassification.

General Fund: The General Fund is the predominate fund for financing county programs. It is used to account for revenues that are not specifically designated to be accounted for by any other fund. The primarily sources of revenue for the general fund are property taxes and other taxes, state and federal aid, current services, and other revenue. The general fund is used as the major funding source for the administrative/executive, economic development/public service, fiscal, human services system, internal services, and law and justice groups.

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

Local Cost: Local cost is the amount contributed by the county general fund from its discretionary revenue sources to finance the activities of a department.

Memorandum of Understanding (MOU): For budget purposes, the MOU refers to an approved labor agreement between the county and an employee labor organization that details the salary, benefits, and other conditions of employment.

Mid-year Adjustments: Board approved changes to a department's budget after the adoption of the final budget.

Operating Transfers In/Out: A method of providing financing from one fund to another for the implementation of a project or program.

Other Charges: A category of accounts established for expenditures other than salaries and benefits, services and supplies, and fixed assets. Example: In Home Supportive Services.

Proposed Budget: The working document of the fiscal year under discussion. Approval of this document does not allow expenditures for fixed assets and for new permanent employee positions unless specifically approved by the Board of Supervisors.

Proposition 172 (Prop. 172): 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.

Public Service Employee (PSE): PSEs are employees assigned to entry-level positions in a variety of fields and occupations for a limited duration. They are not full-time, regular county employees. PSEs are subject to an expedited recruiting process to accommodate additional workload or to handle one-time special projects. They do not receive the full range of benefits or have the civil service status of regular county employees.

Realignment Funding (Health & Welfare): In 1991-92 the state approved the Health & Welfare Realignment Program that involves a shift of program responsibilities from the state to the counties. This shift is funded through corresponding shift of dedicated Sales Tax and Vehicle License Fee revenue.

Reimbursements: Amount received as a repayment of the cost of work, or service performed, or of other expenditures made, for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure and are considered a financing source.

Restricted Financing Funds: Restricted financing funds consist of two restricted financing sources – Prop. 172 and realignment. Prop. 172 revenue assists in financing the Sheriff, District Attorney, and Probation departments. Realignment assists in financing mental health, social services, and health programs within the County.

Revenue: The addition of cash or other current assets to governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings. Revenues are deposited in a fund for future appropriation.

SB 90 State-Mandated Local Program: State reimbursements to local governments for the cost of activities required by State legislative and executive acts.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific sources of revenue whereby the use of such revenue is restricted by law for particular functions or activities of government.

Step Increases: An employee, based upon the completion of the required service hours in their classification, satisfactory work performance, and appointing authority recommendation, may receive step advancements. Step advancements/increases within the base salary range shall be based on two (2) step increments. Each increment is 2.5%.

Transfers: The movement of resources from one fund to another usually for payment of services received.

Unrestricted Net Assets: Net assets represent equity in capitalized assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt attributable to those assets. In other words, it is the difference between a government's assets and its liabilities.

APPROPRIATION SUMMARY

The 2005-06 final budget includes appropriation of $3,093,194,019, an increase of $252,513,277 or 8.89% over the 2004-05 restated final budget. The 2004-05 restated budget numbers are the result of a county reorganization in which the Economic Development/Public Service Group was restructured into the Public and Support Services Group. Additionally, the Internal Services Group was reorganized and its budget units were folded into the existing Administrative/Executive Group and the newly created Public and Support Services Group based on the various services provided by the respective budget unit. This restatement had no change to the total general fund appropriation balance. The schedule below does not include operating transfers.

	Restated Final 2004-05	Final 2005-06	Change	Percentage Change
Countywide Operations				
Admin/Exec Group	371,338,230	414,340,198	43,001,968	11.58%
Contingencies	109,326,898	96,967,709	(12,359,189)	(11.30%)
Financial Administration	6,000,000	6,916,414	916,414	15.27%
Debt Service	22,537,293	21,737,293	(800,000)	(3.55%)
Public and Support Services Group	76,275,550	85,073,955	8,798,405	11.54%
Fiscal Group	43,771,521	48,171,697	4,400,176	10.05%
Human Services	805,513,063	852,267,789	46,754,726	5.80%
Law & Justice Group	478,356,085	541,669,462	63,313,377	13.24%
Total General Fund	**1,913,118,640**	**2,067,144,517**	**154,025,877**	**8.05%**
Restricted Financing Funds	64,934,332	86,248,868	21,314,536	32.82%
Capital Project Funds	55,021,644	135,480,527	80,458,883	146.23%
Special Revenue Funds	366,955,900	361,730,983	(5,224,917)	(1.42%)
Subtotal	**2,400,030,516**	**2,650,604,895**	**250,574,379**	**10.44%**
Enterprise Funds				
Arrowhead Regional Medical Ctr	288,702,713	316,080,391	27,377,678	9.48%
Medical Center Lease Payment	53,385,776	53,508,961	123,185	0.23%
County Museum Store	151,541	141,677	(9,864)	(6.51%)
Regional Parks Snackbars	67,603	73,245	5,642	8.35%
Regional Parks Camp Bluff Lake	292,594	257,536	(35,058)	(11.98%)
Solid Waste Management	98,049,999	72,527,314	(25,522,685)	(26.03%)
Subtotal	**440,650,226**	**442,589,124**	**1,938,898**	**0.44%**
Total Countywide Funds	**2,840,680,742**	**3,093,194,019**	**252,513,277**	**8.89%**

Countywide Operations

Countywide operations show an increase in appropriation of $154,025,877, line items with the most significant changes are discussed below.

The **Administrative/Executive Group** shows a net increase of $43.0 million. This increase is due largely to the health related budget units, specifically a $20.0 million increase in the Health Administration budget unit for the county's obligation in required intergovernmental transfers to the state for the SB 855 and SB 1255 programs; a $10.7 million increase in the Behavioral Health budget unit for increased costs, which include therapeutic behavioral services, wraparound services for children, children's specialty residential services, fee for services, and ambulance costs; a $5.3 million increase in Public Health for increased costs including the bioterrorism program and the nutrition program; and a $1.3 million increase in the California Children's Services budget unit for anticipated increases in caseload. Additionally, the adopted budget included a $4.0 million appropriation for the new Economic Development budget unit created during the reorganization.

Contingencies are decreased by a net of $12.4 million. This decrease is mainly the result of increased allocations of general fund financing to Special Districts, County Fire Agencies, Capital Improvements, and county reserves as compared to the prior year.

The **Public and Support Services Group** shows a net increase of $8.8 million. This increase is attributed mainly to a $2.6 million increase in the Facilities Management Department due to the restoration of several positions eliminated in prior fiscal years as a result of state budget reductions. An increase of $2.1 million in the Registrar of Voters budget unit as a result of two major elections in the 2005-06 budget year versus one major election in the 2004-05 budget year. Additionally, the Public and Support Services Group administrative budget unit increased $1.4 million as the result of reduced reimbursements and the Building and Safety budget unit increased $1.3 million due to on-going workload increases related to the improving economy and the continued increase in construction.

Within the **Fiscal Group**, all budget units experienced an increase. The most significant increase is reflected in the budget unit of the Treasurer-Tax Collector, which increased $1.7 million. This increase was due in part to the transfer of the Public Administrator/Coroner function and the addition of staff needed due to workflow automation and the improvement of internal controls within the department. The Auditor/Controller-Recorder's budget unit increased $1.6 million and the Assessor's budget unit increased $1.1 million due to increases in costs to maintain their current programs.

Human Services increased a net of $46.8 million. The administrative claim increased a net $8.6 million due mainly to increases in staffing costs and transfers out for MOUs with other county departments. These increases are offset slightly by a reduction in other charges for the In-Home Supportive Services provider costs due to the Federal waiver.

The caseload driven CalWORKs–All Other Families and CalWORKs–Two Parent Families increased $22.5 million and $1.3 million, respectively. These increases are due to cost of living adjustments (COLA) not budgeted in 2004-05 and projected COLA increases for 2005-06. Other caseload driven areas of increase include: $5.7 million in Aid to Adoptive Children, which not only is expecting a 13% increase in cases but also an 8% increase in grant amounts; $3.6 million in Foster Care due to projected aid costs increasing although cases are projected to remain stable; $3.5 million in Entitlement Payments (Childcare) as cases are projected to increase 1%, coupled with aid cost projected to increase 3%; and $1.4 million for the Seriously Emotionally Disturbed which has cases projected to be stable, however, placement costs are estimated to increase 39% due to a shortage of higher level-of-care facilities.

These increases are offset by a net decrease of $1.8 million in Child Support Services due to the removal of the automation penalty and a decrease in conversion costs, offset by increases to maintain current services.

The **Law and Justice Group** increased by a net $63.3 million. The Sheriff, Probation, District Attorney and Public Defender budget units all had increases in the costs to maintain current services. Additionally, the Board approved a new countywide gang initiative that increased all of these budget units. Beyond these factors, the Sheriff Department increased due to the restoration of safety and general employees, the addition of new staff for contract cities and for court security, the addition of staff due to the Sheriff-Coroner merger, the purchase and staffing of the Adelanto Jail, and the purchase of patrol helicopters to replace the existing, aging fleet. The Probation budget units added new administrative positions and increased costs due to the increased occupancy at the High Desert Juvenile Detention and Assessment Center. Probation also estimated reductions in California Youth Authority and group home placements, which offset their increased costs. Additionally, the District Attorney budget unit experienced an overall increase due in part to additional staff added mid-year, which was based on a critical need staffing assessment and the Public Defender increased staff due to increases in caseloads.

Restricted Financing Funds

Restricted Financing Funds consist of two restricted financing sources – Prop. 172 and Realignment. Prop. 172 revenue assists in financing the Sheriff, District Attorney, and Probation departments. Realignment assists in financing mental health, social services and health programs within the County.

Of the total $86.2 million in these restricted financing funds, the Realignment portion is $68.2 million and the Prop. 172 portion is $18.0 million. Appropriation increased from the prior year by a total of $21.3 million, which consisted of a $10.6 million increase in Realignment coupled with a $10.7 million increase in Prop. 172. For more details regarding restricted financing, refer to the General Fund Financing section of this budget book.

Capital Project Funds

Capital Project Funds appropriation increased $80,458,883 from the prior year amount.

This increase was due primarily to four actions taken by the Board of Supervisors during 2004-05 that carry over into 2005-06 fiscal year: The approval to acquire the 303 W. 3rd Street office building in July 2004 for $19.6 million; the increase in the Central Courthouse Retrofit and Remodel Project budget by $7.5 million on October 5, 2004; the approval of funding for 55 one-time projects countywide on November 30, 2004, in the amount of $19.2 million; and the approval to acquire the Adelanto Jail on April 5, 2005, for $31.3 million. Other increases in appropriation in the amount of $6.9 million were also approved by the Board for various other projects. These increases were offset by a decrease of $4.0 million as a result of completion of the High Desert Juvenile Detention and Assessment Center in Apple Valley in September 2004.

Of the $135.5 million total appropriation for all capital projects for 2005-06, $10.2 million was budgeted for new projects and $125.3 million was budgeted as carry-over projects.

Special Revenue Funds

Special Revenue funds decreased $5,224,917 overall.

Significant decreases in appropriations in special revenue funds include:

- $11.7 million decrease in the transportation operations fund primarily due to a $12.4 million contract for the Fort Irwin Road Rehabilitation project approved by the Board and encumbered during 2004-05.

- $4.1 million in various special aviation funds due to the near completion of Phase One of the project to reconstruct runway 8L/26R and the associated access road at Chino Airport, the near completion of the taxiway D/ramp relocation project at Chino Airport, and the completion of the project to resurface runway 11-29 and associated taxiways at Needles Airport.

- $4.0 million in Community Development and Housing consolidated fund related to the reduction in grant/direct project expenditures for various grants winding down and the reduction in grant funding for the Neighborhood Initiative program and Section 108 program.

- $3.3 million in the Regional Parks Prop 40 Projects fund due to reductions in land acquisition and construction costs resulting from the uncertainty of the proposed new regional park in Colton.

- $1.9 million in the fund for the COPSMORE grant which terminates in December of 2005 and $1.9 million decrease in the Sheriff Capital Projects fund which was used to finance helicopter purchases in 2004-05.

- $1.8 million in the transportation equipment fund due to less vehicle purchases budgeted for the 2005-06 year.

- $1.5 million decrease in the Regional Parks County Trail System due to completion of Phase II of the Santa Ana River Trail occurring in 2004-05.

Significant increases in appropriations in special revenue funds include:

- $16.0 million in the special aviation fund for the land acquisition for runway protection zones at Chino Airport.
- $2.4 million in the Auditor/Controller-Recorder's systems development fund due to system improvements and improvements in security for the data center at the Auditor/Controller-Recorder's office.
- $1.5 million in Transportation Infrastructure Projects which consist of General Fund contributions to Railroad Crossing Gate Installations at Duncan Road and Wilson Ranch Road and Fontana Area Sidewalks.
- $1.1 million in Library fund appropriations for new and expanded workload requirements.

Enterprise Funds

Of the six enterprise funds listed in the appropriation summary, Arrowhead Regional Medical Center and Solid Waste Management had the most significant changes.

The increase in Arrowhead Regional Medical Center (ARMC) reflects increased costs in workers compensation, retirement costs, estimated salary and benefits costs due to labor negotiations, the addition of 58.7 positions to accommodate the growth in volume (a 2.57% increase in ARMC inpatient days and a 2.53% increase in outpatient visits), to comply with new nurse-to-patient ratios, and to convert contracted services to full-time employees. In addition, services and supplies increased related to malpractice insurance, inflationary costs, and professional services due to volume increases.

Solid Waste Management appropriation decreased by $25.5 million. This decrease is primarily the result of no site expansion or groundwater remediation projects scheduled for 2005-06 due to the lack of an available financing source.

REVENUE SUMMARY

The 2005-06 final budget is financed from a variety of sources. These sources are listed below. This schedule does not include operating transfers.

	Final 2004-05	Final 2005-06	Change	Percentage Change
REVENUES FOR ALL COUNTY FUNDS (Excluding Enterprise Funds)				
Property Taxes	160,692,219	319,743,053	159,050,834	98.98%
Other Taxes	152,224,725	186,509,549	34,284,824	22.52%
State and Federal Aid	1,368,650,071	1,326,358,834	(42,291,237)	(3.09%)
Charges for Current Services	335,574,123	372,839,019	37,264,896	11.10%
Other Revenue	109,717,133	117,486,037	7,768,904	7.08%
Subtotal	**2,126,858,271**	**2,322,936,492**	**196,078,221**	**9.22%**
ENTERPRISE FUNDS				
Arrowhead Regional Medical Center	298,070,213	325,780,391	27,710,178	9.30%
Medical Center Lease Payment	24,536,303	23,974,328	(561,975)	(2.29%)
County Museum Store	169,650	147,600	(22,050)	(13.00%)
Regional Parks Snackbars	76,000	82,000	6,000	7.89%
Regional Parks Camp Bluff Lake	328,650	262,000	(66,650)	(20.28%)
Solid Waste Management	61,220,482	66,092,089	4,871,607	7.96%
Subtotal	**384,401,298**	**416,338,408**	**31,937,110**	**8.31%**
Total County Budget	**2,511,259,569**	**2,739,274,900**	**228,015,331**	**9.08%**

Property Taxes

The dramatic change in this revenue source from the 2004-05 final budget is attributable to three major causes:

- The elimination of the vehicle license fee (VLF) backfill in the 2004-05 State budget, offset by a corresponding increase in the county's share of property tax revenues. This revenue exchange is expected to increase property tax revenues by $148.4 million over the 2004-05 budgeted amount.

- The county's share of the two-year $1.3 billion local government contribution of property tax revenues to the State. This results in decreased property tax revenues of $16.4 million in both 2004-05 and 2005-06. However, the $16.4 million reduction is not reflected in the 2004-05 Final Budget, as the actual impact was not known at the time the budget was adopted. This reduction is reflected in the 2005-06 Final Budget amount.

- An increase in property tax revenues based on an estimated increase to secured assessed valuation.

Other Taxes

Other taxes are increasing $34.3 million mainly as a result of the one-half percent sales tax for Prop. 172 revenue which is estimated to increase $30.2 million, an estimated increase of $3.0 million in Property Transfer Tax, and sales taxes are expected to increase by $1.4 million.

State and Federal Aid

An overall decrease in revenues is reflected in the revenue category of state and federal aid. This decrease is comprised of both increases and decreases in various programs.

Significant decreases include:

- $130.0 million in the motor vehicle license fee revenue due to the elimination of the backfill of this revenue source from the state. This revenue source has been replaced by an increased allocation of property tax revenues.
- $4.3 million reduction in federal and state capital grants for Regional Parks due to the near completion of the renovated boat launching facility at Moabi Regional Park; the completion of Phase II of the Santa Ana River Trail; and anticipated environmental delays for Phase III of the trail that will postpone construction.
- $4.1 million decrease in federal funds for the following special aviation projects: the completion of the project to resurface Runway 11-29 and associated taxiways at the Needles airport; the near completion of Phase I of the project to reconstruct Runway 8L/26R and the associated access road at the Chino airport; and the near completion of the Taxiway D/Ramp relocation project at the Chino airport.
- $3.6 million decrease in Community Development and Housing due to grant funding for the Bark Beetle program winding down and reductions in the grant amount for the Section 108 program.

Significant increases include:

- $17.7 million in anticipated federal funds to finance land acquisitions for runway protection zones at Chino airport.
- $14.4 million in state aid for children and $19.3 in federal aid for children in the Aid to Adoptive Children, Foster Care, Entitlement Payments (Childcare) and CalWORKs grant budget units due to higher caseloads and higher costs per case.
- $10.0 million in other governmental aid attributed to capital projects.
- $8.3 million in state public assistance and $2.1 million in federal welfare admin for Human Services due to increased funding in food stamps, Medi-Cal and In-Home Supportive Services (IHSS) administration.
- $5.0 million increase in U.S. Marshall revenue for prisoners held at the Adelanto Detention Center.
- $3.8 million increase in the county's allocation of local transportation funds based on projections provided by SANBAG.
- $3.8 million in state funding that replaced the federal Temporary Assistance for Needy Families (TANF) funding in Probation.
- $3.1 million in federal financial participation for Medi-Cal in Behavioral Health as a result of increased billing rates.
- $2.8 million growth in Title IV-E federal funding for Probation due to the eligibility of House Arrest Program (HAP) and the SUCCESS Program, both of which keep juveniles out of incarceration.
- $2.8 million in state aid for health in the Public Health budget unit for the following programs: bio-terrorism response support, Women's, Infants, and Children (WIC) caseload funding, and increased reproductive health; in addition, $1.5 million from federal grants for the Public Health programs of: Title I - Ryan White Care Act, Lead Poisoning reduction, and Maternal Health – Eliminating Disparities.

Charges for Current Services

Charges for current services increased overall from the 2004-05 budget year. The most significant increase in departmental business activity consists of a $20.0 million increase in the required intergovernmental transfers to the State for the Disproportionate Share Hospital (DSH) Supplemental Payments Programs referred to as the SB 855 and SB 1255 programs. This amount in current services represents the State's reimbursement of the initial contribution.

Additional increases include: $6.7 million in the Sheriff budget unit as a result of increases in the city contracts for law enforcement services; $2.1 million in transportation for reimbursement for joint participation projects anticipated in 2005-06; $1.6 million in the local share of child support payments collected by the county for those clients receiving welfare grants; $1.6 million in the Registrar of Voters budget unit because of a two election cycle in 2005-06; and $1.5 million in Information Services Department revenue due to increases in programming services for departmental computer applications systems and new automation projects, as well as, an increase in subscription charges for the geographic information systems street network database.

Other noteworthy increases in current services are seen in micrographic revenues collected, legal fees, court fees, accounting fees, indirect cost reimbursement (COWCAP) from county departments, educational services, land development engineering services, civil processing fees, and recording fees.

Other Revenue

Other revenue includes licenses, permits, franchises, fines and penalties, interest earnings, and tobacco settlement funds. This category of revenue increased slightly, however, major changes are mentioned below.

Noteworthy increases include $6.8 million in interest revenue; $1.6 million anticipated in revenue from the planned sale of three helicopters; $1.1 million in construction permits due to the improving economy and the continuing increase in construction within the county; and $1.1 million in Child Support's budget unit due to the expected receipt of incentive monies earned over the last five years coupled with interest earnings.

Major decreases in this category of revenue include a $1.5 million reduction due to the completion of a project to install perimeter fencing at the Barstow-Daggett Airport and a $1.2 million decrease from the Wildlands Conservancy since there is uncertainty concerning the proposed Colton regional park.

Enterprise Funds

Of the six enterprise funds listed in the revenue summary, Arrowhead Regional Medical Center and Solid Waste Management had the most significant changes.

Arrowhead Regional Medical Center (ARMC) revenues are expected to grow due to anticipated increases in SB 1255, the Disproportionate Share Hospital Program, and the AB 915 program, which provides public hospitals with a Medicaid supplemental payment for unreimbursed Medi-Cal hospital outpatient fee-for-service expenses. These increased revenues are the result of increased salary and benefit costs. Additionally, there is an increase in the Realignment allocation to ARMC to partially offset the increased costs related to providing health care to indigents and for one-time building improvements and information technology enhancement projects.

Solid Waste Management revenues increased by $4.9 million mainly due to additional tonnage accepted at the county landfills and transfer stations.

BUDGETED STAFFING SUMMARY

	2004-05 Staffing	Change from Previous Year: Caseload Driven/ Grant or Special Funded Programs	Change from Previous Year: All Other Programs	Change from Previous Year: Total Change	2005-06 Staffing	Percentage Change
General Fund	12,032.4	115.6	453.9	569.5	12,601.9	4.7%
Other Funds	4,478.4	48.1	0.0	48.1	4,526.5	1.1%
Total	16,510.8	163.7	453.9	617.6	17,128.4	

Significant changes from the previous year in caseload driven, grant or special funded programs include the following:

General Fund

- **Behavioral Health** decreased budgeted staffing by 16.3 positions as a result of following changes: 4.0 positions added based on Prop. 63, the Mental Health Services Act, for program planning; 1.8 positions added for the new Adelanto Jail approved mid-year by the Board on March 15, 2005; 0.5 position for full year funding of a position added in the prior year; 10.3 positions added to expand the CalWORKs program; 6.5 positions added to correct underfill situations; 2.4 positions added due to workload; one reclassification, 17.0 positions deleted that were no longer needed by the department; 2.0 positions were transferred to the Behavioral Health - Alcohol and Drug Services budget unit; and a reduction of 22.8 positions to reflect current year staffing needs.
- **Child Support Services** decreased a total of 10.4 budgeted positions as a result of financing salary and benefit and other cost increases since base funding remains the same from last year.
- **Human Services (HS) Administrative Claim** budgeted staffing increased by 30.6 positions. Of these, Transitional Assistance adding a net of 11.0 budgeted positions (after reducing 31.0 positions and adding 42.0 positions in various classifications to meet service delivery needs), Children's Services is adding a net of 8.5 budgeted positions (after reducing 24.5 positions and adding 33.0 positions in various classifications to meet mandated program needs), Aging and Adult Services is adding a net of 36.5 positions to meet mandated program needs and Human Services support divisions are reducing a net of 25.4 budgeted positions.
- **Probation – Administration and Community Corrections** budgeted staffing increased by 82.9 positions, including restoration of 8.0 positions in the Probation-to-Work program, 3.0 positions for Prop 36 programs, and 3.0 positions in training and recruitment. This budget also reflects the transfer of 59.0 treatment positions and 2.0 probation officers from Probation – Detention Corrections Bureau budget unit, the addition of 13.0 positions for the Countywide Gang Initiative unit, and an increase of 3.5 budgeted positions in overtime. The increases are offset by the transfer of 6.0 School Probation Officers to another budget unit and reduction of 2.6 positions in various areas**.**
- **Probation – Detention Corrections Bureau** budgeted staffing decreased by 10.5 positions which is the net effect of an increase of 37.0 budgeted positions (54.0 positions pro-rated to partial year) for High Desert Juvenile Hall, 14.0 medical positions, and the addition of 2.0 cooks and 1.0 secretary; offset by reductions for transfer of 59.0 treatment positions and 2.0 probation officers to Probation – Administration and Community Corrections budget unit, and a decrease of 3.5 budgeted staffing in overtime.
- **Sheriff** increased 28.0 budgeted positions in the caseload driven, grant or special funded programs category, of which 25.0 positions were added for contract cities, 1.0 new position was added that is funded by Inmate Welfare, and 2.0 new grant positions were added.
- **District Attorney – Criminal** increased 2.0 budgeted positions in the caseload driven, grant or special funded programs category, as a result of a grant award from the San Bernardino County Indian Gaming Local Community Benefit Committee.

Other Funds

- **Arrowhead Regional Medical Center** budgeted staffing increased by 58.7 positions due to volume increases; compliance in nursing staffing ratios in patient services; a conversion of contracted security personnel to in-house personnel; a conversion of contracted employees into regular full-time employees (Radiologic Technologist, Occupational Therapist, and Physical Therapist); and the implementation of the First Five Dental Program.
- **County Library** budgeted staffing increased by 6.8 positions primarily due to the opening of two new joint use libraries at Carter and Summit High Schools, as well as increased workload requirements at a number of existing branches.
- **Workforce Development,** formerly Jobs and Employment Services, budgeted staffing decreased by a net of 9.6 positions. Decreases include: the transfer of 19.0 positions to the new Economic Development budget unit, the elimination of 11.0 positions, and the temporary reduction of 1.0 position for two positions due to extended leave status of two employees. Increases are attributed to the 19.4 PSE positions that are necessary to fulfill the requirements of the National Emergency Grant and the addition of 2.0 positions transferred in from the Public and Support Services Group Administration.
- **Preschool Services** budgeted staffing increased by 5.9 positions due to changes in the Head Start program at the federal level which require changes in student-teacher ratios.
- **Probation – Juvenile Justice Grant Program (AB 1913)** budgeted staffing decreased by 7.0 positions which include a reduction of 13.0 positions in the House Arrest Program and an increase of 6.0 School Probation Officers.
- **Community Development and Housing,** formerly Economic and Community Development, special revenue funds decreased by 8.0 budgeted positions, of which 6.0 positions were transferred to the new Economic Development budget unit and 2.0 budgeted positions were eliminated due to workload changes.

Significant changes from the previous year in all other programs include the following:

General Fund

- **Board of Supervisors** budgeted staffing increased by 15.7 positions as a result of transferring 3.0 support positions from the County Administrative Office and transferring 2.0 technical positions from Information Services Computer Operations. In addition, 10.7 positions were added as a result of increases in district and administrative operations.
- **Information Services – Application Development** budget unit increased by 25.1 budgeted positions, of which 14.0 budgeted positions were from the department's Emerging Technology budget unit which was consolidated into the Application Development budget unit. The remaining 11.1 budgeted positions were approved by the Board of Supervisors mid-year to meet departmental work requirements.
- **Economic Development** is a newly created budget unit resulting from the county's organizational restructuring. This budget unit contains 40.0 budgeted positions, of which 4.0 positions were added when this budget unit was created; 2.0 positions were transferred from the former Economic Development/Public Service Group; 4.0 positions were transferred from the County Administrative Office; 3.0 positions were transferred from Small Business Development; 2.0 positions were transferred from Economic Promotion; 19.0 positions from Workforce Development, formerly Jobs and Employment Services; and 6.0 positions from the former Economic and Community Development special revenue funds.
- **Land Use Services Department** increased budgeted staffing by a total of 15.0 positions. During 2004-05 the Board of Supervisors approved the addition of 14.0 positions to handle the ongoing workload increases primarily related to the improving economy and the continuing increase in construction throughout the County. Also included in the 2005-06 final budget is the addition of 4.0 positions offset by the reduction of 5.0 positions to align the workload to the appropriate classification, the addition of 1.0 position to handle the increase in departmental fiscal duties, and 1.0 position to provide code enforcement duties within the redevelopment project areas.
- **Assessor** increased 11.7 budgeted positions, of which 11.0 positions were added as a result of approved policy items. These policy items consisted of the addition of 1.0 Assistant Assessor, 6.0 budgeted positions for business property, and 4.0 budgeted positions for real property.

- **Auditor/Controller-Recorder** increased 12.0 budgeted positions, of which 1.0 position was added mid-year to provide more structure and oversight to operations, 1.0 position was added in the adoption of the final budget, and 10.0 positions were added as the result of approved fees.
- **Treasurer-Tax Collector** increased by 11.0 budgeted positions, of which 6.0 budgeted positions were transferred from the Public Administrator/Guardian/Conservator/Coroner Department and 5.0 budgeted positions are needed due to the increasing workflow automation and improvement of internal controls.
- **Aging and Adult Services – Public Guardian** is a new department created as a result of the dissolution of the Public Administrator/Guardian/Conservator/Coroner (PAC) Department. This new budget unit has a total of 27.0 budgeted positions which were transferred from PAC.
- **Facilities Management Department** increased budgeted staffing by a total of 17.0 positions due to the Board of Supervisors mid year approval of staffing restoration, as well as, increased services to the Courts and new facilities. Additionally, 7.0 positions were added as the result of approved policy items when the final budget was adopted. The changes in the individual divisions are: increase of 6.5 budgeted positions in Custodial, increase of 3.0 budgeted positions in Grounds, decrease of 1.0 budgeted position in Home Repair, increase of 7.5 budgeted positions in Maintenance, and an increase of 1.0 budgeted position in Utilities.
- **Public Administrator/Guardian/Conservator/Coroner** budgeted staffing decreased by 69.1 positions due to the dissolution of the department. Of this decrease, 4.0 budgeted positions were deleted and the remaining budgeted positions were transferred to the Sheriff, Aging and Adult Services, and Treasurer-Tax Collector departments.
- **District Attorney – Criminal** increased 32.0 budgeted positions. A November 2, 2004 mid-year item added 16.0 budgeted positions due to a critical needs staffing assessment; a second item, approved by the Board on May 3, 2005, added 16.0 positions for a Countywide Gang Initiative unit.
- **Public Defender** increased budgeted staffing by a total of 21.8 positions. A November 2, 2004, mid-year item added 13.0 staff due to increased caseloads; a second item, approved by the Board on May 3, 2005, added 9.0 staff for a Countywide Gang Initiative unit; and there was a 0.2 budgeted staffing decrease in overtime.
- **Sheriff** increased an additional 312.1 budgeted positions, including 34.7 budgeted positions for the newly established Coroner's Division, 158.4 budgeted positions for the Adelanto Detention Center, 11.8 positions in the Countywide Gang Initiative unit, restoration of 83.5 deputies, 5.0 new supervising dispatchers, 7.0 crime lab positions, 4.0 positions for court security, 1.0 additional position in information technology, and full funding for 6.7 partially budgeted positions.

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

BUDGETED STAFFING SUMMARY

Department	2004-05 Final Budget	2005-06 Final Budget	Change
ADMINISTRATIVE/EXECUTIVE GROUP			
GENERAL FUND			
BOARD OF SUPERVISORS	42.3	58.0	15.7
BOARD OF SUPERVISORS - LEGISLATION	1.0	1.0	0.0
CLERK OF THE BOARD	13.0	14.0	1.0
COUNTY ADMINISTRATIVE OFFICE	24.0	18.0	(6.0)
COUNTY ADMINISTRATIVE OFFICE - FRANCHISE ADMINISTRATION	3.0	3.0	0.0
COUNTY ADMINISTRATIVE OFFICE - HEALTH ADMINISTRATION	4.0	4.0	0.0
COUNTY COUNSEL	65.0	66.7	1.7
ECONOMIC DEVELOPMENT	0.0	40.0	40.0
ECONOMIC AND COMMUNITY DEVELOPMENT - ECONOMIC PROMOTION	2.0	0.0	(2.0)
ECONOMIC AND COMMUNITY DEVELOPMENT - SMALL BUSINESS DEVELOPMENT	3.0	0.0	(3.0)
HUMAN RESOURCES	83.6	88.6	5.0
HUMAN RESOURCES - EMPLOYEE HEALTH & WELLNESS	12.7	13.9	1.2
INFORMATION SERVICES - APPLICATION DEVELOPMENT	77.3	102.4	25.1
INFORMATION SERVICES - EMERGING TECHNOLOGIES	14.0	0.0	(14.0)
PURCHASING	16.0	16.0	0.0
BEHAVIORAL HEALTH	565.9	549.6	(16.3)
BEHAVIORAL HEALTH - ALCOHOL AND DRUG SERVICES	74.1	75.8	1.7
PUBLIC HEALTH	862.8	860.4	(2.4)
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	149.6	158.0	8.4
SUBTOTAL GENERAL FUND	2,013.3	2,069.4	56.1
OTHER FUNDS			
COMMUNITY DEVELOPMENT AND HOUSING	58.0	50.0	(8.0)
HUMAN RESOURCES - EMPLOYEE BENEFITS & SERVICES	33.0	33.0	0.0
HUMAN RESOURCES - COMMUTER SERVICES	2.5	2.5	0.0
HUMAN RESOURCES - RISK MANAGEMENT OPERATIONS	65.3	70.5	5.2
INFORMATION SERVICES - COMPUTER OPERATIONS	127.4	126.9	(0.5)
INFORMATION SERVICES - NETWORK SERVICES	93.0	93.0	0.0
PURCHASING - CENTRAL STORES	12.0	13.0	1.0
PURCHASING - MAIL/COURIER SERVICES	33.0	33.0	0.0
PURCHASING - PRINTING SERVICES	16.0	16.0	0.0
WORKFORCE DEVELOPMENT	150.1	140.5	(9.6)
ARROWHEAD REGIONAL MEDICAL CENTER	2,432.3	2,491.0	58.7
SUBTOTAL OTHER FUNDS	3,022.6	3,069.4	46.8
TOTAL ADMINISTRATIVE/EXECUTIVE GROUP	**5,035.9**	**5,138.8**	**102.9**

BUDGETED STAFFING SUMMARY

Department	2004-05 Final Budget	2005-06 Final Budget	Change
PUBLIC AND SUPPORT SERVICES GROUP			
GENERAL FUND			
PUBLIC AND SUPPORT SERVICES GROUP ADMIN	15.0	9.0	(6.0)
AGRICULTURE/WEIGHTS AND MEASURES	63.5	63.5	0.0
AIRPORTS	27.0	28.0	1.0
ARCHITECTURE AND ENGINEERING	23.0	23.5	0.5
COUNTY MUSEUM	51.7	53.7	2.0
FACILITIES MANAGEMENT - ADMINISTRATION	4.0	4.0	0.0
FACILITIES MANAGEMENT - CUSTODIAL	43.0	49.5	6.5
FACILITIES MANAGEMENT - GROUNDS	20.0	23.0	3.0
FACILITIES MANAGEMENT - HOME REPAIR	10.0	9.0	(1.0)
FACILITIES MANAGEMENT - MAINTENANCE	55.7	63.2	7.5
FACILITIES MANAGEMENT - UTILITIES	0.0	1.0	1.0
LAND USE SERVICES - ADMINISTRATION	10.0	11.0	1.0
LAND USE SERVICES - CURRENT PLANNING	28.0	30.0	2.0
LAND USE SERVICES - ADVANCE PLANNING	19.0	18.0	(1.0)
LAND USE SERVICES - BUILDING AND SAFETY	78.2	85.2	7.0
LAND USE SERVICES - CODE ENFORCEMENT	30.0	35.0	5.0
LAND USE SERVICES - FIRE HAZARD ABATEMENT	21.0	22.0	1.0
PUBLIC WORKS - SURVEYOR	42.4	41.9	(0.5)
REAL ESTATE SERVICES	24.0	24.0	0.0
REGIONAL PARKS	117.1	118.1	1.0
REGISTRAR OF VOTERS	39.2	40.1	0.9
SUBTOTAL GENERAL FUND	721.8	752.7	30.9
OTHER FUNDS			
COUNTY LIBRARY	209.0	215.8	6.8
COUNTY MUSEUM - MUSEUM STORE	2.2	2.0	(0.2)
FLEET MANAGEMENT - GARAGE	97.0	96.4	(0.6)
FLEET MANAGEMENT - MOTOR POOL	4.0	4.0	0.0
PUBLIC WORKS - ROAD OPERATIONS	368.0	367.4	(0.6)
PUBLIC WORKS - SOLID WASTE MANAGEMENT	84.8	84.2	(0.6)
REGIONAL PARKS - CALICO GHOST TOWN MARKETING SVCS	1.0	1.0	0.0
REGIONAL PARKS - CAMP BLUFF LAKE	7.6	3.9	(3.7)
REGIONAL PARKS - COUNTY TRAIL SYSTEM	5.0	5.0	0.0
REGIONAL PARKS - SNACK BARS	1.3	1.3	0.0
SUBTOTAL OTHER FUNDS	779.9	781.0	1.1
TOTAL PUBLIC AND SUPPORT SERVICES GROUP	**1,501.7**	**1,533.7**	**32.0**

BUDGETED STAFFING SUMMARY

Department	2004-05 Final Budget	2005-06 Final Budget	Change
FISCAL GROUP			
GENERAL FUND			
ASSESSOR	163.9	175.6	11.7
AUDITOR/CONTROLLER-RECORDER	191.6	203.6	12.0
TREASURER-TAX COLLECTOR/PUBLIC ADMINISTRATOR	168.9	179.9	11.0
SUBTOTAL GENERAL FUND	524.4	559.1	34.7
OTHER FUNDS			
ASSESSOR - STATE/COUNTY PROPERTY TAX ADMINISTRATION	29.0	28.3	(0.7)
AUDITOR/CONTROLLER-RECORDER - SYSTEMS DEVELOPMENT	7.0	8.0	1.0
AUDITOR/CONTROLLER-RECORDER - RECORDS MANAGEMENT	1.0	1.0	0.0
SUBTOTAL OTHER FUNDS	37.0	37.3	0.3
TOTAL FISCAL GROUP	**561.4**	**596.4**	**35.0**
HUMAN SERVICES			
GENERAL FUND			
AGING AND ADULT SERVICES - AGING PROGRAM	101.9	101.8	(0.1)
AGING AND ADULT SERVICES - PUBLIC GUARDIAN	0.0	27.0	27.0
CHILD SUPPORT SERVICES	506.4	496.0	(10.4)
HUMAN SERVICES ADMINISTRATIVE CLAIM	3,576.7	3,607.3	30.6
VETERANS AFFAIRS	16.3	18.0	1.7
SUBTOTAL GENERAL FUND	4,201.3	4,250.1	48.8
OTHER FUNDS			
PRESCHOOL SERVICES	535.9	541.8	5.9
SUBTOTAL OTHER FUNDS	535.9	541.8	5.9
TOTAL HUMAN SERVICES	**4,737.2**	**4,791.9**	**54.7**

BUDGETED STAFFING SUMMARY

Department	2004-05 Final Budget	2005-06 Final Budget	Change
LAW AND JUSTICE GROUP			
GENERAL FUND			
DISTRICT ATTORNEY - CRIMINAL	388.0	422.0	34.0
DISTRICT ATTORNEY - CHILD ABDUCTION	6.5	6.3	(0.2)
LAW AND JUSTICE GROUP ADMINISTRATION	1.0	1.0	0.0
PROBATION - ADMINISTRATION & COMMUNITY CORRECTIONS	447.0	529.9	82.9
PROBATION - DETENTION CORRECTIONS	617.8	607.3	(10.5)
PUBLIC ADMIN/GUARDIAN/CONSERV/CORONER	69.1	0.0	(69.1)
PUBLIC DEFENDER	175.2	197.0	21.8
SHERIFF-CORONER - SHERIFF DIVISION	2,867.0	3,172.4	305.4
SHERIFF-CORONER - CORONER DIVISION	0.0	34.7	34.7
SUBTOTAL GENERAL FUND	4,571.6	4,970.6	399.0
OTHER FUNDS			
DISTRICT ATTORNEY - SPECIAL REVENUE	32.0	33.0	1.0
PROBATION - JUVENILE JUSTICE GRANT PROGRAM (AB 1913)	59.0	52.0	(7.0)
SHERIFF-CORONER - SPECIAL REVENUE	12.0	12.0	0.0
SUBTOTAL OTHER FUNDS	103.0	97.0	(6.0)
TOTAL LAW AND JUSTICE GROUP	**4,674.6**	**5,067.6**	**393.0**
TOTAL COUNTY DEPARTMENTS - GENERAL FUND	**12,032.4**	**12,601.9**	**569.5**
TOTAL COUNTY DEPARTMENTS - OTHER FUNDS	**4,478.4**	**4,526.5**	**48.1**
COUNTY DEPARTMENTS GRAND TOTAL	**16,510.8**	**17,128.4**	**617.6**

GENERAL FUND FINANCING

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

Departmental program revenue includes fees, service charges, and state and federal support for programs such as welfare, health care, and behavioral health. Proposition 172 revenue is restricted and is used solely for financing the Sheriff, District Attorney, and Probation departments. Realignment revenue is also restricted and used in financing mental health, social services and health programs within the County.

The balance of departmental costs not funded by departmental program revenue, Proposition 172 revenue, and/or Realignment revenue is considered local cost. Local cost is funded by countywide discretionary revenue, such as property tax.

Any countywide discretionary revenue not distributed to departments via local cost is placed in contingencies. Every year the County of San Bernardino has set aside a prudent dollar amount in contingencies and reserves for two purposes. One is 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. Second is to be proactive and set aside funds to meet future known obligations or to build a reserve for large capital projects.

The following pages describe in more detail Proposition 172 revenue, Realignment revenue, and countywide discretionary revenue that assists in financing general fund departments. In addition, detailed information is included on the sources and uses of county general fund contingencies and reserves for 2004-05 and planned sources and uses of general fund contingencies and reserves for 2005-06.

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 revenues from the additional one-half percent sales tax be used only for local public safety activities, which include but are not limited to sheriffs, police, fire protection, county district attorneys, 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. Pursuant to 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.

On August 22, 1995, the County of San Bernardino Board of Supervisors approved the recommendation that defined the following departments as the Public Safety Services designated to receive the county's 95% share of Prop. 172 revenue, consistent with Government Code Section 30052 and authorized the Auditor/Controller to deposit the county's portion of the Prop. 172 revenue as follows:

- Sheriff 70.0%
- District Attorney 17.5%
- Probation 12.5%

Prop. 172 revenues currently present a significant funding source for the Sheriff, District Attorney, and Probation. Each year, as part of the budget development process, projections of Prop. 172 growth are developed based on staff analysis of revenue trends and forecasts provided by outside economists.

Growth in Prop. 172 revenues is used first to fund mandated cost increases in these departments, such as inflation, MOU adjustments, or court-ordered detention facility staffing. Any revenue beyond what is needed to fund mandated costs becomes discretionary revenue to the department, which is then used to meet other high priority needs as recommended by the department and approved by the Board. In most years mandated cost increases consume the vast majority of Prop. 172 revenue growth and all Prop 172 revenue is distributed to the designated departments.

However, in 2002-03 and subsequent years unexpected increases in Prop. 172 revenue has resulted in an excess of actual over budgeted Prop. 172 revenue. All excess revenue is set aside in a restricted general fund and is appropriated upon Board approval. The chart below illustrates the beginning and anticipated ending fund balance of this restricted general fund for 2005-06 as well as projected revenue and planned expenditures from this fund.

Although Prop. 172 budgeted revenue is increasing to $135.0 million in 2005-06, budgeted appropriation associated with the Prop. 172 revenue is $144.3 million due to the Sheriff utilizing $8.8 million of their share of the excess revenue toward the purchase of the new Adelanto Detention Center ($6.0 million) and additional helicopters ($2.8 million) and the District Attorney utilizing $0.5 million of their share of the excess revenue toward 2005-06 MOU increases. These expenditures, offset slightly by interest earnings, result in an estimated ending fund balance of $8.7 million.

	2005-06				
	Estimated Beginning Fund Balance (AAG)	**Budgeted Revenue**		**Budgeted Departmental Usage**	**Estimated Ending Fund Balance (AAG)**
Sheriff	11,101,296	94,650,000		103,300,000	2,451,296
District Attorney	3,600,020	23,665,250		24,157,892	3,107,378
Probation	3,126,332	16,903,750		16,875,000	3,155,082
Total	17,827,648	135,219,000	*	144,332,892	8,713,756

* Includes interest earnings estimate of $219,000

REALIGNMENT

In 1991 the state shifted responsibility for a number of mental health, social services, and health programs to counties. This shift, known as Realignment, resulted in the creation of two dedicated funding streams to pay for the shifted services: a ½ cent Sales Tax and a change in the depreciation schedule for vehicles which resulted in a 24.33% increase in Vehicle License Fee (VLF) revenues. 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 .65% of the market value. SB 1096 also changed the percentage of the VLF revenue allocated to Realignment from 24.33% to 74.9%. This change did not result in increased VLF revenues to Realignment, but simply reflects the same funding amount expressed as a percentage of the reduced revenue collected. Each of the three service areas identified was required to have their own separate accounts established and each of those service areas receive a different share of statewide Realignment revenues.

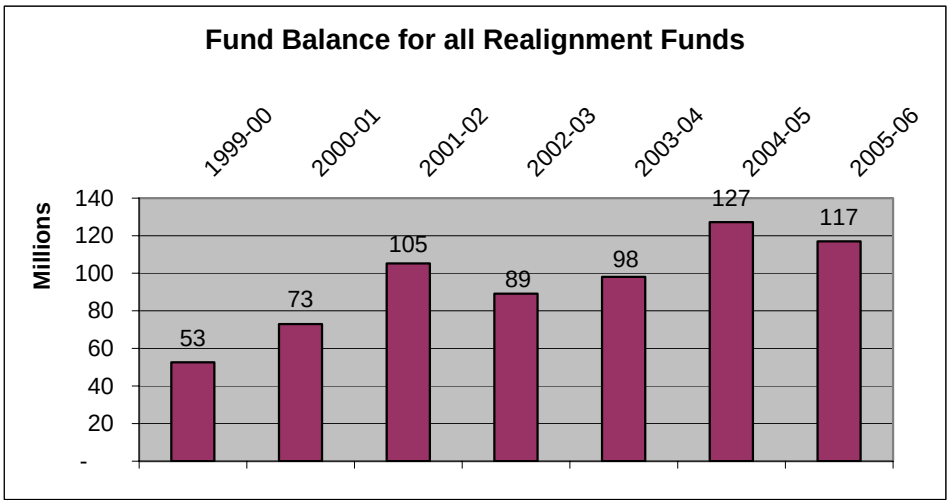
Within the mental health area, the programs for which the county is now responsible are: community-based mental health programs, State Hospital services for county patients, and Institutions for Mental Disease. Within the social services area, the programs for which the county is now responsible are: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

In addition to these program responsibility shifts, a number of programs had changes made to their cost sharing ratios. Below are the programs involved in the cost sharing ratio changes (numbers are shown in percentages in the order of state/county shares of cost). For example, prior to Realignment Foster Care costs were funded by 95% state resources and 5% county resources. Now Foster Care is funded by 40% state resources and 60% county resources, which is a significant impact to the county.

	From State/County	To State/County
Social Services programs:		
Foster Care	95/5	40/60
Child Welfare Services	76/24	70/30
Adoption Assistance	100/0	75/25
CalWORKs	89/11	95/5
County Services Block Grant	84/16	70/30
Greater Avenues for Independence	100/0	70/30
Social Services administration	50/50	70/30
In Home Supportive Services (IHSS)	97/3	65/35
Health programs:		
California Children's Services	75/25	50/50

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

In addition to the under equity issue is the fact that the demand for the services the county is providing and the revenue streams funding them are both sensitive to the economy. When the economy is doing well, demand for services is reduced and sales taxes and vehicle license fees revenues are high. When the economy does poorly, demand for services is high, but revenues under perform. The graph below shows the history of fund balance for all Realignment funds..



In the 2002-03 year, fund balance began to be depleted as revenues shrank, demand for services increased, and expenses increased. In 2003-04, fund balance increased mainly because the allocation to Arrowhead Regional Medical Center (ARMC) was $14.1 million dollars less than anticipated due to ARMC's increased insurance revenues and improved collections. In 2004-05, fund balance is anticipated to increase due to less expenditures for Behavioral Health, Probation, and ARMC, as well as less expenditures for the Foster Care program. In 2005-06, all three Realignment funds are drawing down on their fund balance. The Departments of Behavioral Health and ARMC are incurring one-time expenditures to draw down fund balance while the departments using the Social Services realignment revenue need to use fund balance to finance ongoing expenditures.

Of note in this graph is that the fund balance ending 2005-06 at the far right is 58.9% Health fund balance, 35.6% Mental Health fund balance, and only 5.5% Social Services fund balance.

Budget History for All Realignment Funds

	ACTUAL 2003-04	BUDGET 2004-05	ACTUAL 2004-05	FINAL 2005-06
Beginning Fund Balance	89,155,754	95,906,647	97,973,811	127,142,867
Revenue	182,506,555	183,229,554	186,643,937	194,837,344
Department Usage	173,688,498	195,133,856	157,474,881	204,962,160
Ending Fund Balance	97,973,811	84,002,345	127,142,867	117,018,051
Change in Fund Balance	8,818,057	(11,904,302)	29,169,056	(10,124,816)

Revenue is expected to increase year-over-year, primarily as a result of sales tax growth. It is important to note that for the foreseeable future all sales tax growth will accrue to the Social Services Realignment fund to pay for mandated caseload increases for which funding was unavailable in prior years. This will adversely affect the Mental Health and Health Realignment funds since they will see no increase in sales tax revenue until sales tax growth is sufficient to fund the additional caseload costs in Social Services.

SUMMARY OF REALIGNMENT BUDGET UNITS FOR 2005-06

	Estimated Beginning Fund Balance	Budgeted Revenue	Budgeted Departmental Usage	Budgeted 10% Transfers	Estimated Ending Fund Balance	Estimated Change in Fund Balance
Mental Health	44,253,797	60,265,645	62,806,720	-	41,712,722	(2,541,075)
Social Services	10,773,422	74,259,986	78,622,355	-	6,411,053	(4,362,369)
Health	72,115,648	60,311,713	63,533,085	-	68,894,276	(3,221,372)
Total	127,142,867	194,837,344	204,962,160	-	117,018,051	(10,124,816)

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

The Realignment legislation does allow for some flexibility in usage of funds at the county level. Upon action by the Board of Supervisors, a county can transfer 10% of a given years revenue from one fund to another. San Bernardino County has used the provision repeatedly over the years to help support either the health or social services programs. The County does not anticipate a 10% transfer in 2004-05 and is not budgeting one for 2005-06. However, in the event that such transfer is needed, Board of Supervisors approval is required.

The next three pages contain the breakdown of the three individual Realignment funds.

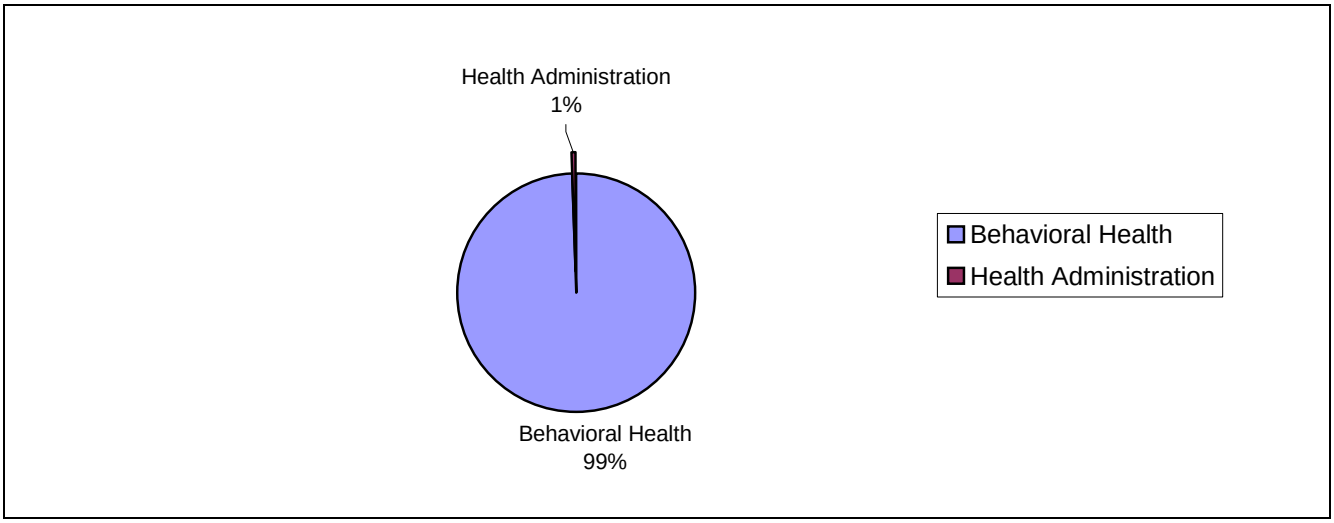
Mental Health

	ACTUAL 2003-04	BUDGET 2004-05	ACTUAL 2004-05	FINAL 2005-06
Beginning Fund Balance	32,374,045	27,737,929	27,954,082	44,253,797
Revenue	56,819,906	55,626,137	58,239,363	60,265,645
Department Usage	61,239,869	56,123,885	41,939,648	62,806,720
10% Transfers	-	-	-	-
Ending Fund Balance	27,954,082	27,240,181	44,253,797	41,712,722
Change in Fund Balance	(4,419,963)	(497,748)	16,299,715	(2,541,075)

Mental Health fund revenue is composed of approximately 59% sales tax and 41% VLF. Revenue is expected to climb slowly since any growth in sales tax will be dedicated to Social Services to fund caseload growth. In conjunction with the County Administrative Office, the Behavioral Health Department developed a financing plan in 2004-05 to significantly reduce Department Usage. Actual activity in 2004-05 resulted in an increase of $16,299,715 in the Mental Health Realignment fund due to higher than anticipated Realignment revenue and lower than anticipated Department Usage. Department Usage was lower because Behavioral Health experienced savings of $3.9 million primarily in salaries and benefits and service and supplies and received state and federal revenue that exceeded budgeted revenue by $9.6 million. Final budget for 2005-06 includes the budgeted used of $2,541,075 of fund balance in 2005-06, of which $2.2 million is for one-time expenditures.

Breakdown of Department Usage of Mental Health Realignment

	ACTUAL 2003-04	BUDGET 2004-05	ACTUAL 2004-05	FINAL 2005-06
Behavioral Health	60,994,179	55,800,627	41,823,063	62,490,106
Health Administration	245,690	323,258	116,585	316,614
Total Department Usage	61,239,869	56,123,885	41,939,648	62,806,720



Social Services

	ACTUAL 2003-04	BUDGET 2004-05	ACTUAL 2004-05	FINAL 2005-06
Beginning Fund Balance	18,382,037	12,207,706	13,906,298	10,773,422
Revenue	67,526,697	70,931,212	69,358,213	74,259,986
Department Usage	72,002,436	83,891,709	72,491,089	78,622,355
10% Transfers	-	-	-	-
Ending Fund Balance	13,906,298	(752,791)	10,773,422	6,411,053
Change in Fund Balance	(4,475,739)	(12,960,497)	(3,132,876)	(4,362,369)

Social Services fund revenue is composed of approximately 96.0% sales tax and 4.0% VLF. Social services revenue has been particularly hard hit by the poor performance of statewide sales tax collection. Actual sales tax collection has been insufficient to keep up with rising costs in the mandated programs.

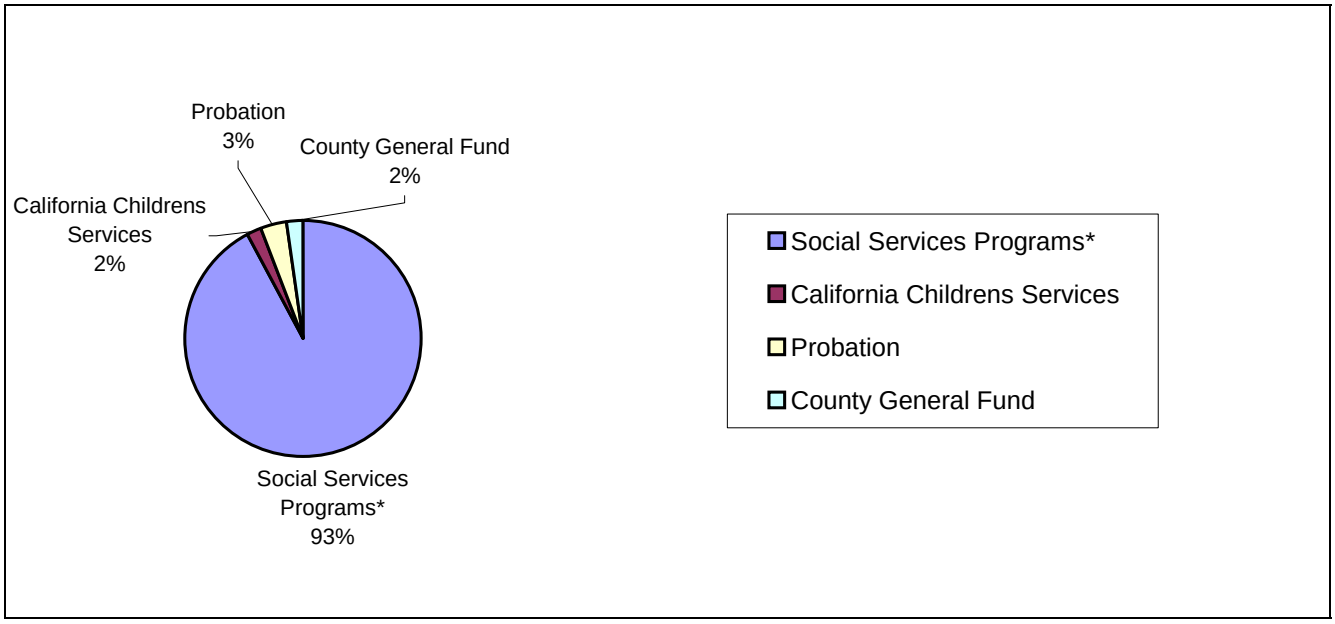
In 2004-05 budget, it was anticipated that Social Services would require additional general fund support; however, due to a higher than anticipated beginning fund balance and less Department Usage for Foster Care and Probation, Social Services Realignment fund did not need additional general fund support.

In 2005-06, the departments usage is decreasing mainly due to an additional local cost allocation of $4.0 million to help offset caseload cost increases and because the department anticipates a significant reduction in IHSS costs ($5.0 million) due to the Federal Waiver. Nevertheless, Social Services is still drawing down its fund balance on ongoing expenditures.

Breakdown of Department Usage of Social Services Realignment

	ACTUAL 2003-04	BUDGET 2004-05	ACTUAL 2004-05	FINAL 2005-06
Social Services Programs*	68,726,596	76,754,038	68,898,517	72,584,684
California Childrens Services	1,476,840	1,538,041	1,793,572	1,538,041
Probation	-	3,800,630	-	2,700,630
County General Fund	1,799,000	1,799,000	1,799,000	1,799,000
Total Department Usage	72,002,436	83,891,709	72,491,089	78,622,355

* Soc. Svcs. Programs include: IHSS, Foster Care, Seriously Emotionally Disturbed, and Administrative Claim Matches

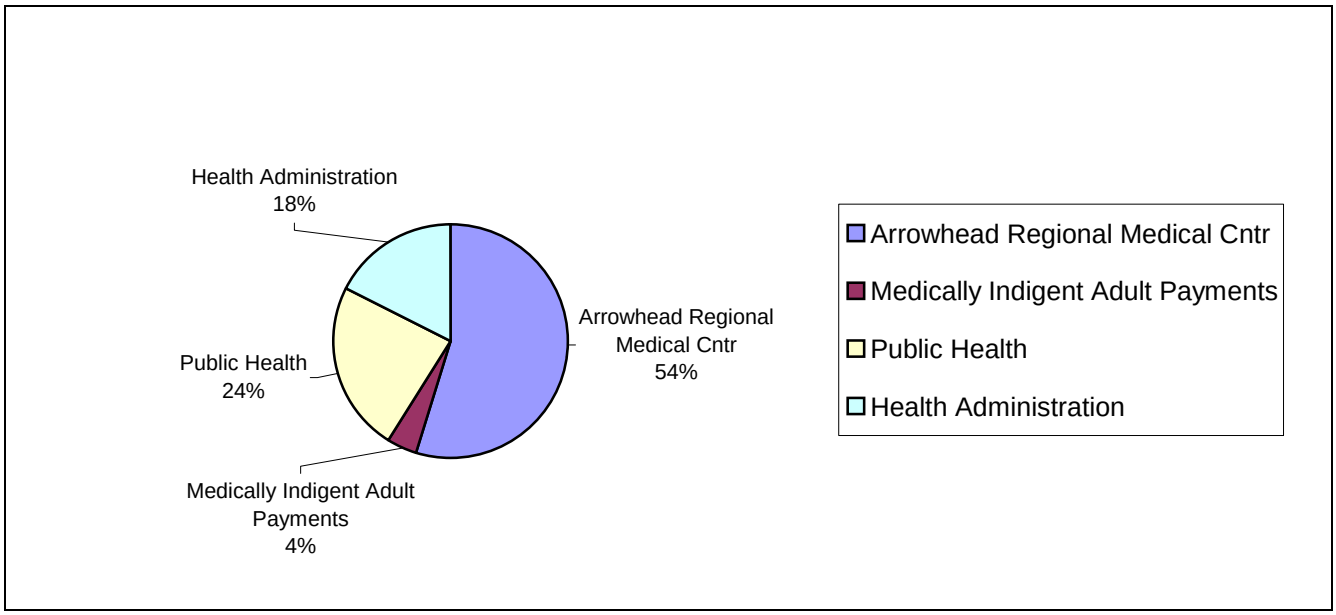


Health	ACTUAL 2003-04	BUDGET 2004-05	ACTUAL 2004-05	FINAL 2005-06
Beginning Fund Balance	38,399,672	55,961,012	56,113,431	72,115,648
Revenue	58,159,952	56,672,205	59,046,361	60,311,713
Department Usage	40,446,193	55,118,262	43,044,144	63,533,085
10% Transfers	-	-	-	-
Ending Fund Balance	56,113,431	57,514,955	72,115,648	68,894,276
Change in Fund Balance	17,713,759	1,553,943	16,002,217	(3,221,372)

Health Realignment revenue is composed of approximately 27.4% sales tax and 72.6% VLF. Within Health, department usage in the past was brought into line with ongoing revenue by not providing Realignment increases to pay for rising salary and benefit costs. However, due to the significant salary and benefits costs increases estimated for 2005-06 and the unavailability of other funding sources to keep up with these cost increases, an allocation increase was provided to both ARMC and Public Health in 2005-06. Furthermore, ARMC's usage reflects a one-time expenditure of $3.3 million for the remodel of the Behavioral Health inpatient unit into Medical Surgical beds and for enhancements in Information Technology infrastructure.

Other programs funded by Health realignment are Medically Indigent Adult (MIA) Payments and Health Administration. The MIA budget funds payments to non-county hospitals for treatment of MIA patients. The Health Administration budget unit helps pay for the ARMC debt service.

Breakdown of Departmental Usage of Health Realignment	ACTUAL 2003-04	BUDGET 2004-05	ACTUAL 2004-05	FINAL 2005-06
Arrowhead Regional Medical Cntr	13,933,600	28,000,000	17,078,750	34,820,000
Medically Indigent Adult Payments	2,550,000	2,550,000	2,550,000	2,550,000
Public Health	13,726,094	14,078,852	12,973,918	14,995,159
Health Administration	10,236,499	10,489,410	10,441,476	11,167,926
Total Department Usage	40,446,193	55,118,262	43,044,144	63,533,085

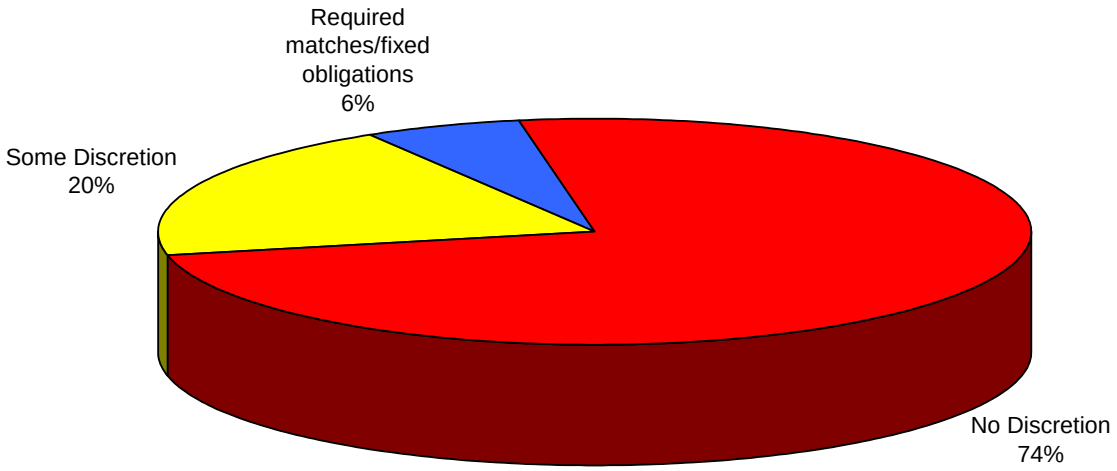


Budgetary Note: Financial information presented in this Realignment budget section is consistent with state reporting requirements for the Realignment funds. The state's reporting requirements are not consistent with the county's implementation of GASB 34 as it relates to revenue accrual. As such, within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

COUNTYWIDE DISCRETIONARY REVENUE

The entire general fund budget is $2.2 billion, however, the Board of Supervisors has no discretion on $1.6 billion of this amount as seen in this pie chart.

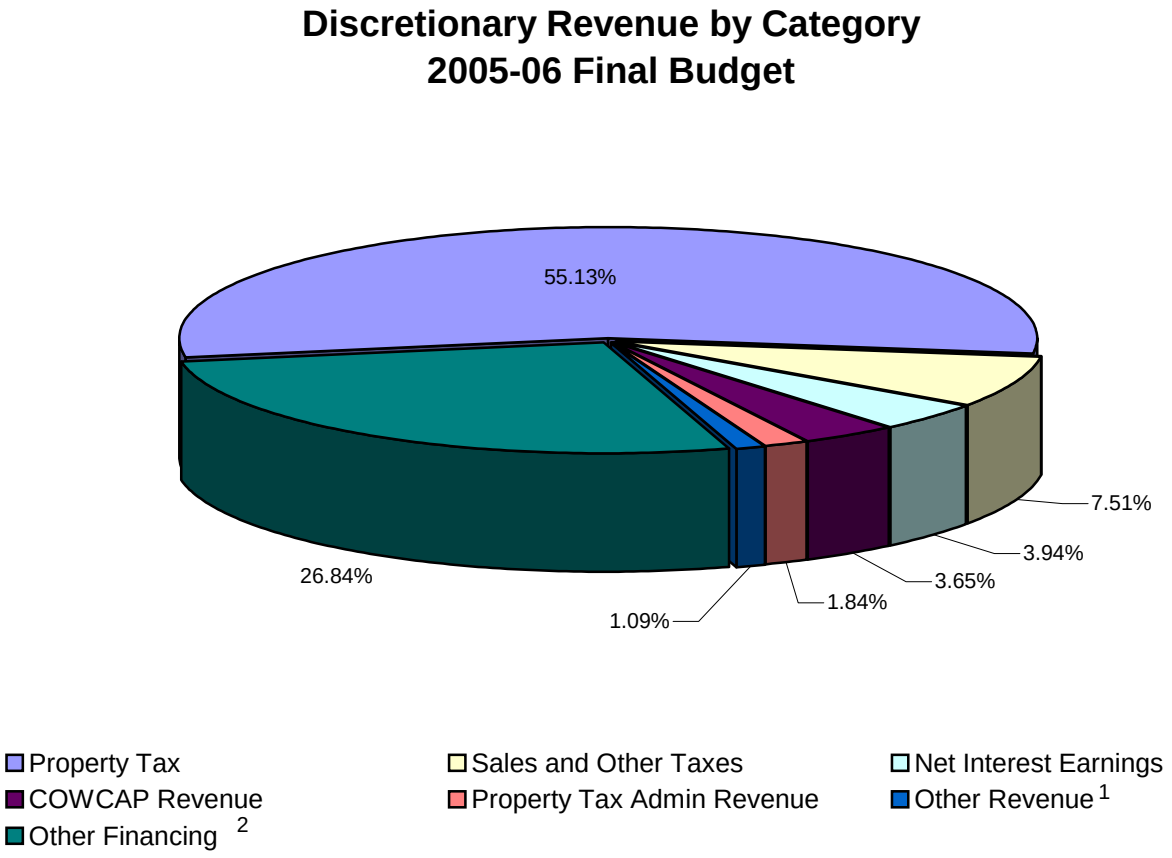
2005-06 Final Budget
General Fund Spending



SPENDING WHERE THE BOARD HAS NO DISCRETION. INCLUDES:	**1,614,275,025**
Welfare costs reimbursed by state and federal monies ($764.0 million)	
Other program costs funded by program revenues such as user fees ($850.3 million)	
REQUIRED HEALTH AND WELFARE MATCHES AND OTHER FIXED OBLIGATIONS:	**124,019,125**
SPENDING WHERE THE BOARD HAS SOME DISCRETION. INCLUDES:	**430,464,039**
Reserve / Contingenies Contributions ($108.9 million)	
Law and justice program costs funded by local revenues ($207.4 million)	
All other program costs funded by local revenues ($114.1 million)	
TOTAL:	**$2,168,758,189**

The Board of Supervisors has authority over the countywide discretionary revenue, which totals $554,483,164. This countywide discretionary revenue is first obligated to pay for the required health and welfare matches and other fixed obligations, which total $124,019,125. The remaining amount of $430,464,039 is available for the Board's discretion and finances departmental budgets' local cost.

Shown below are the sources of the countywide discretionary revenue for 2005-06, which total $554,483,164:



1. Other Revenue Includes: Other State and Federal Aid.

2. Other Financing Includes: Fund Balance, Use of Reserves, Reimbursements, and Operating Transfers.

COUNTYWIDE DISCRETIONARY REVENUES
WHICH PAY FOR GENERAL FUND LOCAL COST

	2004-05 Final Budget	2004-05 Actuals	2005-06 Final Budget
Net Non-departmental Revenue			
Property Taxes:			
Current Secured, Unsecured, Unitary	137,207,735	129,683,177	139,341,353
VLF Property Tax Swap	-	126,424,920	148,442,703
Supplementals	5,275,827	13,219,499	8,746,613
Penalty on Current Taxes	1,135,599	2,463,647	1,938,095
Prior Propery Taxes, Penalties and Interest	5,366,233	3,763,826	7,222,648
Total Property Taxes	148,985,394	275,555,068	305,691,412
Sales and Other Taxes:			
Sales and Use Tax	17,371,802	19,647,185	18,758,333
Property Transfer Tax	11,906,555	15,184,960	14,948,345
Franchise Fees	5,533,000	5,991,200	6,045,934
Hotel/Motel Tax	1,176,978	1,181,529	1,176,978
Other Taxes	545,455	704,261	700,000
Total Sales and Other Taxes	36,533,790	42,709,135	41,629,590
Vehicle License Fees	129,971,160	37,802,626	-
Net Interest Earnings	16,351,000	22,856,241	21,872,000
COWCAP Revenue	19,661,157	19,661,138	20,228,548
Property Tax Admin Revenue	10,651,703	9,874,204	10,219,145
Booking Fee Revenue	3,937,000	4,790,483	-
State and Federal Aid	3,619,799	3,636,223	3,593,326
Other Revenue	2,430,000	4,638,481	2,430,000
Subtotal	372,141,003	421,523,599	405,664,021
Other Financing			
Fund Balance, beginning	88,029,109	88,029,109	121,637,030
Reimbursements	-	-	583,586
Use of Reserves	1,154,301	5,618,977	2,253,702
Operating Transfers	27,738,406	29,275,443	24,344,825
Subtotal	116,921,816	122,923,529	148,819,143
TOTAL	489,062,819	544,447,128	554,483,164

Property Taxes

The most significant source of county local cost financing is property tax. The county's share of property tax for 2005-06 is estimated to be $305.7 million. The dramatic change in this revenue source from the 2004-05 final budget is attributable to three major causes:

- The elimination of the vehicle license fee (VLF) backfill in the 2004-05 State budget, resulted in a corresponding increase in the county's share of property tax revenues. This revenue exchange is expected to increase property tax revenues by $148.4 million over the 2004-05 budgeted amount.
- The county's share of the two-year $1.3 billion local government contribution of property tax revenues to the State. This results in decreased property tax revenues of $16.4 million in both 2004-05 and 2005-06. However, the $16.4 million reduction is not reflected in the 2004-05 Final Budget, as the actual impact was not known at the time the budget was adopted. This reduction is reflected in both the 2004-05 actual and the 2005-06 final budget amounts.
- An increase in property tax revenues based on an estimated 9.1% increase to secured assessed valuation and unsecured and unitary tax rolls that are relatively flat. Supplemental taxes are expected to decrease from 2004-05 actuals in anticipation of a slower rate of growth in the housing market.

Sales and Other Taxes
In addition to property tax, the county is authorized to collect other types of taxes in the unincorporated areas. Sales and use taxes are projected to increase 6.8% over the 2004-05 year-end estimate published in the Proposed Budget, less estimated losses due to potential annexations. Property transfer taxes, which have risen dramatically due to rising home prices and sales volume activity, are expected to remain flat. Franchise fees, which are collected primarily from utility company and cable TV revenue, are projected to grow 7.8%, offset by projected revenue losses due to the wildfires in the fall of 2003.

Vehicle License Fees
Motor vehicle in-lieu tax (VLF) is based on vehicle registration fees and new car sales statewide. The State has permanently reduced the VLF from 2.0% of the vehicle's market value to .65%. In prior years this reduction in VLF revenue was backfilled by State general fund monies (the VLF Backfill). The VLF backfill was eliminated in 2004-05, and replaced with a corresponding increase in property tax revenues (the VLF/Property Tax Swap).

74.9% of the remaining (0.65%) VLF revenue is directed to the Realignment funds. The remaining 25.1% is allocable to cities and counties but for ease of administration the entire amount is being allocated to cities. This VLF amount received by the cities reduces their VLF/Property Tax Swap amount. Counties no longer receive any VLF revenues other than those in the Realignment funds.

2004-05 actuals reflects the State repayment of $37.6 million VLF Backfill Gap Loan and $0.2 million in prior year adjustments.

Net Interest Earnings
Net interest earnings for 2005-06 are projected at $21.9 million. The increase in this revenue source is attributable to an estimated increase in interest earnings on the treasury pool and increased interest and penalty proceeds from the Teeter program.

COWCAP (County-Wide Cost Allocation Plan) Revenue
COWCAP revenue is reimbursement for overhead/indirect costs incurred by the general fund. Reimbursements are received from various state and federal grant programs (that permit such reimbursement) and fee supported general fund departments and taxing entities such as the library and Board-governed special districts. The budgeted COWCAP Revenue amount reflects the recovered allowable costs included in the 2005-06 countywide cost allocation plan (COWCAP) published by the Auditor/Controller.

Property Tax Admin Revenue
Property Tax Administration revenue is expected to remain flat and consists of:

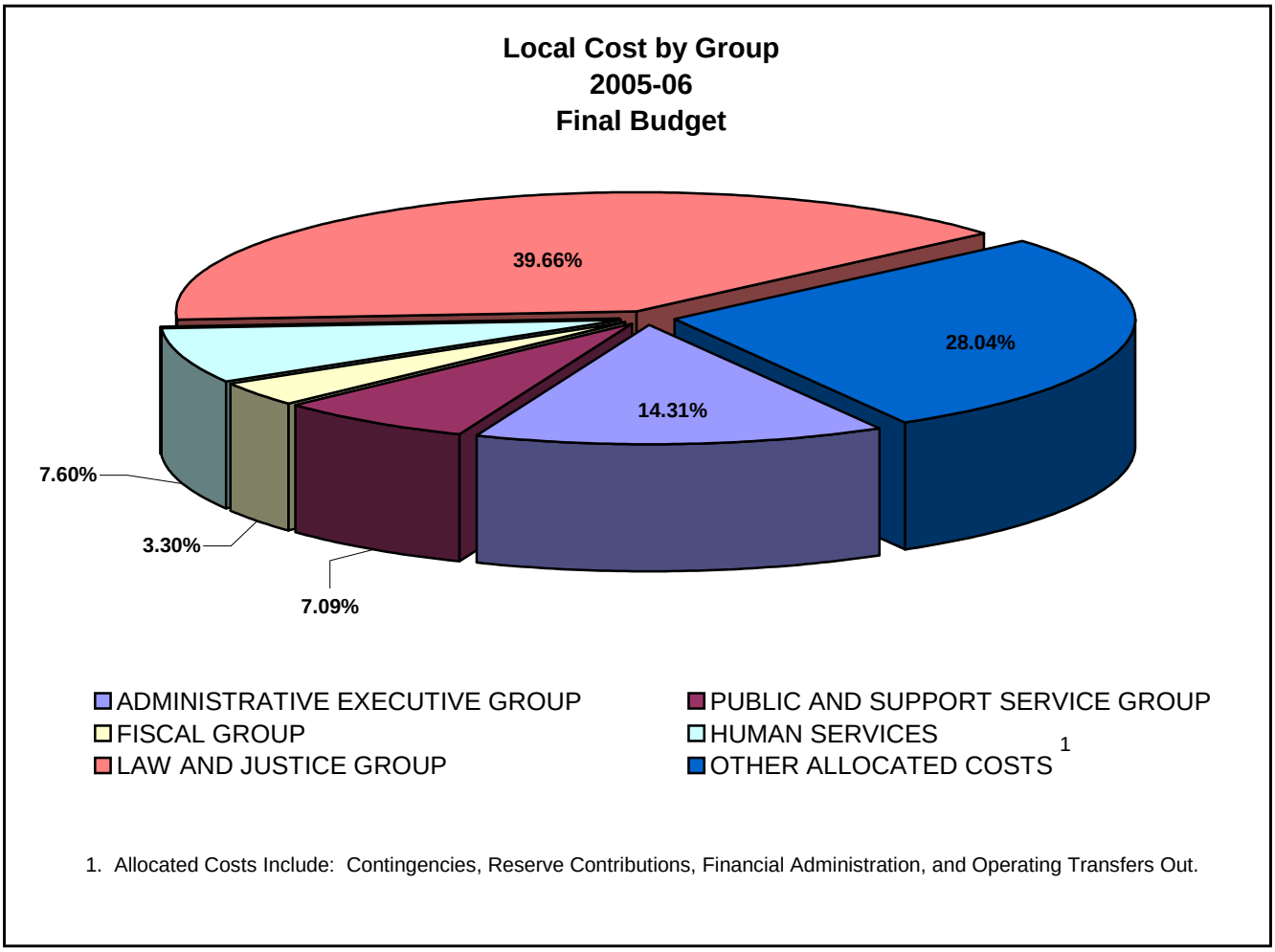
- SB 813 cost reimbursement, which represents allowable charges for administration and operation of the supplemental property tax program. This reimbursement is tied directly to the performance of supplemental property tax revenue.
- The property tax administrative fee, which the legislature provided to allow counties to recover the 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.

Booking Fee Revenue
Beginning in 2005-06, counties will be permitted to charge cities and special districts one-half of the actual administrative costs associated with booking and processing of arrestees, however the cities and special districts will no longer be backfilled by the state. Since the new rules on booking fees may affect the county's ability to continually receive this revenue, it has not been budgeted for 2005-06.

State and Federal Aid
State and Federal aid consists of a payment from the welfare realignment trust fund, which replaced the state revenue stabilization program, and SB90 reimbursements from the state. It also includes revenues received from the Federal government's Payment in Lieu of Taxes (PILT) program. Under current law, local governments are compensated through various programs for losses to their tax bases due to the presence of most federally owned land. PILT for the county is expected to remain flat to 2004-05 actual revenue.

Other Revenue
Other revenue includes overhead charges recovered through city law enforcement contracts with the Sheriff's Department, voided warrants issued by the county, projected transfers of unclaimed property tax refunds to the general fund, the county share of vehicle code violation revenue, and other miscellaneous revenues.

Other Financing
Final year-end fund balance is $121.6 million. Reimbursements of $0.6 million relating to the county reorganization are anticipated. Planned reserve uses include $1.9 million of the Equity Pool reserve and $0.3 million of the Law and Justice Southwest Border Patrol Initiative reserve. Operating transfers include transfers in to the county general fund from the Courthouse and Criminal Justice Construction funds, Solid Waste Management, and the use of $18.9 million of the tobacco settlement funds, of which $15.0 million is to be applied towards the Arrowhead Regional Medical Center Debt Service.



Countywide discretionary revenues are allocated to various county departments as local cost. The above pie chart shows what percentage of the local cost is allocated to each of the groups.

The schedule on the following pages shows a comparison of prior year local cost and current year local cost by department. This schedule also includes appropriations and revenues, including operating transfers, which are mechanisms to move financing between the various county budget units. Operating transfers are presented in the following chart because the intended purpose is to provide a complete picture of the department's appropriation and revenues. Operating transfers are excluded from the countywide appropriation and revenue summaries presented in the beginning of this section, as their inclusion would overstate countywide appropriations and revenues on a consolidated basis.

Department Title	2004-05 Final Budget: Appropriation	2004-05 Final Budget: Revenue	2004-05 Final Budget: Local Cost	2005-06 Final Budget: Appropriation	2005-06 Final Budget: Revenue	2005-06 Final Budget: Local Cost	Change Between 2004-05 Final & 2005-06 Final: Appropriation	Change Between 2004-05 Final & 2005-06 Final: Revenue	Change Between 2004-05 Final & 2005-06 Final: Local Cost
BOARD OF SUPERVISORS (ALL DISTRICTS)	3,583,001	-	**3,583,001**	5,039,972	-	**5,039,972**	1,456,971	-	**1,456,971**
BOARD OF SUPERVIOSRS - LEGISLATIVE COSTS	439,898	-	**439,898**	452,315	-	**452,315**	12,417	-	**12,417**
CLERK OF THE BOARD	931,404	66,500	**864,904**	1,041,634	79,875	**961,759**	110,230	13,375	**96,855**
COUNTY ADMINISTRATIVE OFFICE	3,232,502	-	**3,232,502**	2,951,892	-	**2,951,892**	(280,610)	-	**(280,610)**
COUNTY ADMINISTRATIVE OFFICE - FRANCHISE ADMIN	311,701	-	**311,701**	273,394	-	**273,394**	(38,307)	-	**(38,307)**
COUNTY ADMINISTRATIVE OFFICE - HEALTH ADMIN	135,812,669	120,812,669	**15,000,000**	156,520,540	141,520,540	**15,000,000**	20,707,871	20,707,871	**-**
COUNTY ADMINISTRATIVE OFFICE - JOINT POWERS LEASES	22,537,293	-	**22,537,293**	21,737,293	-	**21,737,293**	(800,000)	-	**(800,000)**
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	363,681	-	**363,681**	363,681	-	**363,681**	-	-	**-**
COUNTY COUNSEL	8,577,085	5,256,611	**3,320,474**	8,824,331	5,348,111	**3,476,220**	247,246	91,500	**155,746**
ECONOMIC DEVELOPMENT	-	-	**-**	4,039,579	-	**4,039,579**	4,039,579	-	**4,039,579**
ECD-ECONOMIC PROMOTION	991,122	-	**991,122**	-	-	**-**	(991,122)	-	**(991,122)**
ECD-SMALL BUSINESS DEVELOPMENT	156,214	-	**156,214**	-	-	**-**	(156,214)	-	**(156,214)**
HUMAN RESOURCES	5,380,631	302,500	**5,078,131**	5,547,109	302,500	**5,244,609**	166,478	-	**166,478**
HUMAN RESOURCES-EMPLOYEE HEALTH AND WELLNESS	35,000	35,000	**-**	104,200	104,200	**-**	69,200	69,200	**-**
HUMAN RESOURCES-UNEMPLOYMENT INSURANCE	4,000,000	-	**4,000,000**	4,000,000	-	**4,000,000**	-	-	**-**
INFORMATION SERVICES-SYSTEMS DEVELOPMENT	9,342,373	3,755,256	**5,587,117**	12,670,613	5,468,678	**7,201,935**	3,328,240	1,713,422	**1,614,818**
INFORMATION SERVICES-EMERGING TECHNOLOGY	1,447,618	245,320	**1,202,298**	-	-	**-**	(1,447,618)	(245,320)	**(1,202,298)**
PURCHASING	1,073,018	35,000	**1,038,018**	1,094,019	35,000	**1,059,019**	21,001	-	**21,001**
BEHAVIORAL HEALTH	114,699,507	112,856,754	**1,842,753**	126,367,241	124,524,488	**1,842,753**	11,667,734	11,667,734	**-**
BEHAVIORAL HEALTH - ALCOHOL AND DRUG SERVICES	20,577,850	20,428,392	**149,458**	19,104,240	18,954,782	**149,458**	(1,473,610)	(1,473,610)	**-**
PUBLIC HEALTH	76,224,425	75,572,315	**652,110**	81,491,061	80,354,979	**1,136,082**	5,266,636	4,782,664	**483,972**
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	12,713,007	11,174,966	**1,538,041**	14,008,854	12,470,813	**1,538,041**	1,295,847	1,295,847	**-**
PUBLIC HEALTH - AMBULANCE REIMBURSEMENTS	472,501	-	**472,501**	472,501	-	**472,501**	-	-	**-**
LOCAL AGENCY FORMATION COMMISSION	154,000	-	**154,000**	182,000	-	**182,000**	28,000	-	**28,000**
COUNTY SCHOOLS	2,775,264	-	**2,775,264**	2,235,087	-	**2,235,087**	(540,177)	-	**(540,177)**
ADMIN/EXECUTIVE GROUP SUBTOTAL:	**425,831,764**	**350,541,283**	**75,290,481**	**468,521,556**	**389,163,966**	**79,357,590**	**42,689,792**	**38,622,683**	**4,067,109**
ASSESSOR	12,518,341	658,412	**11,859,929**	13,665,978	647,500	**13,018,478**	1,147,637	(10,912)	**1,158,549**
AUDITOR-CONTROLLER	14,647,191	12,486,168	**2,161,023**	16,210,646	14,283,328	**1,927,318**	1,563,455	1,797,160	**(233,705)**
TREASURER-TAX COLLECTOR	16,605,989	14,296,283	**2,309,706**	18,295,073	14,955,679	**3,339,394**	1,689,084	659,396	**1,029,688**
FISCAL GROUP SUBTOTAL:	**43,771,521**	**27,440,863**	**16,330,658**	**48,171,697**	**29,886,507**	**18,285,190**	**4,400,176**	**2,445,644**	**1,954,532**
COUNTY TRIAL COURTS - DRUG COURT PROGRAMS	491,957	491,957	**-**	503,459	503,459	**-**	11,502	11,502	**-**
COUNTY TRIAL COURTS - GRAND JURY	204,359	-	**204,359**	316,921	-	**316,921**	112,562	-	**112,562**
COUNTY TRIAL COURTS - INDIGENT DEFENSE	8,704,969	-	**8,704,969**	8,104,078	-	**8,104,078**	(600,891)	-	**(600,891)**
COUNTY TRIAL COURTS - COURT FAC/JUDICIAL BENEFITS	2,034,597	-	**2,034,597**	1,847,440	-	**1,847,440**	(187,157)	-	**(187,157)**
COUNTY TRIAL COURTS - MAINTENANCE OF EFFORT	35,725,112	25,098,622	**10,626,490**	35,725,112	25,098,622	**10,626,490**	-	-	**-**
DISTRICT ATTORNEY - CRIMINAL	38,899,528	23,481,734	**15,417,794**	44,854,137	28,084,043	**16,770,094**	5,954,609	4,602,309	**1,352,300**
DISTRICT ATTORNEY - CHILD ABDUCTION	807,087	-	**807,087**	843,475	-	**843,475**	36,388	-	**36,388**
LAW & JUSTICE GROUP ADMINISTRATION	127,740	5,000	**122,740**	379,229	255,000	**124,229**	251,489	250,000	**1,489**
PROBATION-ADMIN/COMM CORRECTIONS	35,876,996	22,884,596	**12,992,400**	44,380,195	27,366,950	**17,013,245**	8,503,199	4,482,354	**4,020,845**
PROBATION-COURT ORDERED PLACEMENTS	5,382,883	-	**5,382,883**	2,926,330	-	**2,926,330**	(2,456,553)	-	**(2,456,553)**
PROBATION-DETENTION CORRECTIONS	44,827,870	13,366,748	**31,461,122**	46,977,652	16,535,894	**30,441,758**	2,149,782	3,169,146	**(1,019,364)**
PUB ADMIN/PUB GUARDIAN/CONSERVATOR/CORONER	5,509,433	1,147,521	**4,361,912**	-	-	**-**	(5,509,433)	(1,147,521)	**(4,361,912)**
PUBLIC DEFENDER	20,358,388	250,000	**20,108,388**	23,495,540	700,000	**22,795,540**	3,137,152	450,000	**2,687,152**
SHERIFF	280,605,166	192,124,726	**88,480,440**	338,515,894	230,440,703	**108,075,191**	57,910,728	38,315,977	**19,594,751**
LAW AND JUSTICE GROUP SUBTOTAL:	**479,556,085**	**278,850,904**	**200,705,181**	**548,869,462**	**328,984,671**	**219,884,791**	**69,313,377**	**50,133,767**	**19,179,610**

Department Title	2004-05 Final Budget: Appropriation	2004-05 Final Budget: Revenue	2004-05 Final Budget: Local Cost	2005-06 Final Budget: Appropriation	2005-06 Final Budget: Revenue	2005-06 Final Budget: Local Cost	Change Between 2004-05 Final & 2005-06 Final: Appropriation	Change Between 2004-05 Final & 2005-06 Final: Revenue	Change Between 2004-05 Final & 2005-06 Final: Local Cost
PUBLIC AND SUPPORT SERVICES GROUP ADMIN	59,876	-	**59,876**	1,449,297	-	**1,449,297**	1,389,421	-	**1,389,421**
AGRICULTURE, WEIGHTS AND MEASURES	5,301,606	3,552,266	**1,749,340**	5,467,715	3,554,951	**1,912,764**	166,109	2,685	**163,424**
AIRPORTS	2,503,423	2,468,134	**35,289**	2,553,961	2,553,961	**-**	50,538	85,827	**(35,289)**
ARCHITECTURE AND ENGINEERING	566,758	-	**566,758**	585,320	-	**585,320**	18,562	-	**18,562**
COUNTY MUSEUMS	3,829,730	2,315,417	**1,514,313**	3,861,744	2,222,317	**1,639,427**	32,014	(93,100)	**125,114**
FACILITIES MANAGEMENT DEPARTMENT	11,813,001	5,572,292	**6,240,709**	14,414,161	6,211,352	**8,202,809**	2,601,160	639,060	**1,962,100**
FACILITIES MANAGEMENT DEPARTMENT - UTILITIES	15,647,049	-	**15,647,049**	16,079,526	-	**16,079,526**	432,477	-	**432,477**
LAND USE SERVICES - ADMINISTRATION	-	-	**-**	4,300	4,300	**-**	4,300	4,300	**-**
LAND USE SERVICES - CURRENT PLANNING	2,461,076	2,461,076	**-**	2,777,501	2,777,501	**-**	316,425	316,425	**-**
LAND USE SERVICES - ADVANCED PLANNING	3,387,890	2,263,881	**1,124,009**	3,444,907	2,259,002	**1,185,905**	57,017	(4,879)	**61,896**
LAND USE SERVICES - BUILDING AND SAFETY	7,387,219	7,387,219	**-**	8,704,085	8,704,085	**-**	1,316,866	1,316,866	**-**
LAND USE SERVICES - CODE ENFORCEMENT	3,027,404	582,690	**2,444,714**	3,575,482	678,000	**2,897,482**	548,078	95,310	**452,768**
LAND USE SERVICES - FIRE HAZARD ABATEMENT	2,169,641	2,169,641	**-**	2,545,738	2,545,738	**-**	376,097	376,097	**-**
PUBLIC WORKS-SURVEYOR	3,613,235	3,563,358	**49,877**	4,002,236	3,802,726	**199,510**	389,001	239,368	**149,633**
REAL ESTATE SERVICES	2,213,960	1,549,650	**664,310**	2,360,874	1,549,650	**811,224**	146,914	-	**146,914**
REAL ESTATE SERVICES - RENTS	208,652	-	**208,652**	211,592	45,912	**165,680**	2,940	45,912	**(42,972)**
REGIONAL PARKS	7,521,062	6,129,148	**1,391,914**	7,546,495	6,282,959	**1,263,536**	25,433	153,811	**(128,378)**
REGISTRAR OF VOTERS	3,416,632	740,744	**2,675,888**	5,489,021	2,557,200	**2,931,821**	2,072,389	1,816,456	**255,933**
PUBLIC AND SUPPORT SVCS GRP SUBTOTAL:	**75,128,214**	**40,755,516**	**34,372,698**	**85,073,955**	**45,749,654**	**39,324,301**	**9,945,741**	**4,994,138**	**4,951,603**
AGING AND ADULT SERVICES	8,184,557	8,184,557	**-**	8,839,639	8,839,639	**-**	655,082	655,082	**-**
AGING AND ADULT SERVICES - PUBLIC GUARDIAN	-	-	**-**	872,400	765,255	**107,145**	872,400	765,255	**107,145**
CHILD SUPPORT SERVICES	41,478,447	38,694,021	**2,784,426**	39,661,243	39,661,243	**-**	(1,817,204)	967,222	**(2,784,426)**
HUMAN SERVICES - ADMINISTRATIVE CLAIM	323,382,345	310,052,303	**13,330,042**	334,612,841	317,973,721	**16,639,120**	11,230,496	7,921,418	**3,309,078**
CHILD ABUSE /DOMESTIC VIOLENCE	1,411,699	1,411,699	**-**	1,507,439	1,507,439	**-**	95,740	95,740	**-**
ENTITLEMENT PAYMENTS (CHILD CARE)	82,397,695	82,397,695	**-**	85,905,228	85,905,228	**-**	3,507,533	3,507,533	**-**
CHILDREN'S OUT OF HOME CARE	367,618	-	**367,618**	367,618	-	**367,618**	-	-	**-**
AID TO ADOPTIVE CHILDREN	25,193,425	23,987,882	**1,205,543**	30,863,005	29,396,811	**1,466,194**	5,669,580	5,408,929	**260,651**
AFDC-FOSTER CARE	100,802,968	87,328,206	**13,474,762**	104,436,782	89,700,112	**14,736,670**	3,633,814	2,371,906	**1,261,908**
REFUGEE CASH ASSISTANCE	100,000	100,000	**-**	100,000	100,000	**-**	-	-	**-**
CASH ASSISTANCE - IMMIGRANTS	1,053,030	1,053,030	**-**	856,993	856,993	**-**	(196,037)	(196,037)	**-**
CALWORKS-FAMILY GROUP	196,029,188	191,128,458	**4,900,730**	218,489,279	213,837,725	**4,651,554**	22,460,091	22,709,267	**(249,176)**
KIN-GAP PROGRAM	4,556,185	3,793,024	**763,161**	4,818,510	4,036,410	**782,100**	262,325	243,386	**18,939**
AID FOR SERIOUSLY EMOTIONALLY DISTURBED	3,794,651	3,063,342	**731,309**	5,242,905	4,262,503	**980,402**	1,448,254	1,199,161	**249,093**
CALWORKS-2 PARENT FAMILIES	15,072,908	14,694,577	**378,331**	16,419,500	16,029,361	**390,139**	1,346,592	1,334,784	**11,808**
AID TO INDIGENTS	1,361,560	342,470	**1,019,090**	1,446,420	370,256	**1,076,164**	84,860	27,786	**57,074**
VETERAN'S AFFAIRS	1,145,928	299,667	**846,261**	1,264,563	331,117	**933,446**	118,635	31,450	**87,185**
HUMAN SERVICES SUBTOTAL:	**806,332,204**	**766,530,931**	**39,801,273**	**855,704,365**	**813,573,813**	**42,130,552**	**49,372,161**	**47,042,882**	**2,329,279**
GENERAL FUND DEPARTMENT SUBTOTAL:	**1,830,619,788**	**1,464,119,497**	**366,500,291**	**2,006,341,035**	**1,607,358,611**	**398,982,424**	**175,721,247**	**143,239,114**	**32,482,133**
CONTINGENCIES	109,326,898	-	**109,326,898**	96,967,709	-	**96,967,709**	(12,359,189)	-	**(12,359,189)**
RESERVE CONTRIBUTIONS	3,390,532	-	**3,390,532**	21,403,093	-	**21,403,093**	18,012,561	-	**18,012,561**
FINANCIAL ADMINISTRATION EXPENDITURES	6,000,000	6,000,000	**-**	7,500,000	7,500,000	**-**	1,500,000	1,500,000	**-**
FINANCIAL ADMINISTRATION REIMBURSEMENTS	-	-	**-**	(583,586)	(583,586)	**-**	(583,586)	(583,586)	**-**
OPERATING TRANSFERS OUT	9,845,098	-	**9,845,098**	37,129,938	-	**37,129,938**	27,284,840	-	**27,284,840**
TOTAL COUNTYWIDE ALLOCATED COSTS:	**128,562,528**	**6,000,000**	**122,562,528**	**162,417,154**	**6,916,414**	**155,500,740**	**33,854,626**	**916,414**	**32,938,212**
GRAND TOTAL:	**1,959,182,316**	**1,470,119,497**	**489,062,819**	**2,168,758,189**	**1,614,275,025**	**554,483,164**	**209,575,873**	**144,155,528**	**65,420,345**

NOTE: Total countywide allocated costs on this schedule includes appropriation and reimbursements for Financial Administration. This appropriation is offset in the countywide discretionary revenue schedule.

CONTINGENCIES

The County Contingency account includes the following elements:

One Time 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 appropriations.

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

Ongoing Set-Asides Contingencies

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

Contingencies - Priority District and Program Needs

An annual base allocation of $2,000,000 is set aside for priority district and program needs. Any amounts unspent in this contingencies account at the end of a fiscal year rolls forward into the next fiscal year.

Contingencies

	2004-05 Beginning Balance	2004-05 Approved Contributions/ Uses	2005-06 Approved Additional Contributions	2005-06 Final Budget
One-time Contingencies				
Mandatory Contingencies (1.5% of Locally Funded Appropriations)	5,582,115		502,845	6,084,960
Uncertainties	92,823,560	(71,767,835)	48,846,739	69,902,464
Ongoing Set Asides Contingencies				
Future Retirement Costs	7,900,000			7,900,000
Future Financing	-	7,000,000		7,000,000
Workload Adjustments	-	2,700,000		2,700,000
Contingencies - Priority District and Program Needs	3,021,223	(1,640,938)	2,000,000	3,380,285
Total Contingencies	**109,326,898**	**(63,708,773)**	**51,349,584**	**96,967,709**

2005-06 Planned Contributions

The base allocation to the mandatory contingency budget of $6,084,960 is established pursuant to Board policy, based on projected locally funded appropriations of $405.7 million.

2005-06 Ongoing Set-Asides

As seen in the Reserve section, the county has set aside a significant amount of one-time money that can assist the county temporarily for unforeseen increases in expenditure or reductions in revenues. However, there has never been any money set aside to permanently address future foreseen increases in expenditures. Beginning in 2004-05, the county positioned itself to set aside ongoing revenue sources to finance future ongoing expenditures in three different areas: retirement, future financing needs, and workload adjustments.

- Future Retirement Costs Ongoing Set Aside:
  For the past two years, the County has seen significant retirement cost increases and predicts additional future increases based on unfunded liabilities that have occurred primarily as a result of lower than expected market returns. The Board has set aside $7.9 million in ongoing revenue sources to assist in financing these cost increases at a future date.

- Future Financing Needs Ongoing Set Aside:
  The California Department of Finance estimates the population of the County of San Bernardino will grow 24.1% between the years 2000 to 2010. Because of this predicted population growth, the demand for services provided by our county will increase significantly. To plan ahead, the Board has set aside $7.0 million of ongoing money to address the future needs of this growing population.

- Workload Adjustments Ongoing Set Aside:
  For the past two or three years, the County of San Bernardino has reduced departmental budgets due to the state's financial situation and have seen non-general fund departments struggle with their financing availability. This has resulted in reduced staffing, which has affected departments' ability to provide services and in some cases created backlogs. The Board has set aside $2.7 million to address departmental workload issues.

2004-05 Contributions and Uses

As part of the 2004-05 final budget, the Board approved the mandatory contingencies in the amount of $5,582,115, a Priority Policy and District Needs allocation of $3,021,223, and an ongoing set-aside for Future Retirement costs of $7,900,000. The allocation to the Contingencies for Uncertainties totaled $92,823,560, which included the final fund balance adjustment.

For 2004-05 mid-year Board actions have authorized the use of approximately $75.9 million of the Contingencies for Uncertainties. Major allocations include:

- $25.6 million in one-time funding for deferred maintenance/infrastructure projects
- $10.1 million to reflect changes required as a result of the adoption of the final state budget
- $8.3 million for the purchase of an office building in the City of San Bernardino
- $6.0 million for an upgrade to the county's financial accounting system
- $5.0 million for the modification and one time expenses related to a new jail facility in Adelanto
- $5.2 million for the purchase of two helicopters for the Sheriff's department
- $2.6 million in restorations of prior cuts to Public Safety which includes the restoration of 20.5 positions
- $2.5 million to finance a wastewater treatment plant at Glen Helen Rehabilitation Center
- $1.6 million to fund a community park and trail system in Mentone
- $1.3 million to fund caseload adjustments for the District Attorney and Public Defender

For 2004-05 mid-year Board actions have authorized the set-aside or reserve of $12.7 million of the Contingencies for Uncertainties as follows:

- $7.0 million set-aside for Future Financing Needs
- $2.7 million set-aside for Workload Adjustments
- $3.0 million used to create a Business Process Improvement Reserve

For 2004-05 mid-year Board actions have also authorized increases of $16.8 million in the Contingencies for Uncertainties:

- $11.9 million to reflect upward revisions to revenue estimates
- $4.9 million to reflect local cost savings derived from the issuance of the Pension Obligation Bonds

RESERVES

The county has a number of reserves and designations that have been established over the years. Some are for specific purposes, such as to meet future known obligations or to build a reserve for capital projects. The general reserves 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. That policy calls for the county's general purpose reserves to equal 10% of locally funded appropriations. It also anticipates establishing special purpose reserves to help meet future needs.

2005-06 Planned Contributions and Uses

For 2005-06 general-purpose reserves are increased by $3.4 million to conform to the Board policy. This increase is based on projected locally funded appropriations of $405.7 million and brings the balance of general-purpose reserves to $40.6 million. The Restitution Reserve is increased by $0.5 million to set-aside settlement revenues received by the county in 2004-05 from the on-going corruption litigation. New reserves for Future Financing and Workload Adjustments are established in 2005-06, funded by on-going contingency set-asides of $7.0 million and $2.7 million respectively, that remained unspent at the end of 2004-05. The existing Retirement Reserve is increased by $7.9 million, also funded by an on-going contingency set-aside that remained unspent at the end of 2004-05. Uses of $1,935,566 of the Equity Pool reserve are planned to fund the 2005-06 costs of approved equity adjustments. A planned use of $318,136 of the Law and Justice Southwest Border Patrol Initiative Reserve consists of $250,000 to fund step increases and appropriations for the Handheld Citation Capture Device grant program and $68,136 for remaining one-time costs to implement a comprehensive, Countywide Gang Initiative.

Total Reserves

	2003-04	2004-05		2005-06		Estimated
	Ending Balance	Approved Contributions	Approved Uses	Approved Contributions	Approved Uses	6/30/06 Balance
General Purpose Reserve	**34,823,568**	**2,390,532**		**3,352,302**		**40,566,402**
Specific Purpose Reserves						
Medical Center Debt Service	32,074,905					32,074,905
Teeter Reserve	19,260,087					19,260,087
Restitution Reserve	2,114,234		(500,000)	450,791		2,065,025
Retirement Reserve	7,000,000			7,900,000		14,900,000
Justice Facilities Reserve	3,706,437		(2,401,684)			1,304,753
West Valley Maximum Security	1,492,986					1,492,986
Equity Pool Reserve	4,381,992		(868,188)		(1,935,566)	1,578,238
Insurance Reserve	3,000,000					3,000,000
Electronic Voting Reserve	-	500,000				500,000
Capital Projects Reserve	4,000,000					4,000,000
Bark Beetle Reserve	1,830,300		(165,000)			1,665,300
Reserve for Museum's Hall of Paleontology	865,000	1,000,000	(161,970)			1,703,030
L&J SWBPI	3,405,626		(1,522,135)		(318,136)	1,565,355
Business Process Improvement Reserve		3,000,000				3,000,000
Future Financing Reserve				7,000,000		7,000,000
Workload Adjustments Reserve				2,700,000		2,700,000
Total Specific Purpose	**83,131,567**	4,500,000	(5,618,977)	18,050,791	(2,253,702)	**97,809,679**
Total Reserves	**117,955,135**					**138,376,081**

2004-05 Contributions and Uses

As part of the 2004-05 final budget the Board approved the use of $1.0 of the Justice Facilities Reserve to offset a portion of the cost of the safety MOU. The Board also approved the use of $154,301 of the Equity Pool reserve to fund the 2004-05 costs of approved equity adjustments. Planned contributions for 2004-05 included $2.4 million to the general purpose reserve; and $1.0 million for the Museum's Hall of Paleontology.

For 2004-05 mid-year Board actions have authorized the use of:

- $500,000 of the Restitution Reserve to finance the cost of the county's on-going corruption litigation.
- $1,401,684 of the Justice Facilities Reserve to fund a variety of projects including $524,684 for the replacement of the HVAC system at the Sheriff's department scientific investigations division, $800,000 for an HVAC project at the Central Detention Center, $52,000 for electrical system repairs at the Glen Helen Rehabilitation Center and $25,000 for an appraisal of the Marantha Jail Facility in Adelanto.
- $713,887 of the Equity Pool Reserve to be spent on equity adjustments
- $1,522,135 of the Law and Justice Southwest Border Patrol Initiative Reserve (SWBPI), $520,403 to purchase two armored rescue vehicles, radios and computer equipment, $883,732 to fund one-time start up costs to implement a comprehensive, Countywide Gang Initiative, and $118,000 to purchase Penlink Audio Channel and Client Application Licenses.
- $161,970 of the Museum's Hall of Paleontology Reserve, to be spent on the construction of the Hall of Paleontology
- $165,000 of the Bark Beetle Reserve to finance costs associated with the Telephone Emergency Notification System (Reverse 9-1-1 Warning System).

For 2004-05 mid-year Board actions have authorized the increase of:

- $500,000 to the Electronic Voting System Reserve which represents a portion of the $2.5 million Help America Vote Act (HAVA) grant proceeds to be available for future voting system needs
- $3,000,000 to the Business Process Improvement Reserve

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

		Year End Actual Balance					Adopted
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Total General Purpose Reserve		**27.4**	**30.2**	**31.9**	**34.8**	**37.2**	**40.6**
Specific Purpose Reserves							
Medical Center debt service		32.0	32.0	32.1	32.1	32.1	32.1
Justice facilities reserve		5.2	5.0	4.9	3.7	1.3	1.3
Juvenile maximum security reserve		1.5	1.5	1.5	1.5	1.5	1.5
Future retirement rate increase reserve		1.5	1.5	7.0	7.0	7.0	14.9
Equity Pool				1.9	4.4	3.5	1.6
Teeter			19.3	19.3	19.3	19.3	19.3
Restitution			8.9	2.1	2.1	1.6	2.1
Insurance				5.0	3.0	3.0	3.0
Electronic Voting System				5.7	-	0.5	0.5
Capital Projects Reserve				4.0	4.0	4.0	4.0
Bark Beetle				-	1.8	1.7	1.7
Museum's Hall of Paleontology					0.9	1.7	1.7
L&J Southwest Border Prosecution Initiative					3.4	1.9	1.6
Business Process Improvement Reserve						3.0	3.0
Future Financing Reserve							7.0
Workload Adjustment Reserve							2.7
Total Specific Purpose Reserves	(1)	**40.2**	**68.2**	**83.4**	**83.1**	**82.0**	**97.8**
Total Reserves	(1)	**67.6**	**98.4**	**115.3**	**118.0**	**119.2**	**138.4**

(1) Totals may not add due to rounding