

**COUNTY OF SAN DIEGO  
NOTES TO SCHEDULES A and B  
Fiscal Year 2024-25 2nd Quarter**

**GENERAL NOTES**

*Projected Fund Balance*

Projected fund balance as presented in this report is defined as the projected excess of revenues over expenditures as a result of current fiscal year operations. Schedule A presents projections by business group and department by fund or fund type.

*Appropriation for Contingency*

The County's General Fund budget includes Appropriation for Contingency pursuant to Government Code §29084. Transfers and revisions to the appropriation for contingencies may be made by formal action of the Board of Supervisors, by a four-fifths vote (Government Code §29125). Schedule B presents projection of the Appropriation for Contingency.

*Management Reserves*

Besides the General Fund Reserve, which is comprised of unassigned General Fund fund balance, County business groups may establish Management Reserves. Management Reserves are appropriations that are established at the group or department level for unanticipated needs or planned future one-time expenses. Schedule B shows a summary of the General Fund's projected fund balance by group/agency that distinguishes between projected management reserve balances and operating balances. No Management Reserves were budgeted in Fiscal Year 2024-25.

*Variance Reporting*

Departments project variances from the Operational Plan based on revised expectations or on actual revenues/expenditures to date. Significant variances (greater than \$500,000) in total expenditures, total revenue, net variance, or object variance are discussed below and categorized by fund.

**2nd Quarter Operational Fund Balance for Fiscal Year 2024-25**

*Schedule A* summarizes the County's Fiscal Year 2024-25 operational results, measured by fund balance from current year operations, excluding anticipated designation of fund balance (restricted, committed, assigned) or final adjustments to take place in the annual comprehensive financial report (ACFR). Projected fund balance for the General Fund is \$31.0 million, and for all budgetary funds combined is projected to be \$75.7 million. In the General Fund, all business groups are projected to produce operating balances except

for Public Safety Group: Health and Human Services Agency (\$13.8 million), Land Use and Environment Group (\$1.6 million), Finance and General Government Group (\$2.6 million) and Finance Other (\$15.6 million); offset by negative fund balance in Public Safety Group (\$2.7 million).

The balance for all other funds combined are projected to be \$44.7 million and consist of positive fund balance in Special Revenue Funds (\$40.9 million), Capital Program (\$4.0 million), Special District Funds (\$9.8 million), and negative fund balance in Internal Service Funds (\$10.0 million).

## **PUBLIC SAFETY GROUP**

The Public Safety Group is projecting a positive overall variance of \$0.2 million, of which \$2.7 million is tied to negative variance in the General Fund and \$2.9 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

### **General Fund**

#### *Animal Services*

A negative variance of \$0.1 million is projected for the Department of Animal Services.

A positive expenditure variance of \$0.1 million is projected. A positive variance of \$0.4 million is projected in Salaries & Benefits due to vacancies. A negative variance of \$0.3 million in Services & Supplies is due to higher than anticipated animal inventory resulting in higher costs related to medical supplies, temporary contract staffing, animal care and animal food.

A negative revenue variance of \$0.2 million is projected. A negative variance of \$0.1 million in Licenses Permits & Franchises due to declining dog licensing compliance and \$0.1 million in Charges For Current Services are due to lower revenue from sheltering fees, including fee waived adoption events and reduced fee or fee waived medical procedures such as spay/neuter surgeries and vaccinations.

The department will continue to closely monitor expenditures, and if unable to reduce expenses, the Public Safety Executive Office will transfer available appropriations.

#### *Child Support*

A positive variance of \$1.8 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$3.3 million is projected. Positive variances of \$0.9 million in Salaries & Benefits is due to vacancies and modified positions, \$2.2 million in Services & Supplies due to lower expenses than anticipated related to facility projects,

information technology, and contracted services, and \$0.1 million in Capital Assets/Land Acquisition and \$0.1 million in Capital Assets Equipment are due to lower expenses related to facility projects as noted above.

A negative revenue variance of \$1.5 million is projected. A negative variance of \$1.6 million in Intergovernmental Revenues is due to lower than anticipated State and federal reimbursement revenue related to expenditure savings mentioned above, offset by a positive variance of \$0.1 million in Charges For Current Services, due to higher payments from the California Department of Child Support Services.

#### *District Attorney*

A positive variance of \$0.8 million is projected for the District Attorney's Office.

A positive expenditure variance of \$0.8 million is projected in Salaries & Benefits due to attrition, vacant and modified positions.

No revenue variance is projected.

#### *Public Defender*

A negative variance of \$1.5 million is projected for the Public Defender.

No expenditure variance is projected. Although no variance is projected, the Public Defender's Office originally projected a negative expenditure variance of \$3.9 million in Salaries & Benefits. This projection will be partially mitigated by the transfer of appropriations from Services & Supplies and a 2<sup>nd</sup> Quarter Status Adjustment that will provide \$1.8 million in appropriations based on over-realized General Purpose Revenue to support Salaries & Benefits costs. The department will continue to monitor salary and benefit costs as well contract costs and case related activities in order to mitigate the remaining negative variance. The increased costs in the Public Defender's Office is a current year issue and will be resolved with the 2<sup>nd</sup> Quarter Status Adjustment noted above. Ongoing solutions have been identified and will be included in the forthcoming CAO Recommended Operational Plan.

A negative revenue variance of \$1.5 million is projected in Intergovernmental Revenues due to lower than expected eligible case activities funded by CARE Act, and staff attritions during mid-year funded by Justice Assistance Grant and state mandated reimbursements, offset by reimbursements for the Public Defense Pilot Program.

#### *San Diego County Fire*

There is no significant overall variance projected for San Diego County Fire.

A positive expenditure variance of \$2.4 million is projected. Positive variances of \$0.1 million in Salaries & Benefits is due to vacancies, \$2.1 million in Services & Supplies is due to lower contracted services resulting from delays in obtaining Environmental

Historical Preservation report approval from FEMA for Home Hardening projects, and \$0.2 million in Other Charges is due to lower payments to reimburse fire agencies managed by County Fire.

A negative revenue variance of \$2.4 million is projected, primarily in Intergovernmental Revenues due to lower grant reimbursements, related to the expenditures mentioned above.

### *Sheriff*

A negative variance of \$3.8 million is projected for the Sheriff's Office.

No expenditure variance is projected. Although no variance is projected, the Sheriff's Office originally projected a negative expenditure variance of \$24.5 million in Salaries & Benefits. The original negative variance was due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations. This variance will be mitigated by a 2nd Quarter Status Adjustment that will provide \$24.5 million in appropriations based on over-realized General Purpose Revenue. The increased costs in the Sheriff's Office is a current year issue and will be resolved with the 2<sup>nd</sup> Quarter Status Adjustment noted above, and permanent, ongoing solutions will be included in the forthcoming CAO Recommended Operational Plan. This projection also takes into consideration the transfer of \$4.4 million in appropriations from Services & Supplies (\$4.0 million), Other Charges (\$0.3 million) and Capital Assets Equipment (\$0.2 million) to support Salaries & Benefits costs. The positive variances are related to lower costs in various accounts including uniform allowance and one-time software and equipment associated with Cal-ID program and Regional Communication System that will be budgeted in Fiscal Year 2025-26.

A negative revenue variance of \$3.8 million is projected. Projected negative variances of \$3.2 million in Fines, Forfeitures & Penalties due to lower costs for the Cal-ID program as mentioned above, \$1.2 million in Miscellaneous Revenues due to lower expenditures in RCS projects mentioned above, \$0.4 million in Other Financing Sources due to lower transfers from the Incarcerated Peoples' Welfare Fund and Jail Commissary Enterprise Fund associated with vacant positions, and \$0.2 million in Charges For Current Services due to a lower reimbursement for law enforcement services due to vacancies. These are offset by projected positive revenue variances of \$0.7 million in Intergovernmental Revenues due to higher than anticipated State Aid for reimbursement of costs to provide a jail-based competency treatment program, and \$0.5 million in Licenses, Permits and Franchises due to higher collections from license fees.

### **Special Revenue Funds**

#### *Sheriff's Asset Forfeiture Program*

A positive variance of \$0.8 million is projected in the Sheriff's Asset Forfeiture Program (US Department of Justice, US Treasury Department and State).

No expenditure variance is projected.

A positive revenue variance of \$0.8 million is projected. A positive variance of \$0.4 million in Intergovernmental Revenues due to increased asset forfeiture from the US Department of Justice, \$0.3 million in Fines, Forfeitures & Penalties based on increased asset forfeiture from State seizures, and \$0.1 million in Revenue from Use of Money & Property for higher interest earnings.

#### *Sheriff's Incarcerated Peoples' Welfare Fund*

A positive variance of \$0.9 million is projected for the Incarcerated Peoples' Welfare Fund.

A positive expenditure variance of \$0.7 million is projected. A positive variance of \$0.4 million in Services & Supplies is due to lower operational costs related to scheduling challenges and meeting required facility safety and security protocols for classes provided to incarcerated people. A positive variance of \$0.3 million is projected in Operating Transfers Out associated with vacant positions in the General Fund.

A positive revenue variance of \$0.2 million is projected, in Other Financing Sources due to an increase in operating transfers from the Sheriff's Jail Commissary Enterprise Fund based on higher than anticipated proceeds from the Jail Stores Commissary. Penal Code 4025 requires that all proceeds generated by the Jail Stores Commissary be deposited in the Sheriff's Incarcerated Peoples' Welfare Fund.

#### *Proposition 172*

There is no overall variance projected for Proposition 172 (Prop 172) Special Revenue Fund.

No expenditure or revenue variance are projected. There are lower receipts projected for the current fiscal year (\$5.1 million) and over-accrual in the prior year (\$2.0 million). Operating Transfers Out will be requested by General Fund departments as budgeted in Fiscal Year 2024–25. This will result in Prop 172 Special Revenue reimbursements from available Fund Balance to account for the revenue shortfall.

This projection reflects a decrease of \$46.3 million from the First Quarter projection and reflects accurate, updated projections.

### **Special District Funds**

#### *Fire Protection District*

A positive variance of \$1.1 million is projected for the San Diego County Fire Protection District.

No expenditure variance is projected.

A positive revenue variance of \$1.1 million is projected. A positive revenue variance of \$1.2 million is projected in Miscellaneous Revenues due to a reimbursement from REV Renewables and Energy Storage for the Otay Mesa Battery Fire incident response, offset by a negative variance of \$0.1 million in Revenue From Use of Money & Property due to a lower interest apportionment.

## **HEALTH AND HUMAN SERVICES AGENCY (HHS)**

The Health and Human Services Agency is projecting a positive overall variance of \$13.8 million in the General Fund. The details of these variances are noted below.

### **General Fund**

#### *Administrative Support*

Administrative Support is projecting an overall positive variance of \$0.8 million.

A positive expenditure variance of \$2.7 million is projected and includes positive variances of \$1.9 million in Salaries & Benefits tied to vacant positions and attrition and \$0.8 million in Services & Supplies primarily due to lower than anticipated IT costs.

A negative revenue variance of \$1.9 million is projected in Intergovernmental Revenues and consists of a negative variance of \$1.7 million in Public Health revenues primarily tied to Future of Public Health (FOPH) revenue aligning with the State's revised allocation, lower-than-anticipated COVID-19 Expanding Laboratory Capacity grant funding offset by the Health Disparities grant to fund staffing costs and mitigate the impact of FOPH revenue loss and a negative variance of \$1.0 million in Realignment to align with spending, offset by a positive variance of \$0.8 million in Federal Emergency Management Agency (FEMA) revenue associated with local health emergency response costs.

#### *Aging & Independence Services*

There is no overall variance projected for AIS.

A positive expenditure variance of \$5.0 million is projected and includes a negative variance of \$1.8 million in Salaries & Benefits due to a lower vacancy rate than budgeted, a positive variance of \$5.6 million in Services & Supplies, and a positive variance of \$1.2 million in Operating Transfers Out due to reduced funding needs for the In-Home Support Services (IHSS) Public Authority related to anticipated operational needs in the program with no impact to services. The \$5.6 million positive variance in Services & Supplies is primarily tied to \$3.9 million in contracted services in Home Safe and California Department of Aging (CDA) programs by utilizing internal County staffing to support the programs and the roll out of Modernizing Older California Act (MOCA) programs over

future fiscal years, an adjustment of \$1.7 million to align the budget to the anticipated IHSS Maintenance of Effort (MOE) for IHSS Individual Providers, and \$0.3 million due to the phased implementation needed to accommodate the increasing number of participants in the San Diego Veterans Independence Service at Any Age (SD-VISA) program, partially offset by a \$0.3 million variance from budget in various services and supplies tied to program operational need.

A negative revenue variance of \$5.0 million is projected and includes negative variances of \$4.7 million in Intergovernmental Revenues, \$0.2 million in Other Financing Sources due to Tobacco Securitization Funds reallocated and projected in Behavioral Health Services, and \$0.1 million in Miscellaneous Revenues mainly tied to funding from the U.S. Department of Veterans Affairs due to lesser expenditures in the SD-VISA program as noted above. The negative variance of \$4.7 million in Intergovernmental Revenues includes \$3.8 million in Realignment revenue to align with spending and \$0.9 million in federal and State funding primarily associated with reduced expenditures in IHSS Public Authority program as noted above.

### *Behavioral Health Services*

Behavioral Health Services (BHS) consists of the following: Mental Health Services, Alcohol and Drug Services, Public Conservator, and Inpatient Health Services comprised of the San Diego County Psychiatric Hospital (SDCPH) and Edgemoor Distinct Part Skilled Nursing Facility.

There is no overall variance projected for BHS.

A positive expenditure variance of \$17.8 million is projected and includes a positive variance of \$4.2 million in Salaries & Benefits attributed to longer timeframes to hire staff, hard to recruit classifications, and vacancies due to attrition, and a positive variance of \$13.6 million in Services & Supplies. The positive variance of \$13.6 million in Services & Supplies is driven by a net positive variance of \$15.5 million in operating costs for contracted services associated with a range of mental health (MH) and substance use disorder (SUD) programs to align with anticipated spending which adjusts for contractor staffing vacancies and projected utilization in both MH and SUD residential bed days partially offset by negative variances in one-time IT resource needs and temporary staffing costs at the SDCPH. Additionally, the operating variance is also offset by \$1.9 million for an estimated penalty tied to Incompetent to Stand Trial (IST) determinations. The Welfare & Institutions Code section 4336 establishes a growth cap for each county for felony Incompetent to Stand Trial determinations and includes a county penalty if a county exceeds a growth cap based on Fiscal Year 2021-22 data. The County's growth cap was exceeded in Fiscal Year 2023-24 and \$3.8 million for penalties related to the IST is to be paid to the California Department of State Hospitals (DSH) based on a formula. This penalty is for any county that exceeds its baseline IST determination count regardless of whether the county contracts with DSH for IST community-based restoration or IST diversion. The total penalty is estimated to be \$3.8 million of which \$1.9 million is projected in HNSA and \$1.9 million is projected within the Public Safety Group.

A negative revenue variance of \$17.8 million is projected and includes negative variances of \$13.7 million in Intergovernmental Revenues, \$3.2 million in Charges for Current Services tied to a decrease in Intergovernmental Transfer (IGT) revenue primarily due to decrease in census enrollment days for Medi-Cal, and \$1.1 million in Miscellaneous Revenues due to the recoupment of payments in contracted services from prior year adjustments. This is partially offset by a positive variance of \$0.2 million in Other Financing Sources in Tobacco Securitization Funds due to a reallocation from AIS. The \$13.7 million negative variance in Intergovernmental Revenues is aligned to projected spending and includes reductions in Behavioral Health Realignment and Mental Health Services Act funding offset by increases in federal funding tied to anticipated billable service units under payment reform.

### *Child and Family Well Being*

An overall positive variance of \$0.1 million is projected for Child and Family Well-Being (CFWB).

A positive expenditure variance of \$8.1 million is projected and consists of a positive variance of \$2.0 million in Salaries & Benefits due to vacancies and attrition, a positive variance of \$1.6 million in Services & Supplies, and a positive variance of \$4.5 million in Other Charges mainly to align with revised projected caseloads in assistance programs. The positive variance of \$1.6 million in Services & Supplies is associated with contracted services for transitional housing programs experiencing challenges in the rental market and group home costs as the program continues its transition into an eligible facility.

A negative revenue variance of \$8.0 million is projected in Intergovernmental Revenues and includes negative variances of \$6.0 million in Realignment revenue to align with spending, \$4.3 million in social services administrative revenues to align with anticipated federal and State funding and projected expenditures, partially offset by a positive variance of \$2.3 million in State assistance payment revenues.

### *Homeless Solutions and Equitable Communities*

Homeless Solutions and Equitable Communities (HSEC) consists of the following: Office of Homeless Solutions (OHS), Office of Equitable Communities (OEqC), Office of Immigrant and Refugee Affairs (OIRA) and HSEC Administration (HSEC Admin).

Effective December 13, 2024, HSEC operations have transitioned and integrated under several Agency departments to better streamline services and maximize efficiencies. The following programs are now operationally realigned as follows: OHS is now part of Housing and Community Development Services, OEqC has now joined Administrative Support, and OIRA has joined Self Sufficiency Services. The budget and ongoing financial reporting for HSEC will continue to be reflected under its current financial structure until the end of this fiscal year. As of July 1, 2025, the organizational structure will be fully transitioned to reflect both updated operations and financial reporting.



An overall positive variance of \$0.4 million is projected for Homeless Solutions and Equitable Communities (HSEC).

A positive expenditure variance of \$2.5 million is projected and includes a positive variance of \$3.1 million in Salaries & Benefits due to vacancies and attrition, and a negative variance of \$0.6 million in Services & Supplies. The negative variance of \$0.6 million in Services & Supplies consists of negative variances of \$2.0 million tied to Senate Bill (SB) 109 to support asylum-seeking migrants with their onward travel and \$0.2 million tied to increased IT related costs, partially offset by a positive variance of \$1.6 million primarily to align projected spending for CDC Community Health Worker Resilient grant, projected lower costs tied to the Community Services Block Grant (CSBG) Communities in Action program, and overall contract savings primarily tied to outreach, conflict resolution and refugee support services that were carried forward from the prior year.

A negative revenue variance of \$2.1 million is projected and includes a negative variance of \$2.0 million in Intergovernmental Revenues and a negative variance of \$0.1 million in Charges for Current Services mainly due to revised estimates for dispute resolution fees to align with projected spending on contracted mediation services. The negative variance of \$2.0 million in Intergovernmental Revenues consists of negative variances of \$1.4 million tied to aligning spending with one-time Community Health Workers Resilient grant and Health Disparities grant, \$1.0 million in Realignment revenue to align with spending, \$1.0 million in social services administrative revenues to align with revised allocations, \$0.7 million for the Afghan Refugee Support grant to align with projected contract cost for Afghan Refugee Support Services, \$0.1 million in Medi-Cal Administrative Activities (MAA) revenues based on estimated receipts, and \$0.1 million in CSBG due to projected lower costs as noted above. This is partially offset by positive variances due to additional revenues of \$2.0 million tied to SB109 for supplemental migrant support services and \$0.3 million for the Local Immigrant Integration and Inclusion Grant.

### *Housing & Community Development Services*

Housing & Community Development Services (HCDS) consists of the following: HCDS Operations, Administration, and HCDS Multi-Year Projects.

An overall negative variance of \$0.4 million is projected for HCDS.

A positive expenditure variance of \$0.6 million is projected and includes a positive variance of \$0.3 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$0.4 million in Services & Supplies, and a positive variance of \$0.7 million in Other Charges primarily in HOME Tenant Based Rental Assistance (TBRA) due to lower-than-anticipated referrals and a gradual transition in enrolling newly eligible participants under the Transitional Aged Youth (TAY) program. The negative variance in Services & Supplies is tied to \$0.4 million in temporary staff helping to mitigate online

application portal issues that would have impacted the opening of waitlists for three new Project Based Voucher developments.

A negative revenue variance of \$1.0 million is projected in Intergovernmental Revenues mainly associated with federal revenue primarily to align with projected costs associated with the HOME TBRA as noted above.

### *Medical Care Services*

There is no overall variance projected for MCS.

A positive expenditure variance of \$2.6 million is projected and includes \$3.0 million in Salaries & Benefits primarily due to vacancies and a negative variance of \$0.4 million in Services & Supplies primarily for the California Home Visiting Program (CHVP) grant funded costs, such as gift cards, resources for families, and educational supplies to encourage participation in the program.

A negative revenue variance of \$2.6 million is projected and includes a negative variance of \$2.9 million in Intergovernmental Revenues and a positive variance of \$0.3 million in Miscellaneous Revenues for Sharp Rural Health and Pharmacy dispensing fees. The negative variance of \$2.9 million in Intergovernmental Revenues includes a negative variance of \$6.6 million in Realignment due to reallocation to Public Health Services and to align with spending, partially offset by positive variances of \$1.9 million primarily related to additional revenue for the CHVP to support evidenced based home visiting and \$1.8 million for Medi-Cal Administrative Activities revenues based on estimated receipts.

### *Public Health Services*

An overall positive variance of \$12.8 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$21.8 million is projected and includes a positive variance of \$1.8 million in Salaries & Benefits due to vacancies and attrition, a positive variance of \$16.6 million in Services & Supplies, and a positive variance of \$3.4 million in Capital Assets Equipment associated with longer than anticipated delivery of equipment. The positive variance of \$16.6 million in Services & Supplies includes a positive variance of \$10.4 million resulting primarily from procurement delays associated with identification and timing of lab equipment delivery, installation, and validation testing, \$4.6 million for the Immunizations program to align projected spending with the grant resources and workplan, and \$1.6 million in contracted temporary staffing costs associated with the demobilization of COVID-19 associated activities.

A negative revenue variance of \$9.0 million is projected and includes a negative variance of \$9.0 million in Intergovernmental Revenues and a negative variance of \$0.5 million in Charges for Current Services primarily to align projected reimbursements and

fees for Vital Records, offset by a positive variance of \$0.5 million in Miscellaneous Revenues based on an anticipated grant allocation to support the development of Public Health professionals. The negative variance of \$9.0 million in Intergovernmental Revenues is primarily tied to negative variances of \$9.8 million in COVID-19 Expanding Laboratory Capacity and \$6.3 million in COVID Health Disparities grant to align with projected spending noted above, \$3.5 million in Immunization Action Plan grant to align with workplan, \$2.4 million in Future of Public Health due to revised allocation estimate, and \$1.4 million in California Children's Services (CCS) tied to prior year revenue adjustments, offset by a positive variances of \$12.9 million in Federal Emergency Management Agency (FEMA) revenue for prior year expenditures associated with local health emergency response costs, and \$1.5 million in Realignment revenue due to a reallocation from Medical Care Services.

### *Self-Sufficiency Services*

There is no overall variance projected for Self-Sufficiency Services (SSS).

A zero expenditure variance is projected and consists of a positive variance of \$2.9 million in Salaries & Benefits primarily tied to vacancies, a negative variance of \$6.1 million in Services & Supplies, and a positive variance of \$3.2 million in Other Charges. The negative variance of \$6.1 million in Services & Supplies is primarily tied to increases in contracted services based on revised allocations for California Work Opportunity and Responsibility to Kids (CalWORKs) Housing Support Program due to the California Department of Social Services redistribution of unspent prior year funding. The positive variance of \$3.2 million in Other Charges is tied to positive variances of \$11.4 million in the Participant Benefits programs mainly in Child Care Stage 1 due to revised projected caseloads and \$4.5 million in EBT Skimming mainly tied to estimated EBT Fraud payments; partially offset by negative variances of \$7.8 million in the General Relief program based on revised estimated caseload levels and \$4.9 million in the CalWORKs program based on projected case cost and caseload levels.

A zero revenue variance is projected and consists of a negative variance of \$1.2 million in Intergovernmental Revenues offset by a positive variance of \$0.8 million in Miscellaneous Revenues tied to contractor overpayments from Fiscal Year 2023-24, a positive variance of \$0.2 million in Fines, Forfeitures & Penalties based on reimbursement of eligible costs for the Physician Emergency Services program, and a positive variance of \$0.2 million in Revenue from Use of Money and Property tied to unanticipated GASB 87 lease revenue. The negative variance of \$1.2 million in Intergovernmental Revenue aligns social services administrative revenues to final allocations and projected spending.

## **LAND USE AND ENVIRONMENT GROUP**

The Land Use and Environment Group is projecting a positive overall variance of \$49.4 million, of which \$1.6 million is tied to a positive variance in the General Fund and \$47.8 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

### **General Fund**

#### *Land Use and Environment Group (LUEG) Executive Office*

No significant variance is projected for the Land Use and Environment Group Executive Office.

A positive expenditure variance of \$2.4 million is projected. A positive variance of \$2.4 million in Services & Supplies is due to grant project related to air purifier that will no longer be managed through the LUEG Executive Office. The grant and program will be managed by the Air Pollution Control District.

A negative revenue variance of \$2.4 million is projected. Negative variances of \$2.2 million in Intergovernmental Revenues and \$0.2 million in Miscellaneous Revenues are due to grant project and associated revenue to be managed by the Air Pollution Control District.

#### *Environmental Health and Quality*

An overall positive variance of \$1.1 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$3.4 million is projected. A positive variance of \$2.6 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$0.8 million in Services & Supplies is due to a reduction in contract costs as a result of contracts not being awarded.

A negative revenue variance of \$2.3 million is projected. A negative variance of \$1.5 million in Charges for Current Services due to less than anticipated services requested by customers. A negative variance of \$0.8 million is projected in Licenses, Permits & Franchises due to under-realized permit payment revenue resulting from less staff to perform services.

#### *Agriculture, Weights & Measures*

An overall positive variance of \$0.5 million is projected for the Department of Agriculture, Weights & Measures.

A positive expenditure variance of \$1.3 million is projected primarily in Salaries & Benefits due to vacancies and under-filled positions.

A negative revenue variance of \$0.8 million is projected. Negative variance of \$1.2 million in Intergovernmental Revenues mainly due to less than anticipated reimbursements related to state contracts. Positive variances of \$0.2 million in Licenses, Permits, & Franchises, \$0.1 million in Charges for Current Services, and \$0.1 million in Miscellaneous Revenues due to higher than anticipated services requested resulting in over-realized revenues in those accounts.

#### *Planning and Development Services*

No significant variance is projected for the Department of Planning & Development Services.

A positive expenditure variance of \$10.8 million is projected. A positive variance of \$2.5 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$8.3 million in Services & Supplies is primarily due to schedule changes to one-time only information technology (IT) projects, reduced consultant contract spending, and delayed spending related to grants.

A negative revenue variance of \$10.8 million is projected. A negative variance of \$5.6 million in Charges for Current Services is due to a decline in billable activities for land development, project planning, and building projects due to staff vacancies. A negative variance of \$5.2 million in Intergovernmental Revenues is due to delays in grant related projects.

#### *Department of Public Works*

No significant variance is projected for Department of Public Works – General Fund.

A positive expenditure variance of \$1.0 million is projected. A positive variance of \$0.7 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.3 million in Services & Supplies is due to less than anticipated Fleet ISF cost and contracted landscaping services for Closed Landfills due to County staff performing services.

A negative revenue variance of \$1.0 million is projected. A negative variance of \$0.6 million in Charges for Current Services due to reduced labor charges for land development projects due to staff vacancies. A negative variance of \$0.4 million in Revenue from Use of Money due to less than anticipated cell tower rents and lease revenues in Closed Landfills.

### **SPECIAL REVENUE FUNDS**

#### *Department of Public Works – Road Fund*

An overall positive variance of \$33.6 million is projected for the Public Works Road Fund.

A positive expenditure variance of \$37.8 million is projected. A positive variance of \$4.3 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$32.0 million in Services & Supplies is due to scheduled project changes in Capital Improvement Program (CIP) Detailed Work Plan that will be re-budgeted in Fiscal Year 2025-26 and savings in consultant contracts due to County staff performing services in lieu of consultants and contractors. A positive variance of \$1.5 million in Other Charges is due to right-of-way easement scheduled project changes for Camino del Rey project that will be re-budgeted next fiscal year.

A negative revenue variance of \$4.2 million is projected. A negative variance of \$7.8 million in Intergovernmental Revenues is due to project schedule changes for State and Federal grant funded capital projects (\$9.7M); offset by a positive variance for anticipated increase in State's Gas Tax (\$1.9M). A negative variance of \$2.4 million in Charges for Current Services is due to schedule changes for other County funded capital projects (\$0.5M), reduced labor charges for land development projects (\$0.5M) and due to Helix Water District funding a portion of the cost for Bradley Avenue capital project (\$1.4M). A negative variance of \$1.0 million in Taxes Other than Current Secured is due to TransNet project schedule changes. A positive variance of \$6.0 million in Revenue from Use of Money and Property due to anticipated increase in interest earned. A positive variance of \$1.0 million in Licenses Permits & Franchise due to increase in anticipated SDG&E franchise fees.

#### *Department of Public Works – County Waste Management and Recycling*

An overall positive variance of \$1.5 million is projected for County Waste Management and Recycling.

A positive expenditure variance of \$1.6 million is projected. A positive variance of \$0.2 million in Salary & Benefits is due to vacancies. A positive variance of \$1.4 million in Services & Supplies is mostly related to less than anticipated professional & specialized services and consultant contracts due to delays in contract procurement.

A negative revenue variance of \$0.1 million is projected. A negative variance of \$0.2 million in Intergovernmental Revenues due to prior fiscal year deposit correction. A negative variance of \$0.1 million in Charges for Current Services due to anticipated decrease support for other County funds. A positive variance of \$0.2 million in Fines, Forfeitures & Penalties due to increase in Construction & Demolition (C&D) forfeitures.

#### *San Diego County Library*

An overall positive variance of \$4.0 million is projected for the San Diego County Library.

A positive expenditure variance of \$1.0 million is projected. A positive variance of \$0.5 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.5 million in Service & Supplies is due to lower costs in IT network services, desktop computing, printing, and office expense.

A positive revenue variance of \$3.0 million is projected. A positive variance of \$2.8 million in Taxes Current Property is due to assessed value growth from property taxes. A positive variance of \$0.2 million in Intergovernmental Revenues is due to higher than anticipated funding for the telecommunications and information program.

## **SPECIAL DISTRICT FUNDS**

### *Department of Public Works - Sanitation Districts*

An overall positive variance of \$2.2 million is projected in the Sanitation Districts.

A positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.3 million is projected in Services & Supplies due to less than anticipated cost in major maintenance for Live Oak Springs due to less needed repairs.

A positive revenue variance of \$1.9 million is projected. A positive variance of \$1.9 million is projected in Revenue from Use of Money & Property due to higher than anticipated interest earned.

### *Department of Public Works – Permanent Roads Divisions*

An overall positive variance of \$5.3 million is projected for the Department of Public Works Permanent Road Divisions.

A positive expenditure variance of \$5.0 million is projected in Services & Supplies due to lower than anticipated road maintenance work costs.

A positive revenue variance of \$0.3 million. A positive variance of \$0.2 million in Charges for Current Services due to increase in rates for special assessments. A positive revenue variance of \$0.1 million in Taxes Current Property due to assessed value growth from property taxes.

## **ENTERPRISE FUNDS**

### *Department of Public Works – Wastewater Management Enterprise Fund*

No variance is projected for Wastewater Management Enterprise Fund.

A positive expenditure variance of \$1.4 million is projected. A positive variance of \$0.6 million Salaries & Benefits is due to vacancies. A positive variance of \$0.8 million in Services & Supplies is due to reduced inter-departmental charges from other County departments and contracted services.

A negative revenue variance of \$1.4 million is projected. A negative variance of \$1.4 million in Charges for Current Services is due to reduced billable activities for San Diego County Sanitation District support due to staff vacancies.

## **FINANCE AND GENERAL GOVERNMENT GROUP**

The Finance and General Government Group is projecting a positive overall variance of \$6.1 million, of which \$2.6 million is tied to a positive variance in the General Fund and \$3.5 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

### **General Fund**

#### *Assessor/Recorder/County Clerk*

No overall variance is projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$11.1 million is projected and includes positive variances of \$8.8 million in Services & Supplies due to delay or cancellation of trust fund funded projects and \$2.3 million in Fixed Assets Equipment due to the postponement of the acquisition of the vitals mobile and the replacement of the fire suppression system in the East County Office (ECO) Archives.

A negative revenue variance of \$11.1 million is projected due to a net negative variance of \$11.1 million in Charges for Current Services, which includes:

- A negative variance of \$9.7 million in Recorder Trust Funds revenues due to delay, cancellation, or postponement of the acquisition of the vitals mobile and the replacement of the fire suppression system in the ECO Archives;
- A negative variance of \$1.0 million AB 2890 Recovered Costs due to less supplemental tax payments than anticipated;
- A negative variance of \$0.3 million Property Tax Administration fees due to less than anticipated fee allocated;
- A negative variance of \$0.2 million in special assessments and notary public fees due to less than anticipated program collections;
- A negative variance of \$0.1 million in Recording Document and Filing Documents due to less than anticipated number of recorded documents because of higher interest rates;
- A positive variance of \$0.1 million Marriage Ceremonies due to higher than anticipated marriage ceremonies performed and duplicating and filing services; and
- A positive variance of \$0.1 million Recording Fees due to higher than anticipated vital certificates issued.

#### *Board of Supervisors*

An overall positive variance of \$1.8 million is projected for the Board of Supervisors.

A positive expenditure variance of \$1.8 million is projected and includes \$1.0 million in Salaries & Benefits due to unanticipated staff vacancies and turnover and \$0.8 million in Services & Supplies due to lower than anticipated one-time expenses.



No revenue variance is projected.

### *County Counsel*

An overall positive variance of \$0.2 million is projected for the Office of County Counsel.

A positive expenditure variance of \$0.2 million is projected and includes \$0.6 million in Salaries & Benefits due to staff attrition and departmental vacancies and \$0.4 million in Services & Supplies due to the cancellation of an office construction project. This is offset by a negative \$0.8 million variance in Expenditure Transfer & Reimbursements due to less than anticipated staff cost reimbursements in the health services area.

No significant revenue variance is projected.

### *Human Resources*

An overall negative variance of \$0.2 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.2 million includes \$0.4 million in Services & Supplies due to lower than anticipated costs for workers compensation services, offset by a \$0.2 million negative variance in Salaries & Benefits due to fewer than anticipated staff vacancies and attrition.

A negative revenue variance of \$0.4 million includes \$0.4 million in Miscellaneous Revenue due to less than anticipated workers compensation services administrative costs charged to the Employee Benefit Internal Service Fund.

### *Registrar of Voters*

An overall positive variance of \$0.4 million is projected for the Registrar of Voters.

A positive expenditure variance of \$0.5 million includes \$1.7 million in Services & Supplies due to delays associated with an IT project for a new voter registration system and lower than anticipated ballot printing costs, and \$0.3 million in Operating Transfers Out from the completion of a Major Maintenance Capital Outlay Fund project for building security and ballot tabulation area expansion. This is partially offset by a \$1.5 negative variance in Expenditure & Transfer Reimbursements tied to the delayed IT project.

A negative revenue variance of \$0.1 million includes \$1.9 million State funding and a \$1.8 million positive variance from the federal Help America Vote Act.

## **Internal Service Funds (ISF)**

### *Employee Benefits ISF*

An overall positive variance of \$1.1 million is projected for the Employee Benefits ISF.

A positive expenditure variance of \$1.1 million is projected in Services & Supplies due to lower than anticipated costs for administration of workers compensation claims.

No revenue variance is projected.

### *Insurance ISF*

An overall negative variance of \$1.7 million is projected for the Insurance ISF.

A negative expenditure variance of \$1.7 million is projected due to an unanticipated increase in the enterprise-wide property insurance policy cost.

No revenue variance is projected.

Staff will monitor the Insurance ISF costs and return to the Board with future recommendations as needed.

### *Public Liability ISF*

An overall negative variance of \$12.9 million is projected for the Public Liability ISF.

A negative expenditure variance of \$14.3 million is projected in Other Charges primarily due to higher than anticipated settlements and resolution of various high liability matters in the current fiscal year.

A positive revenue variance of \$1.4 million is projected and includes a positive variance of \$1.3 million in Interest on Deposits and Investments due to the fund's anticipated interest earnings, and \$0.1 million in Other Miscellaneous revenue due to reimbursement of costs on a litigation matter.

Staff will monitor the Public Liability ISF costs and return to the Board with future recommendations as needed.

### *Purchasing & Contracting ISF*

An overall positive variance of \$3.5 million is projected for the Purchasing & Contracting ISF.

A positive expenditure variance of \$1.6 million is projected and includes a \$0.3 million in Services & Supplies due to lower than anticipated miscellaneous IT and office expenses,

\$0.3 million in Other Charges due to lower than anticipated depreciation cost, and \$1.0 million in Capital Assets/Land Acquisition due to the capitalization of the iValua IT project.

A positive revenue variance of \$1.9 million is projected and includes \$0.1 million in Revenue From Use of Money & Property due to slightly higher than anticipated bank interest earning, \$1.7 million in Charges for Current Services from over-realized ISF revenue, and \$0.1 million Miscellaneous Revenues due to an increase in proceeds from usage rebates.

## **GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES**

A positive variance of \$32.3 million is projected in General Purpose Revenue (GPR), however, \$26.3 million will be appropriated in Sheriff's Office (\$24.5 million) and in Public Defender's Office (\$1.8 million) to allocate resources due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations, resulting in adjusted GPR projection of \$6.0 million primarily in higher pass-through distributions and residual balance estimates from Redevelopment Successor Agencies (\$5.5 million), Teeter Taxes (\$2.6 million), Current Secured Property Taxes (\$2.5 million), Current Unsecured Property Taxes (\$1.8 million), Prior Secured Property Taxes (\$1.1 million), Prior Unsecured Supplemental Taxes (\$1.0 million), and other various GPR revenues (\$0.8 million), partially offset by negative variances from lower Interest on Deposit & Investments (\$6.8 million) and in Aid from City of San Diego (\$2.5 million). A positive variance of \$9.6 million is projected in General County Expenses.

### **General Purpose Revenue**

The County's General Purpose Revenue is directly influenced by the economy. Employment showed an overall positive gain from November 2023 to November 2024, with majority of the increase in jobs from Private Education and Health Services by 11,800, Construction by 1,500, Mining, Logging and Construction by 1,400, and Trade, Transportation and Utilities by 1,400 but decreased in Manufacturing by 4,500, Information by 1,100, and Professional and Business Services by 500. Median home prices in San Diego for Single Family Homes were higher by 6.9% and for Existing Attached Homes by 2.5% based on the average from October-November 2024 compared to the same time period last year.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For Fiscal Year 2024-25, the economic indicators discussed previously, and the trends summarized below, are followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment preliminary rate of 4.6% in November 2024, up from 4.3% the year-ago. In comparison, this is below the unemployment rate of 5.3% for California and 4.0% for the nation during the same period.
- Consumer spending, as measured by taxable sales, will increase significantly in the unincorporated area boosted mainly by a state audit correction made to recover previously misallocated revenues. During the 2nd Quarter of 2024-25, unadjusted local point of sales tax revenue increased by 60.12% in the unincorporated area, but decreased by 4.18% in the Southern California Region, 4.18% in the statewide level, and 1.66% in the San Diego regional level, compared to the same time period last year.
- There are positive and negative indicators in the housing market in the County.
  - Increase in median housing prices for Single Family Homes (up 6.9%) and for Existing Attached Homes (up 2.5%) for October-November 2024 average compared to the same time period last year.

- Notices of Default lower by 14% in January-December 2024 compared to the same period in 2023.
- Foreclosure activity higher by 19% in January-December 2024 compared to the same period in 2023.

### *Current Property Taxes All Categories*

The four categories of Current Property Taxes (i.e., Property Taxes Current Secured, Property Taxes Current Supplemental, Property Taxes Unsecured, and Property Taxes Current Unsecured Supplemental) combined are estimated to show a net positive variance to budget of \$4.3 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$2.5 million higher than budget primarily due to greater than anticipated assessed value (AV) growth.

The budgeted current secured property taxes assumed a local secured assessed value increase of 4.63%, but the actual assessed value (AV) increased by 5.46% (gross less regular exemptions). (Note: The 5.46% increase represents the change in the assessed value for only the secured roll. This is lower than the countywide overall increase published by the Assessor/Recorder/County Clerk on June 30, 2024, of 5.58%, which includes all assessed value components, secured and unsecured.)

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$1.8 million higher than budget due to projected higher revenue based on prior year receipts. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

### *Taxes Other Than Current Secured*

Taxes Other Than Current Secured are anticipated to be \$31.6 million above budget, however, \$26.3 million will be appropriated in Sheriff's Office (\$24.5 million) and in Public Defender's Office (\$1.8 million) for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations, resulting in adjusted higher revenue of \$5.3 million as described below.

- *Property Tax Prior Secured*

Property Tax Prior Secured are projected to be \$1.1 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Property Tax Prior Secured Supplemental*

Property Tax Prior Secured Supplemental are projected to be \$4.2 million higher than budget due to the increase in supplemental billings in Fiscal Year 2024-25 compared to prior year. However, \$0.8 million was appropriated to provide funding for one-time needs (Q1) and \$3.4 million will be appropriated in Sheriff's Office for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations, which will result in adjusted projection of zero variance from budget.

- *Property Tax Prior Year Unsecured Supplemental*

Property Tax Prior Year Unsecured Supplemental are projected to be \$1.0 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Sales & Use Taxes*

Sales & Use Taxes are projected to be \$11.0 million higher than budget. This is mostly boosted by a state audit correction made to recover previously misallocated revenues as well as significant increase in business-industry related revenue. However, \$11.0 million will be appropriated in Sheriff's Office for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations, which will result in adjusted projection of zero variance from budget.

- *Other Tax Aircraft*

Other Tax Aircraft is projected to be \$2.8 million higher than budget based on year-to-date current year actuals going higher than expected. However, \$2.8 million will be appropriated in Sheriff's Office (\$2.6 million) and in Public Defender's Office (\$0.2 million) for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations, which will result in adjusted projection of zero variance from budget.

- *Transient Occupancy Tax*

Transient Occupancy Tax is projected to be \$0.6 million higher than budget. This is based on prior year receipts and continued growth in the hotel industry and tourism as a whole.

- *Documentary Transfer Taxes*

Documentary Transfer Taxes are projected to be \$2.2 million higher than budget due to projected home prices remaining high despite having projected lower sales volume. However, \$2.2 million will be appropriated in Sheriff's Office for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations, which will result in adjusted projection of zero variance from budget.

- *Property Tax in Lieu of Vehicle License Fees*

Property Tax in Lieu of Vehicle License Fees (VLF) are projected to be \$5.3 million higher than budget due to higher than budgeted growth in assessed valuation. However, \$5.3 million will be appropriated in Sheriff's Office for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations, which will result in adjusted projection of zero variance from budget.

- *Teeter Tax Reserve Excess*

Teeter Tax Reserve Excess is projected to be \$1.2 million higher than budget. This is based on returned excess Teeter Tax Reserve requirement, current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year.

- *Teeter Property Tax Prior Year and Cumulative Prior Years*

Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$3.0 million higher than budget. The increase is based on a higher collection of receivables from prior fiscal year. However, \$1.6 million will be appropriated in Public Defender's Office for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations, which will result in adjusted projection of \$1.4 million.

### *Licenses, Permits, and Franchises*

Licenses, Permits and Franchises are projected to be \$0.2 million lower than budget due to lower-than-expected payments from Franchise Fees.

### *Revenue from Use of Money & Property*

Revenue from Use of Money & Property are projected to be \$6.8 million lower than budget. The decrease is due to a lower projected average daily cash balance than what was budgeted which was used to calculate the interest revenue.

### *Intergovernmental Revenues*

Intergovernmental Revenues are projected to be \$2.2 million higher than budget primarily due to pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies (\$5.5 million), offset by lower than budget in Aid from City of San Diego (\$2.5 million), in State Aid for Homeowners Property Tax Relief (HOPTR) (\$0.5 million), and State Aid for Booking Fees (\$0.3 million) due to lower-than-expected payments. The pass-through distributions continue to increase due to continued growth in the project areas. In addition, residual balance estimates tied to Redevelopment Successor Agencies continue to increase.

### *Charges for Current Services*

Charges for Current Services are projected to be \$1.2 million higher than budget due to higher-than-expected revenues received in A-87 Cost Allocation Plan.

### **General County Expenses**

#### *Countywide General Expense*

A positive variance of \$0.4 million is projected in Countywide General Expense.

No expenditure variance is projected.

A positive revenue variance of \$0.4 million is projected in Miscellaneous Revenues due to reimbursement from the Small Business Loan Program.

#### *Appropriation for Contingency*

Of the \$15.0 million budgeted for Appropriation for Contingency in Fiscal Year 2024-25, \$8.4 million is projected to be unspent at year-end with \$6.6 million projected to be used for the cost of special elections. On January 14, 2025, the Board of Supervisors voted 4-0 to call a special election for April 8, 2025, and if necessary, a general election for July 1, 2025, to determine the candidate to fill the vacant seat of Board of Supervisors First District.

#### *Lease Payments – Bonds*

A positive variance of \$0.7 million is projected for the Lease Payments – Bonds Fund.

A positive expenditure variance of \$0.7 million is projected in Other Charges due to lower than anticipated principal and interest payments. The annual lease payments from the County are budgeted and paid for from this fund in an amount sufficient to satisfy the principal and interest payments due to the bondholders of the County's outstanding Certificates of Participation and Lease Revenue Bonds. Amounts invested in these interest-bearing trust accounts generate additional funds which can be used to offset payments to bondholders. The interest recognized is related to the outstanding debt for the Youth Transition Campus, Series 2021; County Operations Center Refunding, Series 2016A; Edgemoor Refunding, Series 2014A; Justice Facilities Refunding, Series 2019; and CAC Waterfront Park Refunding, Series 2020.

There is no significant revenue variance projected.



## **Capital Program Funds**

### *Edgemoor Development Fund*

Edgemoor Development Fund is projecting an overall positive variance of \$4.0 million.

No expenditure variance is projected.

A positive revenue variance of \$4.0 million includes a positive variance of \$1.0 million in Revenue Use Money & Property tied to the interest received from the Santee Residential Property 2 installment payment and a \$3.0 million in Other Financing Sources associated with projected payment for Santee Residential Property 1 and Property 2 partially offset by prior year transaction to correct the overstatement of fund balance in FY 2023-24.