

**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2025-26 3rd 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.

Management Reserves

Besides the General Fund Reserve, which is comprised of unassigned and assigned (Unrestricted) 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 2025-26.

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.

3rd Quarter Operational Fund Balance for Fiscal Year 2025-26

Schedule A summarizes the County's Fiscal Year 2025-26 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 \$25.2 million, and for all budgetary funds combined is projected to be \$86.5 million. In the General Fund, all business groups are projected to produce operating balances except for the Public Safety Group as follows: Land Use and Environment Group (\$3.3 million), Finance and General Government Group (\$2.5 million), Health and Human Services Agency (\$2.2 million) and Finance Other (\$36.3 million), offset by a negative fund balance in the Public Safety Group (\$19.2 million).

The balance for all other funds combined are projected to be \$61.2 million and consist of positive fund balances in Special Revenue Funds (\$21.2 million), Internal Service Funds (\$17.9 million), Special District Funds (\$16.9 million), Enterprise Funds (\$4.5 million),

Debt Service – Pension Obligation Bond (\$0.4 million), and Capital Program (\$0.3 million).

PUBLIC SAFETY GROUP

The Public Safety Group is projecting a negative overall variance of \$11.7 million, of which \$19.2 million is tied to negative variance in the General Fund and \$7.5 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

General Fund

Child Support Services

A positive variance of \$0.7 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$1.3 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to vacant and modified positions, \$1.2 million in Services & Supplies is due to lower expenses related to information technology and contracted services, and \$0.1 million in Capital Assets/Land Acquisition due to the reclassification of a facility project cost to Minor Equipment, offset by a negative variance of \$0.8 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for cost of staffing and services reimbursed by Health and Human Services Agency.

A negative revenue variance of \$0.6 million is projected. A negative variance of \$0.5 million in Intergovernmental Revenues is due to lower than anticipated State and federal reimbursement revenue related to the expenditure savings mentioned above, and a negative variance of \$0.1 million in Charges For Current Services due to lower incentive payments from the California Department of Child Support Services.

Medical Examiner

A positive variance of \$0.2 million is projected for the Medical Examiner.

A positive expenditure variance of \$0.6 million is projected. A positive variance of \$0.3 million in Salaries & Benefits is due to vacant positions. A positive variance of \$0.3 million in Services & Supplies due to lower than anticipated facility management costs and consultant services related to the toxicology laboratory.

A negative revenue variance of \$0.4 million is projected. A negative variance of \$0.3 million in Intergovernmental Revenues is due to lower than anticipated costs as mentioned above funded by the California Highway Patrol Cannabis Tax Fund Grant Program. A negative variance of \$0.1 million in Miscellaneous Revenues is due to lower than anticipated Salaries & Benefits reimbursements from Opioid Settlement Funds.

Probation

No significant variance is projected for the Probation Department.

A positive expenditure variance of \$5.7 million is projected. A positive variance of \$5.8 million in Services & Supplies is due to lower than anticipated costs related to interim housing and residential treatment programs as a result of less referrals and a temporary reduction in the number of providers, offset by a negative variance of \$0.1 million in Expenditure Transfer & Reimbursements due to a reduction in the agreement for services provided to Health & Human Services Agency.

A negative revenue variance of \$5.7 million is projected. A negative variance of \$5.9 million in Intergovernmental Revenues is due to lower contracted services mentioned above funded by Community Corrections Subaccount, Pretrial Services and Community Corrections Performance Incentives Act partially offset by a positive variance of \$0.2 million in Charges For Current Services related to the Work Furlough program expenditures.

Public Defender

A positive variance of \$0.1 million is projected for the Public Defender.

A positive expenditure variance of \$0.9 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is primarily due to vacant and modified positions, \$0.3 million in Services & Supplies due to lower than anticipated information technology Internal Service Fund costs, and \$0.4 million in Expenditure Transfer & Reimbursements due to the extension of the Memorandum of Understanding for staffing costs reimbursed by Health and Human Services Agency.

A negative revenue variance of \$0.8 million is projected in Intergovernmental Revenues primarily due to lower reimbursements for eligible expenditures from Community Assistance, Recovery, and Empowerment (CARE) Court (\$0.7 million) and in Edward Byrne Memorial Justice Assistance Grant (JAG) (\$0.7 million), partially offset by unanticipated reimbursements from prior years state mandated program, Sexually Violent Predators claims (\$0.6 million).

Public Safety Group Executive Office/Contribution for Trial Courts

A positive variance of \$0.3 million is projected for the Public Safety Group Executive Office including Contribution for Trial Courts.

Public Safety Executive Office

A positive variance of \$0.1 million is projected for the Public Safety Executive Office.

A positive expenditure variance of \$1.6 million is projected in Services & Supplies primarily due to revising the program structure of the resource and reentry hub.

A negative revenue variance of \$1.5 million is projected in Intergovernmental Revenues primarily due to lower than anticipated expenditures mentioned above funded by the Community Corrections Subaccount.

Contribution for Trial Courts

A positive variance of \$0.2 million is projected for Contribution for Trial Courts.

A positive expenditure variance of \$0.2 million is projected in Other Charges due to lower than anticipated Enhanced Collection costs.

No revenue variance is projected.

San Diego County Fire

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

A positive expenditure variance of \$0.5 million is projected in Services & Supplies due to lower than anticipated Home Hardening contracted services cost.

A negative revenue variance of \$0.5 million is projected in Intergovernmental Revenues due to lower than anticipated costs as mentioned above funded by the Hazard Mitigation grant.

Sheriff

An overall negative variance of \$20.5 million is projected for the Sheriff's Office.

No net expenditure variance is projected. Expenditure variances include:

- A negative variance of \$13.9 million in Salaries & Benefits is projected primarily due to a \$14.2 million increase in costs associated with an average daily population which has risen by approximately 300-500 incarcerated persons as a result of Proposition 36, *The Homelessness, Drug Addiction, and Theft Reduction Act* implementation (Prop 36), which is partially offset by a \$0.3 million positive variance for one-time overtime costs supported by grant revenues that will be deferred to the next fiscal year.
- A positive variance of \$31.8 million is projected in Services & Supplies due to \$18.0 million of mitigation strategies and cost reductions in various accounts including property insurance, software, safety devices, travel and training, uniform allowance, professional & specialized services, contracted services, fuel and facilities management costs, and cancelled and deferred major maintenance projects. The positive variance also includes \$18.5 million of one-time software, professional & specialized services, minor equipment, and major maintenance supported by grant revenues that will be deferred to the next fiscal

year. These are offset by \$4.7 million in higher than anticipated costs in replacement vehicle payments and cost of food.

- A negative variance of \$18.6 million is projected in Other Charges due to higher than anticipated costs for medical and mental health services contracts for the incarcerated population, including impacts due to Prop 36 implementation.
- A positive variance of \$0.5 million is projected in Capital Assets Software for one-time costs supported by grant revenues that will be deferred to the next fiscal year.
- A positive variance of \$0.1 million is projected in Capital Assets Equipment due to lower than anticipated expenditures for communication equipment.
- A positive variance of \$0.1 million is projected in Expenditure Transfer & Reimbursements associated with higher reimbursement for toxicology testing.

A net negative revenue variance of \$20.5 million is projected. Revenue variances include:

- A negative variance of \$17.7 million in Intergovernmental Revenues is projected due to \$20.5 million lower than anticipated costs for Community Corrections Subaccount, State and federal homeland security initiatives, Byrne Justice Assistance Grant, Community Project Funding, Domestic Cannabis Eradication and Suppression Program grants, and Medi-Cal Transformation PATH, which is offset by \$2.7 million higher than anticipated revenue from an agreement for Computer and Technology Crime High Tech Response Team (CATCH), revenue for State mandates, and a greater allocation of booking fees revenue due to the completion of debt service payments for justice facilities.
- A negative variance of \$3.9 million is projected in Fines, Forfeitures & Penalties due to lower than anticipated costs for the Cal-ID program.
- A negative variance of \$0.7 million is projected in Other Financing Sources due to a decrease in transfers from the Incarcerated Peoples' Welfare Fund and Jail Stores Enterprise Fund associated with vacant positions, and from the Asset Forfeiture Fund for lower than anticipated expenditures on investigative expenses.
- A negative variance of \$1.0 million in Charges For Current Services is from lower reimbursement for law enforcement services and contract cities due to vacancies, and from the Trial Court Security Subaccount, which is offset by jail bed leasing and other services to government revenues including prior year amounts owed.
- A positive variance of \$2.1 million in Miscellaneous Revenues due to an increase of \$3.4 million of Opioid Settlement Funds for medical costs associated with the Medication Assisted Treatment (MAT) program for the incarcerated population, which is offset by \$1.3 million lower than anticipated costs for the Regional Communications System program.
- A positive variance of \$0.7 million in Licenses Permits & Franchises is due to higher collections from license fees.

The Sheriff's Office has already started and continues to implement several mitigation actions to address the expected overage, including the reutilization and repurposing of existing positions for the highest of priorities; operational efficiencies including reducing overtime and temporary help when possible, limiting non-essential travel, training and recruiting events and contracts, exploring the elimination of phone lines and reducing radios in use, take home vehicles and vehicle idling to conserve fuel and maintenance; maximizing other resources including volunteer staff, pursuing grant funding and donations; deferring planned projects, repairs and purchases that have not yet started and cancelling encumbrances when possible, and exploring fees and revenues that can be increased. Discussions and further actions continue to be explored to minimize expenditures and maximize revenues between the Sheriff's Office, Public Safety Executive Office, and the Chief Financial Office.

Special Revenue Funds

Sheriff's Asset Forfeiture Program

A positive variance of \$3.0 million is projected in the Sheriff's Asset Forfeiture Program (US Department of Justice, US Treasury Department and State).

A positive expenditure variance of \$0.1 million is projected in Operating Transfers Out due to a decrease in expenditures to be reimbursed to the General Fund.

A positive revenue variance of \$2.9 million is projected. A positive variance of \$2.3 million in Intergovernmental Revenues is due to increased asset forfeiture from the US Department of Justice and US Treasury Department, \$0.4 million in Fines, Forfeitures & Penalties based on increased asset forfeiture from State seizures and \$0.2 million in Revenue From Use of Money & Property from higher interest earnings.

Sheriff's Incarcerated Peoples' Welfare Fund

A positive variance of \$1.8 million is projected in the Incarcerated Peoples' Welfare Fund.

A positive expenditure variance of \$1.8 million is projected. A positive variance of \$1.3 million is projected in Services & Supplies due to lower operational costs related to psychosocial services from changes in programming format, a shift of certain services to be provided under a different program outside the fund, and lower expenditures for transportation due to a shift in funding. A positive variance of \$0.1 million is projected in Capital Assets Equipment for lower costs associated with farm equipment used for educational programs. A positive variance of \$0.4 million is projected in Operating Transfers Out associated with vacant positions in the General Fund.

No significant revenue variance is projected.

Proposition 172

A positive variance of \$0.3 million is projected in Proposition 172 (Prop 172) Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$0.3 million is projected in Intergovernmental Revenues due to lower than expected receipts in the current fiscal year (\$1.6 million) and an under-accrual in the prior year (\$1.9 million).

Special District Funds

San Diego County – Ambulance District

A positive variance of \$1.4 million is projected for San Diego County – Ambulance District.

No expenditure variance is projected.

A positive revenue variance of \$1.4 million is projected in Charges For Current Services due to higher than anticipated ambulance transport collections.

San Diego County Fire Protection District

A positive variance of \$0.8 million is projected for San Diego County Fire Protection District.

No expenditure variance is projected.

A positive revenue variance of \$0.8 million is projected in Charges For Current Services due to wildfire incident response reimbursements received through Assistance-by-Hire agreement.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

The Health and Human Services Agency is projecting a positive overall variance of \$2.3 million, tied to a positive variance in the General Fund. The details of these variance are noted below.

General Fund

Administrative Support

A zero overall variance is projected for Administrative Support.

A positive expenditure variance of \$2.2 million is projected and consists of a positive variance of \$3.2 million in Salaries and Benefits tied to vacant positions and attrition partially offset by a negative variance of \$1.0 million in Services and Supplies. The \$1.0 million in Services and Supplies is driven by higher than anticipated operating costs from the Facilities Internal Service Fund (ISF), including utilities, mailing and other facility-related costs, offset by lower than anticipated IT costs based on current spending trends.

A negative revenue variance of \$2.2 million is projected and includes negative variances of \$2.4 million in Intergovernmental Revenues primarily tied to realignment to align with spending and \$0.1 million in Charges for Current Services resulting from lower than anticipated Coast2coast claimable revenue partially offset by \$0.3 million positive variance in Miscellaneous Revenue associated with the additional Health Career Connection Grant.

Aging & Independence Services

An overall negative variance of \$4.0 million is projected for Aging & Independence Services (AIS).

A zero expenditure variance is projected and includes a negative variance of \$1.9 million in Salaries & Benefits due to a lower vacancy rate than budgeted, a positive variance of \$1.4 million in Services & Supplies, and a positive variance of \$0.5 million in Operating Transfers Out due to reduced funding needs for the In-Home Supportive Services (IHSS) Public Authority related to anticipated operational needs in the program with no impact to services. The positive variance of \$1.4 million in Services & Supplies is due to \$3.3 million in contracted services driven by deferred Modernization of Older Californians Act (MOCA) Nutrition activities that will be used in future years to meet increased demand for meals in the California Department of Aging (CDA) Older Californians Nutrition Program, helping reduce waitlists and maintain service levels for vulnerable older adults, the conclusion of Supplemental Nutrition Assistance Program Education (SNAP-Ed) funding, completion of one-time allocations, carryover encumbrances from prior years that are no longer needed, and lower participation in the Multipurpose Senior Services Program (MSSP); \$0.2 million in operating costs to align with current spending; and \$2.1 million projected amounts in Housing and Community Development Services (HCDS) to mitigate

the S&B and S&S negative variance. These are partially offset by negative variances of \$2.9 million from an adjustment to the IHSS Maintenance of Effort (MOE) resulting from an approved wage increase negotiated with the United Domestic Workers and \$1.3 million tied to increase in allocations for participants in the San Diego Veterans Independence Service at Any Age (SD-VISA) program. A negative variance of \$0.7 million would have been projected in Services & Supplies, but \$2.1 million is now projected in HCDS to utilize available appropriation capacity and maintain a zero overall expenditure variance for AIS, pending the transfer of appropriation.

A negative revenue variance of \$4.0 million is projected and includes a negative variance of \$5.7 million in Intergovernmental Revenues, positive variance of \$1.5 million in Miscellaneous Revenues mainly tied to the SD-VISA program and positive variance of \$0.2 million in Revenue from Use of Money & Property due to unanticipated revenue for Public Administrator and Public Guardian interest earned through the Treasury Office investment pool. The negative variance of \$5.7 million in Intergovernmental Revenues consists of negative variances of \$2.1 million associated with pending appropriation adjustments from HCDS to mitigate appropriation impacts, \$1.8 million tied to deferred funding for MOCA nutrition, \$1.2 million tied to lower participation than anticipated in the MSSP program, \$1.1 million due to the SNAP-Ed federal funding ending, and \$1.1 million to align budget with the completion of one-time, multi-year funding and carryover encumbrances from prior years that are no longer needed as mentioned above, partially offset by positive variances of \$1.1 million in additional CDA revenue mainly tied to a time extension for State General Fund nutrition program utilization, \$0.4 million primarily in social services administrative revenues to align with allocations and projected spending, and \$0.1 million from an augmentation in IHSS Public Authority administrative funding.

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.

A zero overall variance is projected for BHS.

A positive expenditure variance of \$55.6 million is projected and includes a positive variance of \$59.1 million in Services & Supplies partially offset by a negative variance of \$0.7 million in Salaries & Benefits tied to overtime costs in Edgemoor Hospital and SDCPH and \$2.8 million negative variance in Expenditure Transfer & Reimbursements due to the conclusion of a Public Safety Group agreement, with efforts being redirected to support the Department of Health Care Services mandated outpatient treatment services under the Next Move Program. The positive variance of \$59.1 million in Services & Supplies is driven by operating costs primarily for the alignment of contracted services associated with a range of mental health and substance use disorder programs with anticipated spending by adjusting for contractor staffing vacancies and projected

utilization in residential bed days, offset by negative variances in one-time IT resource needs and temporary staffing costs at the SDCPH.

A negative revenue variance of \$55.6 million is projected and includes negative variances of \$46.0 million in Intergovernmental Revenues, \$1.6 million in Miscellaneous Revenues due to the recoupment of payments in contracted services from prior year adjustments and \$10.0 million in Securitized Tobacco tied to delays on Behavioral Health Workforce development that will be re-budgeted in FY 26-27, partially offset by \$1.1 million in Revenue From Use of Money & Property for interest posted and \$0.9 million in Charges for Current Services tied to an increase in Intergovernmental Transfer (IGT) revenue primarily due to a new rate increase in census enrollment days for Medi-Cal. The \$46.0 million negative variances in Intergovernmental Revenues include \$27.9 million in realignment revenue to align with spending, and \$18.1 million to align federal and State funding to anticipated billable service units and aligning grant funding with overall anticipated expenditures.

Child and Family Well Being

A zero overall variance is projected for Child and Family Well-Being (CFWB).

A zero expenditure variance is projected and includes a negative variance of \$5.2 million in Salaries & Benefits tied to a lower vacancy rate than budgeted as well as overtime costs, offset by positive variances of \$4.7 million in Services and Supplies primarily driven by projected amounts in Housing and Community Development Services (HCDS) to mitigate the S&B negative variance and lower than anticipated operating costs associated with travel, transportation and utilities ISFs, and \$0.5 million in Other Charges mainly to align with the revised projected caseloads in assistance programs. A positive variance of \$2.0 million would have shown in Services & Supplies but \$2.7 million is now projected in HCDS to utilize available appropriation capacity and maintain a zero overall expenditure variance for CFWB, pending the transfer of appropriation.

A zero revenue variance is projected and includes a zero variance in Intergovernmental Revenues which consists of negative variances of \$2.7 million associated with pending appropriation adjustments from HCDS to mitigate appropriation impacts offset by positive variances of \$2.3 million in State assistance payment revenues associated with revised caseload projections and \$0.4 million primarily in social services administrative revenues to align with anticipated federal and state funding and projected expenditures mentioned above.

Housing & Community Development Services

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

A zero overall variance is projected for HCDS.

A positive expenditure variance of \$13.7 million is projected and includes a positive variance of \$2.3 million in Salaries & Benefits due to attrition and vacant positions, a positive variance of \$13.5 million in Services & Supplies and a negative variance of \$2.1 million in Other Charges. The positive variance of \$13.5 million in Services & Supplies consists of \$12.5 million in No Place Like Home (NPLH) due to the grant being fully utilized and no further projects planned and \$5.8 million associated with the fully grant-funded carry forward prior year encumbrances that are no longer needed after aligning the expenditure with the current funding allocation, with no impact to service or to local funds. The operating variance is partially offset by \$4.8 million for projected expenditures tied to Aging & Independence Services (AIS) and Child and Family Well-Being (CFWB) to mitigate appropriation impacts which will be resolved with a budget transfer. The positive variance of \$2.1 million in Other charges is primarily due to \$1.5 million for the projected repayment of Emergency Rental Assistance Program (ERAP) funds to the Federal Treasury, resulting from ineligible awards identified by the County, \$0.4 million primarily in Housing Opportunities for Persons With AIDS (HOPWA) Tenant Based Rental Assistance (TBRA) with higher than anticipated expenditures due to program growth and rent increase in the region, and \$0.2 million in Community Development Block Grant (CDBG) Home Repair loans.

A negative revenue variance of \$13.7 million in Intergovernmental Revenue is projected due to unobligated NPLH projects, and prior year encumbrances, offset by increased revenue associated with HOPWA and CDBG, and \$4.8 million in funding associated with pending appropriations adjustments for AIS and CFWB, as noted above.

Public Health Services

A zero overall variance projected for Public Health Services (PHS).

A positive expenditure variance of \$6.0 million is projected and includes a positive variance of \$9.2 million in Salaries & Benefits due to vacancies, attrition and a reduced hiring activity in response to reductions in federal and State funding across multiple programs, a negative variance of \$2.2 million in Services & Supplies due to primarily due to the implementation of the Electronic Health Record system and IT projects required to bring legacy systems into compliance with updated policy and security standards, a negative variance of \$1.6 million in Other Charges primarily due to higher than anticipated transitory mandatory care needs in California Children's Services (CCS), a positive variance of \$0.5 million in Capital Assets Equipment primarily due to the termination of the mobile health lab contract and the elimination of planned equipment purchases for the lab due to the anticipated conclusion of the Epidemiology & Laboratory Capacity Enhancing Detection Expansion grant, and a positive variance of \$0.1 million in Expenditure Transfer & Reimbursements resulting from fee payments for water testing.

A negative revenue variance of \$6.0 million is projected and includes negative variances of \$6.0 million in Intergovernmental Revenues and \$0.9 million in Charges for Current Services primarily to align projected reimbursements and fees in Vital Records, offset by a positive variance of \$0.9 million in Miscellaneous Revenues based on an unanticipated grant allocation to support the development of Public Health professionals. The negative variance of \$6.0 million in Intergovernmental Revenues is primarily driven by revised estimates for PHS grant revenues, including adjustments to the Immunization Action Plan grant funding to align with the workplan, updated COVID-19 Expanding Laboratory Capacity funding, and changes in CCS based on actual State allocation, along with realignment revenues to align with spending noted above.

Self-Sufficiency Services

An overall positive variance of \$6.2 million is projected for Self-Sufficiency Services (SSS).

A positive expenditure variance of \$3.6 million is projected and includes negative variances of \$13.3 million in Salaries & Benefits primarily attributed to salaries & benefit costs exceeding the projected appropriation capacity available to absorb the impact of the new labor agreement and due to higher than budgeted overtime, and \$8.6 million in Services & Supplies and a positive variance of \$25.5 million in Other Charges. The negative variance of \$8.6 million in Services & Supplies is primarily tied to increases in contracted services based on revised allocations for the CalWORKs Housing Support Program associated with California Department of Social Services redistribution of unspent prior year funding. The positive variance of \$25.5 million in Other Charges consists of \$24.6 million in CalWORKs programs and \$0.9 million in the General Relief program primarily due to lower than budgeted caseload levels.

A positive revenue variance of \$2.6 million is projected and consists of positive variances of \$2.0 million in Intergovernmental Revenues, \$0.4 million in Revenue from Use of Money and Property tied to unanticipated GASB 87 lease revenue, \$0.1 million in Fines, Forfeitures, and Penalties based on reimbursement of eligible costs for the Physician Emergency Services program, and \$0.1 million in Miscellaneous Revenues tied to contractor overpayments from Fiscal Year 2024-25. The positive variance of \$2.0 million in Intergovernmental Revenues consists of a positive variance of \$12.4 million in social services administrative revenues to align with allocations and expenditures and \$5.9 million in Medi-Cal funding tied to a one-time payment for the State's closeout process, partially offset by a negative variance of \$16.3 million in assistance payment revenue.

Special Revenue Funds

Tobacco Securitization Fund

A zero overall variance is projected for Tobacco Securitization Fund.

A positive variance of \$10.0 million is projected due to delays in Behavioral Health Workforce development that was re-budgeted in the Fiscal Year 2026-27 CAO Recommended Operational Plan and will be available for use next fiscal year.

A negative variance of \$10.0 million is projected in Use of Fund Balance to align with projected spending, as noted above.

LAND USE AND ENVIRONMENT GROUP

The Land Use and Environment Group is projecting a positive overall variance of \$43.6 million, of which \$3.3 million is tied to a positive variance in the General Fund and \$40.3 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

General Fund

Agriculture, Weights & Measures (AWM)

No significant variance is projected for the Department of Agriculture, Weights & Measures.

A positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.3 million in Salaries & Benefits is due to vacancies, retirements and under-filled positions. A positive variance of \$0.7 million in Services & Supplies is due to reclassification of funding from a cancelled major maintenance capital project, offset by a negative variance of \$0.7 million in Operating Transfers Out due to an unanticipated major maintenance capital project related to Heating, Ventilation, and Air Conditioning (HVAC) system replacement.

A negative revenue variance of \$0.3 million is projected. A negative variance of \$0.4 million in Intergovernmental Revenues due to less than anticipated state contract reimbursements. A negative variance of \$0.1 million in Charges For Current Services is due to lower than anticipated service requests from non-General Fund County departments. A positive variance of \$0.2 million in Miscellaneous Revenues is due to unanticipated reimbursements for pesticide regulation outreach and hazardous material disposal event, and cost recovery/settlement payments.

Environmental Health and Quality

A positive variance of \$2.3 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$4.3 million is projected. A positive variance of \$3.2 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$1.0 million in Services & Supplies is mostly due to a \$0.9 million reduction in Special Department Expense for reduced larvicide purchases for Vector Control Program and \$0.1 million in Consultant Contracts for reduced consultant services needed. A positive variance of \$0.1 million in Expenditure Transfer & Reimbursements is due to an increase in services requested by other General Fund departments.

A negative revenue variance of \$2.0 million is projected. A negative variance of \$1.4 million is projected in Licenses, Permits & Franchises is due to a lower volume of permit renewals. A negative variance of \$0.6 million is projected in Charges for Current Services

due to the Voluntary Assistance Program (VAP) program transition to the state to operate. The state will provide guidance and expert review to support safe, efficient, and cost-effective hazardous material cleanup.

Planning and Development Services (PDS)

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

A positive expenditure variance of \$6.2 million is projected. A positive variance of \$5.8 million in Salaries & Benefits is projected due to vacancies and under-filled positions.

A positive variance of \$0.6 million in Services & Supplies is projected primarily due to schedule changes to one-time projects and reduced consultant contract spending. A negative variance of \$0.2 million in Expenditure Transfer & Reimbursements is due to a decrease in services rendered to other General Fund departments.

A negative revenue variance of \$6.2 million is projected. A negative variance of \$4.2 million is projected in Charges for Current Services due to a decline in billable activities for land development, project planning, and building projects due to staff vacancies and a projected negative variance of \$2.0 million in Intergovernmental Revenue due to delays in grant related projects.

Department of Public Works (DPW)

A positive variance of \$0.8 million is projected for the Department of Public Works – General Fund.

A positive expenditure variance of \$3.0 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to vacancies. A positive variance of \$2.2 million is projected in Services & Supplies due to lower than anticipated use of equipment rental in Closed Landfill (\$1.1 million), completion of stormwater projects (\$0.7 million), reduced fleet cost (\$0.2 million), and less support cost from other County departments (\$0.2 million).

A negative revenue variance of \$2.2 million is projected. A negative variance of \$1.1 million in Charges For Current Services due to reduced labor charges for land development projects and other County funded projects. A negative variance of \$1.1 million in Miscellaneous Revenues is due to less than anticipated transfers from the Environmental Trust Fund as a result of lower expenditures noted above.

Special Revenue Funds

Department of Public Works – Road Fund

A positive variance of \$10.6 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$27.6 million is projected. A positive variance of \$2.3 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$23.8 million in Services & Supplies is due to scheduled project changes in Capital Improvement Program (CIP) Detailed Work Plan and lower consultant contract costs due to County staff performing services in lieu of consultants and contractors. A positive variance of \$1.5 million in Other Charges due to delays in right-of-way easement projects that are expected to occur in Fiscal Year 2026-27.

A negative revenue variance of \$17.0 million is projected. A negative variance of \$11.8 million in Taxes Other than Current Secured is due to TransNet funded capital project schedule changes. A negative variance of \$5.3 million in Charges for Current Services is due to reduced support to other County departments and project schedule changes for Flood Control District and Sanitation District funded projects (\$1.4 million), less than anticipated revenue in Survey Rezonement Fund (\$0.1 million), project schedule changes for road infrastructure (J-25) funded projects for Buena Creek Road and Monte Vista Drive Traffic Signal (\$0.3 million), and Regional Transportation Congestion Improvement Program (RTCIP) funded projects (\$3.4 million), less than anticipated revenue in Transportation Impact Fee (TIF) funded capital projects due to delays in Right of Way acquisitions and construction for Woodside, Riverford Road and South Santa Fe at Buena Creek (\$0.6 million), less than anticipated staff support for General Fund green street projects (\$0.5 million); partially offset by increases of staff charges in Palomar and Fallbrook airports in the Airport Enterprise Fund (\$0.4 million), Inactive Waste Fund (\$0.4 million), Internal Service Fund (\$0.1 million), and unanticipated revenue from SDG&E's share of construction costs for Alta Road project in Engineering Services Other Government (\$0.1 million). A negative variance of \$1.2 million in Intergovernmental Revenues is due to project schedule changes for State and Federal grant funded capital projects (\$4.2 million); partially offset by anticipated increases in State Gas Tax (\$3.0 million). A negative variance of \$0.5 million in Other Financing Sources is due to lower than anticipated costs in General Fund funded capital projects. A positive variance of \$1.7 million in Revenue from Use of Money & Property is due to higher than anticipated interest earned. A positive variance of \$0.1 million in Miscellaneous Revenues is due to sale of mitigation credits.

Department of Parks and Recreation - Parkland Dedication Fund

A positive variance of \$2.1 million is projected for the Parkland Dedication Fund.

No expenditure variance is projected.

A positive revenue variance of \$2.1 million is projected. A positive variance of \$1.8 million is projected in Licenses, Permits & Franchises due to higher than anticipated land development activity resulting in additional revenue from Park Land Dedication fees. A positive variance of \$0.3 million in Revenue from Use of Money & Property is due to higher than anticipated interest earned.

San Diego County Library

A positive variance of \$1.8 million is projected for the San Diego County Library.

A positive expenditure variance of \$1.4 million is projected. A positive variance of \$0.4 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$1.0 million in Services & Supplies is due to lower than anticipated costs in information technology for network services, and in minor equipment due to fewer furniture replacements.

A positive revenue variance of \$0.4 million is projected. A positive variance of \$0.4 million in Taxes Current Property is due to an increase in property tax revenue. A positive variance of \$0.2 million in Revenue from Use of Money & Property is due to an increase in interest earnings. This was partially offset by a negative variance of \$0.1 million in Miscellaneous Revenues due to less than anticipated public donations and negative variance of \$0.1 million in Intergovernmental Revenues due to the Federal Communications Commission (FCC) cancellation of the E-Rate grant program for public wireless internet devices and services.

Public Works – County Waste Management and Recycling

A positive variance of \$1.5 million is projected for the Department of Public Works County Waste Management and Recycling.

A positive expenditure variance of \$1.3 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to vacancies. A positive variance of \$1.1 million in Services & Supplies is due to delayed contract procurements for services related to surplus food donations, household chemicals/hazardous product collection, and recycling contamination reduction.

A positive revenue variance of \$0.2 million is projected. A positive variance of \$0.1 million in Revenue From Use of Money & Property is due to higher than anticipated interest earned. A positive variance of \$0.1 million in Charges For Current Services is due to unanticipated increase in franchise hauler fees and support for other County Funds.

Public Works – Inactive Waste Site Management

A positive variance of \$0.2 million is projected for the Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.9 million is projected. A positive variance of \$0.9 million in Services & Supplies is due to a reduction in professional and specialized contract costs (\$0.7 million) and consultant contracts (\$0.2 million) related to one-time landfill projects.

A negative revenue variance of \$0.7 million is projected. A negative variance of \$0.7 million in Miscellaneous Revenues is due to less than anticipated transfers from the Environmental Trust Fund as a result of reduced project cost noted above.

Special District Funds

Department of Public Works – Flood Control District

A positive variance of \$2.1 million is projected for Flood Control District.

No expenditure variance is projected.

A positive revenue variance of \$2.1 million is projected. A positive variance of \$1.9 million in Intergovernmental Revenues is due to unanticipated grant revenue related to the January 2024 Winter Storm disaster. A positive variance of \$0.2 million from Use of Money & Property is due to higher than anticipated interest earned.

Department of Public Works -Sanitation Districts

A positive variance of \$4.6 million is projected for the Sanitation Districts.

A positive expenditure variance of \$3.8 million is projected. A positive variance of \$2.6 million in Services & Supplies is due to lower than anticipated costs for equipment maintenance and routine maintenance of structures, resulting from fewer required repairs. A positive variance of \$1.2 million in Operating Transfers Out is due to one-time vehicle purchases originally planned but no longer required for the current fiscal year.

A positive revenue variance of \$0.8 million is projected. A positive variance of \$0.4 million from use of Money & Property is due to a higher than anticipated interest earned. A positive variance of \$0.3 million in Other Financing Sources is due to a fund transfer from General Fund for the Sewer Replacement San Diego River Basin capital project. A positive variance of \$0.1 in Charges for Current Services is from annexation fees.

Department of Public Works – Street Lighting Districts

A positive variance of \$0.8 million is projected for the Street Lighting District.

A positive expenditure variance of \$0.8 million is projected in Services & Supplies due to lower than anticipated expenses for as-needed contracting services for maintenance and repairs of streetlights.

No significant revenue variance is projected.

Department of Public Works – Permanent Roads Divisions

A positive variance of \$6.3 million is projected for the Permanent Road Divisions.

A positive expenditure variance of \$6.1 million is projected in Services & Supplies due to lower than anticipated road maintenance work.

A positive revenue variance of \$0.2 million is projected. A positive variance of \$0.1 million in Revenue From Use of Money & Property is due to higher than anticipated interest earned. A positive revenue variance of \$0.1 million in Charges for Current Services is due to higher than anticipated revenue from special assessments.

Internal Service Funds

Department of Public Works – Internal Service Fund (ISF)

A positive variance of \$5.2 million is projected for the Internal Service Funds (ISF). A positive expenditure variance of \$7.0 million is projected. A positive variance of \$1.3 million in Services & Supplies is due to lower than anticipated costs for vehicle maintenance, asset management, and staff support. A positive variance of \$1.1 million in Other Charges is due to less than anticipated depreciation expenses. A positive variance of \$4.6 million in Capital Assets Equipment due to less than anticipated vehicle purchases that are no longer needed.

A negative revenue variance of \$1.8 million is projected. A negative variance of \$ 2.2 million from Revenue from Use of Money is primarily due to lower than anticipated vehicle usage collections (\$3.0 million); partially offset by higher than anticipated interest earned (\$0.8 million). A positive variance of \$0.4 million from Other Financing Sources is composed of \$1.4 million in funding for one-time new vehicle purchases and \$0.2 million proceeds from the sale of vehicles; partially offset by \$1.2 million decrease in fund transfer from Sanitation District due to cancellation of new vehicle purchases.

Enterprise Funds

Department of Public Works – Wastewater Management Enterprise Fund

A positive variance of \$0.7 million is projected for the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$1.2 million is projected. A positive variance of \$0.7 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.4 million in Services & Supplies is due to sewer maintenance contract transferred to Sanitation District and less than anticipated vehicle usage cost. A positive variance of \$0.1 million in

Operating Transfers Out is due to one-time vehicle purchases originally planned but no longer required for the current fiscal year.

A negative revenue variance of \$0.5 million is projected. A negative variance of \$0.5 million in Charges for Current Services is due to reduced billable activities for support provided to the San Diego Sanitation District, resulting from staff vacancies.

Department of Public Works – Airport Enterprise Fund

A positive variance of \$3.5 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$3.4 million is projected. A positive variance of \$0.4 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$1.9 million in Services & Supplies resulting from the transfer of security services to Department of General Services. A positive variance of \$1.3 million in Capital Assets/Land Acquisition is due to the completion of Gillespie Field Runway 27-R Rehabilitation project. A negative variance of \$0.2 million in Capital Assets Equipment due to the higher than anticipated purchase cost of fixed asset equipment.

A positive revenue variance of \$0.1 million is projected. A positive variance of \$0.3 million in Licenses Permits & Franchises is due to unanticipated revenue from a new American Airlines lease for flights out of Palomar Airport. A positive variance of \$0.6 million in Revenue from Use of Money & Property is due to increased parking and landing fee revenue. A negative variance of \$0.8 million in Intergovernmental Revenues is due to the completion of the Gillespie Field Runway 27-R Rehabilitation project and capital projects schedule changes.

FINANCE AND GENERAL GOVERNMENT GROUP

The Finance and General Group is projecting a positive overall variance of \$8.3 million, of which \$2.5 million is tied to a positive variance in the General Fund and \$5.8 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

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

A positive expenditure variance of \$5.9 million is due to variances of \$1.2 million in Salaries & Benefits due to vacancies and staff attrition and a net \$4.7 million in Services & Supplies related to delays of the Archives Collection Management System and the procurement of a cloud-based integrated Recorder/County Clerk Vital Records system, offset by increased software costs associated with Mainframe roadmap projects and maintenance of the Assessor's legacy IT systems.

A negative revenue variance of \$5.9 million is due to variances of \$5.6 million in Charges for Current Services and \$0.3 million in Licenses Permits & Franchises due to fewer than anticipated marriage licenses issued. The negative variance in Charges for Current Services includes variances of \$8.0 million from Recorder trust fund revenues due to delays of the Archives Collection Management System and procurement of a cloud-based integrated Recorder/County Clerk Vital Records system, and legislative change limiting the use of these funds for the County Recorder Archives and trusted systems; \$0.5 million in AB 2890 Recovered Costs due to less than anticipated supplemental property tax revenues due to few property sales than anticipated; and \$0.1 million in Marriage Ceremony Fee due to fewer than anticipated marriage ceremonies performed. These are partially offset by positive variances of \$2.2 million in Property Tax System Administrative Fee due to higher than anticipated property tax revenue based on the region's assessed value, \$0.4 million in Recording Document revenue due to an estimated slight increase in the number of documents recorded, and \$0.4 million Recording Fees due to estimated slight increase in vital records.

County Counsel

A positive variance of \$0.9 million is projected for the Office of County Counsel.

A positive expenditure variance of \$1.0 million includes \$1.2 million in Services & Supplies primarily due to delays in technology projects relating to the replacement of the department's case management system, offset by a negative \$0.2 million in Expenditure Transfer & Reimbursements due to less than anticipated staff cost reimbursements in the health services area.

A negative revenue variance of \$0.1 million in Charges for Current Services is due to a decrease in legal services provided within the public administrator-estates area.

Human Resources

An overall negative variance of \$0.5 million is projected for the Department of Human Resources.

A positive expenditure variance of \$1.1 million primarily in Services & Supplies is due to lower than anticipated costs related to pre-employment medical screenings needed and information technology costs that are charged to the Employee Benefits ISF, and contracted services related to miscellaneous insurance costs.

A negative revenue variance of \$1.6 million is due to \$2.0 million in Miscellaneous Revenues which includes \$1.7 million from lower than anticipated costs related to pre-employment medical screenings and information technology costs that are charged to the Employee Benefits ISF, and \$0.3 million due to unrealized revenue related to miscellaneous insurance costs, partially offset by a positive variance of \$0.4 million in Charges for Current Services due to increased services to employees and customers.

Registrar of Voters

A positive variance of \$0.6 million is projected in the Registrar of Voters.

A positive expenditure variance of \$10.7 million is projected and includes \$6.7 million in Salaries & Benefits due to a reduction in the number of Vote Centers required for the November 4, 2025 Special Statewide Election and \$4.0 million in Services & Supplies due to delays with the replacement of the election management system and the reduction in the number of Vote Centers.

A negative revenue variance of \$10.1 million is projected and includes \$9.6 million in Intergovernmental Revenues due to reimbursable costs tied to both the replacement of the election management system and reduced number of Vote Centers noted above, and \$0.5 million in Charges for Current Services due to lower than anticipated reimbursements from local jurisdictions for their share of election costs.

Internal Service Funds (ISF)

Facilities Management ISF

An overall positive variance of \$0.9 million is projected in the Facilities Management ISF.

A positive expenditure variance of \$24.0 million includes \$4.8 million in Salaries & Benefits due to vacant positions as a result of restructuring efforts, attrition of staff, and lower than projected overtime costs; \$19.0 million in Services & Supplies due to lower than anticipated pass-through expenses related to departmental requests for maintenance and contracted services, utilities, contracted consultant services, and mail services that were lower than budgeted; and \$0.2 million in Other Charges due to lower than anticipated depreciation charges.

A negative revenue variance of \$23.1 million includes \$24.6 million in Charges for Current Services due to lower than anticipated reimbursement related to the expenditure variances mentioned above and \$1.6 million in Other Financing Sources due to lower than projected reimbursements from Strategic Facilities Planning and Major Maintenance ISF projects, partially offset by positive variances of \$1.8 million in Miscellaneous Revenue due to higher than anticipated lease commission payments for renegotiated lease renewals and \$1.3 million in Intergovernmental Revenues due to State reimbursement for court facility maintenance.

Major Maintenance ISF

There is no overall variance projected in the Major Maintenance ISF.

No significant expenditure variance is projected.

No significant revenue variance is projected. Positive variances of \$0.5 million in Charges for Current Services and \$0.3 million in Other Financing Sources are due to higher than anticipated reimbursement by operating departments from unanticipated work, offset by a negative variance of \$0.8 million in Intergovernmental Revenues due to lower than anticipated State reimbursement for major maintenance projects.

Fleet Management ISF

An overall positive variance of \$4.7 million is projected in the Fleet Management ISF.

A positive expenditure variance of \$6.4 million includes \$0.7 million in Salaries & Benefits due to departmental vacancies and \$5.7 million in Services & Supplies due to lower than anticipated pass-through expenses related to fuel, parts, and commercial repair.

A negative revenue variance of \$1.7 million includes \$3.3 million in Charges for Current Services due to lower than anticipated reimbursement related to the expenditure variances mentioned above and \$0.6 million in Other Financing Sources due to lower

than anticipated reimbursements from departments for Fleet vehicles, partially offset by positive revenue variances of \$1.2 million in Residual Equity Transfers In due to higher than anticipated reimbursements for department requested vehicle orders, \$0.7 million in Revenue From Use of Money & Property due to higher than expected interest earnings, and \$0.3 million in Miscellaneous Revenues due to higher than expected third party recoveries.

Purchasing and Contracting

An overall positive variance of \$0.1 million is projected in the Purchasing and Contracting ISF.

A positive expenditure variance of \$0.6 million is primarily in Services & Supplies mainly due to delays in IT projects and lower than anticipated expenditures on various operational and support costs.

A negative revenue variance of \$0.5 million includes \$0.8 million in Charges for Current Services due to lower than anticipated reimbursement related to the expenditure variance mentioned above, partially offset by a positive variance of \$0.3 million in Miscellaneous Revenue due to an increase in proceeds from usage rebates.

Employee Benefits ISF

A positive variance of \$1.9 million is projected in the Employee Benefits ISF.

A positive expenditure variance of \$1.8 million is due to \$2.2 million in Services & Supplies which consists of \$1.7 million from lower than anticipated workers compensation claims related to pre-employment medical screening and information technology costs that are charged to DHR's General Fund, \$0.3 million in workers compensation excess insurance premium, and \$0.2 million lower than anticipated workers compensation costs from Other County departments, partially offset by a negative variance of \$0.4 million in Other Charges mostly due to updated actuarial estimates of long-term liability.

A positive revenue variance of \$0.1 million is due to a positive variance of \$1.7 million in Miscellaneous Revenues due to unanticipated reimbursement from Public Risk Innovation, Solution, and Management (PRISM) related to past COVID claims, partially offset by a negative variance of \$1.6 million in Charges for Current Services due to lower than anticipated workers compensation claims.

Insurance ISF

A positive variance of \$4.3 million is projected in the Insurance ISF.

A positive expenditure variance of \$11.0 million is in Services & Supplies mainly due to an adjustment in the payment cycle of the Countywide property insurance premiums.

Payments based on the new cycle will be budgeted accordingly in future Operational Plans.

A negative revenue variance of \$6.7 million includes \$6.9 million in Charges for Current Services due to less collections from departments tied to the change in payment cycle noted above, offset by positive variances of \$0.1 million in Revenue Use Money & Property due to over realized interest earned and \$0.1 million Miscellaneous Revenue due to an unanticipated credit received for the aviation insurance premium.

Public Liability ISF

A positive variance of \$0.7 million is projected in the Insurance ISF.

No significant expenditure variance is projected.

A positive revenue variance of \$0.7 million is in Revenue from Use of Money & Property due to over realized interest earnings. The Public Liability ISF's net position at the beginning of the fiscal year was in a deficit of \$9.0 million and the projected positive variance will help address a portion of the shortfall.

GENERAL PURPOSE REVENUE & GENERAL COUNTY EXPENSES

A positive variance of \$31.5 million is projected in General Purpose Revenue (GPR) primarily in:

- \$9.2 million - Sales & Use Tax
- \$6.8 million - Redevelopment Successor Agency
- \$5.3 million - Teeter Tax Reserve Excess
- \$3.0 million – Interest on Deposits
- \$2.5 million – Documentary Transfer Tax
- \$2.2 million - Transit Occupancy Tax
- \$1.8 million - Aircraft Unsecured Tax
- \$1.7 million - A-87 Cost Allocation
- \$1.0 million – Prior Secured Property Taxes
- \$0.9 million – Teeter Tax Prior Years
- \$0.9 million - Other Miscellaneous
- \$0.7 million – State Motor Vehicle In-lieu Tax
- \$0.4 million – Flex-Plan Forfeitures
- \$0.4 million – Cannabis Tax
- (\$0.8 million) – Current Secured Supplemental Property Taxes
- (\$1.8 million) – Booking Fees
- (\$2.6 million) – Current Secured Property Taxes

A positive variance of \$4.8 million is projected in General County Expenses primarily in:

- \$4.0 million – Countywide General Expenses
- \$0.8 million – Lease Payments – Bonds

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the economy. For Fiscal Year 2025-26, the economic indicators and trends used for projection are summarized below followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment preliminary rate of 4.3% in March 2026, unchanged from 4.3% the year-ago. In comparison, this is below the unemployment rate of 5.2% for California and similar rate of 4.3% for the nation during the same period.
- Taxable sales based on consumer spending will increase in the unincorporated area boosted mainly by steady allocation from business-industry fulfillment centers and modest growth from countywide use tax pools. During the 3rd Quarter of 2025-26, unadjusted local point of sales tax revenue increased by 8.23% in the unincorporated area, 2.58% in the Southern California Region and 2.49% in the statewide level, but a decrease of 0.04% 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.

- Median housing prices for Single Family Homes (up 1.5%) and for Existing Attached Homes (down 3.5%) for January-February 2026 average compared to the same time period last year.
- Notice of Default was higher by 3% in January-March 2026 compared to the same period in 2025.
- Foreclosure activity was higher by 6% in January-March 2026 compared to the same period in 2025.

Current Property Taxes All Categories

The four categories of Current Property Taxes (i.e., Property Taxes Current Secured, Property Taxes Current Secured Supplemental, Property Taxes Current Unsecured, and Property Taxes Current Unsecured Supplemental) combined are estimated to show a net negative variance to budget of \$3.3 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$2.6 million lower than budget primarily due to factoring in anticipated assessed value (AV) growth once the roll was closed.

The budgeted current secured property taxes assumed a local secured assessed value increase of 5.00%, but the actual assessed value (AV) increased by 4.89% (gross less regular exemptions). (Note: The 4.89% 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 of 4.95%, which includes all assessed value components, secured and unsecured.)

- *Property Taxes Current Secured Supplemental*

Property Tax Current Secured Supplemental are projected to be \$0.8 million lower than budget due to the decrease in supplemental billings in Fiscal Year 2025-26.

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$0.8 million higher than budget due to projected higher revenue based on prior year receipts. However, \$0.8 million was appropriated in Q1 to provide funding for one-time needs. 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.

- *Property Taxes Current Unsecured Supplemental*

Property Tax Current Unsecured Supplemental are projected to be \$0.1 million higher than budget due to the increase in supplemental billings in Fiscal Year 2025-26.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$23.6 million above budget.

- *Property Tax Prior Secured*

Property Tax Prior Secured are projected to be \$1.0 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 \$0.3 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Property Tax Prior Unsecured*

Property Tax Prior Unsecured are projected to be \$0.1 million lower than budget based on year-to-date current year actuals going lower than expected.

- *Property Tax Prior Year Unsecured Supplemental*

Property Tax Prior Year Unsecured Supplemental are projected to be \$0.6 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 \$9.2 million higher than budget. This projection assumes steady allocation from business-industry fulfillment centers and modest growth from countywide use tax pools largely due to continued strength in online sales.

- *Other Tax Aircraft*

Other Tax Aircraft is projected to be \$1.8 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Transient Occupancy Tax*

Transient Occupancy Tax is projected to be \$2.2 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 \$2.5 million higher than budget due to projected home prices remaining high with projection of a slight increase in sales volume.

- *Property Tax in Lieu of Vehicle License Fees*

Property Tax in Lieu of Vehicle License Fees (VLF) are projected to be \$0.4 million lower than budget due to lower than budgeted growth in assessed valuation.

- *Cannabis Tax*

Cannabis Tax are projected to be \$0.4 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Teeter Tax Reserve Excess*

Teeter Tax Reserve Excess is projected to be \$5.3 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 \$0.9 million higher than budget. The increase is based on a higher collection of receivables from prior fiscal year.

Licenses, Permits, and Franchises

Licenses, Permits and Franchises are projected to be \$0.1 million lower than budget due to lower-than-expected payments from Franchise Fees.

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties are projected to be \$0.4 million lower than budget due to lower than budgeted growth in assessed valuation. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments

Revenue from Use of Money & Property

Revenue from Use of Money & Property are projected to be \$3.0 million higher than budget. The increase is due to a slightly higher interest rate than what was budgeted as the market effectively pushed out expectations for Federal Reserve rate cuts for the foreseeable future.

Intergovernmental Revenues

Intergovernmental Revenues are projected to be \$8.1 million higher than budget primarily due to pass-through distributions and residual balance estimates in Aid from

Redevelopment Successor Agencies (\$6.8 million) and in State Motor Vehicle In-lieu (\$3.2 million), offset by lower that budget in Booking Fees (\$1.8 million) and in State Aid for Homeowners Property Tax Relief (HOPTR) (\$0.5 million). 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. However, \$2.5 million was transferred to the Office of Emergency Services in Q2 to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, resulting in an adjusted Intergovernmental Revenue of \$5.6 million as described above.

Charges for Current Services

Charges for Current Services are projected to be \$1.7 million higher than budget due to higher-than-expected revenues received in A-87 Cost Allocation Plan.

Miscellaneous Revenues

Miscellaneous Revenues are projected to be \$1.3 million higher than budget due to closure of Flex Forfeitures Trust Funds (\$0.4 million) and one-time unanticipated Port Payment for the Chula Vista Bayfront Project (\$0.9 million).

General County Expenses

Countywide General Expense

A positive variance of \$4.0 million is projected in Countywide General Expense.

A positive expenditure variance of \$3.4 million is projected in Other Charges due to a disallowance in Small Business Stimulus Grant (SBSG) program costs originally funded by American Rescue Plan Act (ARPA) revenue. The SBSG appropriations were budgeted based on the use of General Fund fund balance to allow for the swap of funding source for the disallowed SBSG program costs.

A positive revenue variance of \$0.6 million is projected and includes variances of \$2.4 million in Revenue From Use of Money & Property due to excess earnings from Tax and Revenue Anticipation Notes (TRANS) due to favorable market rates, and \$1.6 million in Miscellaneous Revenues due to reimbursement from the Small Business Loan Program and various departmental escheatment. These are offset by a negative variance of \$3.4 million due to disallowance of prior fiscal year ARPA revenues for the SBSG program as noted above.

Lease Payments – Bonds

A positive variance of \$0.8 million is projected for the Lease Payments – Bonds Fund.

A positive expenditure variance of \$0.8 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 2024; Justice Facilities Refunding, Series 2019; and CAC Waterfront Park Refunding, Series 2020.

There is no significant revenue variance projected.

Capital Program Funds

Capital Outlay Fund

There is zero variance projected for the Capital Outlay Fund.

A positive expenditure variance of \$3.5 million is projected. A projected positive variance in Capital Assets/Land Acquisition is due to lower than anticipated expenses related to the following capital projects that will be closed or cancelled and are listed on Schedule C: Valley Center Park Improvements, Tijuana River Valley Smugglers Gulch Dredging, and Palomar Fire Station.

A negative revenue variance of \$3.5 million is projected. A negative variance in Intergovernmental Revenue and Other Financing Sources of \$3.5 million is due to the closure or cancellation of the capital projects listed above.

Justice Facility Construction Capital Outlay Fund

There is zero variance projected for the Justice Facility Construction Capital Outlay Fund.

A positive expenditure variance of \$0.5 million is projected. A projected positive variance in Capital Assets/Land Acquisition is due to lower than anticipated expenses related to the Youth Transition Campus that will be closed or cancelled based on Schedule C.

A negative revenue variance of \$0.5 million is projected. A negative variance in Other Financing Sources is due to the closure or cancellation of the capital project listed above.

Edgemoor Development Fund

An overall positive variance of \$0.3 million is projected for the Edgemoor Development Fund.

There is no expenditure variance projected.

A positive revenue variance of \$0.3 million is projected primarily tied to \$0.7 million in Other Financing Sources based on the latest revenue projection for gain on sale related to the Santee Residential Property 1, offset by \$0.4 million in Intergovernmental Revenue tied to SB1128 Medi-Cal based on the latest FY23-24 audit report data.

Debt Service Funds

Pension Obligation Bonds (POBs)

A positive variance of \$0.4 million is projected in the Pension Obligation Bonds.

No significant expenditure variance is projected.

A positive revenue variance of \$0.4 million is projected. This includes a positive variance of \$0.4 million in higher than anticipated interest earnings due to a higher investment interest rate environment.