

**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2023-24 1st 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 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 2023-24.

Variance Reporting

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

PUBLIC SAFETY GROUP

General Fund

Child Support

A positive variance of \$1.4 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$6.9 million is projected. A positive variance of \$5.9 million in Salaries & Benefits due to vacant and modified positions, \$1.0 million in Services & Supplies primarily due to lower than anticipated expenses in various accounts supporting operations, such as information technology services.

A negative revenue variance of \$5.5 million is projected. A negative variance \$5.5 million in Intergovernmental Revenues is due to lower than anticipated State and federal reimbursements for the child support program.

District Attorney

A positive variance of \$1.2 million is projected for the District Attorney's Office.

A positive expenditure variance of \$2.1 million is projected in Salaries & Benefits due to attrition, vacant and modified positions.

A negative revenue variance of \$0.9 million is projected. A positive revenue variance of \$0.7 million in Intergovernmental Revenues due to unanticipated revenue from ARPA for COVID-19 Supplemental Paid Sick Leave. A negative revenue variance of \$1.6 million in Other Financing Sources is due to decrease in transfers from Proposition 172 Special Revenue Fund resulting from lower than expected sales tax receipts.

Probation

A positive variance of \$0.9 million is projected for the Probation Department.

A positive expenditure variance of \$5.0 million is projected. A positive variance of \$5.0 million is projected in Other Charges due to lower than anticipated use of placement services for foster youth.

A negative revenue variance of \$4.1 million is projected. A negative variance of \$3.6 million is projected in Intergovernmental Revenues primarily due to lower than anticipated costs stated above related to foster care, and Community Corrections Subaccount, partially offset by unanticipated revenue from ARPA for COVID-19 Supplemental Paid Sick Leave and Caltrans. A positive variance of \$0.3 million in Charges For Current Services due to the Work Furlough program. A negative variance of \$0.8 million is projected in Other Financing Sources due to a decrease in transfers from Proposition 172 Special Revenue Fund resulting from lower than expected sales tax receipts.

Public Safety Group Executive Office (including Contribution for Trial Courts)

A negative variance of \$2.8 million is projected for the Public Safety Group Executive Office including Contribution for Trial Courts.

Public Safety Group Executive Office

A negative variance of \$2.9 million is projected for the Public Safety Group Executive Office.

A negative expenditure variance of \$2.8 million is projected. A positive variance of \$0.1 million in Salaries & Benefits is due to vacant positions, offset by a negative variance of

\$2.9 million in Services & Supplies primarily due to an estimated \$6.0 million Incompetent to Stand Trial (IST) penalty to the State, of which \$3.0 million is projected to be out of the Public Safety Group.

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 2022-32 and \$3.0 million for penalties related to the IST is to be paid to the 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 \$6.0 million of which \$3.0 million is with Health and Human Services Agency and \$3.0 million within the Public Safety Group.

A negative revenue variance of \$0.1 million is projected in Intergovernmental Revenues due to the vacant positions mentioned above.

Staff will monitor payment activity and return to the Board with future recommendations if needed.

Contribution for Trial Courts

A positive variance of \$0.1 million is projected for Contribution for Trial Courts.

A positive expenditure variance of \$0.1 million is projected in Other Charges due to lower anticipated costs related to enhanced collection activities on court-ordered debt.

No revenue variance is projected.

San Diego County Fire

A negative variance of \$6.0 million is projected for the San Diego County Fire.

A negative expenditure variance of \$5.6 million is projected. A positive variance of \$0.4 million in Services & Supplies due to lower than anticipated Opioid Overdose Mapping and Application Program contract costs, offset by a negative variance of \$6.0 million in Operating Transfers Out for the San Diego County Fire Protection District ambulance services.

A negative revenue variance of \$0.4 million is projected in Miscellaneous Revenues due to lower reimbursement from the Opioid Settlement Fund.

Staff will monitor the Ambulance Services Program and return to the Board with future recommendations as needed.

Sheriff

A positive variance of \$3.4 million is projected for the Sheriff's Department.

A positive expenditure variance of \$1.8 million is projected. A positive variance of \$1.5 million in Salaries & Benefits is projected due to attrition, vacant and modified positions. A positive variance of \$0.3 million is projected in Services & Supplies due to lower than anticipated costs in Public Liability associated with medical malpractice insurance coverage and expenditures in various accounts supporting operations such as food and household expense offset by higher than anticipated costs for temporary medical staffing.

A positive revenue variance of \$1.6 million is projected. A positive variance of \$7.0 million is projected in Intergovernmental Revenues due to higher than anticipated revenue from the federal government for the State Criminal Alien Assistance Program, ARPA for COVID-19 Supplemental Paid Sick Leave reimbursement of prior year expenditures, and revenue for State mandates. A positive variance of \$0.4 million is projected in Charges For Current Services due to prior year under accrual in the Trial Court Security Subaccount, which offsets lower than anticipated revenue from civil service process and reimbursement for law enforcement services due to vacancies. These positive variances are partially offset by negative variances of \$5.5 million projected in Other Financing Sources due to decrease in transfers from Proposition 172 resulting from lower than expected sales tax receipts and \$0.3 million projected in Fines, Forfeitures & Penalties due to lower than anticipated costs for the Cal-ID program.

Special Revenue Funds

Sheriff's Incarcerated Peoples' Welfare Funds

A positive variance of \$3.0 million is projected for the Incarcerated Peoples' Welfare Funds.

A positive expenditure variance of \$3.0 million is projected in Services & Supplies due to lower operational costs. The expenditure projection takes into account the transfer of anticipated receipts and available prior year fund balance from the Jail Commissary Enterprise to be used for the benefit, education, and welfare of incarcerated persons confined within detention facilities as mandated by California Penal Code Section 4025.

No revenue variance is projected.

Proposition 172

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

A positive expenditure variance of \$7.9 million is projected in Operating Transfers Out due to lower amounts to be transferred to General Fund departments resulting from lower projected receipts.

A negative revenue variance of \$7.9 million is projected in Intergovernmental Revenues due to lower expected sales tax receipts in the current fiscal year (\$6.4 million) and over-accrual in the prior year (\$1.5 million).

Special District Funds

Fire Protection District – Ambulance Service Area

There is no overall variance projected for Fire Protection District – Ambulance Service Area.

A negative expenditure variance of \$6.0 million is projected in Services & Supplies due to new ambulance services.

A positive revenue variance of \$6.0 million is projected in Other Financing Sources due to transfers from the General Fund for the expenditures noted above.

Staff will monitor the Ambulance Services Program and return to the Board with future recommendations to align the budget to services provided.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

General Fund

Administrative Support

Administrative Support consists of the following: Agency Executive Office, Agency Contract Support, Financial & Support Services Division, Human Resources, Management Information Support, and Office of Strategy and Innovation.

An overall positive variance of \$1.9 million is projected for Administrative Support.

A negative expenditure variance of \$0.4 million is projected and includes a positive variance of \$0.2 million in Salaries & Benefits tied to vacant positions and attrition and a negative variance of \$0.6 million in Services & Supplies primarily tied to additional product and dispenser purchases for the Free4ME pilot program funded through a grant.

A positive revenue variance of \$2.3 million is projected in Intergovernmental Revenues primarily tied to positive variances of \$3.0 million in Federal Emergency Management Agency (FEMA) revenue for prior year costs, \$0.8 million in COVID-19 Health Disparities Funding for the Free4ME pilot noted above, and \$0.3 million for over-realized American Rescue Plan Act (ARPA) funding to align with prior year Supplemental Paid Sick Leave (SPSL) costs, partially offset by negative variances of \$1.3 million in Realignment based on estimated receipts and \$0.3 million in Realignment to leverage use of ARPA noted above, and \$0.2 million in under-realized Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC).

Aging & Independence Services

An overall negative variance of \$2.5 million is projected for Aging & Independence Services.

A positive expenditure variance of \$1.8 million is projected and includes a positive variance of \$1.8 million in Services & Supplies primarily tied to contracted services for the California Department of Aging (CDA) Modernizing Older California Act (MOCA) rolling out over three versus two years and a variance from budget in various services and supplies tied to program operational needs and delays in new staff hiring, offset by increases in contracts associated with CDA nutrition and family caregiver programs.

A negative revenue variance of \$4.3 million is projected in Intergovernmental Revenues includes negative variances of \$3.2 million in Realignment revenue based on estimated receipts, \$1.1 million primarily in MOCA revenues to align with the spending rollout noted above, and \$0.3 million in Realignment to leverage use of ARPA to align with prior year SPSL costs, partially offset by \$0.3 million in over-realized ARPA funding 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.

An overall negative variance of \$9.7 million is projected for BHS.

A positive expenditure variance of \$7.3 million is projected and includes a positive variance of \$4.1 million in Salaries & Benefits attributed to longer timeframes to hire staff, including newly added positions, hard to recruit classifications, and vacancies due to attrition, and a positive variance of \$3.2 million in Services & Supplies. The positive variance of \$3.2 million in Services & Supplies is driven by a net positive variance of \$6.2 million in operating costs for contracted services associated with a range of mental health programs to align with anticipated spending which adjusts 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. Additionally, the positive operating variance of \$6.2 million is being offset by \$3.0 million for a 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 2022-23 and \$6.0 million for penalties related to the IST is to be paid to the 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. Of the total \$6.0 million estimated penalty, \$3.0 million is projected in HHSA and \$3.0 million is projected within the Public Safety Group.

A negative revenue variance of \$17.0 million is projected and includes negative variances of \$16.2 million in Intergovernmental Revenues, \$0.5 million in Charges for Current Services tied to a decrease in Intergovernmental Transfer (IGT) revenue in order to leverage ARPA funding for prior year SPSL costs, and \$0.3 million in Miscellaneous Revenues due to the recoupment of payments in contracted services from prior year adjustments. The \$16.2 million negative variance includes \$9.4 million tied to aligning federal and State funding to anticipated billable service units and aligning grant funding with overall anticipated expenditures and \$6.8 million in Realignment based on estimated receipts.

Child and Family Well-Being

An overall negative variance of \$7.0 million is projected for Child and Family Well-Being (CFWB).

A positive expenditure variance of \$5.4 million is projected and includes positive variances of \$2.5 million in Services & Supplies and \$2.9 million in Other Charges mainly to align with the revised projected caseloads in foster care and adoption assistance programs. The positive variance of \$2.5 million in Services and Supplies is primarily driven by a variance from budget in contracts mainly tied to transitional housing programs experiencing challenges in the rental market and in group home costs as the programs continue to transition into an eligible facility, partially offset by temporary staff costs to meet increased needs at Polinsky Children's Center which continues to face staffing challenges for caring for high acuity youth with medical needs and to meet Community Care Licensing (CCL) requirements.

A negative revenue variance of \$12.4 million is projected and includes negative variances of \$11.8 million in Intergovernmental Revenues, \$0.3 million in Revenue from Use of Money and Property to align revenue collection trends for the use of the San Pasqual Academy (SPA) property, \$0.2 million in Charges for Current Services due to a lower collection of adoption fees, and \$0.1 million in Miscellaneous Revenues primarily to align with collections of prior year adjustments from contractors. The negative variance of \$11.8 million in Intergovernmental Revenues consists of negative variances of \$7.2 million in Realignment based on estimated receipts, \$2.7 million in federal and State assistance payment revenues associated with revised caseload projections for the assistance programs, \$1.9 million in social services administrative revenues to align with anticipated federal and State funding and projected expenditures mentioned above, and \$0.9 million in Realignment to leverage use of ARPA to align with prior year SPSL costs, partially offset by a positive variance of \$0.9 million tied to over-realized ARPA funding to align with prior year SPSL costs noted above.

Department of Homeless Solutions and Equitable Communities

The Department of 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).

There is no overall variance projected for HSEC.

A positive expenditure variance of \$0.4 million is projected in Services & Supplies and is primarily associated with updated timeframes for contracted Afghan Refugee Support Services.

A negative revenue variance of \$0.4 million is projected and includes negative variances of \$0.5 million in Intergovernmental Revenues and \$0.1 million in Taxes Other Than Current Secured tied to the First 5 Refugee Family Support (RFS) services program, offset by \$0.2 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 \$0.5 million in Intergovernmental Revenues consists of negative variances of \$0.4 million mainly due to lower than anticipated Medi-Cal Administrative

Activities (MAA) revenues, \$0.1 million in Realignment based on estimated receipts, and \$0.1 million in Realignment to leverage use of ARPA to align with prior year SPSL costs, partially offset by \$0.1 million in over-realized ARPA funding to align with prior year SPSL costs.

Housing & Community Development Services

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

An overall positive variance of \$0.3 million is projected for HCDS.

A negative expenditure variance of \$1.1 million is projected and includes a positive variance of \$0.1 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$0.2 million in Services & Supplies primarily tied to the landlord incentive program to increase access to housing for our homeless clients in support of the County's effort to end homelessness for veterans, and a negative variance of \$1.0 million in Other Charges. The negative variance of \$1.0 million in Other Charges includes a negative variance of \$1.8 million in Local Rental Subsidy Program (LRSP) due to longer than anticipated transition of clients to a more permanent housing setting partially offset by a positive variance of \$0.8 million primarily tied to lower referrals for HOME Tenant Based Rental Assistance (TBRA) program mainly due to utilization of alternative Child and Family Well-Being housing programs.

A positive revenue variance of \$1.4 million is projected in Intergovernmental Revenues and includes \$1.1 million associated with federal and State revenue primarily to align with projected costs associated with the landlord incentive program, LRSP and HOME TBRA as noted above, and \$0.3 million for over-realized ARPA funding to align with prior year SPSL costs.

Medical Care Services

An overall positive variance of \$2.8 million is projected for Medical Care Services (MCS).

There is no expenditure variance projected.

A positive revenue variance of \$2.8 million is projected and includes positive variances of \$2.7 million in Intergovernmental Revenues and \$0.1 million in Miscellaneous Revenues for the Grossmont Healthcare District Rural Health post discharge pilot program. The positive variance of \$2.7 million in Intergovernmental Revenues includes positive variances of \$3.1 million primarily in FEMA tied to prior year COVID-19 response costs, \$0.3 million in San Diego Advancing and Innovating Medi-Cal (SDAIM) Providing Access and Transforming Health (PATH) Justice Involved health initiatives, \$0.1 million in the Nursing Workforce grant, \$0.1 million for over-realized ARPA funding to align with prior year SPSL costs and \$0.1 million in the Hansen's Disease grant partially offset by negative variances of \$0.7 million in Realignment based on estimated receipts, \$0.2

million in targeted case management and medical administration reimbursements based on actual claims from Fiscal Year (FY) 2021-22 Quarter 1 through FY 2022-23 Quarter 1, and \$0.1 million in Realignment to leverage use of ARPA noted above.

Public Health Services

An overall positive variance of \$17.4 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$3.4 million is projected and includes a positive variance in Services & Supplies primarily tied to lower than anticipated operating costs related to reduced contracting activities and limited Public Health Laboratory processing capacity, partially offset by projected spending on temporary help in response to emergent disease responses.

A positive revenue variance of \$14.0 million is projected and includes a positive variance of \$14.4 million in Intergovernmental Revenues and \$0.3 million in Miscellaneous Revenues based on anticipated grant allocation to support COVID-19 surveillance, offset by a \$0.7 million negative variance in Charges for Current Services primarily due to administrative fees collected from Medi-Cal Administrative Activities and Targeted Case Management (MAA/TCM) participants projected in Intergovernmental Revenues. The \$14.4 million positive variance in Intergovernmental Revenues is primarily tied to positive variances of \$15.4 million mainly in FEMA for prior year expenditures associated with local health emergency response costs and \$0.7 million in over-realized ARPA funding to align with prior year SPSL costs, partially offset by negative variances of \$1.0 million in Realignment based on estimated receipts and \$0.7 million in Realignment to leverage use of ARPA as noted above.

Self-Sufficiency Services

An overall negative variance of \$6.3 million is projected for Self-Sufficiency Services (SSS).

A negative expenditure variance of \$1.7 million is projected in Other Charges tied to negative variances of \$6.6 million in the General Relief program based on revised estimated case costs and partially offset by a positive variance \$4.9 million tied to a variance from budget in the California Work Opportunity and Responsibility to Kids (CalWORKs) program.

A negative revenue variance of \$4.6 million is projected and consists of a negative variance of \$4.7 million in Intergovernmental Revenues and a positive variance of \$0.1 million in Fines, Forfeitures & Penalties primarily to align to the Emergency Medical Services Physicians Service revenue collection trends. The negative variance of \$4.7 million in Intergovernmental Revenue consists of a negative variance of \$9.1 million in CalWORKs revenue associated with revised caseload projections, \$2.1 million in Realignment to align prior year SPSL costs, and \$0.8 million in Realignment based on estimated receipts, partially offset by positive variances of \$5.5 million primarily in social

services administrative revenues to align with revised allocation and \$1.8 million tied to over-realized ARPA funding primarily to align with prior year SPSL costs.

LAND USE AND ENVIRONMENT GROUP

General Fund

Planning and Development Services (PDS)

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

A positive expenditure variance of \$6.2 million is projected. A positive variance of \$1.7 million in Salaries & Benefits is projected due to vacancies and under-filled positions. A positive variance of \$4.8 million in Services & Supplies is projected primarily due to schedule changes to one-time only information technology projects and reduced consultant contract spending. There is a negative variance of \$0.3 million in Expenditure Transfer & Reimbursements 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 \$6.3 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 which is partially offset by a projected positive variance of \$0.1 million in Intergovernmental Revenues due to higher than anticipated grant reimbursements for ongoing projects.

Environmental Health and Quality

A positive variance of \$0.7 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$0.7 million is projected. A positive variance of \$0.7 million in Salaries & Benefits is due to vacancies and under-filled positions.

No significant revenue variance is projected.

Department of Public Works – General Fund

A positive variance of \$0.1 million is projected for the Department of Public Works General Fund.

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

A negative revenue variance of \$1.2 million is projected in Charges for Current Services due to reduced labor charges for land development projects due to staff vacancies.

Special Revenue Funds

San Diego County Library

A positive net variance of \$3.7 million is projected for the San Diego County Library.

A positive expenditure variance of \$3.7 million is projected. A positive variance of \$3.3 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.4 million in Service and Supplies is due to savings in utilities, automotive maintenance and fuel, and IT network services costs.

No significant revenue variance is projected.

Department of Public Works – Road Fund

A positive variance of \$23.0 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$30.5 million is projected. A positive variance of \$2.4 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$28.1 million in Services & Supplies is due to scheduled project changes in Capital Improvement Program (CIP) Detailed Work Plan for one-time capital projects.

A negative revenue variance of \$7.5 million is projected. A negative variance of \$8.3 million in Taxes Other than Current Secured is due to TransNet project schedule changes. A positive variance of \$0.6 million in Intergovernmental Revenues is projected due to updated projections from California State Association of Counties for Highway User Tax Account (HUTA) gas tax allocation. A positive variance of \$0.2 million in Charges for Current Services is projected primarily due to \$0.5 million increase in revenue for SDG&E and Helix Water District funded capital projects which is partially offset by \$0.3 million decrease in one-time capital projects funded by other County funds due to schedule revisions.

Department of Public Works – Inactive Waste Site Management Fund

No variance is projected for Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.1 million is projected. A positive variance of \$0.4 million in Salaries & Benefits is due to staff vacancies. A negative variance of \$0.4 million in Services & Supplies is projected due to increase landfill maintenance cost; offset by a positive variance of \$0.1 million in Operating Transfers Out due to delays in purchasing vehicles.

A negative revenue variance of \$0.1 million is projected. A positive variance of \$0.2 million in Revenue from Use of Money & Property due increase in lease revenue. A negative variance of \$2.1 million in Charges for Current Services due to reduced revenue

reimbursements for operational cost and correction to account where revenue will be incurred; this is offset by positive variance of \$1.8 million in Miscellaneous Revenues due to Environmental Trust Fund revenue correction identified above for landfill operations & maintenance cost.

Special District Funds

Department of Public Works – Permanent Roads Divisions

A positive variance of \$7.0 million is projected for the Department of Public Works Permanent Road Divisions.

A positive expenditure variance of \$6.7 million is projected in Services & Supplies due to lower than anticipated expenses in Routine Maintenance of Structures budgeted for road maintenance work.

A positive revenue variance of \$0.3 million is projected. A positive revenue variance of \$0.1 million in Taxes Current Property due to assessed value growth from property taxes. A positive variance of \$0.1 million in Revenue from Use of Money & Property due to increase in interest earnings and \$0.1 million in Other Financing Sources due to unanticipated revenue from proceeds on Long Term Debt.

Enterprise Funds

Department of Public Works – Wastewater Management Enterprise Fund

No variance is projected for the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$1.0 million is projected in Salaries & Benefits due to staff vacancies and under-filled positions.

A negative revenue variance of \$1.0 million is projected in Charges for Current Services due to reduced work for other County departments related to staff vacancies mentioned above.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

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

A positive expenditure variance of \$1.3 million is projected in Salaries & Benefits due to normal attrition and managed vacancies.

A negative revenue variance of \$1.3 million is projected due to the following:

- A net negative variance of \$2.0 million in Charges for Current Services, which includes:
 - A negative variance of \$3.2 million in Recording Document fees due to fewer than anticipated recorded documents related to higher interest rates,
 - A negative variance of \$0.3 million in Filing Documents fees due to fewer than anticipated recorded documents related to higher interest rates,
 - A negative variance of \$0.3 million in Recording Fees due to fewer than anticipated vital certificates issued,
 - A positive variance of \$1.7 million in AB 2890 Recovered Costs due to higher than anticipated supplemental property tax revenues, and
 - A positive variance of \$0.1 million in Marriage Ceremonies due to higher than anticipated number of marriage ceremonies performed.
- A net positive variance of \$0.7 million in Intergovernmental Revenue for American Rescue Plan Act (ARPA) revenue associated with reimbursement for the Supplemental Paid Sick Leave program.

Board of Supervisors

A positive variance of \$1.1 million is projected for the Board of Supervisors.

A positive expenditure variance of \$1.1 million includes \$1.0 million in Salaries & Benefits due to unanticipated staff vacancies and staff turnover and \$0.1 million in Services & Supplies due to lower than anticipated office expenses related to the staff vacancies mentioned above.

No significant revenue variance is projected.

Chief Administrative Office

A positive variance of \$1.3 million is projected for the Chief Administrative Office.

A positive expenditure variance of \$1.3 million is projected in Salaries & Benefits, primarily due to staffing vacancies associated with newly created positions in the Office of Ethics and Compliance and the Office of Evaluation, Performance and Analytics.

No significant revenue variance is projected.

County Communications Office

An overall positive variance of \$0.1 million is projected for the County Communications Office.

A positive expenditure variance of \$1.1 is projected, which includes \$0.9 million in Services & Supplies primarily due to lower than anticipated Public, Educational and Governmental (PEG) funded Major Maintenance project costs, and \$0.2 million in Capital Assets Equipment due to lower than anticipated PEG funded equipment purchases.

A negative revenue variance of \$1.0 million is anticipated due to PEG expenditures not being realized as described above.

County Counsel

A positive variance of \$1.7 million is projected for the Office of County Counsel.

A positive expenditure variance of \$2.1 million in Salaries & Benefits is due to newly created positions, staff attrition and departmental vacancies.

A negative revenue variance of \$0.4 million is primarily due to a \$0.5 million negative variance in Charges for Current Services due to an anticipated decrease in reimbursements tied to public liability staff costs. This is offset by a \$0.1 million positive variance in Intergovernmental Revenue due to unanticipated ARPA revenue for Supplemental Paid Sick Leave.

Human Resources

A positive variance of \$0.5 million is projected for the Department of Human Resources.

A positive expenditure variance of \$1.5 million in Services & Supplies is due to lower than anticipated costs for workers compensation and unemployment insurance services and projected underspend in contracted services, travel, and office supplies.

A negative revenue variance of \$1.0 million is projected primarily due to \$1.3 million in Miscellaneous Revenue due to less than anticipated administration costs charged to the Employee Benefit Internal Service Fund. This is offset by a projected positive variance of \$0.1 million in Intergovernmental Revenue due to ARPA revenue for Supplemental Paid Sick Leave and \$0.2 million for Charges for Current Services due to lower than anticipated revenue associated with the Cost Allocation Plan.

Treasurer-Tax Collector

No overall variance is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$1.6 million includes \$0.6 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies and \$1.0 million in Services & Supplies mainly due to lower than anticipated costs associated with the Banking Pool, including delays in IT projects and projected underspend on contracts.

A negative revenue variance of \$1.6 million is primarily due to a net negative variance of \$1.8 million in Charges for Current Services, which includes \$1.3 million due to underrealized Banking Pool revenue associated with the lower projected costs described above, \$0.2 million in Collection Fee Administration Cost due to lower than expected paying agent fees, \$0.1 million in Tax Sale Party of Interest fee due to lower than expected interest in the County Tax Sale Auction, \$0.1 million in Tax Sale County Auction Fee due to lower than expected interest in the County Tax Sale Auction, and \$0.1 million in Redemption Fee due to lower than expected redemptions of tax-defaulted parcels]. This is offset by a positive variance of \$0.1 million in Intergovernmental Revenue for ARPA revenue associated with the reimbursement of Supplemental Paid Sick Leave expenses, and a positive variance of \$0.1 million in Miscellaneous Revenues due to higher than anticipated deferred compensation plan offset revenue.

Internal Service Funds (ISF)

Facilities Management ISF

An overall positive variance of \$0.6 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$0.1 million is projected. Anticipated positive variances include \$0.05 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, and \$0.05 million in Other Charges due to lower than anticipated depreciation charges.

A positive revenue of variance of \$0.5 million is projected in Intergovernmental Revenues due to higher than anticipated reimbursement related to ARPA funds.

Fleet Management ISF

An overall positive variance of \$2.0 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$2.7 million is projected. Anticipated positive variances include \$0.4 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$0.1 million in Services & Supplies primarily in garage operations and support, and \$2.2 million in Other Charges due to lower than anticipated depreciation charges based on actual timing and value of vehicle and equipment replacement.

A negative revenue variance of \$0.7 million is projected. Anticipated negative variances include \$1.6 million in Charges for Current Services due to lower than anticipated reimbursement related to the expenditure variance from budget mentioned above, offset by \$0.5 million in Other Financing Sources due to greater than anticipated vehicle auction proceeds, \$0.3 million in Miscellaneous Revenues due to higher than projected Third Party recoveries related to accident repairs, \$0.1 million in Revenue from Use of Money & Property and Intergovernmental Revenues due to higher than expected interest earnings and ARPA reimbursements, respectively.

Public Liability ISF

No overall variance is projected for the Public Liability ISF.

A positive expenditure variance of \$1.3 million is projected in Services & Supplies due to foregoing medical malpractice excess insurance.

A negative revenue variance of \$1.3 million is projected in Charges for Current Services in General Fund due to the non-collection of department rates for the medical malpractice excess insurance.

Purchasing and Contracting ISF

A positive variance of \$1.7 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$0.7 million includes \$0.4 million in Salaries & Benefits due to normal attrition and managed vacancies and \$0.3 million in Services & Supplies primarily attributed to projected savings in the new auction warehouse contract.

A positive revenue variance of \$1.0 million is primarily due to over-realized ISF revenue in Charges for Current Services.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$51.4 million is projected in General Purpose Revenue (GPR) primarily from Sales & Use Taxes due to the continued growth activities in the Unincorporated Area (\$16.0 million), higher interest revenues due to the rise in market rates (\$13.8 million), higher pass-through distributions and residual balance estimates from Redevelopment Successor Agencies (\$10.0 million), current unsecured property tax revenues (\$9.0 million) and other various GPR revenues (\$2.6 million). A positive variance of \$2.0 million is projected in General County Expenses.

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the state of the economy. Employment showed an overall positive gain from September 2022 to September 2023, with majority of the increase in Leisure and Hospitality by 11,700, and Private Education and Health Services by 9,500, but decreased in Professional and Business Services by 4,400. Median home prices in San Diego for Single Family Homes were higher by 8.5% and for Existing Attached Homes by 5.6% based on the average from July - August 2023 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 2023-24, 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 4.0% in September 2023, up from 3.1% in September 2022. In comparison, this is below the state's unemployment rate of 4.9% in September 2023 and 3.7% in September 2022.
- Consumer spending, as measured by taxable sales, will increase mainly due to increase in consumer online spending. During the 1st Quarter of 2023-24, unadjusted local point of sale tax revenue increased by 30.22% in the unincorporated area, and 0.81% in the San Diego regional level, but decreased by 1.13% in the Southern California Region and 1.09% in the statewide 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 8.5%) and for Existing Attached Homes (up 5.6%) for July-August 2023 average compared to the same time period last year.
 - Notices of Default higher by 10% in January-September 2023 compared to the same period in 2022.
 - Foreclosure activity lower by 5% in January-September 2023 compared to the same period in 2022.

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 \$9.0 million.

- *Property Taxes Current Secured*

No projected variance in Current Secured Property Taxes from the Amended budget. Per Administrative Code Section 113.5(b), \$19.6 million of projected one-time over realized revenue generated by greater than anticipated assessed value growth was used to reduce the pension fund's Unfunded Actuarial Accrued Liability.

The budgeted current secured property taxes assumed a local secured assessed value increase of 5.00%, but the actual assessed value (AV) increased by 6.86% (gross less regular exemptions). (Note: The 6.86% 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 August 2, 2023, of 7.12%, which includes all assessed value components, secured and unsecured.)

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$9.0 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.

- *Property Taxes Current Supplemental*

No projected variance in Property Taxes Current Supplemental.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$15.8 million above budget.

- *Property Tax Prior Unsecured*

Property Tax Prior Unsecured are projected to be \$0.2 million lower than budget due to lower-than expected current year actuals.

- *Sales & Use Taxes*

Sales & Use Taxes are projected to be \$16.0 million higher than budget. This is mostly due to the continued growth activities in the Unincorporated Area which increases the County's share of the Pool going forward.

- *Property Tax in Lieu of Vehicle License Fees*

No projected variance in Property Tax in Lieu of Vehicle License Fees (VLF) from the Amended budget. Per Administrative Code Section 113.5(b), \$11.5 million of projected one-time over realized revenue generated by greater than anticipated assessed value growth was used to reduce the pension fund's Unfunded Actuarial Accrued Liability.

Licenses, Permits, and Franchises

Licenses, Permits and Franchises are projected to be \$0.7 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 \$13.8 million higher than budget. The increase is due to a higher projected average daily cash balance than what was budgeted which was used to calculate the interest revenue, and due to a higher interest rate due to the recent rise in market rates.

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties are projected to be \$0.7 million higher than budget due to higher 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.

Intergovernmental Revenues

Intergovernmental Revenues are projected to be \$11.0 million higher than budget due to pass-through distributions (\$2.5 million), residual balance estimates (\$7.5 million) in Aid from Redevelopment Successor Agencies and unanticipated State Motor Vehicle revenue (\$1.0 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.

Charges for Current Services

Charges for Current Services are projected to be \$0.3 million higher than budget due to higher-than-expected revenues received in A-87 Cost Allocation Plan.

Miscellaneous Revenue

Miscellaneous Revenue is projected to be \$1.5 million higher than budget due to the anticipated closure of Flex Forfeitures Trust Funds.

General County Expenses

Countywide General Expense

A positive variance of \$2.0 million is projected in Countywide General Expense.

A positive expenditure variance of \$2.0 million is projected. A positive variance of \$2.0 million is projected in Services & Supplies as additional funding is no longer anticipated to be needed in the current fiscal year to support the Immigrant Rights Legal Defense Program in the Department of the Public Defender since the department has the capacity to operate this program using existing appropriations. The Fiscal Year 2023-25 Adopted Operational Plan set aside \$2.0 million in Finance Other on a one-time basis should additional funding be needed to support the Immigration Rights Legal Defense Program.

No revenue variance is projected.