

**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2022-23 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 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 2022-23.

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 Services

A positive variance of \$1.1 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$9.6 million is projected. A positive variance of \$9.9 million in Salaries & Benefits is due to vacant and modified positions, \$1.8 million in Services & Supplies is due to lower than anticipated expenses in various accounts supporting operations, primarily information technology services, \$0.5 million in Other Charges is due to reclassification of lease interest, \$0.8 million in Capital Assets Equipment is due to delayed vehicle purchases, offset by a negative variance of \$0.2

million in Capital Assets/Land Acquisition is due to unanticipated leasehold improvements and \$3.2 million in Expenditure Transfer & Reimbursements is 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 \$8.5 million is projected. A negative variance \$9.0 million in Intergovernmental Revenues is due primarily to lower than anticipated State and federal reimbursement for the child support program, offset by a positive variance of \$0.5 million in Charges for Current Services is due to higher incentive payments from the California Department of Child Support Services.

District Attorney

A positive variance of \$0.1 million is projected for the District Attorney's Office.

A positive expenditure variance of \$1.1 million is projected in Salaries & Benefits is due to attrition, vacant and modified positions. This projection reflects the transfer of appropriations for higher than anticipated expenditures in information technology and facilities maintenance projects.

A negative revenue variance of \$1.0 million is projected in Intergovernmental Revenues is due to lower than anticipated expenditures funded by the California Governor's Office of Emergency Services, Victims of Crime Act for the victim services program (\$0.4 million) and Community Corrections Subaccount (\$0.6 million).

Probation

A positive variance of \$0.6 million is projected for the Probation Department.

A positive expenditure variance of \$27.8 million is projected. A positive variance of \$4.1 million is projected in Salaries & Benefits is primarily due to attrition, vacant, and modified positions. A positive variance of \$23.3 million is projected in Services & Supplies is due to lower than anticipated use of contracted services due to a slow return to pre-pandemic service levels, placement services and a lower than anticipated activity related to the implementation of new Pretrial Services program. A positive variance of \$0.4 million is projected in Expenditure Transfer & Reimbursements related to higher than anticipated reimbursements for Health and Human Services Agency's Independent Living Skills and Wellness contracts.

A negative revenue variance of \$27.2 million is projected. A negative variance of \$27.4 million is projected in Intergovernmental Revenues is due to lower than anticipated expenditures stated above related to Pretrial Services, Juvenile Justice Realignment Block Grant, Juvenile Justice Crime Prevention Act, Foster Care, and Community Corrections Subaccount funded programs, offset by unanticipated revenue from the State Juvenile Facilities Modernization Grant for juvenile facilities softening renovation. A

positive variance of \$0.2 million is projected in Charges for Current Services is due to unanticipated revenues for the Work Furlough program.

Public Defender

There is no overall variance projected for the Public Defender.

A positive expenditure variance of \$2.7 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to modified positions, and \$2.6 million in Services & Supplies is mainly due to lower than anticipated expenditures for the Office of Assigned Counsel panel attorneys, investigative services, and lease payments, offset by a negative variance of \$0.7 million in Expenditure Transfer and Reimbursements is due to lower than anticipated eligible reimbursable costs.

A negative revenue variance of \$2.7 million is projected. A negative variance of \$1.9 million in Intergovernmental Revenues is due to lower than anticipated reimbursements for grant related activities and \$0.8 million in Miscellaneous Revenues is due to lower than anticipated funds transferred from the Indigent Defense Trust Fund.

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

A positive variance of \$1.1 million is projected for the Public Safety Group Executive Office including Contributions to Trial Court.

Public Safety Group Executive Office

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

A positive expenditure variance of \$0.1 million is projected. A positive variance of \$0.1 million is projected in Salaries & Benefits is due to lower than anticipated temporary staffing, \$1.0 million in Services & Supplies is due to lower than anticipated facility maintenance costs, offset by a negative variance of \$1.0 million in Expenditure Transfer & Reimbursements is due to lower facility costs that will not be transferred to Finance Other.

No revenue variance is projected.

Contribution for Trial Courts

A positive variance of \$1.0 million is projected for Contribution for Trial Courts.

No expenditure variance is projected.

A positive revenue variance of \$1.0 million is projected. A positive variance of \$2.6 million in Intergovernmental Revenues is due to unanticipated State backfill for loss of revenue

from AB 177, *Public Safety*, for Fiscal Years 2021-22 and 2022-23, offset by a negative variance of \$1.6 million in Charges for Current Services is due to continued decreasing collections. These revenues support the statutory payments in Contribution for Trial Courts.

San Diego County Fire

A positive variance of \$0.2 million is projected for the San Diego County Fire.

A positive expenditure variance of \$1.5 million is projected. A positive variance of \$0.9 million in Salaries & Benefits is due to vacant positions and \$0.6 million in Services & Supplies is due to lower than anticipated base hospital consultant costs and COVID-19 ambulance transport costs.

A negative revenue variance of \$1.3 million is projected. A negative variance of \$0.8 million in Fines, Forfeitures & Penalties is due to lower than anticipated Maddy Trust Fund revenues related to traffic violations and \$0.5 million in Intergovernmental Revenues is due to lower American Rescue Plan Act reimbursement for staffing support and COVID-19 ambulance transport.

Sheriff

There is no overall variance projected for the Sheriff's Department.

A positive expenditure variance of \$6.5 million is projected. A positive variance of \$2.4 million in Salaries & Benefits is projected due to vacancies, attrition, and under-filled positions. The Salaries & Benefits projection takes into account the transfer of funds related to the transition of the new comprehensive healthcare contract for incarcerated persons and to close out final invoices from previous contracts, Major Maintenance Improvement Plan projects, and the absorption of costs related to premium pay and increases in ongoing compensation associated with recruitment and retention, which were included in the amendments to the compensation ordinance on August 16, 2022 (16) and August 30, 2022 (11). A positive variance of \$3.9 million is projected in Services & Supplies is due to lower than anticipated expenditures associated with the Board of State and Community Corrections (BSCC) Coronavirus Emergency Supplemental Funds (CESF), one-time Regional Communication System (RCS) tower/generator equipment and site relocations that will be rebudgeted in the Fiscal Year 2023-24 CAO Recommended Operational Plan, lower than anticipated expenditures associated with the Cal-ID program is due to vacancies in partner agencies, and expenditures in various accounts supporting operations such as food, household expense, utilities and special departmental expense offset by higher than anticipated costs for fuel, temporary medical staffing, and advertising for recruitment. A positive variance of \$0.4 million is projected in Capital Asset Equipment is primarily due to lower than anticipated expenditures for the Cal-ID program partner agencies. A negative variance of \$0.2 million is projected in Expenditure Transfer & Reimbursements is due to lower than anticipated reimbursements for law enforcement services due to vacancies.

A negative revenue variance of \$6.5 million is projected. A negative variance of \$5.8 million is projected in Charges for Current Services primarily from the over accrual in Trial Court Security Subaccount from prior year and lower than anticipated jail bed leasing, civil service process and lower reimbursement for law enforcement services due to vacancies. A negative variance of \$1.3 million is projected in Miscellaneous Revenues is due to RCS projects that will be rebudgeted and lower than anticipated revenue for reimbursement of costs associated with the Unsheltered Feeding Program. A negative variance of \$1.4 million is projected in Fines, Forfeitures & Penalties is due to lower than anticipated costs for the Cal-ID program and lower reimbursement from the Warrant Automation Trust Fund. A negative variance of \$0.7 million is projected in Other Financing Sources is due to a decrease in the transfers from the Incarcerated Peoples' Welfare Fund and the Jail Stores Enterprise Fund associated with vacant positions. These negative variances are partially offset by a net positive variance of \$2.6 million in Intergovernmental Revenues is due to higher than anticipated revenue from the federal government for the State Criminal Alien Assistance Program and from the California Department of Public Health for the Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases, Detection and Mitigation of COVID-19 in Confinement Facilities funding, as well as backfill for criminal administrative fees, partially offset by a negative variance for lower than anticipated revenue from the BSCC CESF. A positive variance of \$0.1 million in Licenses, Permits & Franchises is due to higher collections from license fees.

Special Revenue Funds

Proposition 172

A positive variance of \$16.2 million is projected for Proposition 172 (Prop 172) Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$16.2 million is projected in Intergovernmental Revenues is due to higher expected sales tax receipts in the current fiscal year (\$12.8 million) and under-accrual in the prior year (\$3.4 million).

Sheriff's Asset Forfeiture Program

A positive variance of \$1.7 million is projected in the Sheriff's Asset Forfeiture Program (US Department of Justice, US Treasury Department and State).

No expenditure variance is projected.

A positive revenue variance of \$1.7 million is projected. A \$1.3 million positive variance in Intergovernmental Revenues is due to increased asset forfeiture from US Department of Justice and US Treasury Department seizures, \$0.3 million in Fines, Forfeitures &

Penalties based on increased asset forfeiture from State seizures and \$0.1 million in Revenue from Use of Money & Property related to interest on deposits.

Sheriff's Incarcerated Peoples' Welfare Funds

A positive variance of \$2.1 million is projected for the Incarcerated Peoples' Welfare Funds.

A positive expenditure variance of \$1.7 million is projected. A positive variance of \$1.3 million is projected in Services & Supplies, primarily for professional and specialized services associated with contracts for educational and psychosocial services resulting from lower than anticipated expenditure needs due to reduced programming capacity along with ongoing staffing challenges. A positive variance of \$0.4 million is projected in Operating Transfers Out associated with vacant positions in the General Fund.

A positive revenue variance of \$0.4 million is projected primarily in Other Financing Sources is due to an increase in the operating transfers from the Sheriff's Jail Commissary Enterprise Fund for proceeds generated by Commissary sales.

Special District Funds

County Service Areas (CSA) 17 & 69

A positive variance of \$0.7 million is projected for CSA 17 & CSA 69.

A positive expenditure variance of \$0.1 million is projected in Services & Supplies is due to lower than anticipated operational costs.

A positive revenue variance of \$0.6 million is projected. A positive variance of \$0.3 million in Intergovernmental Revenues is due to higher than anticipated resident ambulance transport fees and \$0.3 million Charges for Current Services is due to higher than anticipated non-resident ambulance transport fees.

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, First Five Commission, and Office of Strategy and Innovation.

An overall positive variance of \$0.6 million is projected for Administrative Support.

There is no expenditure variance projected.

A positive revenue variance of \$0.6 million is projected and includes positive variances of \$0.4 million in Intergovernmental Revenues primarily tied to increase in social services administrative revenues and \$0.2 million in Miscellaneous Revenues tied to a restitution payment.

Aging & Independence Services

An overall positive variance of \$2.6 million is projected for Aging & Independence Services (AIS).

A positive expenditure variance of \$7.5 million is projected and includes a positive variance of \$2.7 million in Salaries & Benefits tied to a higher vacancy rate than budgeted, a positive variance of \$2.2 million in Services & Supplies primarily in contracted services mainly due to delays in the California Department of Aging (CDA) programs tied to procurement timeframes and program development, and a positive variance of \$2.6 million in Operating Transfers Out due to reduced funding needs for the In-Home Supportive Services (IHSS) Public Authority primarily related to a revised estimate in individual provider health benefit costs, which are tied to the number of provider hours worked, with no impact to services.

A negative revenue variance of \$4.9 million is projected mainly in Intergovernmental Revenues which includes negative variances of \$3.4 million in Realignment revenues to align with overall anticipated expenditures, \$2.3 million in the IHSS Public Authority program to align with reduced expenditures, and \$1.0 million in Older Americans Act (OAA) revenues tied to delays and reduced funding needs for CDA programs as noted above, partially offset by a positive variance of \$1.8 million primarily in federal social services administrative revenues to align with anticipated claiming and additional allocation increases.

Behavioral Health Services

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

There is no overall variance projected for BHS.

A positive expenditure variance of \$3.7 million is projected and includes a positive variance of \$5.1 million in Salaries & Benefits attributed to vacancies due to attrition, a positive variance of \$0.3 million in Services & Supplies, and a negative variance of \$1.7 million in Expenditure Transfer & Reimbursements associated with the delay in implementation of the Youth Development Academy (YDA) memorandum of understanding (MOU) in Juvenile Forensic. The positive variance of \$0.3 million in Services and Supplies includes a positive variance of \$7.1 million primarily in contracted services for a range of mental health programs to align with anticipated spending, which adjusts for contractor staffing vacancies and projected utilization in outpatient services, partially offset by negative variances of \$3.4 million in facilities management and maintenance costs, \$2.7 million in temporary staffing costs primarily at the SDCPH, \$0.4 million in medical supplies for inpatient services and \$0.3 million in travel-related costs.

A negative revenue variance of \$3.7 million is projected and includes negative variances of \$4.7 million in Intergovernmental Revenues and \$0.4 million in Miscellaneous Revenues due to the recoupment of payments in contracted services from prior year adjustments, partially offset by a positive variance of \$1.4 million in Charges for Current Services. The \$4.7 million negative variance in Intergovernmental Revenues is tied to aligning federal Short Doyle funding to anticipated billable service units and aligning block grant funding and Realignment funding with overall anticipated expenditures. The \$1.4 million positive variance in Charges for Current Services is tied to higher reimbursement rates at Edgemoor and an increase in invoice trend for the Forensic Evaluation Unit, in response to quick turnaround of evaluation, and the Care Coordination program.

Child Welfare Services

There is no overall variance projected for Child Welfare Services (CWS).

A positive expenditure variance of \$22.8 million is projected and includes a positive variance of \$19.9 million in Salaries & Benefits due to staff vacancies offset by increased overtime costs to manage the workload as positions are filled, a negative variance of \$5.4 million in Services & Supplies, and a positive variance of \$8.3 million in Other Charges mainly to align with the revised projected caseloads in foster care and adoption assistance programs. The negative variance of \$5.4 million in Services and Supplies is primarily driven by costs for the San Pasqual Academy (SPA) to support building a continuum of placement options for youth, and an increase in temporary staff to meet the needs at the Polinsky Children's Center for high acuity youth with medical needs. This is

partially offset by a variance from budget in contracted services mainly tied to transitional housing programs due to challenges in the rental market after the ending of the temporary moratorium on youth aging out of foster care during the pandemic.

A negative revenue variance of \$22.8 million is projected and includes negative variances of \$22.2 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 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 \$22.2 million in Intergovernmental Revenues consists of \$10.7 million in Realignment revenues primarily associated with Salaries & Benefits variance from budget, \$5.6 million primarily in social services administrative revenues to align with anticipated federal and State funding and projected expenditures mentioned above, and \$5.9 million in federal and State assistance payment revenues associated with revised caseload projections for the assistance program.

Homeless Solutions and Equitable Communities

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

An overall positive variance of \$1.0 million is projected for HSEC.

A negative expenditure variance of \$0.7 million is projected and includes a positive variance of \$0.8 million in Salaries & Benefits due to attrition and vacant positions, and a negative variance of \$1.5 million in Services & Supplies. The negative variance of \$1.5 million in Services & Supplies consists of \$1.2 million in contracted services associated with the Afghan Refugee Support Services aligning with new federal dollars, \$0.2 million in costs associated with the Rosecrans Shelter, and \$0.1 million in Alternative Dispute Resolution services.

A positive revenue variance of \$1.7 million is projected and includes positive variances of \$1.3 million in Intergovernmental Revenues, \$0.3 million in Taxes Other Than Current Secured tied to State Prop 10 tobacco tax in support of First 5 Refugee Family Support (RFS) services program, and \$0.1 million in Charges for Current Services due to revised estimate for dispute resolution fees to align with projected spending on contracted mediation services. The positive variance of \$1.3 million in Intergovernmental Revenues is primarily tied to the supplemental allocation for Afghan Refugee Support services and additional federal grant funding to offset temporary community health worker costs.

Housing & Community Development Services

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

An overall negative variance of \$27.5 million is projected for HCDS.

A negative expenditure variance of \$10.2 million is projected and includes a positive variance of \$1.1 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$34.9 million in Services & Supplies, and a positive variance of \$23.6 million in Other Charges which consists of \$23.0 million to align with updated estimates of federal reallocation funds for the Emergency Rental Assistance Program (ERAP) and \$0.6 million tied to lower referrals to the HOME Tenant Based Rental Assistance (TBRA) program mainly due to utilization of alternative CWS housing programs. The negative variance of \$34.9 million in Services & Supplies consists of \$25.0 million tied to the expansion of the Innovative Housing Trust Fund (IHTF) to fund additional affordable housing developments funded with available Countywide General Fund due to the operating results in the third quarter, \$4.6 million primarily tied to the utilization of unanticipated CDBG program income for the acquisition of a site that will be a future affordable housing development, \$3.3 million for the Kettner Crossing affordable housing development for low-income seniors, and \$2.7 million tied to the use of the IHTF interest that allowed HCDS to fund additional affordable housing developments, partially offset by a positive variance of \$0.7 million mainly tied to programs addressing homelessness in the unincorporated area due to the challenges in the rental market.

A negative revenue variance of \$17.3 million includes a negative variance of \$20.0 million in Intergovernmental Revenues primarily tied to ERAP funding partially offset by COVID-19 related revenue through the augmentation of the Emergency Solutions grant funding and CDBG affordable housing development as noted above, and a positive variance of \$2.7 million in Miscellaneous Revenues primarily tied to the IHTF interest to align with the anticipated loan disbursement.

Medical Care Services

There is no overall variance projected for Medical Care Services.

A negative expenditure variance of \$2.4 million is projected and includes a negative variance of \$0.8 million in Salaries & Benefits tied to additional temporary staffing and overtime for emergency response costs, and a negative variance of \$1.6 million in Services & Supplies. The negative variance of \$1.6 million in Services & Supplies includes \$0.7 million in temporary staffing to support the Public Health Workforce grant, \$0.4 million to align with Providing Access and Transforming Health (PATH) funding for capacity building planning to support justice involved individuals, \$0.3 million for automated patient dispensing machines to help streamline the medication dispensing workflow, and \$0.2 million tied to increase in information technology project cost for the Academic Detail by Zip Code Database.

A positive revenue variance of \$2.4 million is projected and includes positive variances of \$2.3 million in Intergovernmental Revenues and \$0.1 million in Charges for Current Services tied to the medication dispensing fee revenue. The positive variance of \$2.3

million in Intergovernmental Revenues is primarily associated with \$1.1 million to align COVID-19 response funding with projected costs, \$0.8 million associated with the additional Public Health Workforce grant funding to offset the additional temporary staffing costs, \$0.3 million in PATH funding for capacity building planning to support justice involved individuals, and \$0.1 million in Maternal Child & Adolescent Health Title 19 revenue to align with anticipated claiming.

Public Health Services

An overall negative variance of \$82.3 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$36.2 million is projected and includes a positive variance of \$9.4 million in Salaries & Benefits due to attrition offset by increased overtime costs, \$1.3 million in Services & Supplies, \$0.1 million in Other Charges based on anticipated cost for temporary lodging for populations in need of a temporary housing to isolate in during the infectious period, and \$25.4 million in Capital Assets Equipment driven by the timing of procurements for the new Public Health Lab associated with Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) grants. The positive variance of \$1.3 million in Services & Supplies is mainly tied to associated activities related to ELC grants such as ongoing IT projects, delayed procurement of specimen collection and testing contractors, and a reduction in purchases of lab supplies due to limited capacity resulting from the closure of the Health Services Complex. The variances from budget tied to the ELC grant were rebudgeted in the Fiscal Year 2023-24 CAO Recommended Operational Plan and will be available for use next fiscal year.

A negative revenue variance of \$118.5 million is projected and includes a negative variance of \$120.8 million in Intergovernmental Revenues, partially offset by positive variances of \$1.2 million in Miscellaneous Revenues based on an anticipated grant allocation to support COVID-19 surveillance and \$1.1 million in Charges for Current Services mainly tied to reimbursement from third party health plans for COVID-19 testing and vaccination. The negative variance of \$120.8 million in Intergovernmental Revenues is primarily tied to reflect Federal Emergency Management Agency (FEMA) revenue deferrals anticipated to be received after December 2023, projected ELC grant revenues based on anticipated expenditures as noted above, adjusting recognition of Realignment revenue to align with projected expenditures in Salaries & Benefits, and anticipated funding for COVID-19 emergency response efforts projected in Charges for Current Services. The remaining balance of the ELC grants are projected to be obligated by Fiscal Year 2023-24.

Self-Sufficiency Services

An Overall negative variance of \$2.1 million is projected for Self-Sufficiency Services (SSS).

A negative expenditure variance of \$11.7 million is projected and consists of a positive variance of \$6.9 million in Salaries and Benefits primarily due to staff vacancies and attrition, a negative variance of \$14.0 million in Services & Supplies, and a negative variance of \$4.6 million in Other Charges. The negative variance of \$14.0 million in Services & Supplies is primarily due to an increase in contracted services for Employment Services contracts due to revised funding allocations. The negative variance of \$4.6 million in Other Charges is based on General Relief program tied to both increased caseloads and grant amounts.

A positive revenue variance of \$9.6 million is projected and includes positive variances of \$10.2 million in Intergovernmental Revenues and \$0.1 million in Revenue from Use of Money & Property due to unanticipated base lease revenue, partially offset by a negative variance of \$0.7 million in Fines, Forfeitures and Penalties primarily to align to the Emergency Medical Services Physicians Service revenue collection trends. The positive revenue variance of \$10.2 million in Intergovernmental Revenues is primarily in social services administrative revenues tied to revised allocations.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights & Measures

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

A positive expenditure variance of \$0.7 million is projected. A positive variance of \$0.3 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$0.4 million in Services & Supplies is due to less than anticipated expenditures in Contracted Services related to as-needed tree trimming contract.

A negative revenue variance of \$0.7 million is projected. A negative variance of \$0.7 million in Intergovernmental Revenues is projected due to less than anticipated State contract reimbursements.

Environmental Health and Quality

A positive variance of \$2.2 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$5.4 million is projected. A positive variance of \$3.3 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$2.1 million in Service & Supplies is projected due to decreases in supply purchases, Vector Habitat Remediation Program payments, number of aerals conducted, less than anticipated consultant contract expense and delayed Information Technology (IT) projects.

A negative revenue variance of \$3.2 million is projected. A negative variance of \$1.7 million is projected in Charges for Current Services due to reduced Trust Fund reimbursement for the Vector Control Program due to expenditure and salary variances from budget mentioned above, and reduced services requested by customers. A negative variance of \$1.3 million is projected in Licenses Permits & Franchises due to less than anticipated permit payments received. A negative variance of \$0.3 million is projected in Intergovernmental Revenues due to disallowed ARPA reimbursement and fewer services for contracts and grants. These negative variances are partially offset by a positive variance of \$0.1 million in Miscellaneous Revenues due to unanticipated emergency response reimbursement.

Planning & Development Services

No significant variance is projected for the Planning and Development Services.

A positive expenditure variance of \$7.7 million is projected. A positive variance of \$8.0 million in Salaries & Benefits is projected due to vacancies and under-filled positions. This is partially offset by a negative variance of \$0.2 million in Services & Supplies primarily due to increased consultant contract spending; and a negative variance of \$0.1 million in Expenditure Transfer & Reimbursements due to a decrease in services rendered to other General Fund departments.

A negative revenue variance of \$7.7 million is projected. A negative variance of \$6.4 million is projected in Charges for Current Services due to a decline in billable activities for land development projects due to staff vacancies and \$1.4 million negative variance is projected in Intergovernmental Revenues due to lower than anticipated grant reimbursements for ongoing projects, this is partially offset by a positive variance of \$0.1 million in Fines, Forfeitures & Penalties due to higher than anticipated payment of Code Compliance fines.

Public Works – General Fund

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

A positive expenditure variance of \$1.4 million is projected. A positive variance of \$1.1 million in Salaries & Benefits is projected due to staff vacancies and under-filled positions. A positive variance \$0.3 million is projected in Services & Supplies due to less than anticipated services from other County departments.

A negative revenue variance of \$1.4 million is projected in Charges for Current Services mainly due to a decrease in billable activities for work on other County funds and land development projects due to the staff vacancies.

Special Revenue Funds

Public Works - Road Fund

A positive variance of \$23.9 million is projected for the Road Fund.

A positive expenditure variance of \$48.4 million is projected. A positive variance of \$7.3 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$39.6 million in Services & Supplies is mainly due to one-time capital project schedule changes that will be rebudgeted in the Fiscal Year 2023-24 CAO Recommended Operation Plan. A positive variance of \$1.4 million in Other Charges is due to delays in right-of-way acquisition and a positive variance of \$0.1 million in Operating Transfers Out due to cancellation of vehicle acquisition.

A negative revenue variance of \$24.5 million is projected. A negative variance of \$14.2 million in Intergovernmental Revenues is projected due to lower than anticipated allocation of State's Gas Tax (\$4.8 million), federally funded (\$7.8 million) and State funded (\$2.5 million) project schedule revisions; offset by a positive variance of \$0.9

million due to projects funded by Aid from Other Cities. A negative variance of \$8.9 million in Taxes Other than Current Secured is projected due to TransNet project schedule revisions. A negative variance of \$2.3 million in Charges for Current Services is due to project schedule revisions for Airports projects (\$1.0 million), Other Services to Government (\$0.9 million), green infrastructure projects (\$0.8 million), Internal Service Funds (\$0.1 million) and Sanitation District projects (\$0.1 million); offset by anticipated over-realized revenue of \$0.6 million from projects for Closed Landfills and DPW's Special Districts. A negative variance of \$0.5 million is projected in Miscellaneous Revenues due to project schedule changes for Tribal funded projects. A positive variance of \$1.4 million is projected in Revenue from Use of Money & Property due to higher than anticipated interest on deposits.

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 variance of \$1.2 million is projected for the County Waste Management and Recycling Fund.

A positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.1 million in Salaries & Benefits is due to vacancies. A positive variance of \$0.2 million in Services & Supplies is due to less than anticipated consultant contract expenses.

A positive revenue variance of \$0.9 million is projected. A positive variance of \$0.8 million in Intergovernmental Revenues is due to unanticipated grant funding for Senate Bill 1383 for the implementation of organics waste collection. A positive variance of \$0.1 million in Charges for Current Services is due to ARPA community food production grant.

Public Works – Inactive Waste Site Management

A negative variance of \$3.4 million is projected for the Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.1 million is projected. A positive variance of \$0.1 million in Salaries and Benefits is due to staff vacancies.

A negative revenue variance of \$3.5 million is projected. A negative variance of \$3.6 million in Charges for Current Services is due to less than anticipated revenue transfers from the Environmental Trust Fund due to insufficient prior year Inactive Waste Site Fund fund balance. This is partially offset by a positive revenue variance of \$0.1 million in Revenue from Use of Money & Property due to over-realized revenue from rent and concessions, royalties, and program support from other County funds.

Park Land Dedication Ordinance

A positive variance of \$2.8 million is projected for the Park Land Dedication Ordinance.

No expenditure variance is projected.

A positive revenue variance of \$2.8 million is projected. A positive variance of \$2.5 million in Licenses Permits & Franchises due to unanticipated increased levels of 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 due to greater than anticipated interest from additional deposits.

San Diego County Library

A positive variance of \$9.5 million is projected for the San Diego County Library.

A positive expenditure variance of \$3.6 million is projected. A positive variance of \$1.8 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$1.4 million in Services & Supplies is due to positive variances from budget in IT costs (\$1.3 million) and Special Departmental Expense (\$0.7 million); partially offset with negative variances in Utilities Charges by the ISF (\$0.4 million), Minor Equipment (\$0.1 million), and costs related to maintenance of structures, grounds and improvements (\$0.1 million). A positive variance of \$0.4 million in Capital Assets Equipment is due to delayed procurement of laptop kiosks and automated materials handlers.

A positive revenue variance of \$5.9 million is projected. A positive revenue variance of \$4.0 million in Taxes Current Property is due to assessed value growth from property taxes. A positive variance of \$0.6 million is due to higher than expected revenue in Taxes Other Than Current Secured. A positive variance of \$1.4 million in Intergovernmental Revenues is due to over-realized revenue in Aid from Redevelopment Successor Agencies. A negative variance of \$0.1 million in Miscellaneous Revenues is due to lower than anticipated donation revenue.

Special District Funds

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 \$6.8 million is projected. A positive variance of \$6.8 million in Services & Supplies is mainly due to lower than anticipated contracted services for emergency work.

A positive revenue variance of \$0.2 million is projected. A positive variance of \$0.1 million in Charges for Current Services is due to increase rate on tax bills. A positive variance of \$0.1 million in Revenue from Use of Money & Property is due to higher than anticipated interest on deposits.

San Diego County Sanitation District

A positive variance of \$7.8 million is projected for the San Diego County Sanitation District.

A positive expenditure variance of \$8.2 million is projected. A positive variance of \$6.7 million in Services & Supplies is due to \$3.7 million reduction in labor costs due to vacancies in Wastewater Management and \$3.0 million credit in contracted services due to a refund from the City of San Diego - Metropolitan Sewerage System. A positive variance of \$1.5 million is projected in Capital Assets/Land Acquisition due to the completion of Spring Valley Meter Diversion Abandonment and La Presa and Pine Valley capital projects.

A negative revenue variance of \$0.4 million is projected. A negative variance of \$0.9 million in Other Financing Sources is projected due to reduction in operating transfer from Wastewater Management (WWM) Fund. This is partially offset by a positive variance of \$0.4 million in Revenue from Use of Money & Property due to higher than anticipated interest on deposits and positive variance of \$0.1 million in Charges for Current Services due to changes from manual billing to assessing sewer fees through the property tax roll.

Public Works – Flood Control District

A positive variance of \$8.0 million is projected for the Flood Control District.

A positive expenditure variance of \$7.2 million is projected. Positive variances of \$7.1 million in Services & Supplies and \$0.1 million in Operating Transfers Out are primarily due to multi-year projects that will continue in a future fiscal year.

A positive revenue variance of \$0.8 million is projected. A positive variance of \$0.5 million is projected in Taxes Current Property due to higher than anticipated property tax collections. A positive variance of \$0.2 million in Intergovernmental Revenues is due to increased revenue from an agreement with City of Chula Vista and National City for increased encampment clean-up along the Sweetwater River channel. A positive variance of \$0.1 million in Revenue from Use of Money & Property due to greater than anticipated interest on deposits.

Internal Service Funds (ISF)

Public Works – Internal Services Funds

A positive variance of \$5.9 million is projected for the Department of Public Works Internal Service Funds (ISF).

A positive expenditure variance of \$0.3 million is projected in Services & Supplies due to staff vacancies in fleet operations and maintenance.

A positive revenue variance of \$5.6 million is projected. A positive variance of \$5.3 million is projected in Revenue from Use of Money & Property due to over-realized ISF revenue generated from DPW Funds for fleet usage in prior fiscal years (\$5.1 million) and greater than anticipated interest on deposits (\$0.2 million). A positive variance of \$0.3 million in Other Financing Sources is due to unanticipated gain on sale of fixed assets.

Enterprise Funds

Public Works - Airport Enterprise Fund

A positive variance of \$4.9 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$7.6 million is projected. A positive variance of \$0.9 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$2.7 million in Services & Supplies is due to \$1.0 million for one-time major maintenance projects that will be rebudgeted in the Fiscal Year 2023-24 CAO Recommended Operational Plan, and \$1.7 million in contracted services and support cost from other County departments. A positive variance of \$3.4 million in Capital Assets/Land Acquisition is primarily due to the cancellation of CalFire Median project. A positive variance of \$0.6 million in Capital Assets Equipment due to delays in fixed asset procurements

A negative revenue variance of \$2.7 million is projected. A negative variance of \$3.6 million in Intergovernmental Revenues is primarily due to the cancellation of CalFire Median project. This amount is partially offset by a positive variance of \$0.4 million in Revenue from Use of Money & Property due to unanticipated increases in rent payments, a positive variance of \$0.3 million in Charges for Current Services due to increased custom services fees collection for international travel, and a positive variance of \$0.2 million in Miscellaneous Revenues due to increase in fuel sales.

Public Works – Wastewater Management Enterprise Fund

An overall positive net variance of \$0.1 million is projected for the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$3.0 million is projected. A positive variance of \$2.2 million in Salaries & Benefits is due to vacancies. A positive variance of \$0.8 million in Operating Transfers Out is due to lower than anticipated fund transfer to San Diego County Sanitation District to offset increases in DPW ISF cost for prior year fleet usage and revenue shortfalls due to staff vacancies.

A negative revenue variance of \$2.9 million is projected in Charges for Current Services due to reduced work for maintenance in the San Diego County Sanitation District related to staff vacancies identified above.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

Assessor/Recorder/County Clerk (ARCC) is projecting no overall variance.

A positive expenditure variance of \$9.3 million is due to positive variances of \$3.6 million in Salaries & Benefits due to vacancies and retirements, and \$5.7 million in Services & Supplies primarily due to a delay in replacing the Recorder/Clerk Integrated IT System that supports Recorder/Clerk cashiering and services, delay of Micrographics and e-Recording projects, and the cancellation of a major maintenance project at the East County Office and Archives.

A negative revenue variance of \$9.3 million is projected due to the following:

- Negative variance of \$10.1 million in Charges for Current Services which includes:
 - Negative variance of \$6.8 million in Recording Document revenue due to less than anticipated number of recorded documents impacted by high interest rates,
 - Negative variance of \$4.8 million in Recorder Modernization revenue as a result of the cost of replacing the current Recorder/Clerk Integrated System not being incurred due to project delays,
 - Negative variance of \$1.0 million in various Recorder Trust Fund revenue as a result of the costs of Micrographics and e-Recording projects not being incurred due to project delays to the next fiscal year,
 - Negative variance of \$0.3 million in Duplicating & Filing Documents revenue due to fewer than anticipated filings impacted by high interest rates,
 - Negative variance of \$0.1 million in Micrographics Fee revenue as a result of the costs of a cancelled major maintenance project not being incurred,
 - Positive variance of \$2.3 million in AB2890 Recovered Costs due to higher than anticipated supplemental property tax revenues,
 - Positive variance of \$0.4 million in Marriage Ceremonies due to higher than anticipated number of marriage ceremonies performed, and
 - Positive variance of \$0.2 million in Recording Fees due to higher than anticipated number of vital certificates issued.
- Positive variance of \$0.8 million in Licenses and Permits & Franchises due to higher than anticipated number of marriage licenses issued.

Auditor & Controller

An overall positive variance of \$1.1 million is projected for the Auditor & Controller.

A positive expenditure variance of \$1.4 million is projected. This variance is due to \$1.4 million in Salaries & Benefits resulting from vacant and modified positions.

A negative revenue variance of \$0.3 million is projected. A negative variance of \$0.5 million in Intergovernmental Revenues is primarily due to American Rescue Plan Act of 2021 (ARPA) related costs not being incurred, which has resulted in revenue not being realized. The negative revenue variance is offset by anticipated over-realized revenue of \$0.2 million in Charges for Current Services associated with property tax administration.

Chief Administrative Office

A positive variance of \$0.6 million is projected for the Chief Administrative Office.

A positive expenditure variance of \$0.5 million is projected. A positive variance of \$0.2 million is projected in Salaries & Benefits due to vacancies and \$0.3 million in Services & Supplies, primarily due to fewer initial expenditures than anticipated associated with newly created offices within the department, including Office of Labor Standards & Enforcement and the Office of Equity & Racial Justice.

A positive revenue variance of \$0.1 million is projected. This variance is due to unanticipated revenue associated with a Cannabis Equity Grant received from the State of California.

County Communications Office

A positive variance of \$0.8 million is projected for the County Communications Office.

A positive expenditure variance of \$0.8 million is projected. This variance is anticipated due to a \$0.2 million positive variance in Salaries & Benefits resulting from vacant positions and a positive variance of \$0.6 million in Services & Supplies primarily due to unrealized expenses associated with countywide translation support.

No revenue variance is projected.

County Counsel

A positive variance of \$1.4 million is projected for the Office of County Counsel.

A positive expenditure variance of \$3.1 million is projected which includes \$2.7 million in Salaries & Benefits due to staff attrition and departmental vacancies, \$0.3 million in Services & Supplies due to the cancellation of an office construction project, and \$0.1 million in Expenditure Transfer & Reimbursements due to higher than anticipated staff cost reimbursements in the health services area.

A negative revenue variance of \$1.7 million is projected, primarily in Charges for Current Services due to an anticipated decrease in reimbursements associated with the staff vacancies noted above tied to public liability staff costs, and a decrease in legal services provided within the air pollution and land development areas.

Department of Human Resources

No overall variance is projected for the Department of Human Resources.

A positive expenditure variance of \$1.8 million in Services & Supplies is projected due to a delayed information technology project and fewer than anticipated costs for workers compensation and unemployment insurance services.

A negative revenue variance of \$1.8 million includes a negative variance of \$0.2 million in Intergovernmental Revenues from due to reduced services for the COVID-19 pandemic response and a negative variance of \$1.6 million in Miscellaneous Revenue due to a delayed information technology project and fewer than anticipated administration costs charged to the Employee Benefit Internal Service Fund.

Treasurer-Tax Collector

An overall positive variance of \$1.7 million is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$2.3 million includes \$1.0 million in Salaries & Benefits due to attrition of staff and vacant positions, and \$1.3 million in Services & Supplies primarily due to delays in IT projects and projected underspend on contracts.

A negative revenue variance of \$0.6 million is projected. This is due to a net negative variance of \$0.7 million in Charges for Current Services, which includes \$1.4 million under-realized Banking Pool revenue due to staff vacancies and contract spending less than planned and \$0.7 million under-realized revenues for various tax collection fees, which is offset by \$1.4 million over-realized AB 2890 revenue related to a greater number of supplemental real estate assessments than anticipated. This is offset by a positive variance of \$0.1 million in Miscellaneous Revenues related to reimbursements for deferred compensation support.

Internal Service Funds (ISF)

Facilities Management ISF

An overall positive variance of \$3.4 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$8.4 million is projected. Anticipated positive variances include \$3.9 million in Salaries & Benefits due to attrition of staff and departmental vacancies, \$4.1 million in Services & Supplies primarily due to lower than anticipated pass-through expenses related to maintenance and mail services, and \$0.4 million in Other Charges due to lower than anticipated depreciation charges.

A negative revenue variance of \$5.0 million is projected. Anticipated negative variances include \$3.0 million in Charges for Current Services due to lower than anticipated

reimbursement related to the expenditure variance from budget mentioned above, \$1.6 million in Other Financing Sources due to a decrease in Operating Transfers In from the Major Maintenance ISF related to lower than anticipated maintenance services, and \$0.4 million reduction in Intergovernmental Revenues for payments related to facilities occupied by State courts.

Fleet Management ISF

An overall positive variance of \$0.9 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$2.5 million is projected. Anticipated positive variances include \$0.4 million in Salaries & Benefits due to attrition of staff and departmental vacancies, \$0.4 million in Services & Supplies primarily in garage operations and support, and \$1.7 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 \$1.6 million is projected. Anticipated negative variances include \$1.8 million in Charges for Current Services due to lower than anticipated reimbursement related to the expenditure variance from budget mentioned above and \$0.1 million in Other Financing Sources due to lower than anticipated vehicle auction proceeds, partially offset by positive variances of \$0.2 million in Revenue from Use of Money & Property due to higher than expected interest earnings and \$0.1 million in Miscellaneous Revenues due to higher than projected Third Party recoveries related to accident repairs.

Public Liability ISF

An overall positive variance of \$0.8 million is projected.

No expenditure variance is projected.

A positive revenue variance of \$0.8 million is due to higher than anticipated revenue from interest rate growth in Interest on Deposits & Investments.

Purchasing & Contracting ISF

A positive variance of \$2.0 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$1.0 million includes \$0.9 million in Salaries & Benefits attributed to managed vacancies, and \$0.1 million in Other Charges for unexpended depreciation associated with delayed implementation of the Sourcing IT project which will replace BuyNet, the online procurement tool for suppliers interested in doing business with the County of San Diego.

A net positive revenue variance of \$1.0 million is attributed to \$1.2 million in over-realized ISF revenue in Charges for Current Services due to greater than anticipated spending on

goods and services Countywide, which is offset by \$0.2 million of under-realized proceeds from usage rebates in Miscellaneous Revenues.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$103.7 million is projected in General Purpose Revenue (GPR) primarily due to higher than anticipated assessed value (AV) growth (\$17.6 million), interest revenue (\$32.3 million), Sales & Use Tax (\$15.2 million), Property Tax current year and prior year supplemental revenue (\$14.6 million), higher pass-through distributions and residual balance estimates from Redevelopment Successor Agencies (\$3.1 million) and other various GPR revenues (\$20.9 million). A positive variance of \$8.7 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 gains in all industries except Financial Activities; overall employment showed a positive gain from February 2022 to February 2023. The region has continued to fare better than other California metros in terms of unemployment rate. Median home prices in San Diego for Single Family Homes were lower by 2.4% and for Existing Attached Homes by 0.5% comparing January to February of 2022 to January to February of 2023. Per Beacon Economics (Spring 2023), San Diego County labor market experienced a much quicker recovery than both the nation and the state – and continues to see payrolls increase at a steady rate. Despite headwinds and a bearish news cycle, Beacon Economics is maintaining its slow growth/no recession outlook, both nationally and locally. Sales tax receipts data from HdL Companies shows that business and consumer spending continue trending above pre-pandemic levels. Travel to San Diego has also been limited, as indicated by total passenger throughput in SAN (San Diego International Airport). However, this hasn't slowed down discretionary spending for residents and visitors alike, with sales tax receipts for Restaurants and Hotels increasing by 33% since the first quarter of 2020. Beacon Economics is forecasting San Diego employment levels will continue expanding throughout 2023, with projection of unemployment to likely hover around the 4% range for the remainder of 2023. The housing market continues to show signs of weakness with rising interest rates taking a toll on the market, making mortgages more expensive and sidelining would-be homeowners. As a result, home price growth has decelerated. Beacon Economics is forecasting further, albeit moderate, year-over-year price declines in San Diego's housing market in 2023.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For Fiscal Year 2022-23, 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 rate was 3.7% in February 2023, unchanged from a revised 3.7% in January 2023, down from 4.1% a year-ago. In comparison, this is below the 4.8% state's rate and 3.9% for the nation during the same period.
- Consumer spending, as measured by taxable sales, will increase mainly due to increase in consumer online spending. During the 3rd Quarter of 2022-23, unadjusted local point of sale tax revenue increased by 3.16% in the Southern California Region, in the statewide level by 3.21%, in the San Diego regional level by 4.90%, and in the unincorporated area by 49.32% compared to the same time period last year.
- There are positive and negative indicators in the housing market in the County.
 - Decrease in median housing prices for Single Family Homes (down 2.4%) and for Existing Attached Homes (down 0.5%) for January to February average compared to the same time period last year.
 - Notices of Default increased 39% in January-March 2023 compared to the same period in 2022.
 - Foreclosure activity increased 38% in January-March 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 \$16.3 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$7.2 million higher than budget due primarily to higher than anticipated assessed value (AV) growth. Per Administrative Code Section 113.5(b), \$3.6 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 6.00%, but the actual assessed value (AV) increased by 7.96% (gross less regular exemptions). (Note: The 7.96% increase represents the change in the assessed value for only the secured roll. This is higher than the countywide overall increase published by the Assessor/Recorder/County Clerk on July 14, 2022 of 8.27%, which includes all assessed value components, secured and unsecured).

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$2.4 million higher than budget based on year-to-date current year actuals going higher than expected. 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*

Property Taxes Current Supplemental are projected to be \$6.7 million higher than budget due to the increase in supplemental billings in Fiscal Year 2022-23 compared to prior year.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$42.2 million above budget.

- *Property Tax Prior Secured Supplemental*

Property Tax Prior Secured Supplemental are projected to be \$7.9 million higher than budget due to the increase in supplemental billings in Fiscal Year 2022-23 compared to prior year.

- *Property Tax Prior Secured*

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

- *Property Tax Prior Year Unsecured Supplemental*

Property Tax Prior Year Unsecured Supplemental are projected to be \$0.2 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Documentary Transfer Taxes*

Documentary Transfer Taxes are projected to be \$2.1 million higher than budget due to home prices remaining high so even with the number of sales going down, the transfer fee is still high.

- *Teeter Tax Reserve Excess*

Teeter Tax Reserve Excess is projected to be \$1.8 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.

- *Sales & Use Taxes*

Sales & Use Taxes are projected to be \$15.2 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.

- *Transient Occupancy Tax*

Transient Occupancy Tax is projected to be \$2.1 million higher than budget. This is based on prior year receipts and continued growth in the hotel industry and tourism as a whole.

- *Other Tax Aircraft*

Other Tax Aircraft is projected to be \$0.9 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Property Tax in Lieu of Vehicle License Fees*

Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$10.3 million higher than budget due to higher than budgeted growth in assessed valuation. Per Administrative Code Section 113.5(b), \$5.2 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.

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

Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$1.6 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 \$0.7 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 \$32.3 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 based on the recent rise in market rates.

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties are projected to be \$4.0 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 \$5.6 million higher than budget due to unanticipated State Motor Vehicle revenue (\$2.8 million), as well as pass-through distributions (\$1.5 million) and residual balance estimates (\$1.6 million) in Aid from Redevelopment Successor Agencies offset by a projected \$0.3 million lower than budget in State Aid for Homeowners Property Tax Relief (HOPTR) based on year-to-date current year actuals. The pass-through distributions and residual balance estimates tied to Redevelopment Successor Agencies continue to increase due to continued growth in the project areas.

Charges for Current Services

Charges for Current Services are projected to be \$0.1 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 \$3.9 million higher than budget due to the closure of Flex Forfeitures Trust Funds.

General County Expenses

Countywide General Expense

A positive variance of \$4.5 million is projected in Countywide General Expense.

A positive expenditure variance of \$1.9 million is projected. A positive variance of \$0.9 million is projected in Services & Supplies due to lower than anticipated costs in Shared Major Maintenance. A positive variance of \$1.0 million is projected in Capital Assets/Land Acquisition due to lower-than-expected needs for unanticipated projects.

A positive revenue variance of \$2.6 million is projected primarily in Miscellaneous Revenues due to reimbursement from the Small Business Loan Program, various departmental escheatment, and Cedar & Kettner lease payment.

Lease Payments – Bonds

There is no significant variance projected for Lease Payments – Bonds.

Contributions to Capital

A positive variance of \$4.1 million is projected in Contributions to Capital.

A positive expenditure variance of \$4.1 million is projected. This includes a positive variance of \$4.1 million in Operating Transfers Out due to lower than anticipated expenses related to capital projects that are closed or being cancelled by the end of Fiscal Year 2022-23. The following capital projects will be closed or canceled (including the amount of related appropriations canceled)

- TRVRP Campground and Nature Education Center (\$59,810)
- Guajome Sewer Improvements (\$2,320)
- Estrella Park Development (\$7,830)
- El Monte Park Volunteer Pads (\$24,662)
- Don Dussault Park Phase II Imp (\$363)
- Lincoln Acres Park Acquisition and Expansion (\$7,180)
- Lamar County Park Fitness Loop Connection (\$47)
- San Marcos Road Maintenance Station and Fleet Garage (\$1,860,747)
- Incarcerated People's Transfer Tunnel (\$2,130,577)
- East Mesa Juvenile Detention Facility Ballfield (\$9,855)

Capital Program Funds

Capital Outlay Fund

There is a zero variance projected for the Capital Outlay Fund.

A positive expenditure variance of \$2.0 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: TRVRP Campground and Nature Education Center; Guajome Sewer Improvements; Estrella Park Development; El Monte Park Volunteer Pads; Don Dussault Park Phase II Imp; Lincoln Acres Park Acquisition and Expansion; Lamar County Park Fitness Loop Connection; and the San Marcos Road Maintenance Station and Fleet Garage.

A negative revenue variance of \$2.0 million is projected. A negative variance in Other Financing Sources is due to the closure or cancellation of the capital projects listed above.

Justice Facility Construction Capital Outlay Fund

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

A positive expenditure variance of \$2.1 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 are closed or cancelled: Incarcerated People's Transfer Tunnel and East Mesa Juvenile Detention Facility Ballfield.

A negative variance of \$2.1 million is projected. A negative variance in Other Financing Sources is due to the closure or cancellation of the capital projects listed above.

Debt Service Funds

Pension Obligation Bonds (POBs)

A positive variance of \$0.6 million is projected in the Pension Obligation Bonds.

No significant expenditure variance is projected.

A positive revenue variance of \$0.6 million is projected. This includes a positive variance of \$0.2 million in higher than anticipated interest earnings and \$0.4 million in Charges for Current Services due to greater than anticipated revenue resulting from charges to departments for the annual taxable pension obligation bond payment.