

**COUNTY OF SAN DIEGO**  
**NOTES TO SCHEDULES A and B**  
**Fiscal Year 2021-22 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.

*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 \$1.3 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$1.2 million is projected. A positive variance of \$1.1 million in Salaries & Benefits is due to vacant and modified positions, \$2.8 million in Services & Supplies primarily due to lower than anticipated expenses in various accounts supporting operations, such as information technology services, \$0.3 million in Capital Assets Equipment due to delayed vehicle purchases, offset by a negative variance of \$3.0 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for services reimbursed by Health and Human Services Agency.

A positive revenue variance of \$0.1 million is projected. A positive variance of \$0.3 million in Intergovernmental Revenues is due to higher than anticipated State and federal

reimbursement for the child support program, which includes the reimbursement of indirect/A-87 Cost Allocation Plan, offset by a negative variance of \$0.2 million in Charges for Current Services due to lower than anticipated collections on Title IV-A child support cases.

#### *District Attorney*

A positive variance of \$3.7 million is projected for the District Attorney's Office.

A positive expenditure variance of \$4.7 million is projected in Salaries & Benefits due to normal attrition, vacant and modified positions.

A negative revenue variance of \$1.0 million is projected in Intergovernmental Revenues 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 and the County Local Revenue Fund 2011, Local Community Corrections Account.

#### *Probation*

A positive variance of \$5.4 million is projected for the Probation Department.

A positive expenditure variance of \$13.7 million is projected. A positive variance of \$4.5 million in Salaries & Benefits primarily due to vacant positions. A positive variance of \$4.6 million in Services & Supplies is due to lower than anticipated use of contracted services resulting from programs slowly returning to pre-pandemic levels, partially offset by an unanticipated increase in Public Liability Insurance costs. A positive variance of \$4.1 million in Other Charges primarily due to lower than anticipated costs related to placement services. A positive variance of \$0.5 million is projected in Expenditure Transfer & Reimbursements primarily related to higher than anticipated reimbursements for supervision and case management services provided to Health and Human Services Agency clients.

A negative revenue variance of \$8.3 million is projected. A negative variance of \$8.2 million in Intergovernmental Revenues primarily for federal and State reimbursements due to a decrease in the number of youths under supervision and lower reimbursements from the Juvenile Justice Crime Prevention Act, Community Corrections Subaccount, American Rescue Plan Act, Post-Release Community Supervision and the Community Corrections Incentive-funded programs based on lower costs described above. This variance is partially offset by increased revenues from Caltrans for Post Release Community Supervision and the Youthful Offender Block Grant. A negative variance of \$0.1 million is projected in Charges for Current Services based on lower than anticipated revenue for the Work Furlough program.

#### *Public Defender*

There is no overall variance projected for the Public Defender.

A positive expenditure variance of \$1.2 million is projected. A positive variance of \$0.6 million in Salaries & Benefits due to vacant and modified positions, \$1.2 million in Services & Supplies mainly due to lower than anticipated expenditures in Professional &

Specialized Services, \$0.1 million in Other Charges due to lower expenditures on interest of capital lease, offset by a negative variance of \$0.7 million in Expenditure Transfer & Reimbursements due to lower than anticipated tenant improvement costs transferred to Finance Other.

A negative revenue variance of \$1.2 million is projected. A negative variance of \$0.4 million in Intergovernmental Revenues due to lower than anticipated eligible activities reimbursed by PD Revocation, and \$0.8 million in Miscellaneous Revenues due to lower than anticipated reimbursements from the Indigent Defense Trust Fund.

*Public Safety Group Executive Office/Contribution for Trial Courts*

A negative variance of \$2.5 million is projected for the Public Safety Group Executive Office, primarily due to negative revenue variance projected in Contributions for Trial Court. The negative variance of \$2.5 million will be mitigated with the projected Public Safety Group fund balance and no action is necessary at this time.

A positive expenditure variance of \$0.4 million is projected in Services & Supplies due to lower than anticipated expenditures in facility maintenance.

A negative revenue variance of \$2.9 million is projected. This includes a negative variance of \$0.9 million in Fines, Forfeitures & Penalties and \$2.5 million in Charges for Current Services due to continued decreasing collections partially due to impact of AB 177, eliminating certain administrative fees. These revenues support the statutory payments in Contribution for Trial Courts. This negative variance is partially offset by a positive variance of \$0.5 million in Intergovernmental Revenues due to State backfill to the counties for loss of revenue AB 1869, *Criminal Fees*.

*San Diego County Fire*

A negative variance of \$1.1 million is projected for the San Diego County Fire. This negative variance of \$1.1 million will be mitigated with the projected Public Safety Group fund balance and no action is necessary at this time.

A positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to vacant positions. Although no variance is projected in Services & Supplies, there is a significant cost increase in CAL FIRE contract which is mainly offset by lower COVID-19 pandemic costs related to ambulance transport, testing and vaccination.

A negative revenue variance of \$1.3 million is projected in Intergovernmental Revenues due to lower than anticipated American Rescue Plan Act (ARPA) reimbursements related to COVID-19 pandemic contracted services for ambulance transports, testing and vaccination.

*Sheriff*

A positive variance of \$9.7 million is projected for the Sheriff's Department.

A positive expenditure variance of \$17.5 million is projected. A positive variance of \$9.5 million in Salaries & Benefits is projected due to vacancies, attrition, and under-filled positions. The Salaries & Benefits projection already takes into account the transfer of funds to Services and Supplies for the additional contributions for Public Liability (\$7.4 million). A positive variance of \$10.3 million is projected in Services & Supplies primarily for one-time costs of \$7.2 million that will be rebudgeted in the Fiscal Year 2022-23 CAO Recommended Operational Plan and Change Letter for the replacement of the Jail Information Management System (JIMS), the replacement of mobile fingerprint identification equipment in the Cal-ID program and for Regional Communication System (RCS) site relocation/development projects and tower/generator equipment due to project timeline changes, and expenditures in various accounts supporting operations offset by higher than anticipated costs for fuel and materials and supplies related to the COVID-19 pandemic. A positive variance of \$0.4 million is projected in Capital Assets Equipment due to a one-time project for the Cal-ID program that will be rebudgeted in the Fiscal Year 2022-23 CAO Recommended Operational Plan. A negative variance of \$2.7 million is in Expenditure Transfer & Reimbursements for the rebudget of Costs Applied in the General Fund which partially offsets the JIMS replacement project. None of the rebudgeted amounts will be based on General Fund fund Balance.

A negative revenue variance of \$7.8 million is projected. A negative variance of \$5.1 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, defendant booking fees and civil service process fees offset by higher than anticipated e-SUN payments. A negative variance of \$4.6 million is projected in Fines, Forfeitures & Penalties due to the rebudget of revenue for Cal-ID program projects and lower than anticipated costs. A negative variance of \$3.4 million is projected in Other Financing Sources due to the rebudget of revenue from the Proposition 172 Special Revenue Fund for JIMS and a decrease in the transfer from the Inmate Welfare Fund associated with vacant positions. A negative variance of \$1.6 million is projected in Miscellaneous Revenues due to RCS projects that will be rebudgeted and lower than anticipated revenue for reimbursement of costs associated with the Unsheltered Feeding Program. These negative variances are partially offset by a positive variance of \$6.9 million in Intergovernmental Revenues due to unanticipated revenue from the CA Department of Corrections and Rehabilitation for inmate housing costs during a pause in jail intake at state facilities in response to the COVID-19 pandemic, for backfill for criminal admin fees, for Citizens Options for Public Safety revenue and ARPA reimbursement, offset by lower than anticipated Community Corrections Sub-Account funding and fee revenue for inmate confinement records.

### **Special Revenue Funds**

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

A positive variance of \$3.1 million is projected in the Sheriff's Asset Forfeiture Program (US Department of Justice, US Treasury Department and State).

A position expenditure variance of \$1.3 million is projected in Services & Supplies due to lower than anticipated costs for law enforcement projects.

A positive revenue variance of \$1.8 million is projected. A \$1.6 million positive variance in Intergovernmental Revenues is due to increased asset forfeiture from US Department of Justice and US Treasury Department seizures and \$0.2 million in Fines, Forfeitures & Penalties based on increased asset forfeiture from State seizures.

#### *Sheriff's Inmate Welfare Fund*

A positive variance of \$1.8 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$3.3 million is projected. A positive variance of \$2.6 million is projected in Services & Supplies primarily due to the impact of the COVID-19 pandemic associated with contracts for educational services resulting from cancelled classes, and lower than anticipated expenditure needs associated with suspended activities and programs. A positive variance of \$0.7 million in Operating Transfers Out is associated with vacant positions in the General Fund.

A negative revenue variance of \$1.5 million is projected. The negative variance of \$1.7 million in Other Financing Sources is due to a decrease in the operating transfers from the Sheriff's Jail Commissary Enterprise Fund for proceeds generated by Commissary sales partially offset by \$0.2 million in over-realized revenue in Revenue from Use of Money & Property.

#### *Proposition 172*

Proposition 172 (Prop 172) Special Revenue Fund has a positive variance of \$59.5 million.

A positive expenditure variance of \$2.7 million is projected due to the rebudget of Sheriff IT costs.

A positive revenue variance of \$56.8 million is projected in Intergovernmental Revenues due to higher expected sales tax receipts in the current fiscal year and under-accrual in the prior fiscal year.

Prop 172 was approved by California voters in 1993 to create a permanent one-half cent sales tax for public safety purposes and was intended to provide funding sources to qualifying public safety programs

### **Enterprise Fund**

#### *Sheriff's Jail Commissary Enterprise Fund*

There is no overall variance projected for the Sheriff's Jail Commissary Enterprise Fund.

A positive expenditure variance of \$2.3 million is projected. A positive variance of \$0.6 million in Services & Supplies is primarily due to savings in purchases of commissary items from a pause in commissary operations due to COVID-19 pandemic. A positive variance of \$1.7 million is projected in Operating Transfers Out to the Inmate Welfare

fund due to a decrease in the transfer of commissary proceeds from lower-than-expected revenues, and lower amounts transferred to the General Fund due to vacant positions.

A negative revenue variance of \$2.3 million is projected in Miscellaneous Revenues due to decreases in projected commissary sales resulting from a decreased population due to the revised bail schedule in response to the pandemic and pause in commissary operations due to the COVID-19 pandemic.

### **Special District Funds**

#### *San Diego County Fire Protection District*

A net positive variance of \$1.3 million is projected for San Diego County Fire Protection District.

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

A positive revenue variance of \$1.2 million is projected. A positive variance of \$0.4 million in Taxes Current Property is due to higher than anticipated property tax collections. A positive variance of \$0.8 million in Miscellaneous Revenues is due to higher than anticipated Fire Mitigation Fees collections in East Otay Mesa.

#### *County Service Areas (CSA) 17 & 69*

A positive variance of \$15.4 million is projected for CSA 17 San Dieguito Ambulance & CSA 69 Heartland Paramedics.

A positive expenditure variance of \$15.4 million is projected. This variance resulted from an accounting transaction to transfer the residual balances as a result of the transfer of CSA 17 Fund 14065 and CSA 69 14190 from HHSA to San Diego County Fire (new CSA 17 Fund 14995 and CSA 69 Fund 14996) effective July 1, 2021. The balances will be retained in the new funds for future use.

No revenue variance is projected.

## **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 Military & Veterans Affairs.

An overall negative variance of \$1.8 million is projected for Administrative Support.

A negative expenditure variance of \$4.4 million is projected, which includes \$0.4 million positive variance in Salaries & Benefits primarily due to lower than anticipated cost associated with the Board approved one-time hazard pay, partially offset by \$4.8 million negative variance in Services & Supplies primarily tied to updated public liability contributions for settling claims and administrative expenses.

A positive revenue variance of \$2.6 million is projected and includes \$2.2 million in Intergovernmental Revenues and \$0.4 million in Charges for Current Services tied to additional funding for indirect costs from First 5 San Diego. The \$2.2 million positive variance in Intergovernmental Revenues is primarily due to realignment revenues to partially fund the public liability contributions noted above.

#### *Aging & Independence Services*

A positive variance of \$2.5 million is projected for Aging & Independence Services.

A positive expenditure variance of \$2.2 million is projected and includes a positive variance of \$0.8 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$0.5 million in Services & Supplies, and a positive variance of \$1.9 million in Operating Transfers Out due to reduced funding needs for the In-Home Supportive Services (IHSS) Public Authority related to anticipated operational savings in the program with no impact to services. The \$0.5 million negative variance in Services & Supplies is associated with an increase of \$1.7 million primarily tied to the increase for home delivered meals partially offset by \$1.2 million savings in various operating costs including reductions in IT costs, travel, and security guard services.

A positive revenue variance of \$ 0.3 million is projected in Intergovernmental Revenues consisting of a \$3.9 million increase primarily tied to Older Americans Act (OAA) revenues to align to updated program allocations, partially offset by a \$3.6 million decrease primarily to align with the reduced expenditures in the IHSS Public Authority program, savings in Salary & Benefits, and various operating costs.

#### *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.

An overall positive variance of \$31.2 million is projected for BHS. In the Adopted Budget, \$29.5 million of one-time fund balance was budgeted to bridge mental health and alcohol drug program services for a year while realignment revenues recovered, which is no longer anticipated to be needed.

A positive expenditure of \$38.0 million is projected and includes a positive variance of \$12.9 million in Salaries & Benefits due to attrition and vacant positions across BHS, a positive variance of \$23.5 million in Services & Supplies, and a positive variance of \$1.6 million in Expenditure Transfer & Reimbursements mainly associated with costs provided through various Memorandums of Understanding (MOU) to the Probation Department. The positive variance of \$23.5 million in Services & Supplies includes \$27.4 million primarily in contracted services associated with various mental health and alcohol and drug treatment programs to align with updated procurement timeframes and projected service level trends offset by a negative variance of \$3.9 million in temporary staffing costs due to vacancies to direct service positions in SDCPH and County outpatient clinics.

A negative revenue variance of \$6.8 million is projected and includes a negative variance of \$11.4 million in Intergovernmental Revenue and \$0.3 million in Miscellaneous Revenue mainly due to lower receipts in collection for recovered expenditures, partially offset by a positive variance of \$4.9 million in Charges for Current Services primarily tied to higher rates for inpatient health services and unanticipated County Care Coordination revenue for mental health programs. The \$11.4 million negative variance in Intergovernmental Revenue is mainly due to lower State and federal funding for behavioral health programs to align with anticipated expenditures.

#### *County Child Welfare Services*

An overall positive variance of \$2.0 million is projected for County Child Welfare Services (CWS).

A positive expenditure variance of \$21.4 million is projected and includes a positive variance of \$8.4 million in Salaries & Benefits due to attrition and vacant positions, a positive variance of \$5.1 million in Services & Supplies, and a positive variance of \$7.9 million in Other Charges mainly to align with projected caseloads in foster care assistance and adoption assistance programs. The positive variance of \$5.1 million in Services & Supplies is primarily driven by savings in contracted services tied to transitional housing programs due to the temporary moratorium on youth aging out of foster care during the pandemic and various other contracts associated with updated utilization trends partially offset by an increase in temporary staff to meet needs at Polinsky Children's Center for high acuity youth with medical needs and to meet Community Care Licensing (CCL) requirements.

A negative revenue variance of \$19.4 million is projected and includes \$18.8 million in Intergovernmental Revenues, \$0.3 million in Use of Money and Property to align revenue



collection trends for the use of the San Pasqual Academy property, and \$0.3 million in Charges for Current Services to align with anticipated reimbursement from birth certificate fees and adoption fees. The negative variance of \$18.8 million in Intergovernmental Revenues consists of \$9.9 million primarily tied to social services administrative revenues aligning with anticipated federal and State funding and projected expenditures mentioned above and \$8.9 million in federal and state assistance payment revenues primarily tied to updated caseload projections for foster care and adoptions assistance.

#### *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 \$1.9 million is projected for HCDS.

A positive expenditure variance of \$4.8 million is projected and includes a positive variance of \$4.0 million in Services & Supplies and \$0.8 million in Other Charges primarily tied to multi-year projects due to a revised funding allocation for the HOME and HOPWA Homeless Tenant Based Rental Assistance (TBRA) programs. The positive variance of \$4.0 million in Services & Supplies consists of \$2.0 million for the Emergency Rental Assistance Program associated with anticipated operational savings in the program with no impact to services, \$1.6 million primarily in multi-year projects due to implementation overlap across fiscal years and \$0.9 million tied to savings in programs addressing homelessness in the unincorporated area due to a longer than anticipated timeline to get clients housing ready, partially offset by a negative variance of \$0.5 million primarily due to the increase in loan disbursement tied to the Innovative Housing Trust Fund (IHTF) initiative to increase affordable housing opportunities.

A negative revenue variance of \$2.9 million includes a negative variance of \$3.4 million in Intergovernmental Revenues mainly associated with federal and State revenue to align with anticipated spending noted above offset by a positive variance of \$0.5 million in Miscellaneous Revenues primarily to align with the anticipated loan disbursement for the IHTF.

#### *Public Health Services*

An overall negative variance of \$20.1 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$4.4 million is projected and includes a positive variance of \$1.7 million in Salaries & Benefits due to attrition and vacant positions, and a positive variance of \$2.7 million in Services & Supplies primarily aligning with projected spending and utilization of contracted services associated with COVID-19 response activities.

A negative revenue variance of \$24.5 million is projected and includes negative variances of \$18.0 million in Intergovernmental Revenue, \$6.6 million in Charges for Current Services primarily tied to Intergovernmental Transfer Agreement (IGT) revenue to align

with anticipated spending offset by a positive variance of \$0.1 million in Miscellaneous Revenues based on an anticipated grant allocation to support COVID-19 surveillance. The negative variance of \$18.0 million in Intergovernmental Revenue is primarily to align COVID-19 emergency response funding with projected costs and reflect Federal Emergency Management Agency (FEMA) revenue deferrals anticipated to be received after December 2022.

#### *Self-Sufficiency Services*

An overall positive variance of \$3.9 million is projected for Self-Sufficiency Services (SSS).

A positive expenditure variance of \$30.4 million is projected and includes a positive variance of \$8.6 million in Salaries & Benefits due to attrition and vacant positions, a positive variance of \$0.1 million in Services & Supplies in various operating cost, and a positive variance of \$21.7 million in Other Charges. The positive variance of \$21.7 million in Other Charges includes \$17.9 million primarily in the California Work Opportunity and Responsibility to Kids (CalWORKs) and \$3.8 million in the General Relief program based on revised estimates of caseload levels and growth trends.

A negative revenue variance of \$26.5 million is projected and consists of a negative variance of \$27.8 million in Intergovernmental Revenue partially offset by \$1.3 million in Miscellaneous Revenue due to the recoupment of payments in contracted services from prior year adjustments. The negative variance of \$27.8 million in Intergovernmental Revenue consists of \$16.5 million mainly in CalWORKs revenue associated with revised caseload projections, and \$11.3 million in social services administrative revenues primarily tied to savings in Salaries & Benefits noted above and to align with revised allocation.

#### *Homeless Solutions and Equitable Communities*

Homeless Solutions and Equitable Communities consists of the following: Office of Homeless Solutions and Equitable Communities Administration (HSEC Admin), Office of Homelessness Solutions (OHS), Office of Equitable Communities (OEQC), Office of Immigrant and Refugee Affairs (OIRA) and Office of Strategy and Innovation (OSI).

An overall positive variance of \$0.7 million is projected for Homeless Solutions and Equitable Communities (HSEC).

A positive expenditure variance of \$3.7 million is projected and includes a positive variance of \$3.4 million in Salaries & Benefits due to attrition and vacant positions and a variance of \$0.3 million in Services & Supplies. The positive variance of \$0.3 million in Services & Supplies includes \$0.8 million saving associated with Whole Person Wellness (WPW) pilot program as the result of lower than expected program participants partially offset by \$0.5 million primarily due to the expansion of various Centers for Disease Control and Prevention program contracts associated with increased funding.

A negative revenue variance of \$3.0 million is projected and includes \$2.6 million in Intergovernmental Revenue, \$0.2 million in Charges for Current Services primarily tied to Intergovernmental Transfer Agreement (IGT) revenue for savings in the WPW program noted above and \$0.2 million in Licenses Permits & Franchises revenues to align with projected marriage license fees. The negative Intergovernmental Revenue of \$2.6 million consists of \$2.0 million in realignment revenues associated with savings in Salaries & Benefits and the WPW program noted above and \$0.6 million in federal and State funding to align with projected expenditures.

## **LAND USE AND ENVIRONMENT GROUP**

### **General Fund**

#### *Environmental Health and Quality*

A positive variance of \$1.6 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$6.5 million is projected. A positive variance of \$3.6 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$2.9 million in Services & Supplies includes \$1.8 million in the Vector Control program due to a reduction in payments for the Vector Habitat Remediation Program, fewer aerals conducted, and fewer required larvicide purchases, \$1.1 million related to reduced supply purchases, less travel and delayed information technology projects impacted by the COVID-19 pandemic; and \$0.1 million in Capital Assets Equipment related to delayed purchases in the Urban Area Security Initiative Grant Program. These are partially offset by a negative variance of \$0.1 million in Expenditure Transfer & Reimbursements for Cost Applied due to less occupational health work performed for other departments.

A negative revenue variance of \$4.9 million is projected. A negative variance of \$3.9 million in Charges for Current Services includes \$3.3 million less trust fund reimbursement for Vector and Hazardous Materials Divisions due to expenditure savings mentioned above and \$0.6 million less revenue in various revenue accounts due to fewer services requested by property owners. A negative variance of \$1.2 million in Intergovernmental Revenues is mostly due to less fee waivers and fee revenue funded by the American Rescue Plan Act (ARPA), and a \$0.2 million in Fines and Forfeitures & Penalties is due to late fee deferrals. These are partially offset by a positive variance of \$0.4 million in Licenses, Permits, & Franchises mostly due to Food and Housing Division prior year permit fees paid.

#### *Planning & Development Services*

There is no overall variance projected for the Department of Planning and Development Services.

A positive expenditure variance of \$2.7 million is projected. A positive variance of \$1.3 million in Salaries & Benefits is projected due to staff vacancies and under-filled positions and less than anticipated spending related to COVID-19 response. A positive variance of \$1.3 million in Services & Supplies is projected primarily due to less than anticipated spending related to COVID-19 response and savings in one time only information technology projects. A positive variance of \$0.1 million in Expenditure Transfer & Reimbursements is due to slight increase in services rendered to other General Fund departments.

A negative revenue variance of \$2.7 million is projected. A negative variance of \$0.2 million in Intergovernmental Revenue is due to reduced reimbursements related to

COVID-19 response and \$7.4 million in Charges for Current Services is projected due to a decline in billable activities for land development projects because of staff vacancies, which is partially offset by a positive variance of \$4.9 million in Licenses, Permits and Franchises due to higher than anticipated building permit applications.

#### *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 \$2.9 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$2.1 million is projected in Services & Supplies primarily due to stormwater permit delay resulting in less permitting expenses and lower than anticipated need for contract support for stormwater inspections.

A negative revenue variance of \$2.8 million is projected. A negative variance of \$2.0 million in Intergovernmental Revenues is due to less than anticipated reimbursement from Regional Watershed Co-permittees due to expenditure savings noted above. A negative variance of \$0.8 million is projected in Charges for Current Services mostly due to vacancies mentioned above.

### **Special Revenue Funds**

#### *Public Works - Road Fund*

A positive variance of \$14.6 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$11.9 million is projected. A positive variance of \$11.9 million in Salaries & Benefits is due to staff vacancies and under-filled positions.

A positive revenue variance of \$2.7 million is projected. A positive revenue variance of \$4.4 million is projected in Intergovernmental Revenues mostly due to the State's revision of Highway User Tax Account (HUTA) and Road Maintenance Rehabilitation Account (RMRA) allocations. This is partially offset by a negative revenue variance of \$0.6 million in Taxes Other than Current Secured due to TransNet project schedule revisions, a negative revenue variance of \$1.0 million in Charges for Current Services due to schedule revisions for Special District projects (\$0.6 million) and Watershed Protection Program projects (\$0.2 million), and reduced funding for Airports projects (\$0.2 million), and a negative variance of \$0.1 million in Miscellaneous Revenues due to less than anticipated reimbursements from trust accounts.

#### *Public Works – Inactive Waste Site Management Fund*

There is no overall variance projected for Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.9 million is projected. A positive variance of \$0.1 million is projected in Salaries & Benefits due to staff vacancies. A positive variance of

\$0.8 million in Services & Supplies is due to the delay of San Pasqual burnsite clean closure projects.

A negative revenue variance \$0.9 million is projected. A negative variance of \$1.2 million is projected in Charges for Current Services mostly due to the delay of the San Pasqual burn site clean closure projects, partially offset by a positive variance of \$0.3 million in Intergovernmental Revenues due to prior year claims being paid this fiscal year.

*Public Works - Waste Planning & Recycling*

A positive variance of \$2.0 million is projected in Waste Planning and Recycling Fund.

A positive expenditure variance of \$1.3 million is projected. A positive variance of \$0.3 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$1.0 million is projected in Services & Supplies due to fewer than anticipated recycling outreach events.

A positive revenue variance of \$0.7 million is projected in Intergovernmental Revenues due to the unanticipated award of the CalRecycle Organics grant program.

*Park Land Dedication Ordinance*

A positive variance of \$2.9 million is projected for the Park Land Dedication Ordinance.

No significant expenditure variance is projected.

A positive revenue variance of \$2.9 million is projected in Licenses, Permits, & Franchises due to unanticipated increased levels of land development activity resulting in additional revenue from Park Land Dedication fees.

*San Diego County Library*

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

A positive expenditure variance of \$1.9 million is projected. A positive variance of \$0.7 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$1.0 million in Services & Supplies is due to savings in information technology related costs and delays in these projects due to supply chain issues. A positive variance of \$0.2 million in Operating Transfers Out is due to savings in the Bonita expansion project and the Borrego furniture, fixtures, and equipment project.

A positive revenue variance of \$1.8 million is projected. A positive revenue variance of \$0.6 million in Taxes Current Property is due to assessed value growth. A positive variance of \$1.2 million in Intergovernmental Revenues is due to growth in assessed value from property taxes associated with former redevelopment area.

## **Special District Funds**

### *Public Works – Permanent Roads Divisions*

A positive variance of \$6.0 million is projected for the Department of Public Works Permanent Road Divisions.

A positive expenditure variance of \$5.9 million is projected in Services & Supplies mostly due to lower than anticipated contracted services for emergency work.

A positive revenue variance of \$0.1 million is projected in Charges for Current Services mostly due to an increased rate on tax bills.

### *Public Works - San Diego County Sanitation District*

A positive variance of \$2.1 million is projected for the Department of Public Works San Diego County Sanitation District.

A positive expenditure variance of \$1.9 million in Services & Supplies is mostly due to vacancies in Wastewater Management Enterprise Management Fund that provides support and staffing to Sanitation District.

A positive revenue variance of \$0.2 million is projected in Charges for Current Services due to increase in construction fees.

### *Public Works - Street Lighting District*

A positive variance of \$0.5 million is projected for the Department of Public Works Street Lighting District.

A positive expenditure variance of \$0.6 million is projected in Services & Supplies mostly due to lower than anticipated costs for as needed contracts.

A negative revenue variance of \$0.1 million is projected in Revenue from Use of Money and Property due to lower than anticipated interest on deposits.

## **Internal Service Funds**

### *Public Works – Equipment Internal Service Funds*

A positive variance of \$4.0 million is projected in the Department of Public Works Internal Service Funds (ISF).

A positive expenditure variance of \$3.8 million is projected in Capital Assets Equipment due to the capitalization of assets.

A positive revenue variance of \$0.2 million is projected in Other Financing Sources mostly due to unanticipated gain on the sale of fixed assets.

## **Enterprise Funds**

### *Public Works - Airport Enterprise Fund*

A positive variance of \$2.1 million is projected in the Airport Enterprise Fund.

A positive expenditure variance of \$4.1 million is projected. A positive variance of \$0.5 million is projected in Salaries & Benefits due to staff vacancies and \$3.6 million in Capital Assets/Land Acquisition is due to the cancellation of Cajon Air Center (CAC) Taxiway project (\$3.1 million) and the prior year completion of CAC Drainage project at Gillespie Airport (\$0.5 million).

A negative revenue variance of \$2.0 million is projected. A negative variance of \$1.9 million is projected in Intergovernmental Revenue due to the cancellation of CAC Taxiway project and revenue from State Aid for Aviation already realized during prior year for completed CAC Drainage project. A negative variance of \$0.2 million is projected in Revenue from Use of Money and Property due to lower than anticipated interest on deposits. This is partially offset by a positive variance of \$0.1 million in Charges for Current Services mostly due to US Customs contract.

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

A positive variance of \$0.5 million is projected in the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$2.3 million is projected. A positive variance of \$2.0 million is projected in Salaries & Benefits due to staff vacancies and under filled positions. A positive variance of \$0.3 million is projected in Services & Supplies due to lower than anticipated costs for support services from other County departments.

A negative revenue variance of \$1.8 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*

An overall positive variance of \$0.2 million is projected for the Assessor/Recorder/County Clerk (ARCC).

A positive expenditure variance of \$6.5 million is projected due to positive variances of \$0.3 million in Salaries & Benefits associated with hazard pay and \$6.2 million in Services & Supplies associated with contracted services for various Information Technology (IT) projects and major maintenance projects.

A negative revenue variance of \$6.3 million is projected due to negative variance of \$0.3 million in Intergovernmental Revenues associated with hazard pay; negative variance of \$6.1 million in Charges for Current Services; and positive variance of \$0.1 million in Licenses and Permits & Franchises due to higher than anticipated number of marriage licenses issued. The negative variance of \$6.1 million in Charges for Current Services includes \$7.0 million underrealized revenue related to delayed projects, \$2.1 million underrealized Recording/Duplicating and Filing Document fee revenues due to fewer than anticipated recordings and filings, offset by \$3.0 million over realized revenues (AB2890 Recovered Costs for supplemental assessments, Special Assessments, Property Tax System Administration Fee, Filing Documents, Notary Public Fees, Recording Fees, and Marriage Ceremony Fees) due to higher than anticipated demand for identified services

#### *Auditor & Controller*

An overall positive variance of \$1.2 million is projected for the Auditor & Controller.

A positive expenditure variance of \$2.4 million is projected primarily due to \$2.3 million in Salaries & Benefits as a result of vacant and modified positions and \$0.1 million projected operational savings in various Services & Supplies accounts.

A negative revenue variance of \$1.2 million is projected primarily in Intergovernmental Revenues due to budgeted COVID-19 response costs not being incurred, which has resulted in American Rescue Plan Act (ARPA) revenue not being realized to offset those costs.

#### *Chief Administrative Office*

An overall positive variance of \$1.2 million is projected for the Chief Administrative Office.

A positive expenditure variance of \$1.2 million is projected including \$1.0 million in Salaries & Benefits primarily due to staffing vacancies associated with newly created divisions and \$0.2 million in Services & Supplies due to projected savings associated with gradual implementation of newly created programs.

No significant revenue variance is projected.

*County Communications Office*

An overall positive variance of \$0.4 million is projected for the County Communications Office.

A positive expenditure variance of \$0.6 million is projected, including \$0.1 million in Salaries & Benefits due to staff attrition and departmental vacancies, \$0.3 million in Services & Supplies due primarily to lower than anticipated facility maintenance expenditures, and \$0.2 million in Capital Assets Equipment due to lower than anticipated purchases of equipment that would qualify for Public, Educational, and Governmental (PEG) Fund reimbursement.

A negative revenue variance of \$0.2 million is projected primarily in Licenses Permits & Franchises due to lower than anticipated PEG Fund reimbursements related to equipment purchases described above.

*County Counsel*

An overall positive variance of \$0.8 million is projected for the Office of County Counsel.

A positive expenditure variance of \$1.1 million is projected which includes \$1.3 million in Salaries & Benefits due to staff attrition and departmental vacancies, which is offset by a negative variance of \$0.2 million in Expenditure Transfer & Reimbursements due to less than anticipated staff costs for legal services provided to Health & Human Services Agency.

A negative revenue variance of \$0.3 million is projected in Charges for Current Services primarily due to a decrease in legal services provided within the air pollution and land use areas.

*Department of Human Resources*

An overall positive variance of \$1.3 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.3 million is projected in Salaries & Benefits due to normal attrition of staff and departmental vacancies.

A positive revenue variance of \$1.0 million is projected, which includes \$1.3 million in Intergovernmental Revenues due to unanticipated ARPA revenue for reimbursement of operational expenses related to the COVID-19 pandemic response, offset by negative variances of \$0.2 million in Miscellaneous Revenues and \$0.1 million in Charges for Current Services, both due to lower administration costs for anticipated services charged to the Employee Benefit Internal Service Fund and insurance premium refunds.

*Finance & General Government Group Executive Office*

An overall positive variance of \$2.0 million is projected for the Finance & General Government Group Executive Office.

A positive expenditure variance of \$1.3 million is projected, including \$0.3 million in Salaries & Benefits due to departmental vacancies, and \$1.0 million in Services & Supplies for lower than anticipated spending on IT projects.

A positive revenue variance of \$0.7 million is projected in Revenue from Use of Money & Property due to over-realized revenue related to parking garage receipts.

*Office of Evaluation, Performance and Analytics*

No overall variance is projected for the Office of Evaluation, Performance and Analytics.

A positive expenditure variance of \$4.3 million is projected, including \$3.6 million in Salaries & Benefits due to departmental vacancies, and \$0.7 million in Services & Supplies due to delayed implementation of programs in this recently created office.

A negative revenue variance of \$4.3 million is projected in Intergovernmental Revenues due to lack of qualifying expenditures for ARPA funding tied to savings noted above.

*Treasurer-Tax Collector*

An overall positive variance of \$1.1 million is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$2.1 million is projected, which includes \$0.4 million in Salaries & Benefits due to normal attrition of staff and departmental variances and \$1.7 million in Services & Supplies mainly due to delays in IT projects and contracts.

A negative revenue variance of \$1.0 million is projected primarily in Charges for Current Services mainly due to less than anticipated Banking Pooled Services revenue tied to Salaries & Benefits, delayed IT projects noted above, and lower than expected tax collection fees.

**Internal Service Funds (ISF)**

*Facilities Management ISF*

An overall positive variance of \$0.7 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$14.6 million is projected. A positive variance of \$0.4 million in Salaries & Benefits is due to normal attrition of staff and departmental vacancies, \$14.0 million in Services & Supplies primarily due to lower than anticipated pass-through expenses related to utilities, contracted services, and maintenance, and \$0.2 million in Other Charges due to lower than anticipated depreciation charges.

A negative revenue variance of \$13.9 million is projected. Anticipated negative variances include \$14.2 million in Charges for Current Services due to lower than anticipated reimbursement related to the expenditure savings mentioned above and \$0.2 million in

Miscellaneous Revenues due to less than anticipated revenue from the Energy Trust Fund, partially offset by a positive variance of \$0.5 million in Other Financing Sources due to an increase in Operating Transfers In from the Major Maintenance ISF related to higher than anticipated maintenance services.

#### *Fleet Management ISF*

An overall positive variance of \$1.9 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$4.9 million is projected. Anticipated positive variances include \$1.5 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$1.9 million in Services & Supplies due to anticipated savings in garage operations and support including commercial repair and parts purchases, and \$1.5 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 \$3.0 million is projected. Anticipated negative variances include \$3.3 million in Charges for Current Services due to lower than anticipated reimbursement related to the expenditure savings mentioned above and decreased expenditures for depreciation, \$0.1 million in Revenue from Use of Money & Property due to lower than expected interest earnings, and \$0.1 million in Other Financing Sources due to less than anticipated auction proceeds, partially offset by a positive variance of \$0.5 million in Residual Equity Transfers In due to higher than anticipated true up payments for active vehicles.

#### *Public Liability ISF*

No significant variance is projected for the Public Liability ISF.

No significant expenditure variance is projected. Appropriations were added by Board approval in the 2<sup>nd</sup> Quarter Operational Plan Status Letter to pay several unanticipated settlements approved by the Board earlier in the fiscal year.

No significant revenue variance is projected. County departments will contribute additional funds as a result of several unanticipated settlements mentioned above, and will not require additional appropriations to do so. A positive variance of \$0.3 million in Miscellaneous Revenue from unanticipated payments relating to existing cases and will be offset by a negative variance of \$0.3 million projected in Revenue from Use of Money & Property as a result of lower than anticipated interest earnings.

#### *Purchasing and Contracting ISF*

A positive variance of \$1.9 million is projected for the Purchasing and Contracting ISF.

No significant expenditure variance is projected.

A positive revenue variance of \$1.9 million is projected primarily in Charges for Current Services as a result of over-realized ISF revenue generated by client department contractual expenditures.

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

A positive variance of \$73.7 million is projected in General Purpose Revenue (GPR) primarily due to higher than anticipated assessed value (AV) growth (\$22.0 million), higher pass-through distributions and residual balance estimates from Redevelopment Successor Agencies (\$10.4 million) and other various GPR revenues (\$41.3 million). A positive variance of \$8.9 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 Mining and Logging which were flat; overall employment showed a positive gain from February 2021 to February 2022. 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 higher by 18.1% and for Existing Attached Homes by 21.5% in February 2022 compared to the same time period last year. Per Beacon Economics (Spring 2022), they expect the San Diego labor market will fully recover pandemic-related job losses by either the end of this year or the beginning of the next year as the region continues to transition from recovery to expansion. Unemployment will continue to fall slowly around 4% by year's end. The pace of growth in San Diego is expected to slow, but the region has come a long way and recovered a significant portion of the jobs lost during the recession. According to CoreLogic data for new homes, existing homes and condos, sales in San Diego county increased 23.5% year-over-year in 2021 which was the fastest rate of increase in nearly 25 years. Housing markets have been on fire, both locally and at the national level, primarily due to the rapid upswing in sales were the steady decline in interest rates and a shift in consumer preferences for more space. New home construction has continued to pick up, but not enough to help with inventories, and will take time for residential permits to bring any relief to the housing market. Nationally, the Fed is looking to tighten monetary policy by dialing back its bond-buying spree which should push long-term interest rates up and slow down the real estate sector. Beacon Economics expects San Diego's economy to improve through 2022 with employment levels continuing to rise, unemployment rate continuing to go down, and home prices continuing to appreciate above historic levels.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For Fiscal Year 2021-22, 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 fell to 4.0% in February 2022, down from 7.9% in February 2021. In comparison, this is below the State's rate of 4.8% in February 2022 and 8.9% in February 2021.
- Consumer spending, as measured by taxable sales, will increase mainly due to increase in consumer online spending. During the 3rd Quarter of Fiscal Year 2021-22, unadjusted local point of sale tax revenue increased by 20.78% in the

unincorporated area, in the Southern California Region by 29.10%, in the statewide level by 25.39% and in the San Diego regional level by 25.83% compared to the same time period last year.

- The positive indicators in the housing market continue in the county.
  - Increase in median housing prices for Single Family Homes (up 18.1%) and for Existing Attached Homes (up 21.5%) for February 2022 compared to the same time period last year.
  - Notices of Default for January-March 2022 were up 82% compared to the same period in 2021.
  - Foreclosure activity increased 67% in January-March 2022 compared to the same period in 2021.

#### *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 \$15.5 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$14.1 million higher than budget due primarily to higher than anticipated assessed value (AV) growth (\$7.0 million) and increase to prior year base revenue due to better than expected collection/lower delinquency rate (\$7.1 million).

The budgeted current secured property taxes assumed a local secured assessed value increase of 3.00%, but the actual assessed value (AV) increased by 4.02% (gross less regular exemptions). (Note: The 4.02% 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 6, 2021 of 3.72%, which includes all assessed value components, secured and unsecured).

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$1.4 million above budget due to higher than budgeted growth in assessed valuation, primarily driven by the increase in the Consumer Price Index at 2.0%. 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 \$35.9 million above budget.

- *Property Tax Prior Secured Supplemental*  
No significant variance projected in Property Tax Prior Secured Supplemental.
- *Real Property Transfer Taxes*  
Real Property Transfer Taxes are projected to be \$14.5 million higher than budget. This is due to an increase in home prices and/or number of sales tied to transfer fee increase.
- *Teeter Tax Reserve Excess*  
Teeter Tax Reserve Excess is projected to be \$2.0 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 \$5.6 million higher than budget. This is mostly due to the rebound of the economy faster than expected. Since the lock down from COVID-19 has been lifted, Sales & Use Tax growth is staying strong and will continue throughout the year.
- *Transient Occupancy Tax*  
Transient Occupancy Tax is projected to be \$2.0 million higher than budget. This is based on current year actual receipts for first and second quarter and projected actual receipts for third and fourth quarter based on current year trends. The hotel industry has rebounded since the lock down from COVID-19 has been lifted.
- *Other Tax Aircraft*  
Other Tax Aircraft is projected to be \$0.3 million higher than budget based on prior year actual revenues received.
- *Property Tax in Lieu of Vehicle License Fees*  
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$7.4 million higher than budget due to higher than budgeted growth in assessed valuation (\$4.5 million) and increase to prior year base revenue due to better than expected collection/lower delinquency rate (\$2.9 million).
- *Teeter Property Tax Prior Year and Cumulative Prior Years*  
Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$4.1 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 \$0.4 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 \$4.2 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 \$4.2 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 \$13.8 million higher than budget due to pass-through distributions (\$1.0 million), and residual balance estimates (\$9.4 million) in Aid from Redevelopment Successor Agencies, from one-time receipt of Motor Vehicle In-Lieu Tax (\$3.2 million), and higher than anticipated revenue from Fed In-Lieu Tax Open Space (\$0.2 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 \$0.6 million higher than budget due to higher-than-expected revenues received in A-87 Cost Allocation Plan.

#### *Miscellaneous Revenue*

No projected variance in Miscellaneous Revenue.

### **General County Expenses**

#### *Countywide General Expense*

A positive variance of \$8.5 million is projected in Countywide General Expense.

A positive expenditure variance of \$8.5 million is projected. A positive variance of \$2.8 million is projected in Services & Supplies due to lower than anticipated costs for translation services (\$2.0 million) and for information technology (IT) projects that are anticipated to extend beyond the current fiscal year (\$0.8 million). A positive variance of \$5.3 million is projected in Other Charges due to lower than anticipated needs for Telework Stipends. A positive variance of \$0.4 million is projected in Operating Transfers Out due to lower than anticipated costs for IT ISF licenses and maintenance charges.

No significant revenue variance is projected.

#### *Lease Payments – Bonds*

A positive variance of \$0.2 million is projected for the Lease Payments – Bonds Fund.



A positive expenditure variance of \$0.4 million is projected in Other Charges due to lower than anticipated principal and interest payments. The annual lease payments from the County are budgeted and paid for from this fund in an amount sufficient to satisfy the principal and interest payments due to the bondholders of the County's outstanding Certificates of Participation and Lease Revenue Bonds. Amounts invested in these interest-bearing trust accounts generate additional funds which can be used to offset payments to bondholders. The interest recognized is related to the outstanding debt for the County Operations Center, Series 2016A and the Edgemoor Refunding, Series 2014A.

A negative revenue variance of \$0.2 million is projected in Other Financing Sources. The annual principal and interest payments for all outstanding County debt obligations are paid for from the General Fund on July 5th of every fiscal year. The revenue recognized in this account is received from the Edgemoor Capital Fund to reimburse the General Fund for its portion of the principal and interest payments due for the outstanding Edgemoor Refunding, Series 2014A. Since interest was generated in the interest-bearing trust funds and used to offset a portion of this fiscal year's principal and interest payments, the transfer to reimburse the General Fund must also be reduced.

#### *Contributions to Capital*

A positive variance of \$0.1 million is projected in Contributions to Capital.

A positive expenditure variance of \$0.1 million is projected. This includes a positive variance of \$0.1 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 2021-22.

The following capital projects will be closed or canceled (with the amount of related appropriations to be canceled):

- San Diego Botanic Garden Improvements (\$564.05)
- North County Regional Center Parking Lot (\$146,227.88)

### **Capital Program Funds**

#### *Edgemoor Development Fund*

There is zero variance projected for the Edgemoor Development Fund.

A positive expenditure variance of \$0.3 million is projected that includes a positive variance of \$0.2 million in Services & Supplies due to lower than anticipated Internal Service Fund and major maintenance expenditures and a positive variance of \$0.1 million in Operating Transfers Out due to lower than anticipated principal and interest payments. A portion of the cost of replacing Edgemoor Skilled Nursing Facility was funded by Certificates of Participation (COPs) in January 2005. These COPs are outstanding, and the monies used to fund the outstanding principal, interest and reserve requirement are deposited in interest-bearing trust accounts. The interest collected in these various accounts are used to offset payments to bondholders.

A negative revenue variance of \$0.3 million is projected. A negative variance of \$0.1 million is related to lower than anticipated interest earnings which are based on the average daily cash balances and a negative variance of \$0.2 million for Federal Other revenue related to medical assistance program.