

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

*Appropriation for Contingency*

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

*Management Reserves*

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

*Variance Reporting*

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

**3rd Quarter Operational Fund Balance for Fiscal Year 2024-25**

*Schedule A* summarizes the County's Fiscal Year 2024-25 operational results, measured by fund balance from current year operations, excluding anticipated designation of fund balance (restricted, committed, assigned) or final adjustments to take place in the annual comprehensive financial report (ACFR). Projected fund balance for the General Fund is \$52.6 million, and for all budgetary funds combined is projected to be \$179.1 million. In the General Fund, all business groups are projected to produce operating balances

except for Public Safety Group: Health and Human Services Agency (\$13.9 million), Land Use and Environment Group (\$1.6 million), Finance and General Government Group (\$5.6 million) and Finance Other (\$45.8 million); offset by negative fund balance in Public Safety Group (\$14.3 million).

The balance for all other funds combined are projected to be \$126.5 million and consist of positive fund balance in Special Revenue Funds (\$99.8 million), Special District Funds (\$13.5 million), Enterprise Funds (\$7.7 million), Internal Service Funds (\$4.8 million) and Debt Services – Pension Obligation Bonds (\$0.6 million).

## **PUBLIC SAFETY GROUP**

The Public Safety Group is projecting a negative overall variance of \$11.5 million, of which \$14.3 million is tied to negative variance in the General Fund and \$2.8 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

### **General Fund**

#### *Child Support*

A positive variance of \$1.6 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$3.6 million is projected. A positive variance of \$1.3 million in Salaries & Benefits is due to vacant and modified positions, \$2.8 million in Services & Supplies due to lower expenses related to facility projects, information technology, and contracted services, and \$0.1 million in Capital Assets/Land Acquisition, offset by a negative variance of \$0.6 million in Expenditure Transfer & Reimbursements, due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for cost of staffing and services reimbursed by Health and Human Services Agency.

A negative revenue variance of \$2.0 million is projected. A negative variance \$2.1 million in Intergovernmental Revenues is due to lower than anticipated State and federal reimbursement revenue related to expenditure savings mentioned above, offset by a positive variance of \$0.1 million in Charges For Current Services, due to higher payments from the California Department of Child Support Services.

#### *District Attorney*

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

A positive expenditure variance of \$1.8 million is projected in Salaries & Benefits due to attrition, vacant and modified positions.

A negative revenue variance of \$1.0 million is projected in Intergovernmental Revenues due to less than anticipated expenditures funded by the Community Corrections Subaccount.

#### *Probation*

There is no overall variance projected for the Probation Department.

No expenditure variance is projected.

No overall revenue variance is projected. Although no variance is projected, there is a negative revenue variance of \$5.1 million in Intergovernmental Revenues, primarily due to lower costs associated with implementation of the California Advancing and Innovating Medi-Cal program and Community Corrections Subaccount-funded programs. A positive revenue variance of \$5.1 million in Other Financing Sources is due to the use of available Proposition 172 fund balance to offset lower projected receipts and to fund increased costs related to health care contracts.

#### *Public Defender*

A negative variance of \$1.9 million is projected in the Public Defender.

No expenditure variance is projected. Although no variance is projected, the Public Defender originally projected a negative expenditure variance of \$2.0 million in Salaries & Benefits. This projection will be partially mitigated by the transfer of appropriations from Services & Supplies and a 3<sup>rd</sup> Quarter Status Adjustment that will provide \$1.8 million in appropriations based on over-realized General Purpose Revenue to support salaries and benefits costs. The department will continue to monitor costs to ensure costs stay within budget.

A negative revenue variance of \$1.9 million is projected in Intergovernmental Revenues due to lower than anticipated reimbursements for eligible case activities funded by CARE Act, Edward Byrne Memorial Justice Assistance Grant (JAG) and State mandated reimbursements, offset by unanticipated reimbursements from the Public Defense Pilot Program.

#### *San Diego County Fire*

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

A positive expenditure variance of \$3.1 million is projected. A positive variance of \$0.1 million in Salaries & Benefits due to vacancies, \$2.8 million in Services & Supplies due to lower contracted services resulting from delays in obtaining Environmental Historical Preservation report approval from FEMA for Home Hardening projects, and \$0.2 million in Other Charges due to lower payments to reimburse fire agencies managed by County Fire.

A negative revenue variance of \$3.1 million is projected primarily in Intergovernmental Revenues due to lower grant reimbursements related to expenditures mentioned above.

### *Sheriff*

A negative variance of \$15.2 million is projected for the Sheriff's Office.

No significant expenditure variance is projected.

The Sheriff's Office originally projected a negative expenditure variance of \$24.8 million in Salaries & Benefits due to the centralized salary adjustment which reduced appropriations available for budgeted positions. This variance will be mitigated by a 3<sup>rd</sup> Quarter Status Adjustment that will provide \$9.1 million in appropriations based on over-realized General Purpose Revenue. This projection also takes into consideration the transfer of \$15.7 million in appropriations from Services & Supplies (\$11.8 million), Other Charges (\$3.5 million) and Capital Assets Equipment (\$0.4 million) to support Salaries & Benefits costs. The positive variances are related to lower costs in various accounts supporting operations such as uniform allowance, vehicle maintenance, lease, fuel and contributions to ISF, travel and investigative expenses as well as expenditures supporting incarcerated persons. These are offset by higher than anticipated costs related to increased services in jails for temporary medical staffing and lab equipment maintenance and supplies. The positive variances include one-time software, professional and specialized services and equipment associated with the CA Fentanyl Abatement Funding, Community Project Funding, Cal-ID program, Regional Communication System (RCS), and Medi-Cal Transformation PATH that will be rebudgeted in Fiscal Year 2025-26.

A negative revenue variance of \$15.2 million is projected. A negative variance of \$8.6 million is projected in Intergovernmental Revenues due to lower than anticipated costs for Medi-Cal Transformation PATH, Community Corrections Subaccount, CA Fentanyl Abatement Funding and Community Project Funding mentioned above, offset by positive variances due to higher than anticipated revenue from the federal government for the State Criminal Alien Assistance Program, in Citizen's Options for Public Safety and from the State reimbursement of costs to provide a jail-based competency treatment program. Projected negative variances of \$3.3 million in Fines, Forfeitures & Penalties is due to lower costs for the Cal-ID program as mentioned above, \$1.5 million in Miscellaneous Revenues due to lower expenditures in RCS projects mentioned above and lower than anticipated costs for Opioid Settlement, \$1.2 million in Charges For Current Services due to a lower reimbursement for law enforcement services due to vacancies and lower than anticipated reimbursement from the Trial Court Security Subaccount, and \$1.0 million in Other Financing Sources due to lower transfers from the Incarcerated Peoples' Welfare Fund and Jail Commissary Enterprise Fund associated with vacant positions. These are offset by a projected positive revenue variance of \$0.4 million in Licenses, Permits and Franchises due to higher collections from license fees.

### **Special Revenue Funds**

### *Sheriff's Asset Forfeiture Program*

A positive variance of \$1.2 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 \$1.2 million is projected. A positive variance of \$0.6 million in Fines, Forfeitures & Penalties is based on increased asset forfeiture from State seizures, \$0.4 million in Intergovernmental Revenues due to increased asset forfeiture from US Department of Justice, and \$0.2 million in Revenue from Use of Money & Property for higher interest earnings.

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

A positive variance of \$0.2 million is projected for the Incarcerated Peoples' Welfare Fund.

A positive expenditure variance of \$1.7 million is projected. A positive variance of \$1.2 million in Services & Supplies is due to lower operational costs related to scheduling challenges and meeting required facility safety and security protocols for classes provided to incarcerated people. A positive variance of \$0.5 million is projected in Operating Transfers Out associated with vacant positions in the General Fund.

A negative revenue variance of \$1.5 million is projected in Other Financing Sources due to a decrease in operating transfers from the Sheriff's Jail Commissary Enterprise Fund based on lower than anticipated proceeds generated by the Jail Stores Commissary. Penal Code 4025 requires that all proceeds by the Jail Stores Commissary be deposited in the Sheriff's Incarcerated Peoples' Welfare Fund.

### *Proposition 172*

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

No expenditure or revenue variance projected. There are lower receipts projected for the current fiscal year (\$5.2 million) and over-accrual in the prior year (\$2.0 million). Operating Transfers Out will be requested by General Fund departments as budgeted in Fiscal Year 2024-25. This will result in Proposition 172 Special Revenue reimbursements from available Fund Balance to account for the revenue shortfall.

## **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 \$1.5 million is projected in Operating Transfers Out due to a decrease in the transfer of commissary proceeds to the Sheriff's Incarcerated Peoples' Welfare Fund.

A negative revenue variance of \$1.5 million is projected in Miscellaneous Revenues due to lower than projected sales generated by commissary sales.

## **Special District Funds**

### *San Diego County Fire Protection District*

A positive variance of \$1.2 million is projected for San Diego County Fire Protection District.

No significant expenditure variance is projected.

A positive revenue variance of \$1.2 million is projected. A positive revenue variance of \$1.3 million is projected in Miscellaneous Revenues due to reimbursement from REV Renewables and Energy Storage for the Otay Mesa Battery Fire incident response, offset by a negative variance of \$0.1 million in Revenue From Use of Money due to lower interest apportionment.

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

The Health and Human Services Agency is projecting a positive overall variance of \$13.9 million, tied to a positive variance in the General Fund. The details of these variances are noted below.

### **General Fund**

#### *Administrative Support*

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

A positive expenditure variance of \$3.3 million is projected and includes positive variances of \$1.7 million in Salaries & Benefits tied to vacant positions and attrition, and \$1.6 million in Services & Supplies primarily due to lower than anticipated IT costs.

A negative revenue variance of \$2.5 million is projected in Intergovernmental Revenues and consists of negative variances of \$1.7 million in Public Health revenues primarily tied to the Future of Public Health (FOPH) revenue aligning with State's revised allocation, lower-than-anticipated COVID-19 Expanding Laboratory Capacity grant funding, offset by the Health Disparities grant to fund staffing costs and mitigate the impact of FOPH revenue loss; \$1.0 million in Realignment to align with spending; and \$0.6 million in social services administrative revenues to align with anticipated federal and State funding and projected expenditures. These negative variances are offset by a positive variance of \$0.8 million in Federal Emergency Management Agency (FEMA) revenue associated with local health emergency response costs.

### *Aging & Independence Services*

There is no overall variance projected for Aging & Independence Services (AIS).

A positive expenditure variance of \$6.1 million is projected and includes a negative variance of \$2.3 million in Salaries & Benefits due to a lower vacancy rate than budgeted, a positive variance of \$7.7 million in Services & Supplies, a negative variance of \$0.1 million in Other Charges due to an increase in indigent burials by the Public Administrator, and a positive variance of \$0.8 million in Operating Transfers Out due to In-Home Supportive Services (IHSS) Public Authority increased fraud investigation and background checks tied to increased cases. The \$7.7 million positive variance in Services & Supplies is primarily tied to positive variances of \$5.7 million in contracted services in Home Safe and California Department of Aging (CDA) programs and the roll out of Modernizing Older California Act (MOCA) and CDA American Rescue Plan Act programs over future fiscal years; an adjustment of \$1.7 million to align the budget to the anticipated IHSS Maintenance of Effort (MOE) for IHSS Individual Providers; \$0.9 million due to the phased implementation needed to accommodate the increasing number of participants in the San Diego Veterans Independence Service at Any Age (SD-VISA) program; and a \$0.5 million to align with CDA Area Plan revised allocations. These positive variances are partially offset by a negative variance of \$1.1 million in various services and supplies tied to program operational need and increased IT costs.

A negative revenue variance of \$6.1 million is projected and includes negative variances of \$5.5 million in Intergovernmental Revenues, \$0.6 million in Miscellaneous Revenues mainly tied to funding from the U.S. Department of Veterans Affairs due to lesser expenditures in the SD-VISA program as noted above, and \$0.2 million in Other Financing Sources due to Tobacco Securitization Funds reallocated and projected in Behavioral Health Services, partially offset by a positive variance of \$0.2 million in Current Services due to an increase in Public Administrator estate fees. The negative variance of \$5.5 million in Intergovernmental Revenues includes \$5.1 million in Realignment revenue to align with spending and \$0.4 million in federal and State funding primarily associated with reduced expenditures in the IHSS MOE, CDA Area Plan services due to allocation reduction, and utilizing CDA one-time only funding in future years as noted above.

### *Behavioral Health Services*

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

There is no overall variance projected for BHS.

A positive expenditure variance of \$29.3 million is projected and includes positive variances of \$4.4 million in Salaries & Benefits attributed to longer timeframes to hire staff, hard to recruit classifications, and vacancies due to attrition, \$24.6 million in Services & Supplies, and \$0.3 million in Other Charges due to less usage of housing funds as new processes are being implemented. The positive variance of \$24.6 million in Services & Supplies is driven by a net positive variance of \$26.5 million to align contracted services with anticipated spending associated with a range of mental health (MH) and substance use disorder (SUD) programs adjusting for contractor staffing vacancies and projected utilization in both MH and SUD residential bed days, partially offset by negative variances in one-time IT resource needs and temporary staffing costs at the SDCPH. Additionally, the operating variance is also offset by a negative variance of \$1.9 million for an estimated penalty tied to Incompetent to Stand Trial (IST) determinations. The Welfare & Institutions Code section 4336 establishes a growth cap for each county for felony Incompetent to Stand Trial determinations and includes a county penalty if a county exceeds a growth cap based on Fiscal Year 2021-22 data. The County's growth cap was exceeded in Fiscal Year 2023-24 and \$3.8 million for penalties related to the IST is to be paid to the California Department of State Hospitals (DSH) based on a formula. This penalty is for any county that exceeds its baseline IST determination count regardless of whether the county contracts with DSH for IST community-based restoration or IST diversion. The total penalty is estimated to be \$3.8 million of which \$1.9 million is projected in HHSA and \$1.9 million is projected within the Public Safety Group.

A negative revenue variance of \$29.3 million is projected and includes negative variances of \$25.5 million in Intergovernmental Revenues, \$3.3 million in Charges for Current Services tied to a decrease in Intergovernmental Transfer (IGT) revenue primarily due to decrease in census enrollment days for Medi-Cal, and \$1.1 million in Miscellaneous Revenues due to the recoupment of payments in contracted services from prior year adjustments. This is partially offset by positive variances of \$0.4 million in Revenue From Use Of Money & Property primarily for interest on deposits and investments and \$0.2 million in Other Financing Sources due to reallocation of Tobacco Securitization Funds from AIS. The \$25.5 million negative variance in Intergovernmental Revenues is tied to aligning Mental Health Services Act and Behavioral Health Realignment funding to anticipated expenditures, offset by additional federal and State funding tied to anticipated billable service units under payment reform.

*Child and Family Well Being*



There is no overall variance projected for Child and Family Well-Being (CFWB).

A positive expenditure variance of \$4.9 million is projected and includes positive variances of \$0.9 million in Salaries & Benefits due to vacancies and attrition, \$2.4 million in Services & Supplies due to a variance from budget in various services and supplies tied to program operational need, and \$1.6 million in Other Charges largely due to slower-than-expected ramp-up of Complex Care projects and alignment with revised projected caseloads in assistance programs.

A negative revenue variance of \$4.9 million is projected in Intergovernmental Revenues and includes negative variances of \$6.7 million in Realignment revenue to align with spending and \$1.6 million in social services administrative revenues to align with anticipated federal and State funding and projected expenditures mentioned above, partially offset by \$3.4 million in State assistance payment revenues associated with revised caseload projections.

#### *Homeless Solutions and Equitable Communities*

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

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

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

A positive expenditure variance of \$16.8 million is projected and includes positive variances of \$4.1 million in Salaries & Benefits due to vacancies and attrition, and \$12.7 million in Services & Supplies. The positive variance of \$12.7 million in Services & Supplies includes positive variances of \$12.6 million tied to the Federal Emergency Management Agency Shelter and Services Program as the program was never developed due to changes in available funding; \$1.9 million primarily to align projected spending for CDC Community Health Worker Resilient grant, projected lower costs tied to the Community Services Block Grant (CSBG) Communities in Action program, and overall contract savings primarily tied to outreach, conflict resolution and refugee support services that were carried forward from the prior year; and \$1.6 million primarily tied to refugee services due to lower than projected eligible population. These positive variances are offset by negative variances of \$2.0 million tied to Senate Bill (SB) 109 to support asylum-seeking migrants with their onward travel and \$1.4 million in various ISF accounts primarily tied to rents and leases.

A negative revenue variance of \$16.4 million is projected and includes negative variances of \$16.3 million in Intergovernmental Revenues and \$0.1 million in Charges for Current Services mainly due to revised estimated dispute resolution fees, aligning it with projected spending on contracted mediation services. The negative variance of \$16.3 million in Intergovernmental Revenues consists of \$13.1 million tied to the Federal Emergency Management Agency revenue for the Shelter and Services Program mentioned above, \$1.6 million in social services administrative revenues to align with revised allocations, \$1.3 million in Refugee grant to align with projected cost associated with refugee services, \$1.4 million tied to the ending of one-time grants associated with Community Health Workers Resilient grant and Health Disparities grant, \$1.0 million in Realignment revenue to align with spending, \$0.1 million tied to Medi-Cal Administrative Activities (MAA) revenues based on estimated receipts, and \$0.1 million tied to CSBG due to projected costs as noted above. These negative variances are partially offset by additional revenues of \$2.0 million tied to SB109 for supplemental migrant support services and \$0.3 million tied to Local Immigrant Integration and Inclusion Grant.

#### *Housing & Community Development Services*

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

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

A positive expenditure variance of \$0.5 million is projected and includes a positive variance of \$1.3 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$1.5 million in Services & Supplies, and a positive variance of \$0.7 million in Other Charges primarily in HOME Tenant Based Rental Assistance (TBRA) due to lower-than-anticipated referrals and a gradual transition in enrolling newly eligible participants under the Transitional Aged Youth (TAY) program. The negative variance of \$1.5 million in Services & Supplies includes negative variances of \$1.0 million in the Inclement Weather Program that provides safe temporary housing to impacted individuals during inclement weather, \$0.4 million in temporary staff helping to mitigate online application portal issues that would have impacted the opening of waitlists for three new Project Based Voucher developments, and \$0.1 million in the landlord incentive program to increase access to housing for our homeless clients in support of the County's effort to end homelessness for veterans.

A negative revenue variance of \$0.9 million is projected in Intergovernmental Revenues mainly to align federal revenues with projected costs associated with the HOME TBRA as noted above.

### *Medical Care Services*

There is no overall variance projected for Medical Care Services (MCS).

A positive expenditure variance of \$1.6 million is projected and includes a positive variance of \$2.5 million in Salaries and Benefits primarily due to vacancies, and a negative variance of \$0.9 million in Services and Supplies. The negative variance of \$0.9 million in Services and Supplies includes \$0.4 million primarily for increased in Medi-Cal Administrative Activities (MAA) and Targeted Case Management (TCM) administrative fees associated with higher program revenue, as fees are calculated as a percentage of revenue received, \$0.3 million for California Home Visiting Program (CHVP) grant funded costs such as educational supplies and resources for families to encourage participation in the program, and \$0.2 million for temporary help associated with Pharmacy operational needs.

A negative revenue variance of \$1.6 million is projected and includes a negative variance of \$1.9 million in Intergovernmental Revenues offset by a positive variance of \$0.3 million in Miscellaneous Revenues tied to the Sharp Rural Health and Pharmacy dispensing fees. The negative variance of \$1.9 million Intergovernmental Revenues includes a negative variance of \$6.4 million in Realignment due to the reallocation to Public Health Services and to align with spending, partially offset by positive variances of \$2.4 million for Medi-Cal Administrative Activities revenues based on estimated receipt, and \$2.1 million primarily related to additional revenue for the CHVP to support evidenced based home visiting.

## *Public Health Services*

An overall positive variance of \$13.1 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$36.5 million is projected and includes a positive variance of \$2.2 million in Salaries & Benefits due to vacancies and attrition, a positive variance of \$30.2 million in Services & Supplies, a negative variance of \$0.4 million in Other Charges tied to additional housing cost for temporary lodging, a positive variance of \$4.4 million in Capital Assets Equipment associated with longer than anticipated delivery of equipment, and a positive variance of \$0.1 million in Expenditure Transfer & Reimbursement due to additional water testing payments. The positive variance of \$30.2 million in Services & Supplies consists of \$16.8 million resulting primarily from procurement delays associated with identification and timing of equipment delivery, installation, and validation testing, \$6.7 million in IT project delays due to ongoing contract negotiations, \$4.6 million for the Immunizations program to align projected spending with the grant resources and workplan, and \$2.1 million in contracted temporary staffing costs associated with the demobilization of COVID-19 associated activities. Epidemiology & Laboratory Capacity Enhancing Detection, Epidemiology & Laboratory Capacity Enhancing Detection Expansion, and Epidemiology & Laboratory Capacity Infection Prevention Control grants were terminated early by the US Health & Human Services Agency. A Temporary Restraining Order was subsequently issued by the U.S. District Court for the District of Rhode Island that affected all grant recipients nationwide, reinstating the original funding pending a final court ruling. Third Quarter projections assume continuity of these federal funds.

A negative revenue variance of \$23.4 million is projected and includes negative variances of \$23.3 million in Intergovernmental Revenues and \$0.4 million in Charges for Current Services primarily to align projected reimbursements and fees in Vital Records, offset by a positive variance of \$0.3 million in Miscellaneous Revenues based on an anticipated grant allocation to support the development of Public Health professionals. The negative variance of \$23.3 million in Intergovernmental Revenues is primarily tied to negative variances of \$19.3 million in COVID-19 Expanding Laboratory Capacity, \$5.8 million in COVID Health Disparities grant to align with projected spending as noted above, \$5.1 million in Immunization Action Plan grant to align with workplan, \$3.0 million in Medi-Cal Administrative Activities revenues based on estimated receipt, \$2.4 million in Future of Public Health due to revised allocation estimate, and \$1.1 million in California Children's Services (CCS) tied to prior year revenue adjustments. These negative variances are offset by positive variances of \$12.9 million in Federal Emergency Management Agency (FEMA) revenue for prior year expenditures associated with local health emergency response costs and \$0.5 million in Realignment revenue due to reallocation from Medical Care Services and to align with spending.

### *Self-Sufficiency Services*

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

A positive expenditure variance of \$0.7 million is projected and includes a positive variance of \$1.8 million in Salaries & Benefits primarily tied to vacancies, a negative variance of \$11.7 million in Services & Supplies, and a positive variance of \$10.6 million in Other Charges. The negative variance of \$11.7 million in Services & Supplies is primarily tied to increases in contracted services based on revised allocations for the California Work Opportunity and Responsibility to Kids (CalWORKs) Housing Support Program due to the California Department of Social Services redistribution of unspent prior year funding. The positive variance of \$10.6 million in Other Charges is tied to positive variances of \$12.2 million in the Participant Benefits programs mainly in Child Care Stage 1 due to revised projected caseloads and \$8.3 million in EBT Skimming mainly tied to estimated EBT Fraud payments, partially offset by negative variances of \$5.1 million in the CalWORKs support services programs based on projected cost and caseload levels, and \$4.8 million in the General Relief program based on revised estimated caseload levels.

A negative revenue variance of \$0.7 million is projected and includes a negative variance of \$2.1 million in Intergovernmental Revenues to align social services administrative revenues to final allocations and projected spending, offset by positive variances of \$0.8 million in Miscellaneous Revenues tied to contractor overpayments from Fiscal Year 2023-24, \$0.4 million in Revenue from Use of Money and Property tied to unanticipated GASB 87 lease revenue, and \$0.2 million in Fines, Forfeitures & Penalties based on reimbursement of eligible costs for the Physician Emergency Services program.

## **LAND USE AND ENVIRONMENT GROUP**

The Land Use and Environment Group is projecting a positive overall variance of \$120.7 million, of which \$1.6 million is tied to a positive variance in the General Fund and \$119.1 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

### **GENERAL FUND**

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

An overall positive variance of \$0.3 million is projected for the Land Use and Environment Group Executive Office.

A positive expenditure variance of \$2.7 million is projected. A positive variance of \$0.3 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$2.4 million in Services & Supplies is due to grant project related to air purifier that will no longer be managed through the LUEG Executive Office. The grant and program will be managed by the Air Pollution Control District.

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

#### *Environmental Health and Quality*

An overall positive variance of \$1.2 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$4.5 million is projected. A positive variance of \$2.1 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$2.4 million in Services & Supplies resulting from reduced contract costs due to contracts not being awarded and a modified scope of work for a major maintenance project.

A negative revenue variance of \$3.3 million is projected. A negative variance of \$2.1 million is projected in Licenses, Permits & Franchises due to fewer permit renewals. A negative variance of \$1.3 million in Charges for Current Services due to less than anticipated services requested by customers. A positive variance of \$0.1 million in Fines, Forfeitures & Penalties due to increased permit late fee collection.

### *Agriculture, Weights & Measures*

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

A positive expenditure variance of \$1.6 million is projected. A positive variance of \$1.7 million in Salaries & Benefits is due to vacancies and under-filled positions, and a negative variance of \$0.1 million in Expenditure Transfer & Reimbursements due to lower than anticipated service requests from other General Fund County departments.

A negative revenue variance of \$1.6 million is projected. A negative variance of \$0.9 million in Intergovernmental Revenues due to less than anticipated reimbursements related to State contracts. A negative variance of \$0.7 million in Licenses, Permits & Franchises is due to less than anticipated permits issued related to export certificates. A negative variance of \$0.1 million in Charges For Current Services is due to lower than anticipated service requests from non-General Fund County departments partially offset by a positive variance of \$0.1 million in Fines, Forfeitures & Penalties due to an error in revenue posting.

### *Planning and Development Services*

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

A positive expenditure variance of \$9.3 million is projected. A positive variance of \$4.8 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$4.2 million in Services & Supplies is primarily due to schedule changes to one-time only information technology (IT) projects, reduced consultant contract spending, and delayed spending related to grants. A positive variance of \$0.3 million in Expenditure Transfer & Reimbursements due to a higher than anticipated service requests from other General Fund County departments.

A negative revenue variance of \$9.3 million is projected. A negative variance of \$7.7 million in Charges for Current Services due to a decline in billable activities for land development, project planning, and building projects due to staff vacancies. A negative variance of \$1.6 million in Intergovernmental Revenues is due to delays in grant related projects.

### *Department of Public Works*

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

A positive expenditure variance of \$2.8 million is projected. A positive variance of \$0.7 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$2.1 million

in Services & Supplies is due to less than anticipated Fleet ISF costs and road materials for Closed Landfills due to utilizing asphalt grindings at no cost.

A negative revenue variance of \$2.8 million is projected. A negative variance of \$1.7 million in Miscellaneous Revenues due to less than anticipated reimbursement from the Environment Trust Fund due to savings in landfills road materials, as noted above. A negative variance of \$0.7 million in Charges For Current Services due to reduced labor charges for land development projects due to staff vacancies. A negative variance of \$0.4 million in Revenue From Use of Money & Property due to less than anticipated rents and leases revenue in Closed Landfills.

## **SPECIAL REVENUE FUNDS**

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

An overall positive variance of \$89.5 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$109.4 million is projected. A positive variance of \$6.7 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$101.7 million in Services & Supplies is due to scheduled project changes in Capital Improvement Program (CIP) Detailed Work Plan that will be re-budgeted in Fiscal Year 2025-26 and savings in consultant contracts due to County staff performing services in lieu of consultants and contractors. A positive variance of \$1.0 million in Other Charges is due to right-of-way easement scheduled project changes for Camino del Rey project that will be re-budgeted in Fiscal Year 2025-26.

A negative revenue variance of \$19.9 million is projected. A negative variance of \$11.7 million in Taxes Other than Current Secured is due to TransNet project schedule changes. A negative variance of \$9.3 million in Intergovernmental Revenues is due to project schedule changes for State and federal grant funded capital projects (\$13.0 million); offset by a positive variance of \$3.7 million due to anticipated increases in State Gas Tax and State/federally funded grant projects. A negative variance of \$4.6 million in Charges For Current Services is due to schedule changes for other County funded capital projects (\$3.3 million) and due to Helix Water District funding a portion of the cost for Bradley Avenue capital projects (\$1.3 million). A negative variance of \$0.4 million in Licenses, Permits & Franchise due to a decrease in anticipated SDG&E franchise fees. A positive variance of \$6.0 million in Revenue from Use of Money & Property due to anticipated increase in interest earned. A positive variance of \$0.1 million in Other Financing Sources due to General Fund funded bike lane improvement projects.

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

An overall positive variance of \$1.8 million is projected for County Waste Management and Recycling.



A positive expenditure variance of \$1.9 million is projected. A positive variance of \$0.1 million in Salaries & Benefits is due to vacancies. A positive variance of \$1.8 million in Services & Supplies is mostly due to less than anticipated professional and specialized services and consultant contracts due to delays in contract procurement.

A negative revenue variance of \$0.1 million is projected. A negative variance of \$0.3 million in Intergovernmental Revenues is due to prior fiscal year deposit correction. A positive variance of \$0.2 million in Fines, Forfeitures & Penalties is due to an increase in Construction & Demolition (C&D) forfeitures.

#### *San Diego County Library*

An overall positive variance of \$6.2 million is projected for the San Diego County Library.

A positive expenditure variance of \$1.1 million is projected. A positive variance of \$0.1 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$1.0 million in Services & Supplies is due to savings in IT costs and Minor Equipment.

A positive revenue variance of \$5.1 million is projected. A positive variance of \$3.9 million in Taxes Current Property is due to assessed value growth from property taxes. A positive variance of \$1.0 million in Intergovernmental Revenues is due to higher than anticipated funding for the telecommunications and information program. A positive variance of \$0.2 million in Revenue From Use of Money & Property is due to an increase in interest earnings.

#### *Department of Parks and Recreation - Parkland Dedication Fund*

An overall positive variance of \$0.7 million is projected in the Parkland Dedication Fund.

No significant expenditure variance is projected.

A positive revenue variance of \$0.7 million is projected. A positive variance of \$0.4 million in Revenue From Use of Money & Property is due to higher than anticipated interest earned. A positive variance of \$0.3 million in Licenses, Permits & Franchises due to higher than anticipated land development activity resulting in additional revenue from Park Land Dedication fees.

### **SPECIAL DISTRICT FUNDS**

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

An overall positive variance of \$1.9 million is projected in the Sanitation Districts.

A positive expenditure variance of \$0.4 million is projected. A positive variance of \$0.4 million is projected in Services & Supplies due to less than anticipated costs in major maintenance for Live Oak Springs and routine maintenance in Sanitation District due to fewer needed repairs.

A positive revenue variance of \$1.5 million is projected. A positive variance of \$1.8 million in Revenue From Use of Money & Property is due to higher than anticipated interest earned. A negative variance of \$0.3 million in Charges For Current Services due to less than anticipated sewer service fees.

*Department of Public Works – Permanent Roads Divisions*

An overall positive variance of \$7.1 million is projected for the Department of Public Works Permanent Road Divisions.

A positive expenditure variance of \$6.6 million is projected in Services & Supplies due to lower than anticipated road maintenance work.

A positive revenue variance of \$0.5 million is projected. A positive variance of \$0.2 million in Revenue From Use of Money & Property is due to higher than anticipated interest earned. A positive variance of \$0.2 million in Charges For Current Services is due to higher than anticipated revenue from special assessments. A positive revenue variance of \$0.1 million in Taxes Current Property due to assessed value growth from property taxes.

*Department of Public Works – Street Lighting Districts*

An overall positive variance of \$1.1 million is projected for the Department of Public Works Street Lighting District.

A positive expenditure variance of \$1.1 million is projected in Services & Supplies due to lower than anticipated expenses for as-needed contracting services for maintenance and repairs of streetlights.

No significant revenue variance is projected.

*Department of Public Works – Flood Control District*

An overall positive variance of \$1.1 million is projected for the Department of Public Works Flood Control District.

No significant expenditure variance is projected.

A positive revenue variance of \$1.1 million is projected. A positive revenue variance of \$0.8 million in Taxes Current Property is due to assessed value growth from property taxes. A positive revenue variance of \$0.2 million in Revenue From Use of Money & Property is due to higher than anticipated interest earned. A positive revenue variance of \$0.1 million in Intergovernmental Revenues is due to unanticipated grant revenue from the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program (HMGP).

## **ENTERPRISE FUNDS**

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

No variance is projected for Wastewater Management Enterprise Fund.

A positive expenditure variance of \$2.2 million is projected. A positive variance of \$0.5 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$1.7 million in Services & Supplies is due to reduced consultant contract spending.

A negative revenue variance of \$2.2 million is projected. A negative variance of \$2.2 million in Charges For Current Services is due to reduced billable activities for San Diego County Sanitation District support due to staff vacancies.

### *Department of Public Works – Airport Enterprise Fund*

An overall positive variance of \$7.7 million is projected in the Airport Enterprise Fund.

A positive expenditure variance of \$5.0 million is projected. A positive variance of \$0.3 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$2.7 million in Supplies & Services is due to major maintenance projects schedule changes and lower than anticipated costs from security and landscaping contracts. A positive variance of \$1.6 million in Capital Assets/Land Acquisition is due to the completion of capital projects. A positive variance of \$0.4 million in Capital Assets Equipment is due to lower than anticipated costs in vehicle purchases.

A positive revenue variance of \$2.7 million is projected. A positive variance of \$1.5 million in Intergovernmental Revenues is due to an increase in Federal Aviation Administration grant reimbursement for capital projects. A positive variance of \$1.1 million in Revenue From Use of Money & Property is due to increases in lease payments and landing fees from expanded commercial airline operations. A positive variance of \$0.1 million in Licenses, Permits & Franchises is due to expanded commercial airline operations.

## **INTERNAL SERVICE FUNDS**

### *Department of Public Works – Equipment ISF Fund*

An overall positive variance of \$0.8 million is projected in the Equipment ISF Fund.

No significant expenditure variance is projected.

A positive revenue variance of \$0.8 million is projected. A positive variance of \$0.7 million in Revenue From Use of Money & Property due to higher than anticipated interest earned. A positive revenue variance of \$0.1 million in Other Financing Sources is due to unanticipated revenue from sales of vehicles through County auction.

## **FINANCE AND GENERAL GOVERNMENT GROUP**

The Finance and General Government Group is projecting a positive overall variance of \$8.4 million, of which \$5.6 million is tied to a positive variance in the General Fund and \$2.8 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

### **General Fund**

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

An overall positive variance of \$0.1 million is projected for the Assessor/ Recorder/ County Clerk.

A positive expenditure variance of \$8.4 million is projected, which includes positive variances of \$0.1 million in Salaries & Benefits due to vacancies and attrition; \$7.0 million in Services & Supplies due to the delay or cancellation of trust fund funded projects, postponement of the procurement of new software for the Archive Collection Management System, and delay of the digitization microfilm and quality control projects; and \$1.3 million in Fixed Assets Equipment due to the replacement of the fire suppression system in the East County Office (ECO) Archives no longer being needed.

A negative revenue variance of \$8.3 million is projected and includes:

- A negative variance of \$0.1 million in Licenses Permits & Franchises due to less than anticipated marriage licenses issued.
- A negative variance of \$8.2 million in Charges for Current Services, which includes:
  - A negative variance of \$8.3 million in Recorder Trust Funds revenues due to the postponement of the procurement of a new software for Archive Collection Management System, non-necessity of the replacement of the fire suppression system in the ECO Archives, and delay of the digitization microfilm and quality control projects;
  - A negative variance of \$2.1 million in AB 2890 Recovered Costs due to lower supplemental tax payments than anticipated;
  - A negative variance of \$0.3 million in Notary Public Fees due to less than anticipated program collections;
  - A negative variance of \$0.2 million in Recording Document and Filing Documents due to less than anticipated number of recorded documents because of higher interest rates;
  - A positive variance of \$1.3 million in Property Tax Administration fees due to higher than anticipated fee allocated to the department;
  - A positive variance \$0.8 million in Social Security Truncation Trust Fund revenue due to higher than anticipated productivity on truncation projects;
  - A positive variance of \$0.2 million in Recording Document fees due to a slight increase in the number of documents recorded;

- A positive variance of \$0.2 million in Marriage Ceremonies and Duplicating/Filing Fees due to higher than anticipated marriage ceremonies performed and duplicating and filing services provided;
- A positive variance of \$0.2 million in Recording Fees due to increased requirements for vital records.

### *Board of Supervisors*

A positive variance of \$1.9 million is projected for the Board of Supervisors.

A positive expenditure variance of \$1.9 million includes \$1.2 million in Salaries & Benefits due to unanticipated staff vacancies and staff turnover and \$0.7 million in Services & Supplies due to lower than anticipated one-time expenses.

No revenue variance is projected.

### *County Counsel*

An overall positive variance of \$2.0 million is projected for the Office of County Counsel.

A positive expenditure variance of \$0.7 million includes \$0.2 million in Salaries & Benefits due to staff attrition and departmental vacancies and \$1.3 million in Services & Supplies due to the cancellation of facilities-related and technology-related projects, offset by a negative \$0.8 million variance in Expenditure Transfer & Reimbursements due to less than anticipated staff cost reimbursements in the health services area.

A positive revenue variance of \$1.3 million is projected in Charges for Current Services primarily due to an increase in legal services provided on roads, real property, purchasing and contracting, and airports matters.

### *Human Resources*

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

A positive expenditure variance of \$1.3 million includes \$2.3 million in Services & Supplies due to lower than anticipated costs for workers compensation services and cancellation of information technology (IT) projects. This is offset by a \$1.0 million negative variance in Expenditure Transfer & Reimbursements due to the cancellation of IT projects.

A negative revenue variance of \$1.5 million includes \$0.1 million in Charges for Current Services due to less than anticipated services requested by customers and \$1.4 million in Miscellaneous Revenues due to less than anticipated workers compensation services administrative costs charged to the Employee Benefit Internal Service Fund.

### *Registrar of Voters*

An overall positive variance of \$0.8 million is projected for the Registrar of Voters.

A positive expenditure variance of \$1.1 million includes \$0.1 million in Salaries & Benefits due to vacancies and attrition, \$2.1 million in Services & Supplies due to delays with an IT project for a new voter registration system and lower than anticipated ballot printing costs, and \$0.4 million in Operating Transfers Out from the closure of a major maintenance project for building security and ballot tabulation area expansion. This is partially offset by a \$1.5 million negative variance in Expenditure Transfer & Reimbursements tied to the delayed IT project.

A negative revenue variance of \$0.3 million includes \$1.4 million in Intergovernmental Revenues primarily due to lower than anticipated use of State funding for reimbursable costs. This is offset by a \$1.1 million positive variance in Charges for Current Services due to higher than anticipated reimbursements from local jurisdictions for their share of election costs.

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

#### *Employee Benefits ISF*

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

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

No revenue variance is projected.

#### *Purchasing and Contracting ISF*

An overall positive variance of \$2.8 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$1.5 million includes \$0.3 million in Salaries & Benefits due to vacancies and attrition, \$0.3 million in Other Charges for lower than anticipated depreciation cost, and \$0.9 million in Capital Assets attributed to the capitalization of the completed iValua IT project.

A positive revenue variance of \$1.3 million includes \$0.1 million in Revenue from Use of Money & Property due to higher earned interest in bank deposits, \$1.1 million in Charges for Current Services from over-realized ISF revenue, and \$0.1 million in Miscellaneous Revenues due to an increase in proceeds from usage rebates.

## **GENERAL PURPOSE REVENUE & GENERAL COUNTY EXPENSES**

A positive variance of \$33.0 million is projected in General Purpose Revenue (GPR) primarily in:

- \$9.0 million - Pass-through distributions and residual balance estimates from Redevelopment Successor Agencies
- \$6.8 million – Current Secured Property Taxes
- \$6.0 million – Teeter Taxes
- \$5.3 million – Property In-lieu of Vehicle License Fees
- \$4.5 million – Penalties and Delinquent Taxes
- \$2.8 million – Documentary Transfer Taxes
- \$2.8 million – Other Tax Aircraft
- \$1.9 million – Sales & Use Tax
- \$1.7 million – Transit Occupancy Tax
- \$1.3 million – Prior Secured Supplemental Property Taxes
- \$1.1 million – Prior Secured Property Taxes
- \$1.0 million – Prior Unsecured Supplemental Property Taxes
- \$0.2 million – Other various GPR revenues
- (\$5.8 million) – Interest on Deposit & Investment
- (\$5.6 million) – City of San Diego Booking Fees

A positive variance of \$12.8 million is projected in General County Expenses primarily in:

- \$8.4 million – Appropriations for Contingencies
- \$2.0 million – Contributions to Capital Outlay Fund
- \$1.6 million – Countywide General Expenses
- \$0.7 million – Lease Payments - Bonds

### **General Purpose Revenue**

The County's General Purpose Revenue is directly influenced by the economy. Employment showed an overall positive gain from February 2024 to February 2025, with majority of the increase in jobs from Private Education and Health Services by 9,300, Government by 9,000, and in Leisure and Hospitality by 4,100, but decreased in Professional and Business Services by 5,100, Manufacturing by 3,300, Financial Activities by 1,600, Information by 1,000, Trade, Transportation and Utilities by 700, and in other sectors by a total of 1,200.

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

- San Diego's monthly unemployment preliminary rate of 4.4% in February 2025, up from 4.3% the year-ago. In comparison, this is below the unemployment rate of 5.5% for California and 4.5% for the nation during the same period.

- Consumer spending, as measured by taxable sales, will increase significantly in the unincorporated area boosted mainly by a state audit correction made to recover previously misallocated revenues. During the 3rd Quarter of 2024-25, unadjusted local point of sales tax revenue increased by 16.66% in the unincorporated area, 2.25% in the Southern California Region, 2.22% in the statewide level, and 7.75% in the San Diego regional level, compared to the same time period last year.
- There are positive and negative indicators in the housing market in the County.
  - Increase in median housing prices for Single Family Homes (up 6.6%) and for Existing Attached Homes (up 2.4%) for January-February 2025 average compared to the same time period last year.
  - Notices of Default higher by 28% in January-March 2025 compared to the same period in 2024.
  - Foreclosure activity lower by 19% in January-March 2025 compared to the same period in 2024.

### *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 \$6.7 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$6.8 million higher than budget primarily due to greater than anticipated assessed value (AV) growth.

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

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$1.9 million higher than budget due to projected higher revenue based on prior year receipts. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

- *Property Taxes Current Supplemental*



Property Taxes Current Supplemental are projected to be \$2.0 million lower than budget due to the decrease in supplemental billings in Fiscal Year 2024-25 compared to prior year.

#### *Taxes Other Than Current Secured*

Taxes Other Than Current Secured are anticipated to be \$24.0 million above budget.

- *Property Tax Prior Secured*

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

- *Property Tax Prior Secured Supplemental*

Property Tax Prior Secured Supplemental are projected to be \$3.9 million higher than budget based on year-to-date current year actuals going higher than expected. However, \$0.8 million was appropriated to provide funding for one-time needs (Q1) and \$1.8 million will be appropriated in Public Defender's Office for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations (Q3), which will result in adjusted projection of \$1.3 million.

- *Property Tax Prior Year Unsecured Supplemental*

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

- *Sales & Use Taxes*

Sales & Use Taxes are projected to be \$11.0 million higher than budget. This is mostly boosted by a state audit correction made to recover previously misallocated revenues as well as significant increase in business-industry related revenue. However, \$9.1 million will be appropriated in Sheriff's Office for resource allocation due to increased operational costs that resulted in the reallocation of salaries and benefits appropriations (Q3), which will result in adjusted projection of \$1.9 million.

- *Other Tax Aircraft*

Other Tax Aircraft is projected to be \$2.8 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Transient Occupancy Tax*

Transient Occupancy Tax is projected to be \$1.7 million higher than budget. This is based on prior year receipts and continued growth in the hotel industry and tourism as a whole.

- *Documentary Transfer Taxes*

Documentary Transfer Taxes are projected to be \$2.8 million higher than budget due to projected home prices remaining high despite having projected lower sales volume.

- *Property Tax in Lieu of Vehicle License Fees*

Property Tax in Lieu of Vehicle License Fees (VLF) are projected to be \$5.3 million higher than budget due to higher than budgeted growth in assessed valuation.

- *Teeter Tax Reserve Excess*

Teeter Tax Reserve Excess is projected to be \$2.2 million higher than budget. This is based on returned excess Teeter Tax Reserve requirement, current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year.

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

Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$3.8 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 \$0.2 million lower than budget due to lower-than-expected payments from Franchise Fees.

### *Fines, Forfeitures and Penalties*

Fines, Forfeitures and Penalties are projected to be \$4.5 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.

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

Revenue from Use of Money & Property are projected to be \$5.8 million lower than budget. The decrease is due to a lower projected average daily cash balance than what was budgeted which was used to calculate the interest revenue.

### *Intergovernmental Revenues*

Intergovernmental Revenues are projected to be \$2.6 million higher than budget primarily due to pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies (\$9.0 million), offset by lower than budget in Aid from

City of San Diego (\$5.6 million), in State Aid for Homeowners Property Tax Relief (HOPTR) (\$0.5 million), and State Aid for Booking Fees (\$0.3 million) due to lower-than-expected payments. The pass-through distributions continue to increase due to continued growth in the project areas. In addition, residual balance estimates tied to Redevelopment Successor Agencies continue to increase.

### *Charges for Current Services*

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

## **General County Expenses**

### *Countywide General Expense*

A positive variance of \$1.6 million is projected in Countywide General Expense.

A positive expenditure variance of \$0.1 million is projected in Services & Supplies due to cancellation of prior year encumbrances that are no longer anticipated to be needed in the current fiscal year.

A positive revenue variance of \$1.5 million is projected in Miscellaneous Revenues due to reimbursement from the Small Business Loan Program and various departmental escheatment.

### *Appropriation for Contingency*

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

### *Lease Payments – Bonds*

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

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

2016A; Edgemoor Refunding, Series 2014A; Justice Facilities Refunding, Series 2019; and CAC Waterfront Park Refunding, Series 2020.

There is no significant revenue variance projected.

### *Contributions to Capital*

A positive variance of \$2.0 million is projected in Contributions to Capital.

A positive expenditure variance of \$2.0 million is projected. This includes a positive variance of \$2.0 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 2024-25. The following Capital projects will be closed or cancelled (including the amount of related appropriations cancelled).

- Mount Laguna Fire Station #49 (\$0.2 million)
- East Otay Mesa Fire Station #38 (\$0.6 million)
- Jamul Fire Station 36 Land Acquisition (\$0.2 million)
- Rancho San Diego Library Expansion (\$0.2 million)
- Lakeside Library (\$0.8 million)

## **Capital Program Funds**

### *Capital Outlay Fund*

There is zero variance projected for the Capital Outlay Fund.

A positive expenditure variance of \$4.0 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: Mount Laguna Fire Station #49; East Otay Mesa Fire Station #38; and Jamul Fire Station #36 Land Acquisition.

A negative revenue variance of \$4.0 million is projected. A negative variance in Intergovernmental Revenue (\$2.9 million) and Other Financing Sources (\$1.1 million) is due to the closure or cancellation of the capital projects listed above.

### *Library Projects Capital Outlay Fund*

There is zero variance projected for the Library Projects Capital Outlay Fund.

A positive expenditure variance of \$0.9 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: Rancho San Diego Library Expansion; and Lakeside Library.

A negative revenue variance of \$0.9 million is projected. A negative variance in Other Financing Sources is due to the closure or cancellation of the capital projects listed above.

#### *Edgemoor Development Fund*

There is no significant variance projected for the Edgemoor Development Fund.

No significant expenditure variance is projected.

No significant revenue variance is projected. A negative variance of \$7.5 million is projected in Other Financing Sources due to the revised timeline in the projected payment for Santee Residential Property 1 partially offset by a positive variance of \$1.0 million in Revenue Use Money & Property tied to interest received from the Santee Residential Property 2 installment payment and prior year transaction to correct the overstatement of fund balance in FY 2023-24. This will result in a reimbursement from available Fund Balance from the Edgemoor Development Fund (26125) to account for the revenue shortfall of 6.5 million.

#### **Debt Service Funds**

##### *Pension Obligation Bonds (POBs)*

A positive variance of \$0.5 million is projected in the Pension Obligation Bonds.

No significant expenditure variance is projected.

A positive revenue variance of \$0.5 million is projected. This includes a positive variance of \$0.5 million in higher than anticipated interest earnings due to a higher investment interest rate environment.