

**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2024-25 1st Quarter**

GENERAL NOTES

Projected Fund Balance

Projected fund balance as presented in this report is defined as the projected excess of revenues over expenditures as a result of current fiscal year operations. Schedule A presents projections by business group and department by fund or fund type.

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.

1st 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 \$58.6 million, and for all budgetary funds combined is projected to be \$97.0 million. In the General Fund, all business groups are projected to produce operating balances: Public

Safety Group (\$2.6 million), Health and Human Services Agency (\$12.6 million), Land Use and Environment Group (\$1.0 million), Finance and General Government Group (\$1.6 million) and Finance Other (\$40.7 million).

The balance for all other funds combined are projected to be \$38.4 million and consist of positive fund balance in Special Revenue Funds (\$53.4 million), Capital Program (\$4.0 million), Special District Funds (\$5.1 million), and negative fund balance in Internal Service Funds (\$24.1 million).

PUBLIC SAFETY GROUP

The Public Safety Group is projecting a positive overall variance of \$51.0 million, of which \$2.6 million is tied to positive variance in the General Fund and \$48.4 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 \$1.4 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$2.4 million is projected, comprised of a positive variance of \$1.3 million in Salaries & Benefits due to vacant and modified positions and \$1.1 million in Services & Supplies primarily due to lower than anticipated expenses in various accounts supporting operations such as information technology and contracted services.

A negative revenue variance of \$1.0 million is projected in Intergovernmental Revenues due to lower than anticipated State and federal reimbursements for the child support program.

District Attorney

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

A positive expenditure variance of \$0.8 million is projected in Salaries & Benefits due to attrition, vacant and modified positions.

No revenue variance is projected.

Special Revenue Funds

Sheriff's Incarcerated Peoples' Welfare Fund

A positive variance of \$0.5 million is projected for the Incarcerated Peoples' Welfare Fund.

A positive expenditure variance of \$0.5 million is projected, due to a positive variance of \$0.3 million in Services & Supplies due to lower operational costs and a positive variance of \$0.2 million is projected in Operating Transfers Out associated with vacant positions in the General Fund.

No revenue variance is projected.

Special District Funds

Fire Protection District

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

No expenditure variance is projected.

A positive revenue variance of \$1.2 million is projected in Miscellaneous Revenues due to reimbursement from REV Renewables and Energy Storage for the Otay Mesa Battery Fire incident response.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

The Health and Human Services Agency is projecting a positive overall variance of \$12.6 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 \$0.1 million.

A positive expenditure variance of \$1.4 million is projected and includes positive variances of \$0.8 million in Salaries & Benefits tied to vacant positions and attrition and \$0.6 million in Services & Supplies primarily tied to a variance from budget in information technology related costs.

A negative revenue variance of \$1.3 million is projected in Intergovernmental Revenues primarily due to Future of Public Health (FOPH) revenue aligning with the State's revised allocation and lower-than-anticipated COVID-19 Expanding Laboratory Capacity grant funding, partially offset by the Health Disparities grant to fund staffing costs and mitigate the impact of FOPH revenue loss.

Aging & Independence Services

Aging & Independence Services (AIS) is projecting an overall positive variance of \$0.6 million.

A positive expenditure variance of \$3.4 million is projected and includes a negative variance of \$2.6 million in Salaries & Benefits due to a lower vacancy rate than budgeted, a positive variance of \$5.2 million in Services & Supplies, and a positive variance of \$0.8 million in Operating Transfers Out due to reduced funding needs for the In-Home Support Services (IHSS) Public Authority related to anticipated operational needs in the program with no impact to services. The \$5.2 million positive variance in Services & Supplies is primarily tied to \$3.7 million in contracted services in Home Safe and California Department of Aging (CDA) programs by utilizing internal County staffing to support the programs and the roll out of Modernizing Older California Act (MOCA) 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, and \$0.2 million to align to the anticipated number of participants in the San Diego Veterans Independence Service at Any Age (SD-VISA) program, partially offset by a \$0.4 million variance from budget in various services and supplies tied to program operational need.

A negative revenue variance of \$2.8 million is projected and includes negative variances of \$2.5 million in Intergovernmental Revenues, \$0.2 million in Other Financing Sources due to Tobacco Securitization Funds reallocated and projected in Behavioral Health

Services, and \$0.1 million in Revenue in Miscellaneous Revenues mainly tied to the San Diego Veterans Independence Service at Any Age (SD-VISA) program. The negative variance of \$2.5 million in Intergovernmental Revenues is tied to reduced expenditures in the IHSS MOE and IHSS Public Authority program 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 \$33.7 million is projected and includes a positive variance of \$1.9 million in Salaries & Benefits attributed to longer timeframes to hire staff, hard to recruit classifications, and vacancies due to attrition, and a positive variance of \$31.8 million in Services & Supplies. The positive variance of \$31.8 million in Services & Supplies is driven by a net positive variance of \$33.7 million in operating costs for contracted services associated with a range of mental health (MH) and substance use disorder (SUD) programs to align with anticipated spending which adjusts for contractor staffing vacancies and projected utilization in both MH and SUD residential bed days, 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 \$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 \$33.7 million is projected and includes negative variances of \$29.8 million in Intergovernmental Revenues, \$3.0 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, offset by \$0.2 million in Other Financing Sources in Tobacco Securitization Funds due to reallocation from AIS. The \$29.8 million negative variance in Intergovernmental Revenues is tied to aligning Mental Health Services Act revenue to anticipated expenditures offset by additional federal and State funding tied to anticipated billable service units under payment reform.

Child and Family Well Being

An overall positive variance of \$1.0 million is projected for Child and Family Well-Being (CFWB)

A zero expenditure variance is projected which includes a negative variance of \$1.0 million in Salaries & Benefits due to a lower vacancy rate than budgeted offset by a positive variance of \$1.0 million in Other Charges mainly to align with the revised projected caseloads in assistance programs. A negative variance of \$4.9 million would have been projected in Salaries & Benefits but \$3.9 million is now projected in PHS where available appropriation capacity will be used pending a transfer of appropriation to CFWB.

A positive revenue variance of \$1.0 million is in Intergovernmental Revenues includes, \$0.9 million in federal and State assistance payment revenues associated with revised caseload projections primarily for the foster care and adoption assistance program and \$0.1 million in social services administrative revenues. A positive variance of \$0.1 million in social services administrative revenues includes a positive variance of \$4.0 million primarily to align with anticipated federal and State funding and projected staffing costs mentioned above offset by a negative variance of \$3.9 million associated with pending appropriation adjustments from PHS to mitigate appropriation impacts.

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).

An overall positive variance of \$0.3 million is projected for Homeless Solutions and Equitable Communities (HSEC).

A positive expenditure variance of \$2.4 million is projected and includes a positive variance of \$0.8 million in Salaries & Benefits due to vacancies and attrition, and a positive variance of \$1.6 million in Services & Supplies is primarily to align projected spending for the CDC Community Health Worker Resilient grant, projected lower costs tied to the Community Services Block Grant (CSBG) Communities in Action program, and overall contracts savings primarily tied to outreach, conflict resolution, and refugee support services that were carried forward from prior year.

A negative revenue variance of \$2.1 million is projected and includes negative variances of \$2.0 million in Intergovernmental Revenues, and \$0.1 million in Charges for Current Services mainly due to revised estimates for dispute resolution fees to align with projected spending on contracted mediation services. The negative variance of \$2.0 million in Intergovernmental Revenues consists of negative variances of \$1.3 million tied alignment

of spending to grants associated with Community Health Workers Resilient grant and Health Disparities grant, \$0.7 million to align with projected contract costs for refugee support services, \$0.2 million mainly due to lower than anticipated Medi-Cal Administrative Activities (MAA) revenues based on estimated receipts and \$0.1 million tied to CSBG, offset by \$0.3 million in additional revenue 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 \$0.7 million is projected and includes a positive variance of \$0.3 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$0.4 million in Services & Supplies mainly in temporary staff helping to mitigate the impacts caused by an unanticipated online application portal outage in the Project Based Voucher waitlist application process, and a positive variance of \$0.8 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.

A negative revenue variance of \$1.1 million is projected in Intergovernmental Revenues associated with federal revenue primarily to align with projected costs associated with the HOME TBRA as noted above.

Medical Care Services

Medical Care Services has an overall positive variance of \$0.8 million.

A positive expenditure variance of \$1.9 million is projected in Salaries & Benefits due to vacancies.

A negative revenue variance of \$1.1 million is projected and includes \$1.4 million in Intergovernmental Revenues, offset by \$0.3 million in Miscellaneous Revenues tied to revenues from Sharp Rural Health and Pharmacy dispensing fees based on recently approved fee increases. The negative \$1.4 million in Intergovernmental Revenues includes \$1.5 million in Realignment revenue due to reallocation to Public Health Services, offset by unanticipated revenue of \$0.1 million for the Hansen's Disease grant.

Public Health Services

An overall positive variance of \$9.4 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$21.8 million is projected and includes a positive variance of \$4.1 million in Salaries & Benefits due to vacancies and attrition, a positive variance of \$13.8 million in Services & Supplies, and a positive variance of \$3.9 million in Capital Assets Equipment associated with longer than anticipated delivery of equipment. The positive variance of \$13.8 million in Services & Supplies includes a positive variance of \$18.5 million resulting primarily from procurement delays associated with identification and timing of equipment delivery, installation, and validation testing, \$4.6 million for the Immunizations program to align projected spending with the grant resources and workplan, and \$2.0 million in Temporary Contract Help associated with the demobilization of COVID-19 associated activities. The operating variance is partially offset by \$11.3 million for projected expenditures tied to Self-Sufficiency Services (SSS) and Child and Family Well-Being (CFWB) to mitigate appropriation impacts which will be resolved with a budget transfer.

A negative revenue variance of \$12.4 million is projected and includes a negative variance of \$12.9 million in Intergovernmental Revenues offset by a positive variance of \$0.5 million in Miscellaneous Revenues based on an anticipated grant allocation to support development of Public Health professionals. The negative variance of \$12.9 million in Intergovernmental Revenues is primarily tied to negative variances of \$22.2 million in COVID-19 Expanding Laboratory Capacity and \$6.3 million in COVID Health Disparities grant to align with projected spending noted above, \$2.8 million in IAP grant to align with workplan, \$2.5 million in Future of Public Health due to revised allocation estimate, and \$1.4 million in California Children's Services (CCS) tied to prior year revenue adjustments, offset by a positive variances of \$11.3 million in funding associated with pending appropriation adjustment for SSS and CFWB as noted above, \$9.5 million in FEMA revenue for prior year expenditures associated with local health emergency response costs, and \$1.5 million in Realignment revenue due to reallocation from Medical Care Services.

Self-Sufficiency Services

An overall positive variance of \$0.8 million is projected for Self-Sufficiency Services (SSS).

A zero expenditure variance is projected which includes a positive variance of \$3.1 million in Salaries & Benefits primarily tied to vacancies, a negative variance of \$6.3 million in Services & Supplies, and a positive variance of \$3.2 million in Other Charges. The negative variance of \$6.3 million in Services & Supplies consists of a negative variance of \$13.7 million primarily due to increases in contracted services based on revised allocations for CalWORKs Housing Support Program due to California Department of Social Services redistribution of unspent prior year funding, offset by a positive variance of \$7.4 million for projected expenditures in Public Health Services (PHS) where available appropriation capacity will be used pending a transfer of appropriation to SSS. The positive variance of \$3.2 million in Other Charges is tied to positive variances of \$4.8 million associated with lower payments to replenish funds tied to EBT Skimming and \$3 million to align spending to projected caseload levels in the in the California Work Opportunity and Responsibility to Kids (CalWORKs) program, partially offset by a

negative variance of \$4.6 million in the General Relief program based on higher caseload levels.

A positive revenue variance of \$0.8 million is projected and includes \$0.4 million in Intergovernmental Revenues, \$0.3 million in Miscellaneous Revenues tied to contractor overpayments from Fiscal Year 2023-24, and \$0.1 million in Revenue from Use of Money and Property for unanticipated GASB 87 lease revenue. The positive variance of \$0.4 million in Intergovernmental Revenue consists of a positive variance of \$3.5 million in social services administrative revenues and a negative variance of \$3.1 million in assistance payment revenues associated with Other Charges projections noted above. The positive variance of \$3.5 million in social services administrative revenues includes a positive variance of \$22.0 million CalWORKs Housing Support Program due to revised allocation, partially offset by negative variances of \$11.1 million mainly in CalWORKs Single Allocation tied to revised allocation, and \$7.4 million associated with pending appropriation adjustments from PHS to mitigate appropriations impacts.

LAND USE AND ENVIRONMENT GROUP

The Land Use and Environment Group is projecting a positive overall variance of \$11.1 million, of which \$1.0 million is tied to a positive variance in the General Fund and \$10.1 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

General Fund

Environmental Health and Quality

A positive variance of \$0.9 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$0.9 million is projected. A positive variance of \$0.5 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$0.4 million in Services & Supplies is related to less than anticipated consultant contract expense.

No significant revenue variance is projected.

Agriculture, Weights & Measures (AWM)

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

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

A negative revenue variance of \$1.0 million is projected. A negative variance of \$1.0 million in Intergovernmental Revenues is mainly due to less than anticipated reimbursements related to reduced contracts.

Planning and Development Services (PDS)

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

A positive expenditure variance of \$4.8 million is projected. A positive variance of \$0.3 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$4.5 million in Services & Supplies is primarily due to schedule changes to one-time only information technology (IT) projects and reduced consultant contract spending.

A negative revenue variance of \$4.8 million is projected. A negative variance of \$4.4 million in Charges for Current Services is due to a decline in billable activities for land

development, project planning, and building projects due to staff vacancies. A negative variance of \$0.4 million in Intergovernmental Revenues is due to delays in grant related projects.

SPECIAL REVENUE FUNDS

Department of Public Works – Road Fund

A positive variance of \$4.8 million is projected for the Department of Public Works - Road Fund.

A positive expenditure variance of \$4.7 million is projected. A positive variance of \$3.8 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$0.9 million in Services & Supplies is due to less than anticipated consultant contracted services for capital projects.

A positive revenue variance of \$0.1 million is projected. A positive variance of \$0.6 million in Charges in Current Services is due to increases in support to other County departments. A positive variance of \$0.1 million in Intergovernmental Revenues is due to increase in state grant funded capital projects. A negative variance of \$0.6 million in Taxes Other than Current Secured is due to TransNet project scheduled changes.

San Diego County Library

A positive net variance of \$1.4 million is projected for the San Diego County Library.

A positive expenditure variance of \$1.2 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.4 million in Services & Supplies is due to lower than budgeted costs in automotive maintenance and fuel, and IT networks services costs.

A positive revenue variance of \$0.2 million is projected. A positive variance of \$0.2 million in Intergovernmental Revenues is due to unanticipated revenue from the Federal Communications Commission's (FCC) E-Rate Program.

SPECIAL DISTRICT FUNDS

Department of Public Works – Flood Control District

A positive variance of variance of \$3.3 million is projected for the Flood Control District.

A positive expenditure variance of \$3.3 million is projected. A positive variance in Services & Supplies is due to lower than budgeted costs from the completion of the January 2024 emergency repair projects.

No significant revenue variance is projected.

ENTERPRISE FUNDS

Department of Public Works – Wastewater Management Enterprise Fund

No variance is projected for the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$0.5 million is projected. A positive variance of \$0.4 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.1 million in Services & Supplies in various expenses related to staff vacancies.

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

FINANCE AND GENERAL GOVERNMENT GROUP

The Finance and General Government Group is projecting a positive overall variance of \$4.6 million, of which \$1.6 million is tied to a positive variance in the General Fund and \$3.0 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

General Fund

County Counsel

A positive variance of \$0.2 million is projected for the Office of County Counsel.

A positive expenditure variance of \$0.6 million includes \$0.5 million in Salaries & Benefits due to staff attrition and departmental vacancies, and \$0.5 million in Services & Supplies due to the completion of a facilities construction project at lower than expected costs, offset by \$0.4 million negative variance in Expenditure Transfer & Reimbursements due to less than anticipated reimbursements for staff costs in the health services area.

A negative revenue variance of \$0.4 million is projected, primarily in Charges for Current Services due to an anticipated decrease in reimbursements tied to lower than anticipated staff costs in public liability.

Registrar of Voters

A positive variance of \$0.4 million is projected for the Registrar of Voters.

A positive expenditure variance of \$0.4 million includes \$0.2 million in Salaries & Benefits due to staff attrition, and \$1.7 million in Services & Supplies due to delays associated with an IT project for a new voter registration system and lower than anticipated ballot printing costs, partially offset by a \$1.5 million negative variance in Expenditure Transfer & Reimbursements tied to the delayed IT project.

There is no significant net revenue variance projected.

Internal Service Funds (ISF)

Employee Benefits ISF

A positive variance of \$0.2 million is projected for the Employee Benefits ISF.

A positive expenditure variance of \$0.2 million is projected, including \$2.2 million positive variance in Services & Supplies due to savings in workers compensation claims administration, offset by a negative variance of \$2.0 million in Other Charges due higher than anticipated Workers Compensation claim payments.

There is no revenue variance projected.

Public Liability ISF

An overall negative expenditure variance of \$27.4 million is projected.

A negative expenditure variance of \$27.4 million is projected in Other Charges primarily due to the anticipated settlement and resolution of various high-liability matters that were delayed beyond the previous fiscal year.

No significant revenue variance is projected.

Staff will monitor the Public Liability ISF costs and return to the Board with future recommendations as needed.

Purchasing and Contracting

A positive variance of \$2.9 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$1.4 million includes savings of \$0.3 million in Services & Supplies due to lower inter-departmental expenses, and costs for ISF facilities and IT network; \$0.1 million in Other Charges for depreciation cost, and \$1.0 million in Capital Assets/Land Acquisition attributed to the capitalization of the iValua online procurement system IT project.

A positive revenue variance of \$1.5 million is related to higher than expected ISF revenue in Charges for Current Services.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$25.3 million is projected in General Purpose Revenue (GPR) primarily from Current Secured Property Taxes (\$5.7 million), Property Tax in Lieu of Vehicle License Fees (VLF) (\$5.3 million), Property Tax Prior Secured Supplemental (\$4.5 million), Teeter Taxes (\$3.7 million), higher pass-through distributions and residual balance estimates from Redevelopment Successor Agencies (\$2.6 million), current unsecured property tax revenues (\$1.8 million), and Sales & Use Taxes due to the continued growth activities in the Unincorporated Area (\$1.7 million). A positive variance of \$15.4 million is projected in General County Expenses.

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the economy. Employment showed an overall positive gain from August 2023 to August 2024, with majority of the increase in jobs from Private Education and Health Services by 12,800, Government by 4,400, and Leisure and Hospitality by 1,600 but decreased in Manufacturing by 3,800, Professional and Business Services by 3,300 and Information by 1,300. Median home prices in San Diego for Single Family Homes were higher by 5.4% and for Existing Attached Homes by 4.8% based on the average from July - August 2024 compared to the same time period last year.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For Fiscal Year 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 5.0% in August 2024, up from 4.4% in August 2023. In comparison, this is below the state's unemployment rate of 5.9% in August 2024 and 4.4% in August 2023.
- Consumer spending, as measured by taxable sales, will increase mainly due to increase in consumer online spending. During the 1st Quarter of 2024-25, unadjusted local point of sale tax revenue increased by 21.23% in the unincorporated area, and 2.00% in the San Diego regional level, but decreased by 0.92% in the Southern California Region and 1.69% in the statewide level, compared to the same time period last year.
- There are positive and negative indicators in the housing market in the County.
 - Increase in median housing prices for Single Family Homes (up 5.4%) and for Existing Attached Homes (up 4.8%) for July-August 2024 average compared to the same time period last year.
 - Notices of Default lower by 17% in January-September 2024 compared to the same period in 2023.
 - Foreclosure activity higher by 15% in January-September 2024 compared to the same period in 2023.

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 \$7.5 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$5.7 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 \$1.8 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.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$15.2 million above budget as described below.

- *Property Tax Prior Secured Supplemental*

Property Tax Prior Secured Supplemental are projected to be \$5.3 million higher than budget due to the increase in supplemental billings in Fiscal Year 2024-25 compared to prior year. However, \$0.8 million will be appropriated to provide funding for one-time needs, which will result in adjusted projection of \$4.5 million.

- *Sales & Use Taxes*

Sales & Use Taxes are projected to be \$1.7 million higher than budget. This is mostly due to the continued growth activities in the Unincorporated Area which increases the County's share of the Pool going forward.

- *Property Tax in Lieu of Vehicle License Fees*

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 \$0.7 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 \$3.0 million higher than budget. The increase is based on a higher collection of receivables from prior fiscal year.

Revenue from Use of Money & Property

No projected variance in Revenue from Use of Money & Property, however, will continue to closely monitor average daily cash balances and interest rates to be able to project the interest revenues.

Intergovernmental Revenues

Intergovernmental Revenues are projected to be \$2.6 million higher than budget due to pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies. 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.

General County Expenses

Countywide General Expense

A positive variance of \$0.4 million is projected in Countywide General Expense.

A positive expenditure variance of \$0.2 million is projected. A positive variance of \$0.2 million is projected in Services & Supplies due to savings in one-time funding related to IT services that are no longer anticipated to be needed.

A positive revenue variance of \$0.2 million is projected in Miscellaneous Revenues due to reimbursement from the Small Business Loan Program.

Appropriation for Contingency

The entire \$15.0 million budgeted for Appropriation for Contingency in Fiscal Year 2024-25 is projected to be unspent at year-end.

Capital Program Funds

Edgemoor Development Fund

Edgemoor Development Fund is projecting an overall positive variance of \$4.0 million.

No expenditure variance is projected.

A positive revenue variance of \$4.0 million includes a positive variance of \$1.0 million in Revenue Use Money & Property tied to the interest received from the Santee Residential Property 2 installment payment and a \$3.0 million in Other Financing Sources associated with projected payment for Santee Residential Property 1 and Property 2 partially offset by prior year transaction to correct the overstatement of fund balance in FY 2023-24.