2024 Third Quarter Financial Report

July 2023 – March 2024

Board of Supervisors

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Stanislaus County

Submitted by Jody Hayes, Chief Executive Officer

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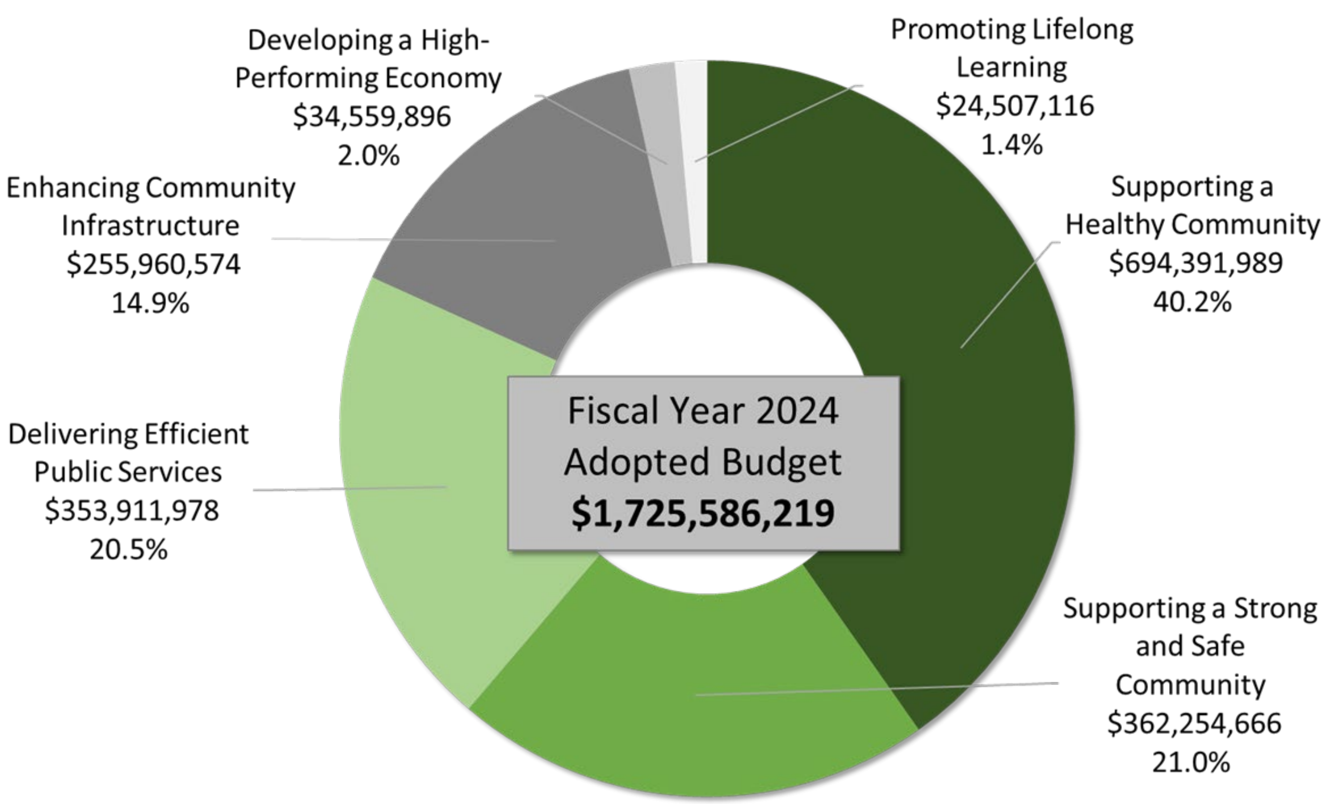
Introduction

This is the 2024 Third Quarter Financial Report for Stanislaus County submitted by the Chief Executive Officer for the period of July 1, 2023, to March 31, 2024. It has been prepared to inform the Board of Supervisors, County leadership, and the public on the County's financial status. The report provides estimated revenue and expenditure summaries for County programs by each Board of Supervisors' priority area and highlights adjustments to County budgets since the Adopted Budget was approved in September 2023, including those incorporated through quarterly financial reports and individual agenda items approved by the Board of Supervisors throughout the fiscal year.

Background

On September 26, 2023, the Board of Supervisors adopted the 2024 Adopted Budget. This $1.73 billion operational plan reflected a net increase of $74.9 million from the 2023 Adopted Budget. The 2024 Adopted Budget was balanced using a combination of $1.58 billion in estimated revenue and $147.2 million in fund balance, retained earnings, and other one-time funding sources. It also included support for 4,866 full-time allocated positions, an increase of 120 positions over the 2023 Adopted Budget level. The following chart reflects the 2024 Adopted Budget organized by Board priority area.

2024 Adopted Budget Expenditures by Board Priority

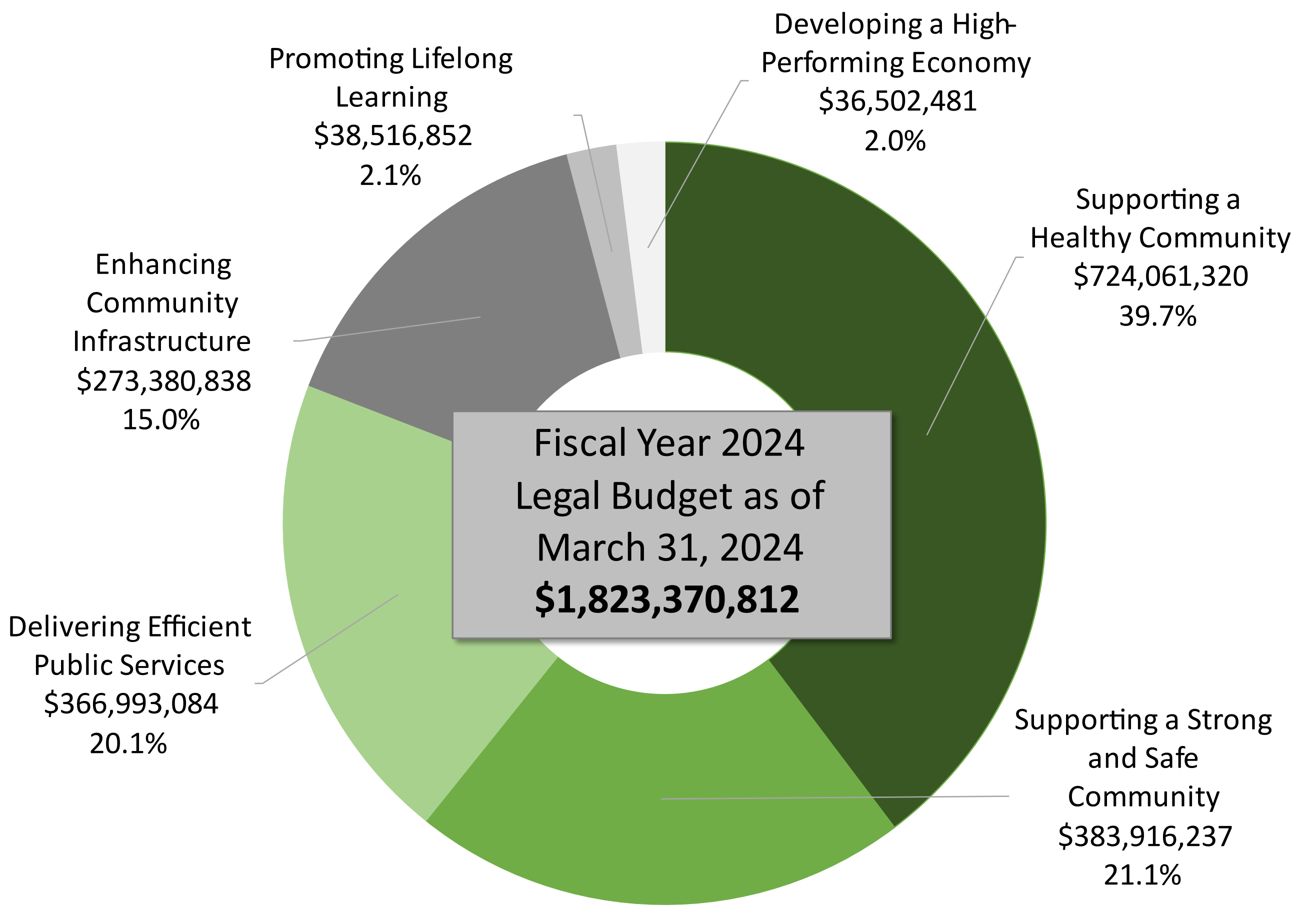


Summary of Budget Adjustments

The Adopted Budget is adjusted each year to include appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors but were not fully completed. Additionally, the Board of Supervisors approves budget adjustments identified through quarterly financial reports and separate Board agenda items presented throughout the fiscal year. The sum of adjustments made through March 31, 2024, total $97.8 million.

The County's Legal Budget as of March 31, 2024, prior to the inclusion of any recommended budget adjustments identified in this 2024 Third Quarter Financial Report, totaled $1.82 billion, as reflected in the following chart.

2024 Legal Budget as of March 31, 2024, by Board Priority



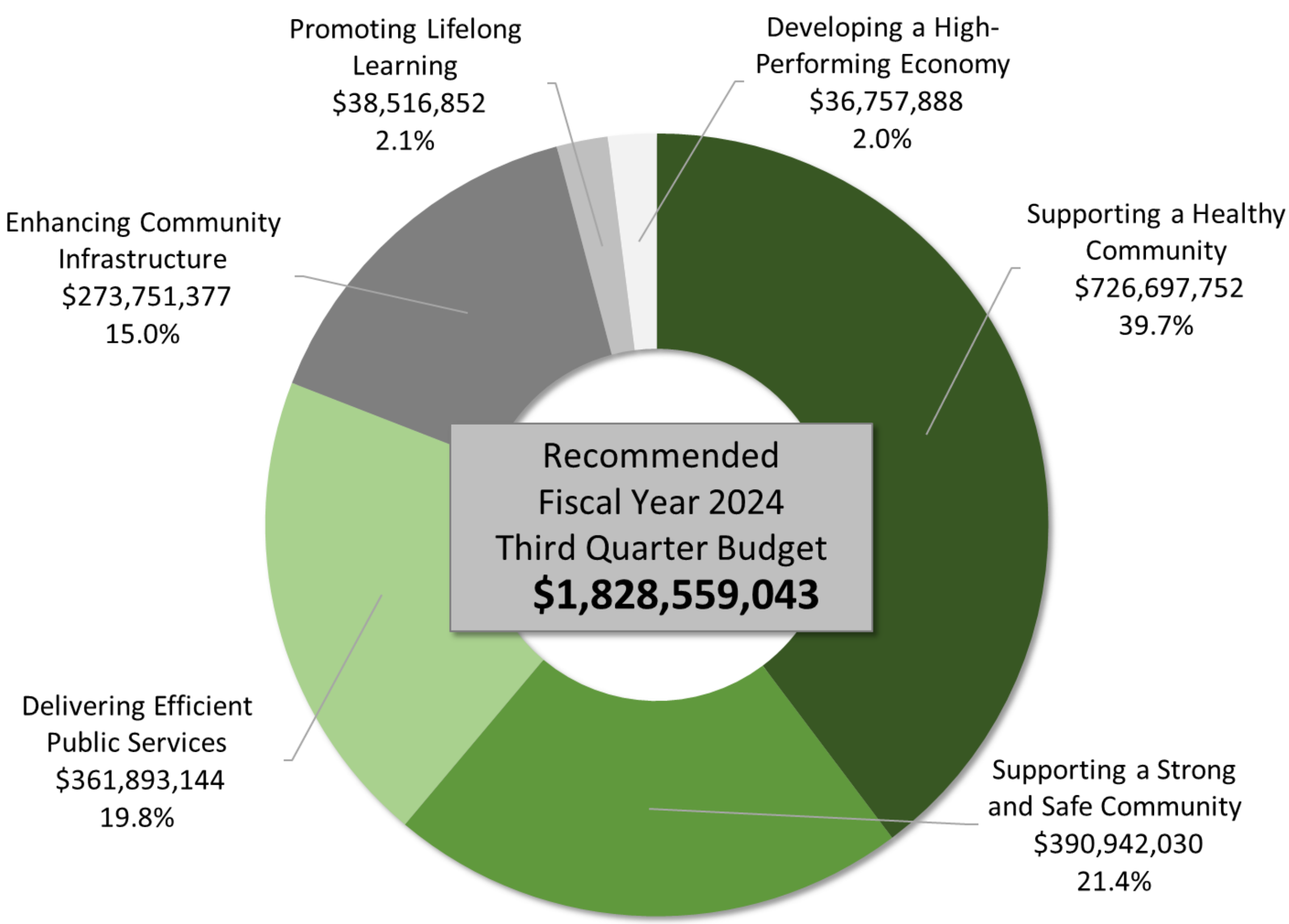
2024 Third Quarter Financial Report Overview

The 2024 Third Quarter Financial Report serves as a fiscal review of departmental programs and includes recommended adjustments to ensure that departments complete the fiscal year within their approved budgets. The report also includes a brief analysis on multi-year trends for both revenue and expenditures by Board priority area. Updates are also provided on Discretionary Revenue and vacancy rate rebates for General Fund departments experiencing limited vacancies.

The recommendations presented in the 2024 Third Quarter Financial Report include a total increase in estimated revenue of $2.4 million and $13.1 million in overall appropriations offset using $7.9 million in transfers from Appropriations for Contingencies for a net $5.2 million in increased appropriations. These transfers will provide support to various General Fund departments to cover vacancy rate rebates, termination cash-outs, health benefit increases, and other unanticipated needs. The transfer of Appropriations for Contingencies requires a four-fifths vote by the Board of Supervisors. If approved, Appropriations for Contingencies will be fully utilized for Fiscal Year 2024.

The following chart depicts the recommended $1.83 billion 2024 Third Quarter Budget, organized by Board of Supervisors' priority area, inclusive of the recommended budget adjustments that are described in greater detail by department in subsequent sections of the report.

Recommended 2024 Third Quarter Budget Expenditures by Board Priority



Consistent with standard accounting practices, the County's budget is divided into separate financial entities known as "funds". The following table provides a summary of recommended adjustments included in the 2024 Third Quarter Financial Report by fund type, showing the progression from the 2024 Adopted Budget to the recommended 2024 Third Quarter Budget.

Summary of Third Quarter Appropriation Adjustments by Fund Type

Fund Type	2024 Adopted Budget	Legal Budget as of 3/31/2024	Recommended 2024 Third Quarter Adjustments	Recommended 2024 Third Quarter Budget
General Fund	$ 503,706,722	$ 518,004,476	$ 962,380	$ 518,966,856
Special Revenue	982,660,925	1,053,650,432	2,651,126	1,056,301,558
Capital Projects	3,149,251	3,321,992	74,725	3,396,717
Enterprise	76,619,569	78,425,211	-	78,425,211
Internal Service	159,449,752	169,968,701	1,500,000	171,468,701
Total All Funds	**$ 1,725,586,219**	**$ 1,823,370,812**	**$ 5,188,231**	**$ 1,828,559,043**

General Fund

The recommended Third Quarter Budget for the General Fund is $519 million, a net increase of $962,380 over the Legal Budget as of March 31, 2024. This change represents an overall total increase of $8.8 million in departmental adjustments offset by the transfer of $7.9 million from Appropriations for Contingencies.

The recommended net increases include: $8.2 million to support vacancy rate rebates, $810,083 to support termination cash-outs, $744,434 in supported requests not submitted previously, $154,105 to support Employee Recruitment and Retention Strategy costs, $105,000 in County-owned Tenth Street Place facility improvements, and a decrease of $1.2 million to recognize savings and offset the need for Net County Cost support.

Special Revenue Funds

The recommended Third Quarter Budget for Special Revenue funds totals $1.06 billion, an increase of $2.7 million over the Legal Budget as of March 31, 2024. The recommended increase is primarily due to a $2.6 million increase for the Community Services Agency's Public Economic Assistance programs. Increased caseloads in the CalWORKs All Other Families, CalWORKs 2 Parent Families, Foster Care, and Adoption programs are due to increasing caseloads and increasing average grant payments.

Capital Projects Funds

The recommended Third Quarter Budget for Capital Projects funds totals $3.4 million, an increase of $74,725 from the Legal Budget as of March 31, 2024. The recommended increase will ensure that the Crows Landing Business Industrial Park Well No. 1 project is fully funded.

Enterprise Funds

Recommended Third Quarter Budget for Enterprise funds totals $78.4 million, consistent with the Legal Budget as of March 31, 2024, with no recommended adjustments for these funds at third quarter.

Internal Service Funds

The recommended Third Quarter Budget for Internal Service funds is $171.5 million, an increase of $1.5 million over the Legal Budget as of March 31, 2024. The recommended increases include $1 million for County Operations – Medical Self-Insurance to account for an increase in medical claims costs due to a recent delay in provider claims. An increase of $500,000 in County Operations – Worker's Compensation will fully account for an increase in County settlements.

Fund Balance

The beginning fund balance on July 1, 2023, for all funds was $746.7 million, inclusive of post-closing adjustments (as footnoted in the following table).

The 2024 Adopted Budget included the planned use of $147.2 million in fund balance. Adjusted to include Board of Supervisors' actions approved through March 31, 2024, a total of $182.2 million in the use of fund balance is projected for all departments.

The recommendations contained in the Third Quarter Financial Report include adjustments increasing the use of fund balance by an overall $2.8 million. The overall increased use of fund balance totaling $3.7 million, as detailed in each priority section of this report, is offset by an increase of $521,342 to Discretionary Revenue, primarily tied to forecast growth in interest earnings revenue and the recognition of 1991 and 2011 Realignment growth revenue in Behavioral Health and Recovery Services and Health Services Agency along with a reduction of prior-year encumbrances in Area Agency on Aging, decreasing the reliance on fund balance by $408,166.

Inclusive of the budget adjustments identified in this 2024 Third Quarter Financial Report, projected fund balance on June 30, 2024, is forecast to be $561.6 million across all funds. The following chart presents the beginning and projected year-end fund balance, listed by fund type and in total, inclusive of the recommended use at third quarter.

Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund Balance on 7/1/2023*	Legal Budget Revenue on 3/31/2024	Legal Budget Appropriations on 3/31/2024	Third Quarter Recommended Use of Fund Balance	Projected Fund Balance on 6/30/2024
General Fund	$ 252,867,462	$ 465,514,580	$ 518,004,476	$ 1,641,038	$ 198,736,528
Special Revenue	368,316,724	958,543,591	1,053,650,432	(393,472)	273,603,355
Capital Projects	5,922,830	788,995	3,321,992	74,725	3,315,108
Enterprise	99,721,913	62,267,945	78,425,211	-	83,564,647
Internal Service	19,861,866	154,035,494	169,968,701	1,500,000	2,428,659
Total All Funds	**$ 746,690,795**	**$ 1,641,150,605**	**$ 1,823,370,812**	**$ 2,822,291**	**$ 561,648,297**

*Beginning Fund Balance as of March 31, 2024 is an increase of $16,546,107 compared to the $730,144,688 reported in the 2024 Adopted Budget document (page 66). The difference is due to post-closing journal entries made by the Auditor-Controller's office as part of the Fiscal Year 2023 year-end close process. The Auditor-Controller's office continues to work through the close and will report the final numbers once the financial audit is complete.

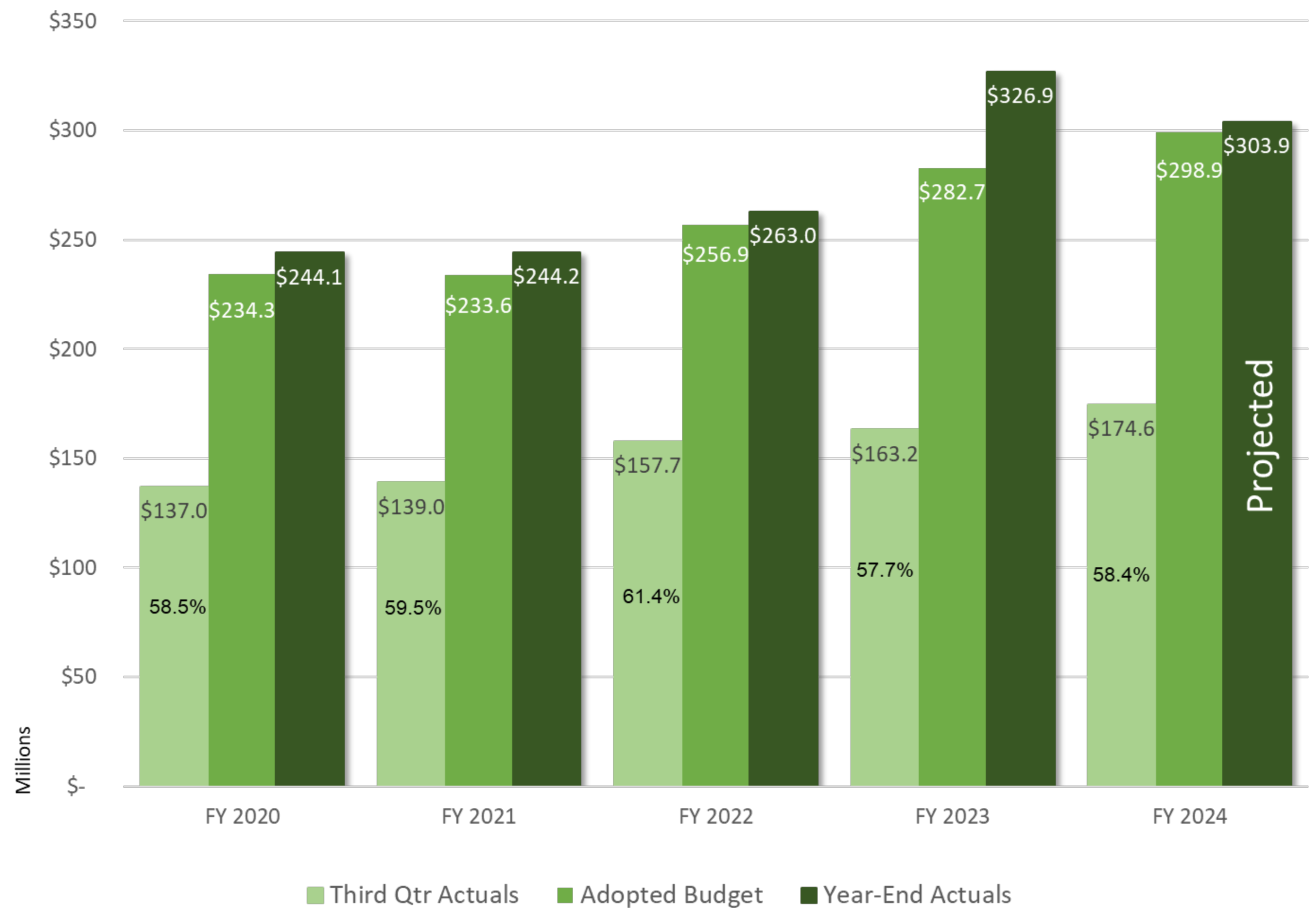
Discretionary Revenue

Discretionary Revenue refers to revenue received in the General Fund that is available to fund programs at the Board of Supervisors' discretion. Total Discretionary Revenue included in the 2024 Adopted Budget was projected at $298.9 million and was adjusted using updated projections to $303.4 million in the 2024 Midyear Financial Report. After review of receipts through March 31, 2024, it is recommended to increase Discretionary Revenue at third quarter by $521,342 for anticipated additional interest earnings. This net increase is inclusive of a slight increase to city reimbursement and cancelled warrants revenues along with a decrease to both sales and use tax and Public Safety Sales Tax (Prop 172). The decrease to sales and use tax and Prop 172 revenue is directly attributed to the reduction of the County's ratio of the Statewide tax pool as estimated by HdL, the County's sales tax analyst. This adjustment brings total Discretionary Revenue for Fiscal Year 2024 to $303.9 million.

As of March 31, 2024, approximately $174.6 million in Discretionary Revenue had been received, representing 58.4% of that projected in the 2024 Adopted Budget. Over the past four years, Discretionary Revenue collected through third quarter ranged from 57.7% to 61.4% of the Adopted Budget projection, placing this year's receipts within the historical range. Additionally, the four-year history indicates that revenue realized through third quarter ranged from 49.9% to 60% of actual year-end total receipts. Revenue received through March represents 57.4% of the year-end estimate updated at third quarter.

The following chart provides a five-year comparison of activity noted at third quarter, including current and previous years' data showing nine months of revenue receipts compared to Adopted Budget estimates and year-end actuals for the previous four years, using the updated projections recommended at third quarter for Fiscal Year 2024.

General Fund – Discretionary Revenue Five-Year Comparison



Third quarter analysis of Discretionary Revenue includes an evaluation of year-to-date data using nine months of receipts along with projections using historical trend data and analysis from expert outside consultants. The following are revenue categories of note at third quarter.

Taxes

Taxes include various property-related taxes (secured, unsecured, supplementals, redevelopment pass-through increment, property tax received in lieu of vehicle license fees, and property transfer tax), 1% sales and use tax, and transient occupancy tax. Analysis of receipts through March 2024 indicates no material changes as of third quarter.

Revenue from the Use of Money

Interest earnings from pooled cash are trending higher than currently budgeted. In consultation with the County Treasurer-Tax Collector – Treasury division, a $521,342 increase is recommended at third quarter.

Intergovernmental Revenue

The Intergovernmental Revenue category represents revenue received from Federal, State, and other governmental sources in the form of grants, shared revenues, and payments in lieu of taxes. The largest contributor to this category comes from a one-half cent sales and use tax for local public safety services, also known as Proposition 172 (Prop 172). Analysis of receipts through March 2024 indicate that intergovernmental revenue projections will have no material changes as of third quarter.

Overall, an increase to estimated Discretionary Revenue in the Revenue from the Use of Money category is recommended to be increased by $521,342 at third quarter.

Discretionary Revenue Third Quarter Adjustments

Discretionary Revenue Category	FY 2023 Actuals	Legal Budget as of 3/31/2024	2024 Third Quarter Projections	Recommended Third Quarter Adjustments
Taxes	$ 203,831,867	$ 212,280,408	$ 212,280,408	$ -
Licenses, Permits, and Franchises	1,532,236	1,133,000	1,133,000	-
Fines, Forfeitures, and Penalties	3,394,339	2,935,000	2,935,000	-
Revenue from the Use of Money	7,673,697	13,805,000	14,326,342	521,342
Intergovernmental Revenue	78,604,640	65,771,362	65,771,362	-
Charges for Services	4,669,950	4,261,113	4,261,113	-
Miscellaneous Revenue	(372,999)	-	-	-
Other Financing Sources	3,256,202	3,087,374	3,087,374	-
Total Discretionary Revenue	**$ 302,589,931**	**$ 303,273,257**	**$ 303,794,599**	**$ 521,342**

Note: Table excludes expenditure abatements and is materially correct.

Recommendation: It is recommended to increase estimated Discretionary Revenue by $521,342.

Net County Cost Savings

Fiscal Year 2024 marks the end of the two-year budget; all Fiscal Year 2024 Net County Cost savings will be returned to the General Fund at year end. Projections as of March 31, 2024, have identified potential savings of $7.6 million, which includes cost savings along with increased revenue experienced in departments receiving General Fund support, reducing the reliance on Net County Cost. Any actual savings realized at year end will be available for budget balancing in Budget Year 2025.

Vacancy Rates

The two-year budget process is traditionally built on zero-based budget projections and department long-range modeling and focused on a two-year strategy or plan aligned with each department's success measures. Due to the concurrent implementation of the new financial management system, traditional processes were streamlined to accommodate the redirection of staff time to manage this priority project. This meant that General Fund departments solidified their 2024 Adopted Budgets using a salary projection analysis for salary and benefits costs in lieu of the standard zero-based budgeting exercise.

Additionally, the 2024 Adopted Budget included a 5% vacancy rate salary deduction applied to all General Fund departments containing 30 or more allocated positions. This practice has been based on a ten-year historical analysis. Most recently, the

County organization's 12-month average vacancy rate is 15.8%.

At third quarter, actual fiscal year-to-date vacancy rates specific to General Fund departments averaged 10.3%. The following table identifies the nine-month average for General Fund departments, accounting for all allocated positions and the resulting calculated average vacancy rate by budget unit using data from July 1, 2023, through March 1, 2024. General Fund departments experiencing a vacancy rate between 10% to 15% will receive a rebate at half of their original vacancy rate deduction while departments experiencing a vacancy rate below 10% will receive a full rebate. The resulting rebates total $8.2 million and are listed by budget unit in the table above. Rebates will be provided through a technical budget adjustment, as detailed on page 45.

General Fund Budget Unit	2024 Adopted Budget 5% Vacancy Rate Deduction	Actual Vacancy Rate at March 2024	2024 Third Quarter Vacancy Rate Rebate
Agricultural Commissioner	$ 255,407	2.4%	$ 255,407
Assessor	373,554	4.4%	373,554
Auditor Controller	282,034	15.8%	-
Chief Executive Office - Human Relations	262,030	2.5%	262,030
Chief Executive Office - Administration	359,069	11.9%	179,534
Clerk - Recorder Division	172,076	14.1%	86,038
Clerk - Recorder - Elections Division	83,835	9.7%	83,835
District Attorney - Criminal Division	1,166,888	11.1%	583,444
Environmental Resources - Code Enforcement	54,973	7.8%	54,973
Environmental Resources - Groundwater Program	14,796	0.0%	14,796
Parks & Recreation	300,770	3.9%	300,770
Planning & Community Development - Planning	157,951	19.3%	-
Probation - Administration	177,195	9.6%	177,195
Probation - Field Services	730,251	24.6%	-
Probation - Institutional Services	302,129	12.6%	151,065
Probation - Juvenile Commitment Facility	151,205	24.1%	-
Public Defender	472,921	16.7%	-
Public Defender - Indigent Defense	71,362	14.5%	35,681
Sheriff - Administration	619,955	9.3%	619,955
Sheriff - Detention	2,969,086	7.9%	2,969,086
Sheriff - OES/Fire Warden	64,349	0.0%	64,349
Sheriff - Operations	1,911,702	7.4%	1,911,702
Treasurer - Administration/Taxes	80,151	0.0%	80,151
Totals	**$ 11,033,689**	**10.3%**	**$ 8,203,565**

Please note: Departments with fewer than 30 allocated staff were exempt from base deduction and not noted in this table.

Challenges and Opportunities

The organization regularly evaluates the various challenges and opportunities that can impact intended outcomes. Some require a collaborative approach and are beyond the scope of any one department or agency to resolve. The following are the organization-wide and department-specific challenges and opportunities being tracked at third quarter, including updated information on the California State Budget.

Organizational Challenges and Opportunities

Monitoring potential impacts associated with the pending California State Budget is ongoing. Beginning with the Governor's Proposed Budget issued in January, through the May Revision, and finally, adoption of the State Budget in June, staff continue to evaluate and consider how challenges at the State level will affect local programs and services for Budget Year 2025. Preliminary information indicated a $37.9 billion State Budget shortfall with plans to balance through the use of reserves, various reductions, internal borrowing, spending delays, fund shifts, and deferrals.

The California State Association of Counties (CSAC) recently provided information on an agreement between the Governor and the Legislature on an Early Action budget package that would reduce the budget shortfall by approximately $17.3 billion. If approved, analysts contend there would likely remain a budget shortfall somewhere between $8.4 billion and $23.4 billion.

The Early Action agreement includes a combination of the following: Reductions totaling $3.6 billion including the CalWORKs Single Allocation Partial Reversion ($336.6 million), Broadband – Loan Loss Reserve ($150 million), and Foreclosure Intervention Housing Preservation Program ($85 million); delays totaling $3.1 billion including CA Jobs First ($183.3 million), Behavioral Health Continuum Infrastructure Program ($140.4 million), Broadband Last Mile ($100 million), and Health and Human Services Innovator ($74 million); revenue and borrowing totaling $5.2 billion, including Managed Care Organization Tax ($3.8 billion); fund shifts totaling $3.4 billion, including Medi-Cal Drug Rebate Special Fund Reserve ($162.7 million); and deferrals totaling $2.1 billion, including Statewide Payroll Deferral ($1.6 billion) and UC and CSU Deferrals ($499.1 million).

Staff will continue to monitor information from the State and will evaluate the May Revision for potential local impacts, sharing updated information with the 2025 Proposed Budget.

The **Community Services Agency** (CSA) has identified a variety of challenges and opportunities on which to track over the coming months and year, covering program areas in Welfare to Work, Refugee Cash Assistance, CalFresh, Child Care, and Medi-Cal. In Child Welfare Services, additional funding has been made available to address various programmatic needs, supporting services locally. Operationally, CSA is prioritizing facility needs, focusing on new safety requirements and anticipating future space needs as new programs emerge from the Master Plan on Aging. This includes strategic community locations and partnerships.

Since October 2022, Stanislaus County's CalWORKs caseload has risen by 12%, attributed to increases in CalWORKs Maximum Aid Payment (MAP) levels and earned income disregard, expanding eligibility thresholds, and growing economic pressures such as inflation and housing affordability, driving greater demand for benefits. This fiscal year, Stanislaus County faces a $1.3 million reduction in the single allocation compared to the previous year due to modest caseload growth projections and the reallocation of funds from CalWORKs Eligibility to CalFresh and Medi-Cal administration. The increase in CalWORKs cases coupled with budget cuts could affect staffing assignments locally.

District Attorney
Grand Jury
Probation
Public Defender
Sheriff

Supporting a Strong and Safe Community

Supporting a Strong and Safe Community

Priority Overview

Ensuring a safe community and protecting the safety of the residents of Stanislaus County continues to be a top priority of the Board of Supervisors. The departments within this priority area focus on the safety of our neighborhoods and strengthening our communities. The impact of gangs, drugs, and vagrancy directly contributes to the decline of the physical, economic, and social health of the County. Robust partnerships within the organization, local municipalities, and community-based organizations throughout the region help maintain effective public safety programs and the ability to respond to emergencies on behalf of our community.

Departments assigned to the Board of Supervisors' priority *Supporting a Strong and Safe Community* include District Attorney, Probation, Public Defender, and Sheriff. The revenue used to pay for these services comes primarily from local taxes such as property tax, sales tax, fees, franchises, charges for services, and a variety of other discretionary revenue sources. Public Safety Sales Tax (Proposition 172) revenue is also used to partially fund the District Attorney, Probation, and Sheriff's Department budgets. These departments also receive dedicated funds for specific grant-funded programs.

Overall, inclusive of adjustments recommended at third quarter, along with anticipated separate Board action to close-out the fiscal year for the District Attorney, the departments within the priority *Supporting a Strong and Safe Community* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departmental budgets *Supporting a Strong and Safe Community* as of March 31, 2024, actual revenue collected totaled $77.7 million, which represents 58.2% of the estimated annual revenue. This is within the historical range when compared to the third quarter point of the prior three years when collections ranged from 44.4% to 66.6% of the final actual revenue.

Several budget units (Criminal Justice Facilities Fund, Courthouse Construction Fund, County Court Funding, DOJ Drug and Alcohol, Prop 69 – DNA Identification, and Integrated Criminal Justice Information System) were transferred out of this priority area and into *Delivering Efficient Public Services* in the 2023 Adopted Budget, reducing revenue received in the priority area. Additionally, approximately $15 million dollars in outstanding revenue related to Community Corrections Partnership and Jail Based Competency Treatment funding for expenses incurred by the Sheriff's Office were still pending at third quarter in that year.

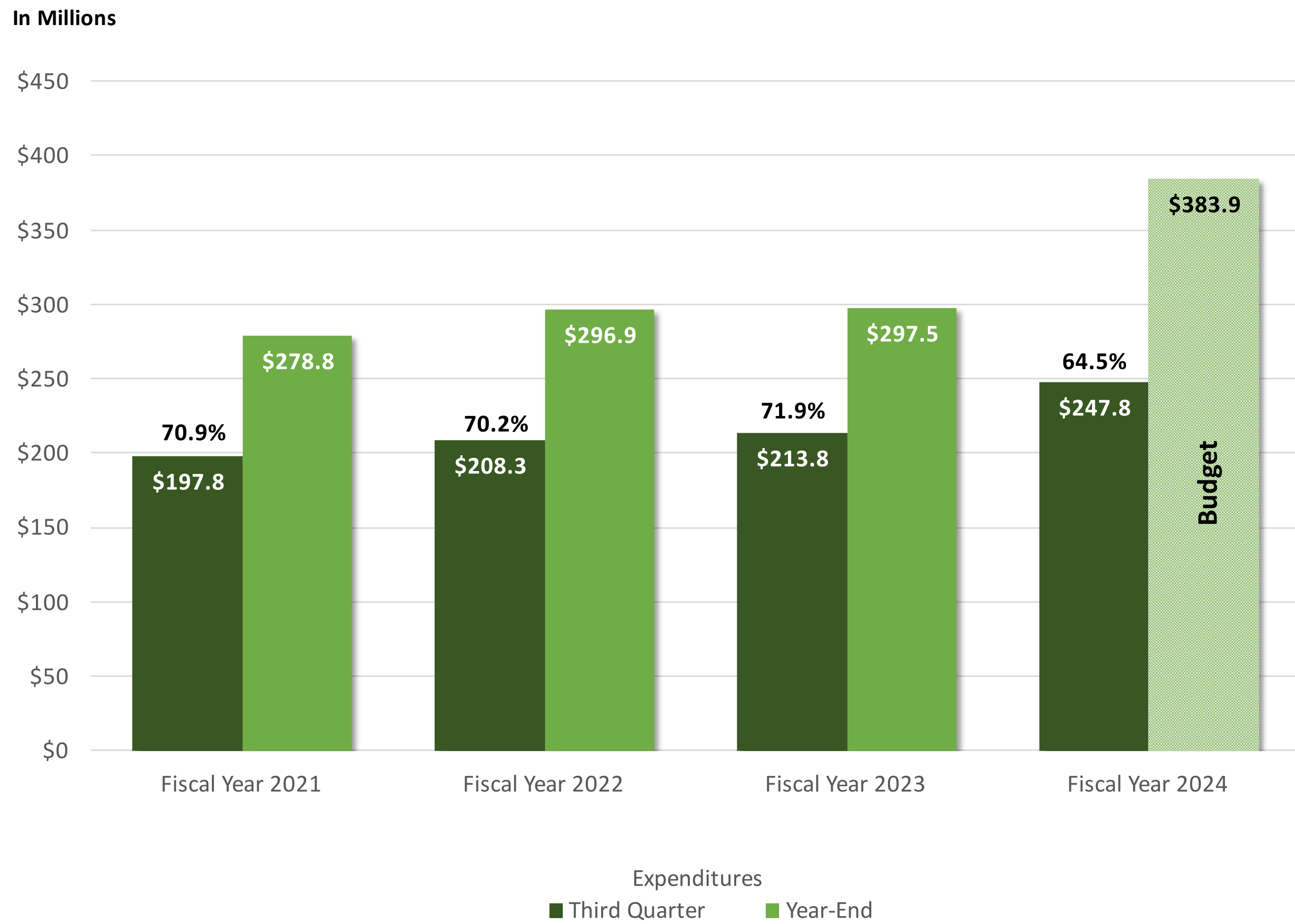
Supporting a Strong and Safe Community Four-Year Revenue Comparison

Departmental Expenditures

As of March 31, 2024, expenditures totaled $247.8 million, representing 64.5% of the budgeted appropriations. This is below the historical range when compared to the third quarter point of the prior three fiscal years when expenditures ranged from 70.2% to 71.9% of the final actual expenditures.

The decrease in spending proportionate to the budget can be attributed to grant and Community Corrections Partnership (CCP) funded programs in the Public Defender's Office that have yet to materialize in the current year. Additionally, the District Attorney, and its subcontractors, have experienced unexpected vacancies in grant-funded programs, which have impacted the Department's expenditures in the current year. Spending in the other departments within this priority is typical of that experienced in the prior three years.

Supporting a Strong and Safe Community Four-Year Expenditures Comparison



Third Quarter Issues and Recommendations

The recommendations contained in this report *Supporting a Strong and Safe Community* will increase appropriations by $7 million and decrease estimated revenue by $1.2 million, funded by $8.2 million in Net County Cost. Of this adjustment, $6.5 million represents Net County Cost-funded vacancy rate rebates for departments in this priority, as detailed on page 45.

District Attorney

The Department has identified an unmet need for which analysis is ongoing to determine final year-end projections. Any budget adjustments required to ensure Board-approved service levels are fully funded will be taken directly to the Board of Supervisors separately.

Public Defender

It is recommended to decrease estimated revenue by $1.2 million in the Public Defender budget. The Department included in its budget $1.2 million in estimated revenue associated with grants for which equal appropriations were not budgeted, artificially decreasing the Department's need for Net County Cost. A corresponding $1.2 million decrease in appropriations in the Indigent Defense budget, attributed to savings associated with the Alternate Defender's Office established by the Board of Supervisors (Board Resolution 2022-0160) effective July 1, 2022, is recommended as well. The Net County Cost savings generated by the adjustment in Indigent Defense will offset the increased Net County Cost needed in Public Defender, creating a cost neutral impact to Net County Cost for the Department.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
Public Defender	($1,200,000)	$0	$0	$1,200,000	Decrease revenue, funded with increased Net County Cost, to align with the grant revenue the department anticipates.
Indigent Defense	$0	($1,200,000)	$0	($1,200,000)	Decrease appropriations, benefitting Net County Cost, providing savings needed to offset Public Defender adjustment.
Total	**($1,200,000)**	**($1,200,000)**	**$0**	**$0**	

Recommendation: It is recommended to decrease appropriations and estimated revenue by $1.2 million.

Sheriff

A net increase in appropriations of $1.7 million, funded by Net County Cost, is recommended for various technical adjustments supported by annual policy direction.

- Termination Cash-Outs – An increase in appropriations of $810,083, funded by Net County Cost, is recommended to support termination cash-outs in the Administration, Detention, Office of Emergency Services/Fire Warden, and Operations budgets.
- Group Health Increases – An increase in appropriations of $749,128, funded by Net County Cost, is recommended to support group health insurance increases that were not requested in the 2024 Midyear Financial Report in the Administration, Detention, Office of Emergency Services/Fire Warden, and Operations budgets.

- Employee Recruitment and Retention Strategy – An increase in appropriations of $154,105, funded by Net County Cost, is recommended to support costs associated with the County's Employee Recruitment and Retention Strategy in the Administration, Detention, and Operations budgets.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
Sheriff - Administration	$0	$13,055	$0	$13,055	Increase appropriations to support Employee Recruitment and Retention Strategy costs, funded by Net County Cost.
Sheriff - Administration	$0	$95,695	$0	$95,695	Increase appropriations to support group health increases, funded by Net County Cost.
Sheriff - Administration	$0	$105,456	$0	$105,456	Increase appropriations to support retirement cash-outs, funded by Net County Cost.
Sheriff - Detention	$0	$80,373	$0	$80,373	Increase appropriations to support Employee Recruitment and Retention Strategy costs, funded by Net County Cost.
Sheriff - Detention	$0	$418,310	$0	$418,310	Increase appropriations to support group health increases, funded by Net County Cost.
Sheriff - Detention	$0	$355,580	$0	$355,580	Increase appropriations to support retirement cash-outs, funded by Net County Cost.
Sheriff - OES/Fire Warden	$0	$7,485	$0	$7,485	Increase appropriations to support group health increases, funded by Net County Cost.
Sheriff - OES/Fire Warden	$0	$62,817	$0	$62,817	Increase appropriations to support retirement cash-outs, funded by Net County Cost.
Sheriff - Operations	$0	$60,677	$0	$60,677	Increase appropriations to support Employee Recruitment and Retention Strategy costs, funded by Net County Cost.
Sheriff - Operations	$0	$227,638	$0	$227,638	Increase appropriations to support group health increases, funded by Net County Cost.
Sheriff - Operations	$0	$286,230	$0	$286,230	Increase appropriations to support retirement cash-outs, funded by Net County Cost.
Total	**$0**	**$1,713,316**	**$0**	**$1,713,316**	

Recommendation: It is recommended to increase appropriations by $1.7 million, funded by Net County Cost.

It is also recommended to allow transferability between the Sheriff's four General Fund budget units, specifically Office of Emergency Services/Fire Warden, Administration, Detention, and Operations, to provide the Department with maximum capacity to balance the General Fund budgets to end the year in a positive position.

Staffing Recommendation: It is recommended to study one block-budgeted Manager I/II to determine if current duties and responsibilities are in alignment with the current classification designation. Additionally, it is recommended to study the request to add two new job classifications: Custody Technician and Supervising Custody Technician. Furthermore, it is recommended to study the request to reclassify eight Community Services Officer positions and 21 block-budgeted Legal Clerk I/II/III positions to Custody Technician, as well as four block-budgeted Supervising Legal Clerk I/II positions to Supervising Custody Technician.

Aging and Veterans Services
Behavioral Health and Recovery Services
Child Support Services
Community Services Agency
Health Services Agency

Supporting a Healthy Community

Supporting a Healthy Community

Priority Overview

Supporting a Healthy Community is vital to the quality of life for our residents. The primary focus on protecting and promoting the physical health and safety of our residents includes preventing disease, disability, and death. Protecting emotional safety focuses on social issues that include homelessness, incarceration, and fragmented families, often with a variety of financial and emotional needs. Resources dedicated to prevention provide for services to a broader population than the resources required for direct services.

The departments assigned to this priority area include Aging and Veterans Services, Behavioral Health and Recovery Services, Child Support Services, Community Services Agency, and Health Services Agency. The major funding sources for the programs provided by these departments include Federal and State funding. The County uses local discretionary funds, where required, to match other governmental funding in support of these programs.

Overall, the departments *Supporting a Healthy Community* are on track to end the year within budget and in a positive fiscal position as 1991 and 2011 Realignment revenue projections continue to experience modest growth, as detailed in the Governor's 2024-25 Proposed Budget.

Departmental Revenue

For departmental budgets *Supporting a Healthy Community*, actual revenue received as of March 31, 2024, totaled $381.3 million, which represents 55% of the estimated annual revenue. This ratio is below the normal range when comparing to revenue received as of third quarter in the previous three years when collections ranged from 69.4% to 83.3% of year-end actual totals.

Budgeted revenue for Fiscal Year 2024 increased by $110.6 million (19%) over that realized in Fiscal Year 2023 due to increased allocations of Federal, State, and grant revenue. However, actual revenue received this fiscal year to date is $23.2 million less than last fiscal year.

Behavioral Health and Recovery Services has experienced a year-to-date decrease of $12.5 million in revenue due to challenges with implementation of California Advancing and Innovating Medi-Cal (CalAIM) payment reform and the timing required to recognize Medi-Cal revenue due to the new Electronic Health Record system.

Finally, Child Support Services' revenue is down $6.2 million less than last year due to delays in posting revenue since August as staff have transitioned and revenue reconciliations have been actively underway; the Department anticipates that all revenue will be posted by the end of April.

Supporting a Healthy Community Four-Year Revenue Comparison

Departmental Expenditures

As of March 31, 2024, expenditures in this priority area totaled $435.7 million, representing 60.2% of the budgeted appropriations. Actual expenditures identified in third quarter of the previous three years as a ratio of year-end costs represented a range of 68.2% to 85.6%, placing this year's expenditures below the historical range. Related to the note in the revenue section, due to increased Federal, State, and grant revenue, there is an overall corresponding increase in budgeted appropriations, affecting the actuals-to-budget ratio of expenditures to date. Actual expenses are $146.5 million higher year-to-date relative to last fiscal year.

The Community Services Agency expenditures are $26.4 million higher than last fiscal year primarily due to year-to-date expenditures for Public Economic Assistance which are $13.8 million more than last fiscal year; this trend is expected to continue. In addition, Housing and Homeless Services are $3.4 million more than last fiscal year due to a $1.8 million payment issued to the City of Modesto for the Traveler's Motel project on behalf of the Stanislaus Community System of Care (CSOC) and $1.5 million in expenses for the Access Center Emergency Shelter that was previously funded by Emergency Solutions Grants program administered by County Planning and Community Development.

Finally, the Department of Behavioral Health and Recovery Services expenditures are $13.1 million more than last fiscal year resulting from historic levels of State funding to support mental health and substance use disorder services.

Supporting a Healthy Community Four-Year Expenditures Comparison

Third Quarter Issues and Recommendations

The recommendations contained in this report for *Supporting a Healthy Community* will net for a total increase in appropriations of $2.6 million and a $3 million increase in estimated revenue, resulting in a $403,472 decrease in the use of departmental fund balance and a decrease of $4,694 in Net County Cost.

Aging and Veterans Services

Area Agency on Aging – Decrease appropriations by $233,874 to address encumbrance carryover appropriations not needed which reduces the use of fund balance.

Veterans Services – Decrease appropriations by $4,694 to address encumbrance carryover appropriations not needed which benefits Net County Cost.

Reocmmended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
AVS - Area Agency on Aging	$0	($233,874)	($233,874)	$0	Decrease carryover encumbrance appropriations not needed, decreasing reliance on Fund Balance.
AVS - Veterans Services	$0	($4,694)	$0	($4,694)	Decrease carryover encumbrance appropriations not needed, decreasing Net County Cost.
Total	**$0**	**($238,568)**	**($233,874)**	**($4,694)**	

Recommendation: It is recommended to decrease appropriations by $238,568, resulting in a $233,874 decrease in use of departmental fund balance and a decrease of $4,694 in Net County Cost.

Staffing Recommendation: A classification study request was submitted by the Department and recommended for study in the 2023 Midyear Financial Report. The study has been finalized, concluding with a recommendation to reclassify one block-budgeted Manager I/II to a block-budgeted Manager I/II/III to accurately align the job duties and responsibilities with the position.

Behavioral Health and Recovery Services

Consistent with County policy, the Department is recognizing one-time growth receipts for 1991 Realignment revenue. In February 2024, the Department received $113,746 in 1991 Realignment growth revenue for Fiscal Year 2023, of which $32,018 was already budgeted. The resulting increase of $81,728 in revenue is being recognized in the Behavioral Health and Recovery Services (BHRS) budget unit, reducing the use of fund balance.

Medi-Cal payment reform implemented with California Advancing and Innovating Medi-Cal (CalAIM) State initiative and the restructuring of contracts from a cost-reimbursement model to a fee-for-service model has resulted in increased costs for the same level of mandated residential services. Therefore, it is recommended to increase appropriations and estimated revenue by $320,000 in the Substance Use Disorder (SUD) budget unit to support increased costs for an existing contract with Valley Recovery Resources Redwoods Family Treatment Center to provide residential SUD services. This adjustment supports a contract amendment to continue providing services at the current service level for the remainder of the fiscal year and is fully funded by Medi-Cal Federal Financial Participation revenue.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Behavioral Health and Recovery Services	$81,728	$0	($81,728)	$0	Increase revenue to recognize 1991 Realignment Growth, resulting in a decrease in the use of fund balance.
Substance Use Disorder	$320,000	$320,000	$0	$0	Increase appropriations and estimated revenue to support a contract amendment for SUD services.
Total	**$401,728**	**$320,000**	**($81,728)**	**$0**	

Recommendation: It is recommended to increase appropriations by $320,000 and increase revenue by $401,728 resulting in an $81,728 decrease in the use of Department fund balance.

Staffing Recommendation: A classification study request was submitted by the Department and recommended for study in the 2023 Midyear Financial Report. The study has been completed, concluding with a recommendation to reclassify one Behavioral Health Coordinator to a Manager I to accurately align the job duties and responsibilities with the position.

Community Services Agency

Community Services Agency has analyzed expenditure data through February 2024 and projected trends indicate increased costs resulting from higher costs per case in Foster Care and increased caseloads to support the CalWORKs All Other Families, CalWORKs 2 Parent Families, and Adoption programs. Increased caseloads are due to the end of COVID-19 related stimulus and assistance coupled with high inflation; therefore, it is recommended to increase appropriations and estimated revenue by $2.6 million in the Public Economic Assistance budget unit funded by Federal and State revenue.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CSA - Public Economic Assistance	$2,555,000	$2,555,000	$0	$0	Increase appropriations and estimated revenue due increased caseloads.
Total	**$2,555,000**	**$2,555,000**	**$0**	**$0**	

Recommendation: It is recommended to increase appropriations and estimated revenue by $2.6 million.

Staffing Recommendation: It is recommended to block-budget 24 Family Services Specialist II positions to a block-budgeted Family Services Specialist I/II position to allow the Department flexibility in filling the positions at a lower classification level.

Health Services Agency

Consistent with County policy, the Department is recognizing $87,870 in one-time growth receipts for Fiscal Year 2023 Health Vehicle License Fee 1991 Realignment revenue, resulting in a decrease in the use of fund balance.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
HSA - Public Health	$87,870	$0	($87,870)	$0	Increase revenue to recognize Fiscal Year 2023 Health Vehicle License Fee 1991 Realignment Growth, decreasing the use of fund balance.
Total	**$87,870**	**$0**	**($87,870)**	**$0**	

Recommendation: It is recommended to increase revenue by $87,870 resulting in a decrease in the use of Department fund balance.

Agricultural Commissioner
UC Cooperative Extension
Workforce Development

Developing a High-Performing Economy

Developing a High-Performing Economy

Priority Overview

The Board of Supervisors' priority *Developing a High-Performing Economy* recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities. This in turn serves to strengthen our local economy and provide for a better, more stable, quality of life for our residents. Supporting job creation and providing a wide range of employment, training services, and educational resources are key aspects for this priority. Departments and programs in this priority area include the Agricultural Commissioner, University of California (UC) Cooperative Extension, and Workforce Development.

Various funding sources support these departments. The Agricultural Commissioner receives State funding, charges for specific services, and General Fund support. UC Cooperative Extension's University of California advisors are funded through the UC system, with the County providing local funds for support staff and operational expenses. Workforce Development receives Federal, State, and local funding for several programs.

While the agricultural industry is a significant economic driver in the County, regional economic strategies are in place to diversify economic opportunities. Initiatives include focus on job creation, business assistance and retention, demand-driven workforce readiness and innovation. Sector diversification strengthens the local economy and provides for a better, more stable, quality of life.

Overall, the departments within the Board priority *Developing a High-Performing Economy* are on track to end the year within budgeted appropriations and in a positive fiscal position.

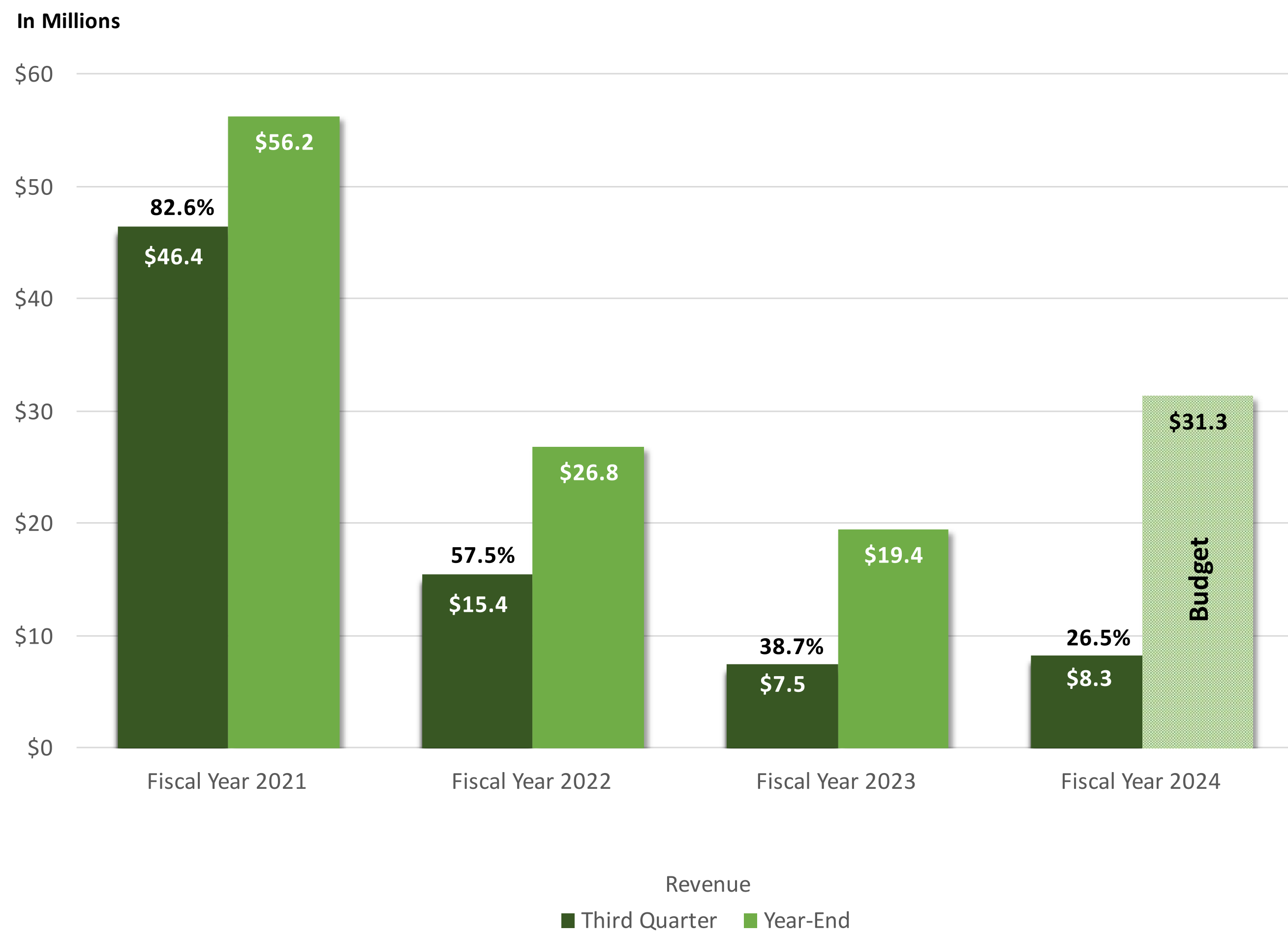
Departmental Revenue

For the departments *Developing a High-Performing Economy,* actual revenue collected as of March 31, 2024, totaled $8.3 million, which represents 26.5% of the estimated annual revenue. This is below the historical range when compared to the third quarter point of the prior three years when collections ranged from 38.7% to 82.6%. This is mostly due to revenue collections in Workforce Development funded by Federal, State, and local funding for several programs.

Workforce Development has been awarded additional grants in the current year, increasing budgeted revenue by $10 million. Grant revenue is reimbursement-based and grant reimbursement to date is lower than anticipated due to the timing of grant-funded activities.

The significant variance shown in Fiscal Year 2021 is primarily due to Coronavirus Aid, Relief and Economic Security (CARES) Act funding that was allocated to the Economic Development Bank to assist in the County's response to the COVID-19 pandemic emergency. This represented one-time funding unique to that fiscal year. This budget has since been moved into another priority area.

Developing a High-Performing Economy Four-Year Revenue Comparison

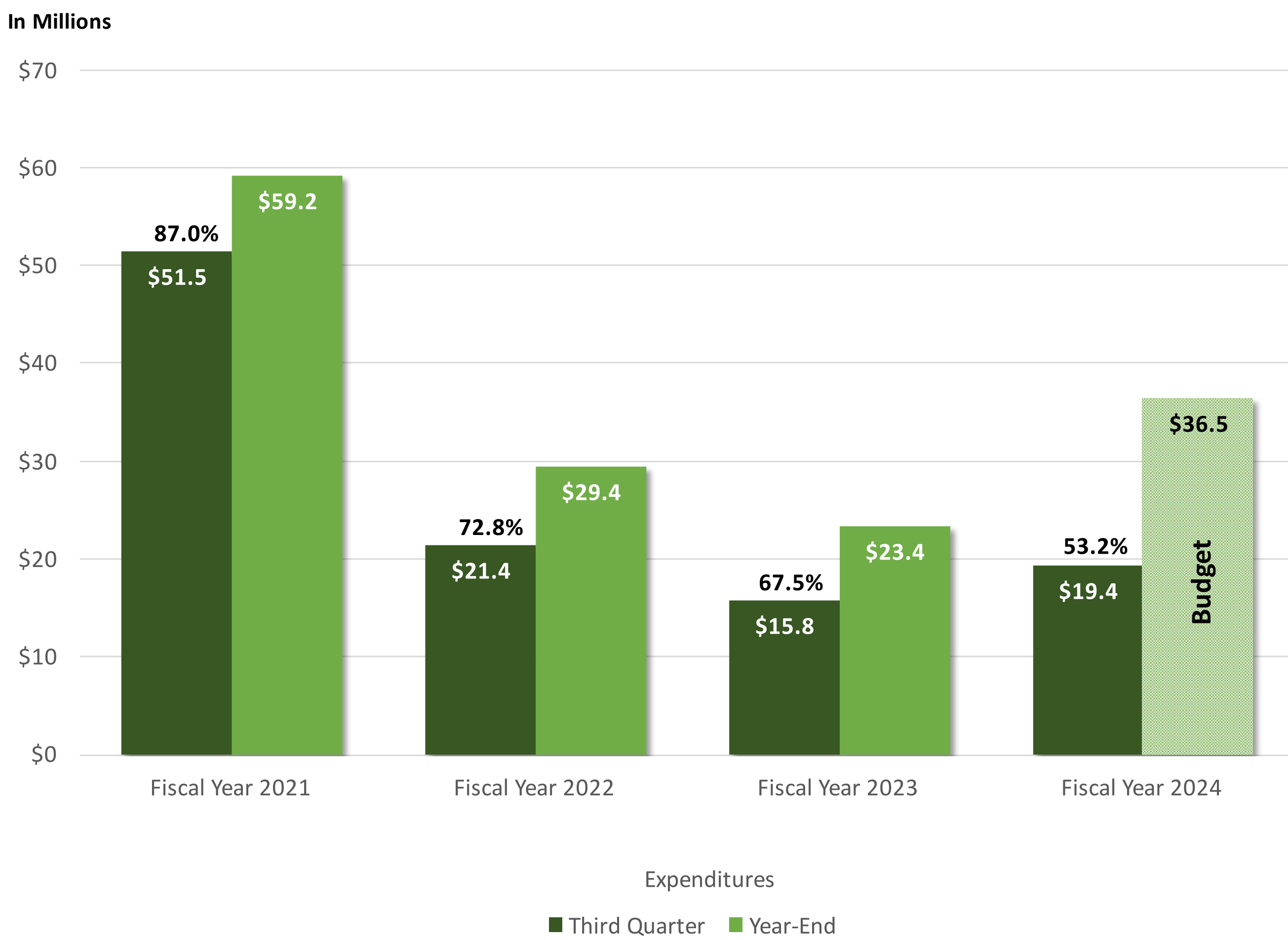


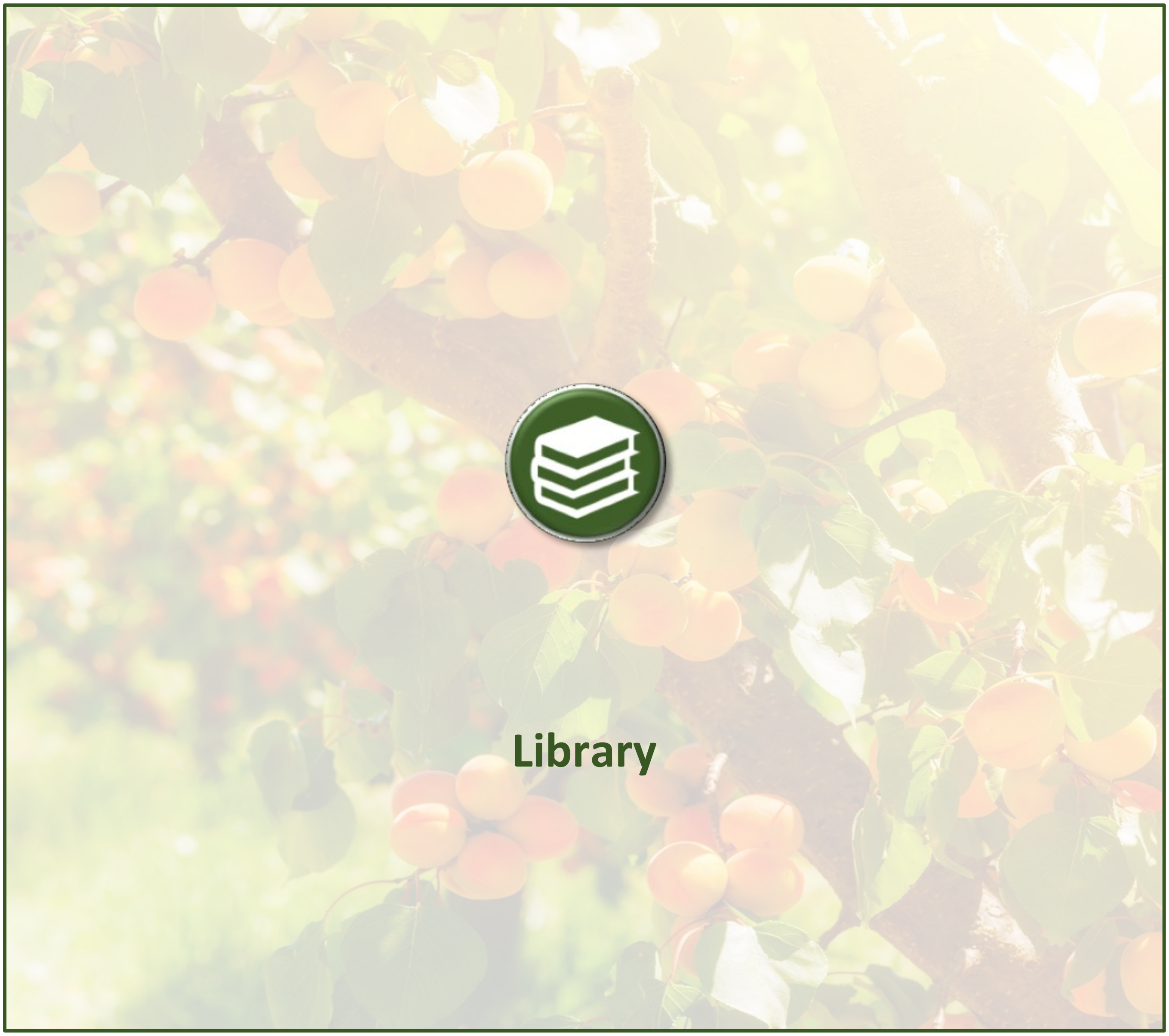
Departmental Expenditures

As of March 31, 2024, expenditures for this priority totaled $19.4 million, representing 53.2% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 67.5% to 87% of the final actual expenditures, placing this year below the three-year historical range. This is mostly due to an increase in the Workforce Development budget by $10 million due to the award of grants. While expenditures to date for this priority are similar to those of the prior two fiscal years, those associated with new grants has come in lower than anticipated.

As noted in the revenue description, the significant variance shown in Fiscal Year 2021 is primarily due to CARES Act funding allocated to the Economic Development Bank budget that has since moved to another priority area.

Developing a High-Performing Economy Four-Year Expenditures Comparison





Library

Promoting Lifelong Learning

Promoting Lifelong Learning

Priority Overview

The Library supports the Board of Supervisors' priority *Promoting Lifelong Learning*, with the primary focus on providing resources, services, and programs empowering individuals and families to develop skills and knowledge at every stage of life. The Library serves members of the community and provides valuable services to local agencies and other County departments.

The Library is responsible for implementing the Board of Supervisors' priority of *Promoting Lifelong Learning* opportunities for all residents to advance community and individual prosperity. The Stanislaus County Library engages members of the community and offers access to information, knowledge, and the tools for innovation and personal development. The Library offers a wide range of services, including early literacy programs and resources, basic literacy services for adults and families, resources for veterans and their families, and STEAM (Science, Technology, Engineering, Arts and Mathematics) programs and resources for all ages.

Outreach beyond the physical walls of library branches include online and e-resources, including tutoring and other academic supports; library services and programming at the Juvenile Justice Center; and home delivery services for customers who are unable to come to the Library due to advanced age, injury, or illness. The Library also offers unique services such as the Veterans Resource Center, bilingual story time, passport application processing, and citizenship information sessions.

The Library is primarily funded by a voter-approved 1/8-cent sales tax, which represents approximately 94% of the Library's total estimated revenue approved in the 2024 Adopted Budget to support Library operations. The 1/8-cent sales tax was extended for 12 years when Measure S passed on November 7, 2017.

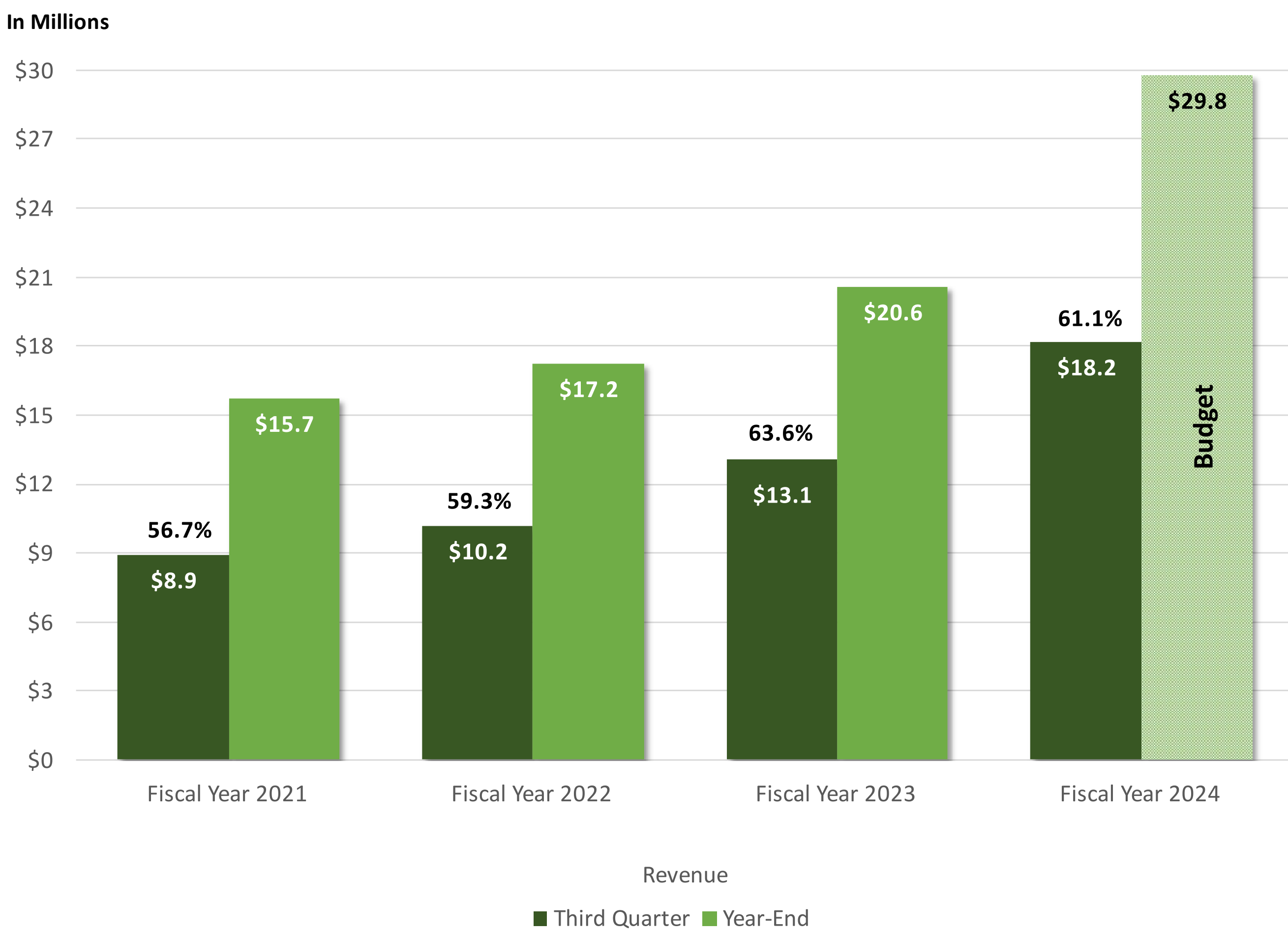
The Library is on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the department *Promoting Lifelong Learning,* as of March 31, 2024, actual revenue collected was $18.2 million, which represents 61.1% of the estimated annual revenue. This is within the historical range when compared to third quarter of the prior three years when collections were 56.7% to 63.6% of the final actual revenue received.

The noticeable increase in revenue from the $20.6 million received in Fiscal Year 2023 to the $29.8 million budgeted in Fiscal Year 2024 is due to the addition of a $10 million Building Forward Grant awarded by the California State Library. The Board of Supervisors approved acceptance of the grant on October 31, 2023 (Board Resolution 2023-0564). The Building Forward Grant was provided to help public libraries pay for various capital projects that address critical facility maintenance needs, energy efficiency improvements, and the expansion of physical and digital access to library facilities.

Promoting Lifelong Learning Four-Year Revenue Comparison



Departmental Expenditures

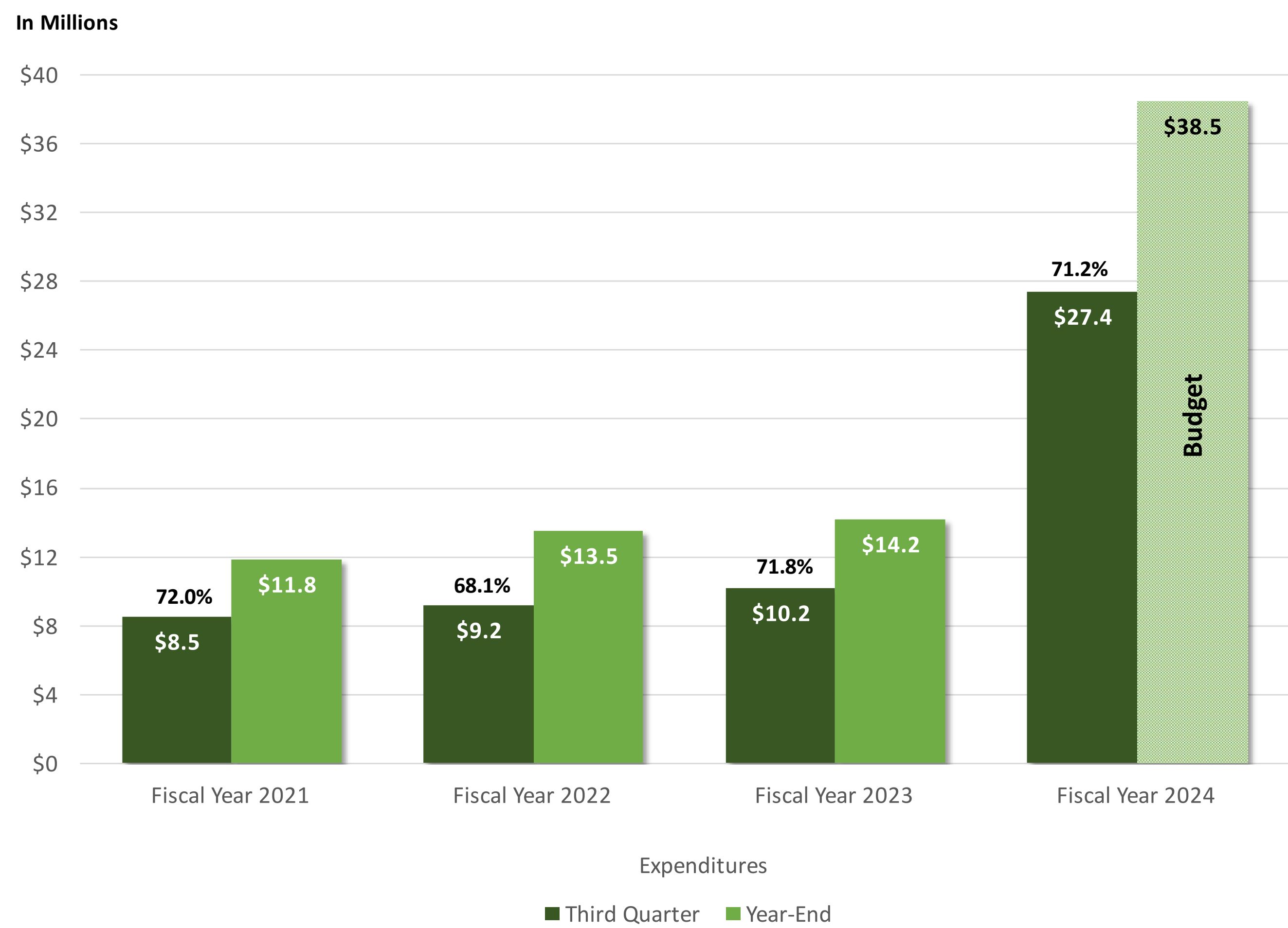
As of March 31, 2024, expenditures in the priority *Promoting Lifelong Learning* totaled $27.4 million, representing 71.2% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 68.1% to 72% of the final actual expenditures, placing this year within the historical range.

The Fiscal Year 2024 budget includes $3.5 million in unspent Building Community Services Investment (BCSI) appropriations from Fiscal Year 2023 re-budgeted this year along with the Fiscal Year 2024 allotment of an another $3.5 million.

Additionally, the Library's budget was increased by $14 million on October 31, 2023, through Resolution No. 2023-0564 to fully cover the costs of the Modesto Library Project.

As noted previously, the Library received a Building Forward Grant of $10 million to help address various capital projects and library improvements.

Promoting Lifelong Learning Four-Year Expenditures Comparison



Assessor
Auditor-Controller
Board of Supervisors
Chief Executive Office
CEO – Human Relations
Clerk-Recorder
County Counsel
County Operations
General Services Agency
Information Technology Central
Treasurer-Tax Collector

Delivering Efficient Public Services

Delivering Efficient Public Services

Priority Overview

Efficiency is a critical element in the effective operation of government agencies and allows for the sustained provision of valuable services to the community. County departments in this Board priority area provide a multitude of services to a diverse customer base and these customers expect government to be responsive to their needs. County departments must work to understand these needs and determine how best to provide the desired services. Customer feedback is a valuable source of insight in this process and encourages departments to remain focused on continuous improvement.

Departments assigned to the Board of Supervisors' priority area of *Delivering Efficient Public Services* include the Assessor, Auditor-Controller, Board of Supervisors, Chief Executive Office, CEO-Human Relations, Clerk-Recorder/Elections, County Counsel, County Operations, General Services Agency, Information Technology Central, and Treasurer-Tax Collector. These departments serve members of the community while also providing valuable services to local agencies, other County departments, and internal customers with unique needs. The revenue used to pay for most of these services comes from local taxes such as property tax, sales tax, various fees, franchises, charges for services, and a variety of other discretionary funding sources.

Overall, departments within the priority *Delivering Efficient Public Services* are on track to end the year within budget and in a positive fiscal position.

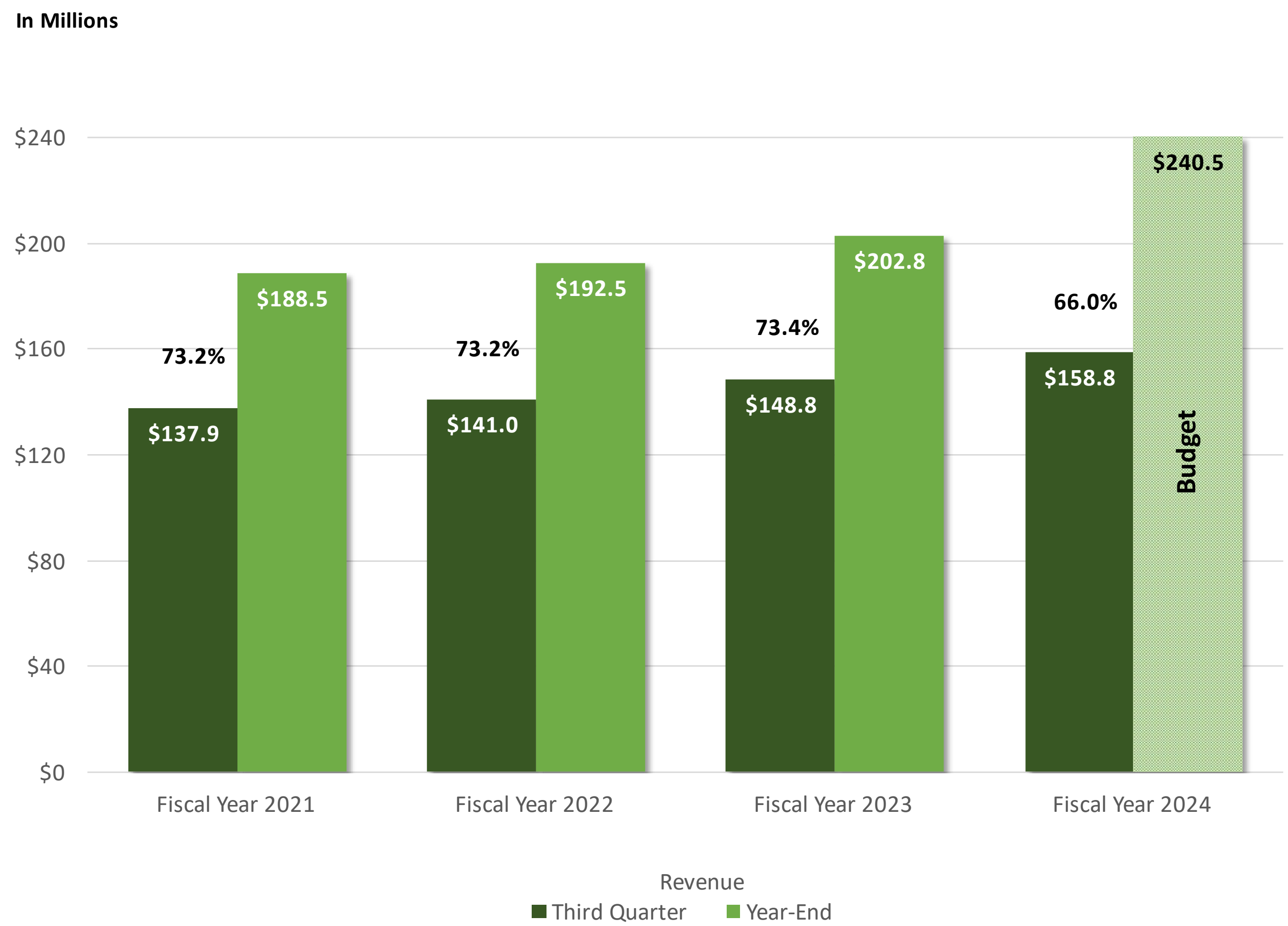
Departmental Revenue

For the departmental budgets that make up the Board of Supervisors' *Delivering Efficient Public Services* priority area, the actual revenue collected as of March 31, 2024, totaled $158.8 million, which represents 66% of the estimated annual revenue based on budgeted projections. This is lower than the historical range when compared to the same quarter of the previous three years when collections ranged from 73.2% to 73.4% of actual realized revenue received through year-end.

While actual year-to-date revenue this fiscal is higher than the previous year, budgeted revenue has increased by $37.8 million, or 18.6%, over that realized in the prior year, impacting the actuals-to-budget ratio. This is primarily attributable to additional funding budgeted in County Operations budgets, including increases to American Rescue Plan Act (ARPA) funding in ARPA State and Local Fiscal Recovery Fund and higher revenue anticipated in line with the 15% premium rate increase in the Medical Self-Insurance Fund, effective January 2024.

The increase in actual revenue of $10 million is primarily attributed to increases in Medical rates. Additionally, the rise in Cost Allocation Plan (CAP) revenue within Information Technology Central (ITC) reflects the transfer of IT staff from various departments, resulting in staffing increases to enhance centralized ITC support. Furthermore, the increase in General Services Agency's revenue reflects the actual rise in expenses incurred due to the rising cost of doing business, subsequently charged to departments.

Delivering Efficient Public Services Four-Year Revenue Comparison



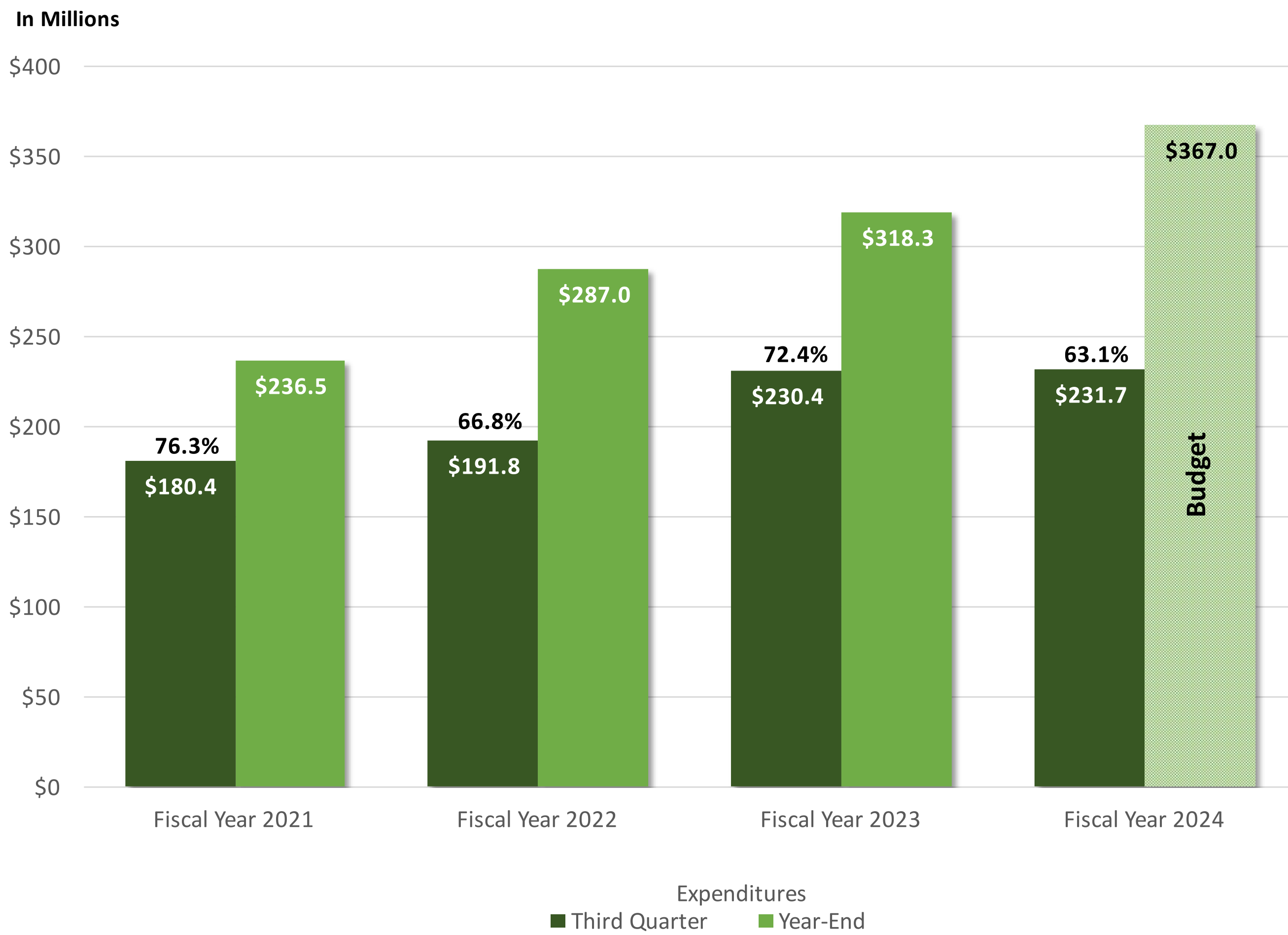
Departmental Expenditures

As of March 31, 2024, expenditures in this Board priority totaled $231.7 million, representing 63.1% of budgeted appropriations. Expenditures at the third quarter point of the previous three fiscal years ranged from 66.8% to 76.3% of actual expenditures, placing this year below the historical range.

The real impact affecting the expenditure-to-budget ratio is the increase in budgeted expenditures this fiscal year by $48.7 million, a 15.3% increase. Of note, the majority of the increase is due to County Operations budgets, including additional contracts for the American Rescue Plan Act (ARPA) funding in the ARPA State and Local Fiscal Recovery Fund, a 15% premium rate increase in the Medical Self-Insurance effective January 2024, an increase in General Liability claim costs, and an increase for the renewal of Medical-Self Insurance contracted services costs.

Additionally, the budgeted expenditures are $17.5 million greater than 2023 year-end actuals in the General Services Agency, primarily in Facilities Maintenance, Facility Utilities, and Fleet Services budgets due to increased focus on maintaining facilities, customer needs, and the rising cost of doing business.

Delivering Efficient Public Services Four-Year Expenditures Comparison



Third Quarter Issues and Recommendations

The recommendations contained in this report *Delivering Efficient Public Services* will decrease appropriations by $5.1 million, increase estimated revenue by $521,342, and increase the use of fund balance by $1.6 million, resulting in a decrease of $7.2 in Net County Cost. Of this adjustment, $1.1 million represents Net County Cost-funded vacancy rate rebates for departments in this priority, as detailed on page 45.

County Operations

The recommendations contained in this report for County Operations will decrease appropriations by $6.3 million, and increase the use of fund balance by $1.6 million, resulting in a decrease of $7.9 million in Net County Cost.

Appropriations for Contingencies - This budget serves as the contingency fund for the County and provides funds to meet unexpected and emergency financial exposures which may arise during the fiscal year. The transfer of funds from Appropriations for Contingencies to departmental operating budgets requires a four-fifths vote by the Board of Supervisors. The 2024 Adopted Budget included a total of $12.8 million in appropriations for use during the fiscal year for contingencies related to General Fund cash-outs, health insurance increases, Cost Allocation Plan (CAP) charges, and other miscellaneous unforeseen program or community needs. There has been one separate transfer request in the amount of $6,680 approved by the Board of Supervisors on November 28, 2023, (Board Resolution 2023-0618), for the County Operations – Airport, to distribute aircraft tax revenue to the City of Modesto for improvements, resulting in a contingency balance of $12.8 million. Transfers of $5 million were approved to cover a variety of needs at midyear, leaving $7.9 million remaining in Appropriations for Contingencies.

At this time, it is recommended that Appropriations for Contingencies be decreased by the remaining $7.9 million, transferring funds to various departments for the vacancy rate rebate as detailed in this document.

If all third quarter transfers are approved, all Appropriations for Contingencies will be utilized in Fiscal Year 2024.

Crows Landing Industrial Business Park – As part of the 2024 Midyear Financial Report, a $108,000 increase to Capital Outlays was approved to cover the costs of the Well No. 1 Project. After budget requests were submitted, it was discovered there were additional costs associated with the project that need to be charged to this legal budget unit. Therefore, a $74,725 increase to Capital Outlays is needed to fully cover the remaining costs, using fund balance.

DOJ Drug and Alcohol – An increase of $10,000 in appropriations is recommended to ensure sufficient appropriations are available to cover the costs of drug and alcohol tests. Expenditures are trending higher than previously projected due to an increased number of tests being conducted and a slight increase in the cost of each test. The increase will be funded using fund balance.

Medical Self-Insurance – An increase in appropriations of $1 million is recommended to cover rising medical claim costs, particularly in the second half of Fiscal Year 2024. In addition, the program has experienced delays with billing of medical claims to the health plan. Ongoing analysis indicates an adjustment is needed to ensure sufficient appropriations are available to cover medical claims costs based on the most updated projections. The increase in appropriations will result in the use of additional retained earnings.

Workers' Compensation – An increase in appropriations of $500,000 is recommended to ensure sufficient appropriations are available to cover loss expenses for settlement costs through the end of the fiscal year. The department has experienced a significant increase in settlement costs throughout Fiscal Year 2024 due to an increase in the severity of cases and settlements that are larger than normal. The increase in appropriations will result in the use of additional retained earnings.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
County Operations - Appropriations for Contingencies	$0	($7,854,807)	$0	($7,854,807)	Transfer appropriations to various departments for vacancy rate rebate.
County Operations - Crows Landing Industrial Business Park	$0	$74,725	$74,725	$0	Increase appropriations to fully cover Well No. 1 project costs, using fund balance.
County Operations - DOJ Drug and Alcohol	$0	$10,000	$10,000	$0	Increase appropriations for drug and alcohol tests, using fund balance.
County Operations - Medical Self-Insurance	$0	$1,000,000	$1,000,000	$0	Increase appropriations for the increase in Medical claims costs using retained earnings.
County Operations - Workers' Compensation	$0	$500,000	$500,000	$0	Increase appropriations for loss expenses for settlements using retained earnings.
Total	**$0**	**($6,270,082)**	**$1,584,725**	**($7,854,807)**	

Recommendation: It is recommended to decrease appropriations by $6.3 million and decrease Net County Cost by $7.9 million, resulting in an increase of $1.6 million in the use of fund balance.

General Services Agency

10th Street Place – Increase appropriations by $105,000 to address property improvements at three 1010 Tenth Street first floor retail spaces; $40,000 for the former Graffiti Dogs space to prepare the space for leasing, $40,000 for Aspiranet Americans with Disabilities (ADA) improvements, and $25,000 for the Mistlin Gallery. These improvement costs will reduce the net benefit of lease revenue to the General Fund for Fiscal Year 2024.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
General Services Agency - 10th Street Place	$0	$105,000	$0	$105,000	Increase appropriations for property improvements at Tenth Street Place, funded by Net County Cost.
Total	**$0**	**$105,000**	**$0**	**$105,000**	

Recommendation: It is recommended to increase appropriations by $105,000, funded by Net County Cost.

Staffing Recommendation: An organization study has been completed by CEO-Human Relations, concluding with a recommendation to reclassify one Manager III to a Manager IV to accurately align the job duties and responsibilities with the position. This position serves as the Purchasing Manager, a technical expert who provides guidance to the Director on purchasing decisions, which carry significant liability. Additionally, this position plays a pivotal role in ensuring cost-effective procurement practices that can lead to substantial fiscal benefits for the County through effective negotiation of contract terms and pricing.

Furthermore, it is recommended to transfer two block-budgeted Maintenance Engineer I/II positions from Facilities Maintenance to Tenth Street Place to improve facility maintenance services to the Tenth Street Place building.

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

Enhancing Community Infrastructure

Enhancing Community Infrastructure

Priority Overview

The Board of Supervisors' priority area *Enhancing Community Infrastructure* is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to community infrastructure. Departments in this priority area include Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. The major funding sources for these departments include State and Federal funding, fees and charges for services, the General Fund, special revenue grants, and a 1/2-cent local transportation sales tax commonly referred to as Measure L.

In Fiscal Year 2024, key initiatives such as the Building Community Services Investment (BCSI) were continued with Parks and Recreation receiving its year-two $3.5 million allocation along with $2.8 million remaining from year one. BCSI provided additional General Fund support to address various needs in the community as part of an organization-wide three-year strategic initiative. This funding will continue to go toward targeted one-time investments which will directly contribute to the local quality of life, community wellness, and strategic facility planning.

The departments within *Enhancing Community Infrastructure* are on track to end the year within budget and in a positive fiscal position.

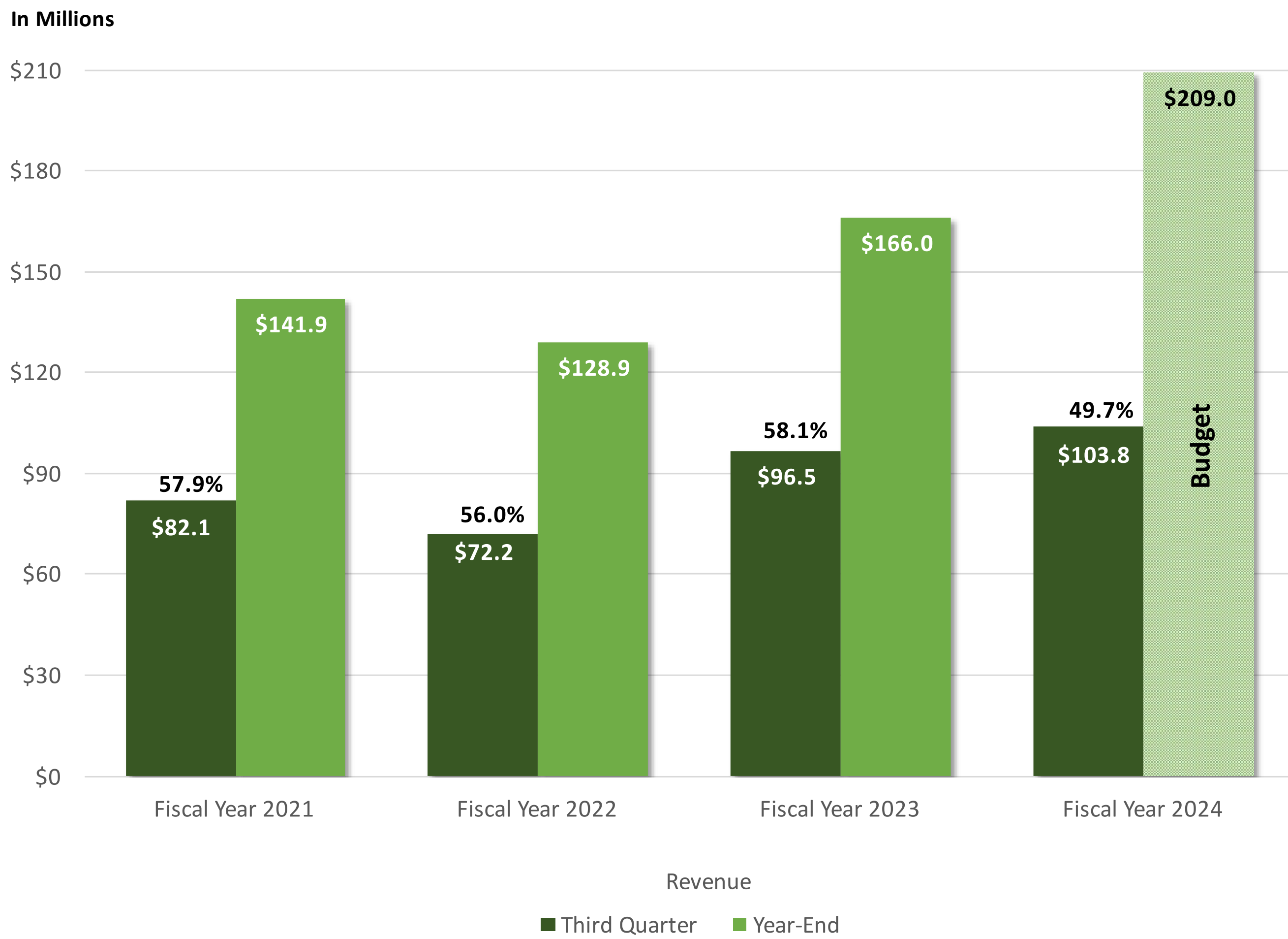
Departmental Revenue

For the departmental budgets that are part of the Board priority *Enhancing Community Infrastructure,* as of March 31, 2024, actual revenue collected totaled $103.8 million, which represents 49.7% of the estimated annual revenue. This is below the range when compared to the third quarter point of the prior three years when collections ranged from 56% to 58.1% of the final actual revenue.

This priority typically experiences fluctuations from year to year due to progress on various projects. While year-to-date revenue for this priority area is higher than in previous years, estimated revenue includes project and other reimbursement-based revenue for current-year projects that have not yet materialized. Estimated revenue for this priority area includes over $150 million in reimbursement-based revenue for projects, largely within Public Works. Many of Public Works' over 90 projects have experienced schedule changes impacting revenue collected to date. In addition, Parks and Recreation's budget includes $3.9 million in State grant revenue for parks projects that have yet to begin.

Of note, Public Works' Fiscal Year 2022 actuals were impacted by the transfer of local transit activities to a separate regional transit authority, including an accounting entry tied to the transfer of Fixed Assets, decreasing revenue by approximately $9.2 million at third quarter and $27 million by year-end.

Enhancing Community Infrastructure Four-Year Revenue Comparison



Departmental Expenditures

As of March 31, 2024, expenditures for this priority total $98.6 million for departments in this priority area, representing 36.1% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 57.4% to 66.3% of the final actual expenditures, placing this year's expenditures proportionally below the normal historical range.

The shift is primarily due to the increase in overall budget compared to that realized in prior years' actual expenditures. While Fiscal Year 2024 year-to-date expenditures are higher than in prior years, departments in this priority have budgeted for expenses associated with various projects that have not yet materialized. Environmental Resources – Fink Road Landfill has planned several large one-time expenses, such as heavy equipment purchases, flare replacement, and site improvements that have not yet occurred. Parks and Recreation's budget includes $6.3 million in Building Community Services Investment funding and $3.9 million in State funding for parks projects, Planning and Community Development has funded appropriations related to housing programs, and the Public Works budget includes provisions for over 90 projects.

Enhancing Community Infrastructure Four-Year Expenditures Comparison

Special Districts

At the time of the 2024 Adopted Budget, Spending Plans were estimated, and appropriations and estimated revenues were approved for the dependent special districts governed by the Board of Supervisors to allow them to operate in the fiscal year. Special Districts receive revenue from property taxes and/or special assessments. The funds can only be used for the purposes for which they were collected and only those residents who benefit from services provided by a special district pay for them.

County Service Areas

Subsequent analysis during the development of the assessment rates and related operations for the eight months of Fiscal Year 2024 resulted in the recommended changes to the budgets for two County Service Areas (CSA). Recommended adjustments will increase appropriations by $12,000 for the following CSAs, funded by district fund balance:

- CSA 4 – Salida Storm Drain – a $4,000 increase for stormwater pump rebuild/repair.
- CSA 19-Sterling/Runyan – a $8,000 increase for stormwater pump rebuild/repair.

The changes requested bring the previously approved engineers' reports, budget schedule, and the projects' development and maintenance plans in line with the CSA's budgets.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
County Service Area No. 4 - Salida Storm Drain	$0	$4,000	$4,000	$0	Increase appropriations for storm water pump rebuild/replace, using fund balance.
County Service Area No. 19 - Sterling/Runyan	$0	$8,000	$8,000	$0	Increase appropriations for storm water pump rebuild/replace, using fund balance.
Total	**$0**	**$12,000**	**$12,000**	**$0**	

Recommendation: It is recommended to increase appropriations by $12,000, funded by fund balance.

Technical Adjustments

Technical adjustments recommended in the Third Quarter Financial Report include vacancy rate rebates to qualifying General Fund departments.

Vacancy Rate Rebates – General Fund departments containing 30 or more allocated positions had a deduction to salaries and benefits using a 5% vacancy rate factor applied to 2024 Adopted Budget as part of the budget process. Departments experiencing a vacancy rate over 10% and up to 15% are recommended to receive a rebate at half of their applied vacancy rate deduction while departments experiencing a vacancy rate below 10% are recommended to receive a full rebate. The County Operations – Appropriations for Contingencies included appropriations to cover $7,854,807 of the vacancy rate rebates while the remainder is funded with Net County Cost.

As previously identified on pages 9-10 of this report, vacancy rate rebates totaling $8.2 are recommended for General Fund departments meeting the threshold as of March 2024. Those departments are Agricultural Commissioner, Assessor, Chief Executive Office, Clerk-Recorder, District Attorney, Environmental Resources, Parks and Recreation, Probation, Public Defender, Sheriff, and Treasurer-Tax Collector. The increase to appropriations will be funded by Net County Cost.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
Agricultural Commissioner	$0	$255,407	$0	$255,407	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Assessor	$0	$373,554	$0	$373,554	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Chief Executive Office Administration	$0	$179,534	$0	$179,534	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Chief Executive Office Human Relations	$0	$262,030	$0	$262,030	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Clerk-Recorder	$0	$86,038	$0	$86,038	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Clerk-Recorder Elections Division	$0	$83,835	$0	$83,835	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
District Attorney Criminal Division	$0	$583,444	$0	$583,444	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Environmental Resources Code	$0	$54,973	$0	$54,973	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Environmental Resources Groundwater	$0	$14,796	$0	$14,796	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Parks and Recreation	$0	$300,770	$0	$300,770	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Probation Administration	$0	$177,195	$0	$177,195	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Probation Institutional Services	$0	$151,065	$0	$151,065	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Public Defender Indigent Defense	$0	$35,681	$0	$35,681	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff Administration	$0	$619,955	$0	$619,955	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff Detention	$0	$2,969,086	$0	$2,969,086	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff OES/Fire Warden	$0	$64,349	$0	$64,349	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff Operations	$0	$1,911,702	$0	$1,911,702	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Treasurer-Tax Collector Administration/Taxes	$0	$80,151	$0	$80,151	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Total	**$0**	**$8,203,565**	**$0**	**$8,203,565**	

Recommendation: It is recommended to increase appropriations by $8.2 million, funded by Net County Cost.

Third Quarter Financial Report Conclusion

The 2024 Third Quarter Financial Report shows the County budget is balanced inclusive of updated information and actual performance is tracking well within the Legal Budget as of March 31, 2024, and year-end projections. County staff will continue to monitor the budget against operations and be prepared to recommend any necessary and appropriate adjustments prior to year-end, informed by continuous analysis of realized revenue and actual expenditures.

Budget Schedule

The following schedule for upcoming reports to the Board of Supervisors is recommended:

	2025 Proposed Budget	2025 Adopted Budget
Budget Available on County Website	May 24 , 2024	September 6, 2024
Board of Supervisors Hearing	June 4, 2024 *Public Hearing*	September 17, 2024 *Public Hearing*