



First Quarter Financial Report

July – September 2023

Board of Supervisors
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Introduction

This is the Stanislaus County 2024 First Quarter Financial Report, submitted by the Chief Executive Officer for the period of July 1, 2023, to September 30, 2023. It has been prepared to inform the Board of Supervisors, County leadership, and the general public of the County’s fiscal status as of September 30, 2023, the end of the first quarter. The report provides background and updates on the County’s

budget for Fiscal Year 2024, including summaries and trend analyses on revenue and expenditures for County programs and services organized by Board of Supervisors’ priority area. It also highlights any recommended adjustments to County budgets and staffing since the adoption of the 2024 Adopted Budget in September 2023 for approval by the Board of Supervisors.

Background – 2024 Adopted Budget

The 2024 Adopted Budget was approved by the Board of Supervisors on September 26, 2023. The Adopted Budget totaled \$1.73 billion for all funds, representing an increase of \$74.9 million, or 4.5%, over the prior fiscal year and was balanced using a combination of \$1.58 billion in estimated revenue and the use of \$147.2 million in fund balance and retained earnings.

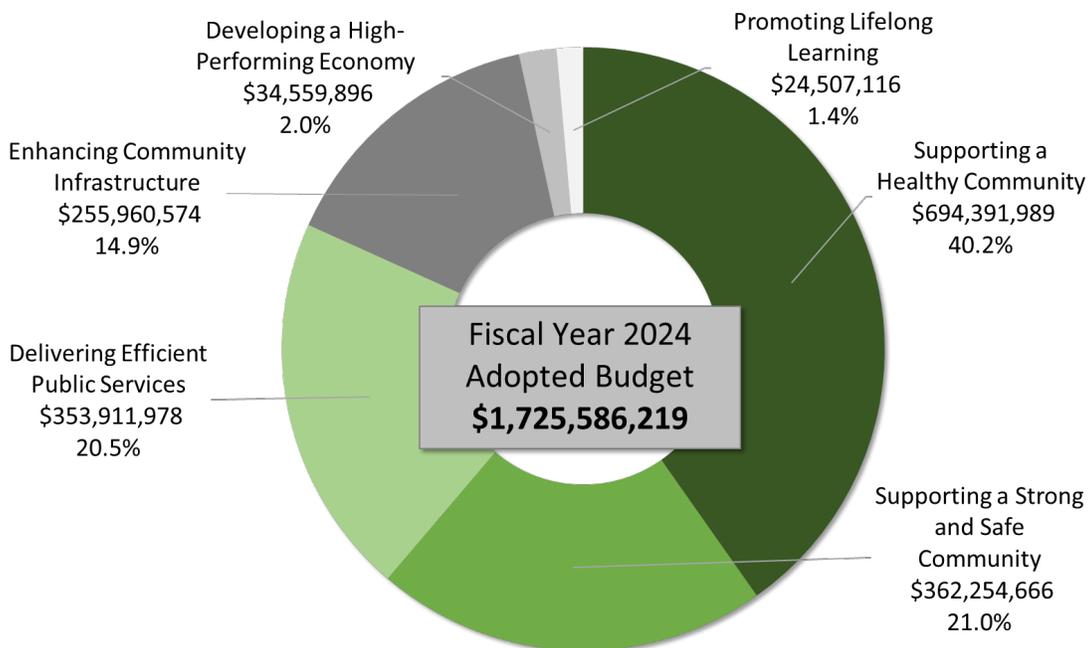
along with updated cost allocation plan charges, previously approved service level changes, and standard cost-of-doing-business increases.

The 2024 Adopted Budget included funding to support 4,866 allocated full-time positions. This represents an increase of 120 positions over that supported by the 2023 Adopted Budget.

The 2024 Adopted Budget was developed with a primary focus on supporting existing service levels across the organization. This included incorporating the full cost of the Employee Recruitment and Retention Strategy implemented in August 2022

The County budget is developed and displayed consistent with the Board of Supervisors’ priorities. The following chart is organized by these priorities and reflects the total spending authority approved by the Board in the 2024 Adopted Budget.

2024 Adopted Budget by Board Priority



Consistent with standard accounting practices, the County’s budget is divided into separate financial entities known as “funds.” These fund types are used to segregate financial resources and demonstrate legal compliance. The following table reflects the

total 2024 Adopted Budget spending authority, also referred to as budgeted appropriations, identified by the applicable governmental or business-type fund. These are provided alongside the 2023 Adopted Budget for comparison purposes.

Comparison of 2024 Adopted Budget by Fund Type

Budget by Fund Type	2023	2024	\$ Variance	% Variance
	Adopted Budget	Adopted Budget	2024 Adopted to 2023 Adopted	2024 Adopted to 2023 Adopted
General Fund	\$ 499,475,067	\$ 503,706,722	\$ 4,231,655	0.8%
Special Revenue Fund	919,222,390	982,660,925	63,438,535	6.9%
Capital Projects Fund	4,875,221	3,149,251	(1,725,970)	-35.4%
Enterprise Fund	73,094,456	76,619,569	3,525,113	4.8%
Internal Service Fund	154,010,909	159,449,752	5,438,843	3.5%
Total All Funds	\$ 1,650,678,043	\$ 1,725,586,219	\$ 74,908,176	4.5%

The following table identifies the 2024 Adopted Budget alongside the respective funding sources required to balance, organized by fund type. The

budget is balanced using contributions from the County General Fund which is commonly referred to as Net County Cost.

2024 Adopted Budget Funding Sources by Fund Type

Fund Type	2024 Adopted Budget	Funding Sources				
		Department Revenue*	Departmental Fund Balance	General Fund Fund Balance	Discretionary Revenue*	General Fund Contribution to Other Funds*
General Fund	\$ 503,706,722	\$ 153,480,903	\$ -	\$ 51,308,147	\$ 298,917,672	\$ -
Special Revenue	982,660,925	884,876,986	69,856,211			27,927,728
Capital Projects	3,149,251	688,995	2,460,256			-
Enterprise	76,619,569	61,175,544	13,944,025			1,500,000
Internal Service	159,449,752	149,787,551	9,662,201			-
Total All Funds	\$ 1,725,586,219	\$ 1,250,009,979	\$ 95,922,693	\$ 51,308,147	\$ 298,917,672	\$ 29,427,728

*Total Revenue \$ 1,578,355,379

Net of Accounting Transactions, Total General Fund Contribution/Net County Cost is \$350,225,819

General Fund budgets are supported by \$153.5 million in departmental revenue and \$350.2 million in General Fund Contributions, which consist of \$298.9 million in estimated Discretionary Revenue and \$51.3 million in a combination of assigned and unassigned fund balance. Those General Fund Contributions in support of other fund types are provided as either mandated County match or

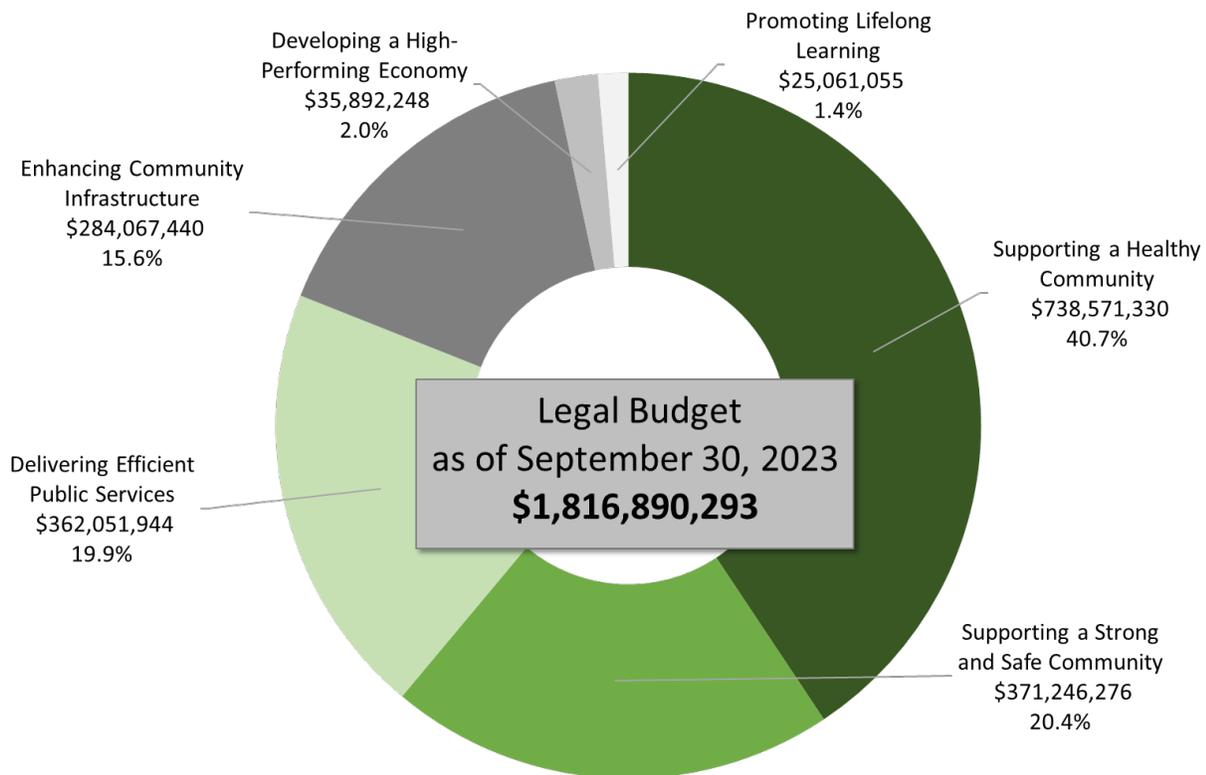
contributions supported at the discretion of the Board of Supervisors and are shown here as allocations of Net County Cost for transparency and to identify the true impact to the County General Fund. However, for financial statement reporting, these contributions are reflected in accordance with generally accepted accounting principles (GAAP) as Department Revenue.

Legal Budget as of September 30, 2023

The Adopted Budget is adjusted throughout the fiscal year to accommodate the changing needs and activities of the County and its various departments. These adjustments include any approved through agenda items brought before the Board of Supervisors for separate approval outside the formal budget process. Additionally, the budget can be

adjusted during quarterly financial reporting cycles, as needed and based on updated projections and/or changing needs. The Adopted Budget and these various adjustments combine to form the Legal Budget, identified at a specific point in time. The County’s Legal Budget as of September 30, 2023, totaled \$1.82 billion.

Legal Budget as of September 30, 2023, by Board Priority



2024 First Quarter Financial Report Overview

The primary focus of the First Quarter Financial Report is to provide an update on the status of the County budget, correct any errors or omissions that may have occurred in the Adopted Budget process, and make any necessary adjustments resulting from State Budget actions or shifts in economic conditions. Current revenue and expenditure patterns are also reviewed to ensure that budgets are on track to end the year in a positive fiscal

position and are also compared to those of prior fiscal years to identify any changes in trends.

The recommended adjustments included in the 2024 First Quarter Financial Report total an increase in estimated revenue and appropriations of \$200,000, resulting in a 2024 First Quarter Budget of \$1.82 billion. There are no changes in the budgeted use of fund balance, retained earnings, or General Fund.

The following table shows how the 2024 First Quarter Budget was developed, beginning with the Adopted Budget, and includes the incorporation of prior year appropriations and separate Board-approved adjustments that comprise the Legal Budget as of September 30, 2023, along with the

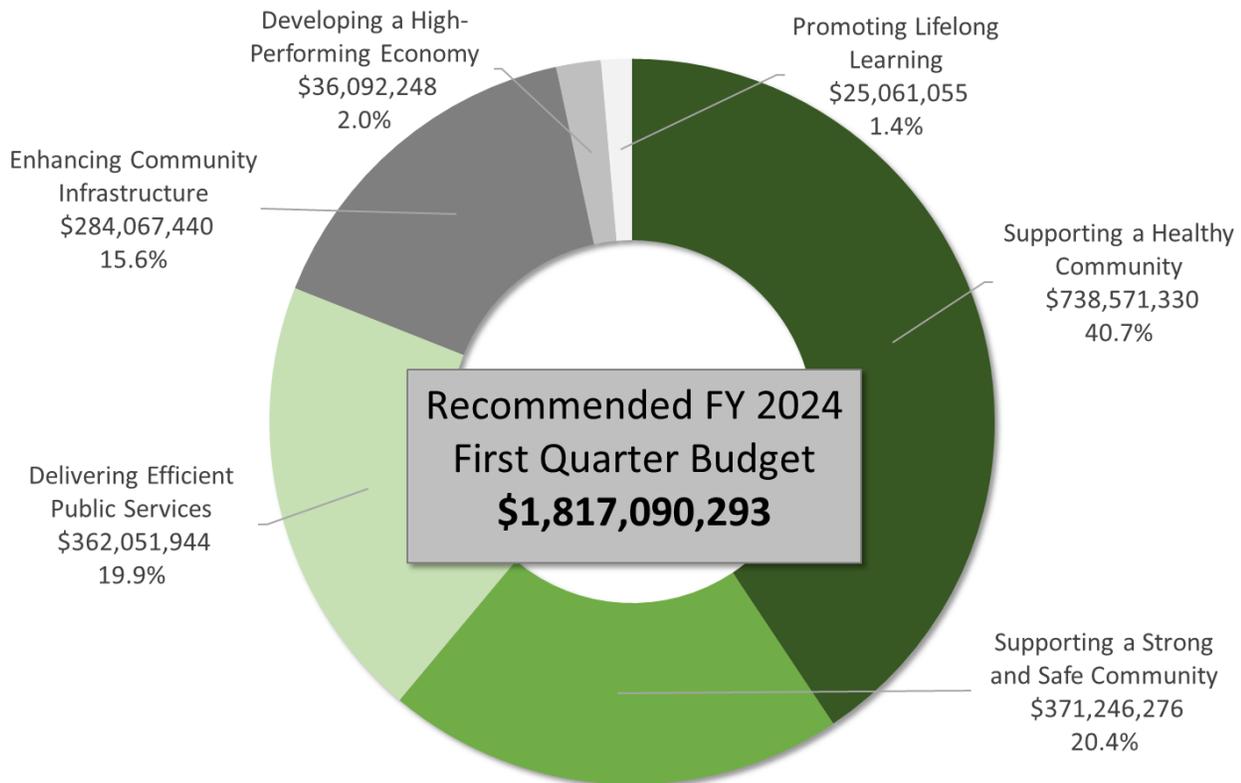
recommended adjustments at first quarter, displayed by fund type.

Immediately following is a chart depicting the recommended 2024 First Quarter Budget, displayed by Board priority area.

Development of the First Quarter Budget Recommendations

Fund Type	2024 Adopted Budget	Legal Budget as of 9/30/2023	Recommended 2024 First Quarter Adjustments	Recommended 2024 First Quarter Budget
General Fund	\$ 503,706,722	\$ 513,029,471	\$ 200,000	\$ 513,229,471
Special Revenue	982,660,925	1,057,781,966	-	1,057,781,966
Capital Projects	3,149,251	3,351,113	-	3,351,113
Enterprise	76,619,569	79,358,594	-	79,358,594
Internal Service	159,449,752	163,369,149	-	163,369,149
Total All Funds	\$ 1,725,586,219	\$ 1,816,890,293	\$ 200,000	\$ 1,817,090,293

2024 Recommended First Quarter Budget Expenditures by Board Priority



The 2024 Adopted Budget document reported a total beginning fund balance of \$730.1 million. Since that time, post-closing adjustments totaling \$20.7 million have been posted for all funds, which resulted in a revised beginning fund balance of \$750.8 million. Post-closing adjustments have long been a component of the County’s year-end process

and continue until the Annual Comprehensive Financial Report is complete.

The following tables illustrate the beginning fund balances on July 1, 2023, for the various fund types, as well as the projected year-end balances adjusted for the recommendations contained in this report.

Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund Balance on 7/1/2023*	Legal Budget Revenue on 9/30/2023	Legal Budget Appropriations on 9/30/2023	First Quarter Recommended Use of Fund Balance	Projected Fund Balance on 6/30/2024
General Fund	\$ 253,768,760	\$ 452,398,575	\$ 513,029,471	\$ -	\$ 193,137,864
Special Revenue	371,306,046	912,804,714	1,057,781,966	-	226,328,794
Capital Projects	5,883,730	688,995	3,351,113	-	3,221,612
Enterprise	100,000,218	62,675,544	79,358,594	-	83,317,168
Internal Service	19,852,627	149,807,551	163,369,149	-	6,291,029
Total All Funds	\$ 750,811,381	\$ 1,578,375,379	\$ 1,816,890,293	\$ -	\$ 512,296,467

*The beginning fund balance of \$750,811,381 increased by \$20,666,693 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

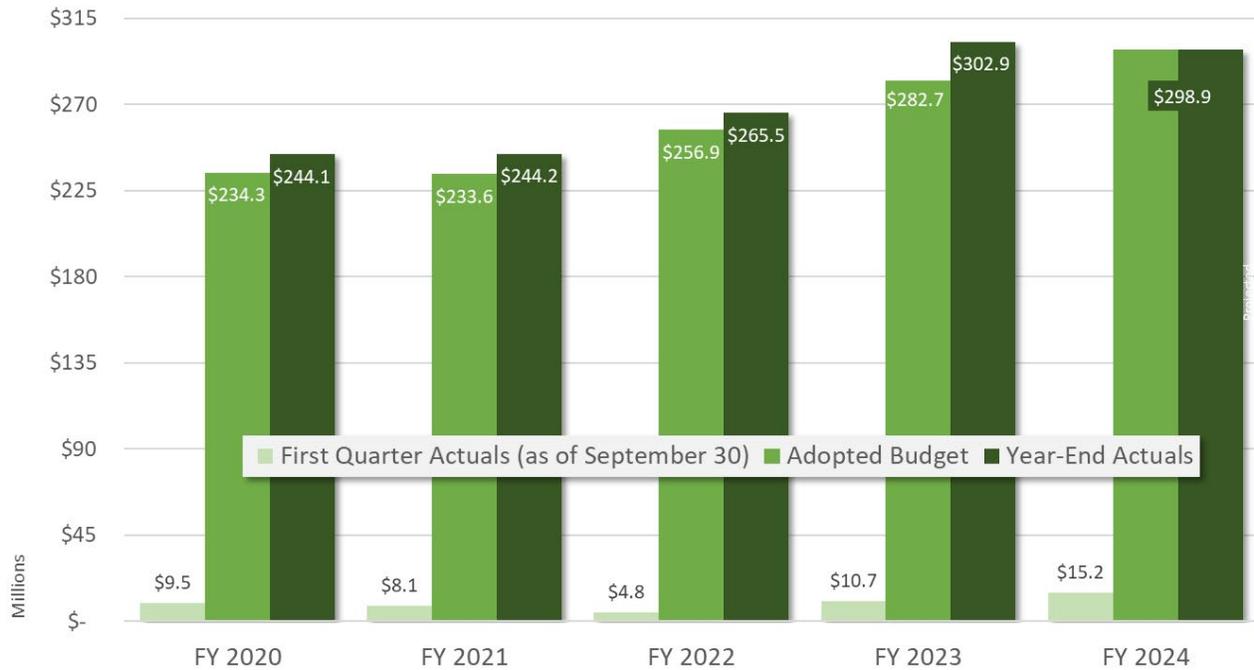
As of September 30, 2023, approximately \$15.2 million in Discretionary Revenue had been received, representing 5.1% of the \$298.9 million projected in the 2024 Adopted Budget.

For the last four years, Discretionary Revenue collected by the end of the first quarter ranged from 1.9% to 4.1% of the Adopted Budget and from 1.8% to 3.9% of year-end actual totals. Current-year Discretionary Revenue received during the first

quarter has exceeded both ranges identified in the most recent four years.

The following chart provides a five-year comparison of first quarter activity, including current year data, to show revenue receipts for the first three months of each fiscal year, each year’s Adopted Budget, and year-end actuals for the previous four years, with first quarter projections noted for Fiscal Year 2024 equal to that of the 2024 Adopted Budget.

Discretionary Revenue Five-Year Historical Chart



Fiscal Year 2023 Master Property Tax Revenue Agreement Revision

On June 14, 2022, the Board of Supervisors approved a revision to a 1996 Master Property Tax Revenue Agreement between Stanislaus County and the County's nine incorporated cities. The agreement revised the property tax increment split of 70%/30% County and City respectively, to a 50%/50% split. This amount reflects the distribution of increment prior to adjustments for the Educational Revenue Augmentation Fund (ERAF).

Implementation of the master property tax revenue agreement at the 50/50 sharing ratio in Fiscal Year 2023 reduced County growth revenues by \$1.6 million while increasing City revenues by \$2.6 million. The \$1 million difference represents a gain to the community from the City requirement for less funding due to the ERAF shift compared to the County requirement which shifted a greater portion of property taxes to ERAF. The following table shows the Fiscal Year 2023 result of the revised agreement.

ERAF pertains to legislation that redirected property tax revenue from cities, counties, and special districts to schools and colleges. The redirected revenue is deposited into a Countywide account known as ERAF and is allocated to schools and community colleges to offset the funding these entities otherwise would receive from the State General Fund. Net of ERAF, the division of total property tax increment is approximately 61% City and 39% County.

City	City Post-ERAF Gain	County Post-ERAF Loss	Community Gain
Ceres	\$ 276,883	\$ (159,352)	\$ 117,531
Hughson	68,141	(39,216)	28,925
Modesto	304,812	(179,388)	125,424
Newman	151,888	(93,180)	58,708
Oakdale	306,661	(200,793)	105,868
Patterson	414,672	(264,277)	150,395
Riverbank	385,587	(240,030)	145,557
Turlock	670,055	(401,115)	268,940
Waterford	1,844	(1,065)	779
Totals	\$ 2,580,543	\$ (1,578,416)	\$ 1,002,127



**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 can 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 area of *Supporting a Strong and Safe Community* include the District Attorney, Probation, Public Defender, and Sheriff. The revenue used to pay for these services comes primarily from local taxes such as property tax and 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, most departments within the priority of *Supporting a Strong and Safe Community* are on track to end the year within budget and in a positive fiscal position.

The District Attorney's Office has identified a funding gap in the Criminal Division budget associated with salary and benefit cost updates to the 2024 Spending Plan that were not requested with the 2024 Adopted Budget. The Sheriff's Office has also identified that salary projections currently exceed budgeted authority for the year. The Departments will work with the Chief Executive Office to perform additional analysis through the midyear review process and bring forward any necessary requests for adjustment at a future budget cycle.

Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors’ priority area *Supporting a Strong and Safe Community*, as of September 30, 2023, actual revenue collected totaled \$14.8 million, which represents 12.1% of the estimated annual revenue. This is above the historical range when compared to the first quarter point of the prior three years when collections ranged from 6.3% to 9.7% of the final revenue receipts.

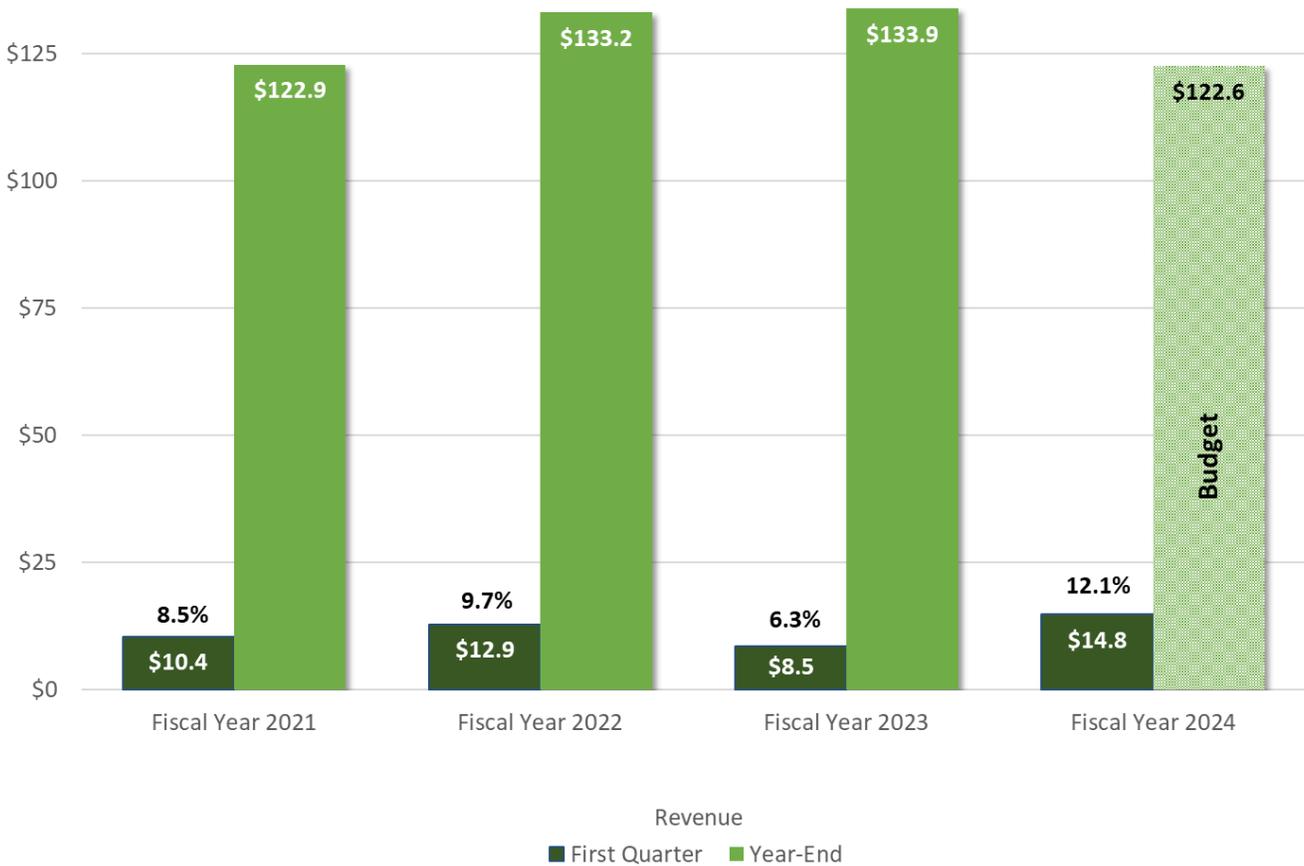
Of note, Probation has posted revenue that exceeds the prior year by \$5 million, affecting the ratio of revenue received to date. Full allocations in the Juvenile Justice Realignment Block Grant and Juvenile Justice Crime Prevention Act budgets have been posted, which was not the case in prior fiscal years. Without this additional revenue, receipts

would have totaled \$9.8 million, representing 7.9% of that budgeted.

Additionally, factors associated with implementation of the County’s Enterprise Resource Planning (ERP) system affected receipts through first quarter in Fiscal Year 2022. A consistent source of revenue for this priority, Realignment Revenue did not post due to the timing of conversion between financial management systems, which contributed to the low figure in that year. In preparation of integration, County Operations, Capital Projects, and Integrated Criminal Justice Information System funds traditionally categorized within this Board priority were moved to fall within the *Delivering Efficient Public Services* priority, removing associated revenue from Fiscal Year 2022 totals onward.

Supporting a Strong and Safe Community Four-Year Revenue Comparison

In Millions



Departmental Expenditures

As of September 30, 2023, expenditures totaled \$70.3 million, representing 18.9% of budgeted appropriations. This year-to-date percentage is below the historical range when compared to the first quarter point of the prior three years when expenditures ranged from 20.4% to 21% of the final actual expenditures.

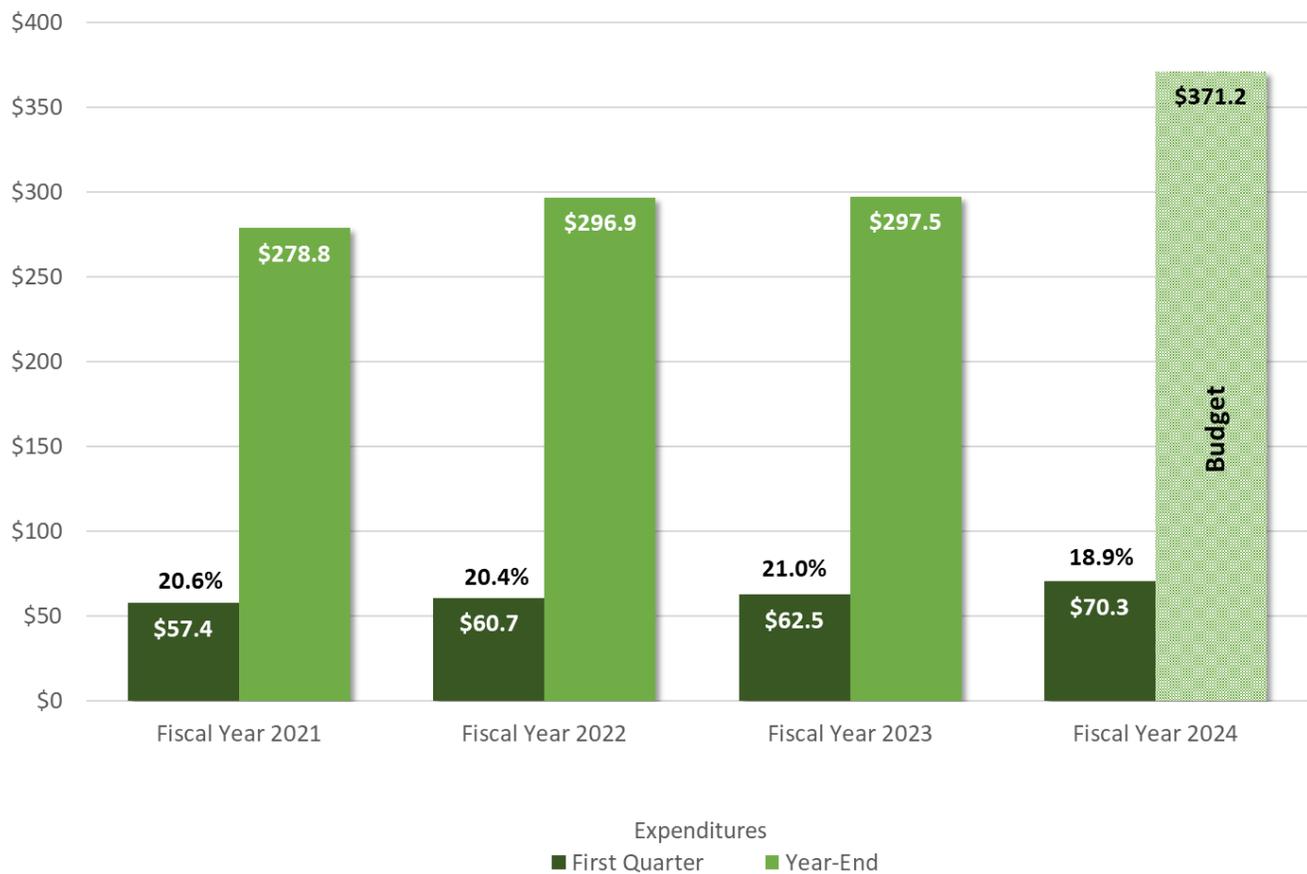
Significant investments in the Local Community Corrections budget in Probation, which allocates the 2011 Realignment funds supporting the Community Corrections Partnership (CCP) plan, were made in the current year CCP funding plan. As departments

funded by the plan typically bill later in the year as projects are completed, actuals as a percentage of the budget are lower than the prior year range.

Additionally, this priority has experienced a 4% drop in the vacancy rate, or 43 fewer vacant positions, year-over-year, increasing costs expended to date. While all allocated positions include budgeted appropriations to cover salary and benefits costs, year-end actuals from prior fiscal periods only account for those positions filled and their respective costs. This discrepancy can be seen in the significant increase in budget compared to prior year actuals.

Supporting a Strong and Safe Community Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

Sheriff

Staffing Recommendation: It is recommended to study one Fire Warden/Assistant Director of OES position to determine if current and envisioned duties and responsibilities align with the current classification.



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. Protecting and promoting the physical health and safety of our residents includes disease prevention, disability, and death. Protecting emotional safety focuses on social problems like homelessness, incarceration, and fragmented families with financial and emotional needs. Resources dedicated to prevention allow services to reach a broader population.

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 and services provided by these departments include Federal and State funding. Additionally, the County uses local discretionary funds, where required, to match other governmental funding in support of these programs.

Overall, departments within the priority *Supporting a Healthy Community* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For department budgets representing the priority *Supporting a Healthy Community*, actual revenue received as of September 30, 2023, totaled \$93.9 million, which is 14.1% of the estimated annual revenue. This ratio is in line with historical trends when comparing to revenue received in the first quarter of the previous three years which ranged from 13.4% to 22.3% of year-end actual totals.

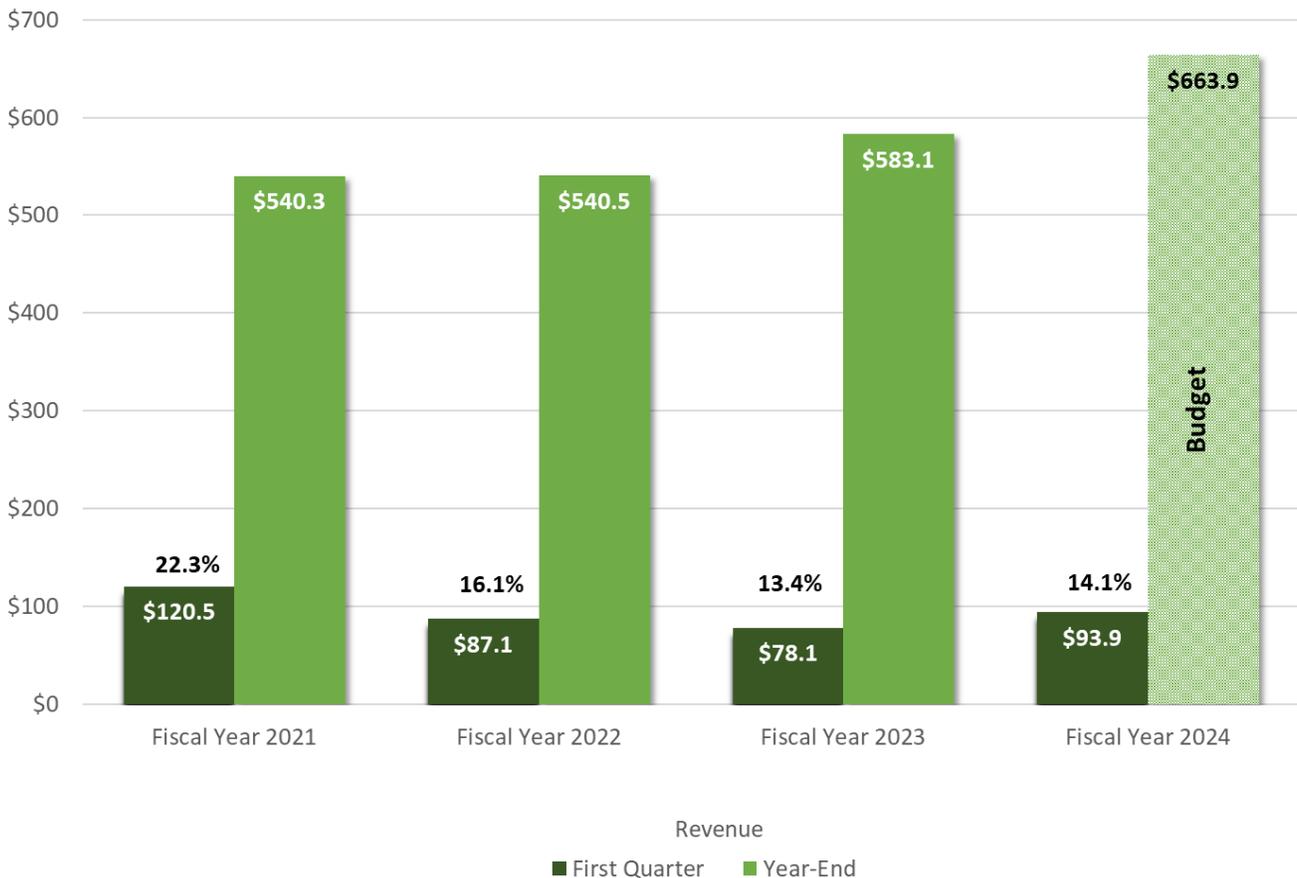
Budgeted revenue for Fiscal Year 2024 increased by \$80.8 million over Fiscal Year 2023 due to increased Federal, State, and grant revenue provided to support CalWORKs and Foster Care assistance caseloads, the Families First and Prevention Services Block Grant, Community Assistance, Recovery and Empowerment (CARE) Court, and California Advancing and Innovating Medi-Cal (CalAIM).

Revenue received to date in this priority increased by \$15.8 million primarily due to an \$11 million increase in the Community Services Agency (CSA) including \$3 million in receipt of Homeless Housing, Assistance and Prevention Round 4 grant funding. Public Economic Assistance, In-Home Supportive Services (IHSS) Provider Wages, and Services and Support revenues increased by a combined \$7.8 million due to delayed postings last fiscal year resulting from the Oracle conversion process.

CSA corrected an audit finding in the 2022 Adopted Budget, decreasing ongoing revenue and costs by \$160.1 million in IHSS Provider Wages and there has been a decrease in COVID-19 related grant revenue in the Health Services Agency between Fiscal Years 2021 and 2023.

Supporting a Healthy Community Four-Year Revenue Comparison

In Millions



Departmental Expenditures

As of September 30, 2023, expenditures in this priority area totaled \$126.8 million, representing 17.2% of budgeted appropriations. This ratio is slightly below the range when comparing to expenditures in the first quarter of the previous three years which ranged from 17.6% to 27.3% of year-end actual totals.

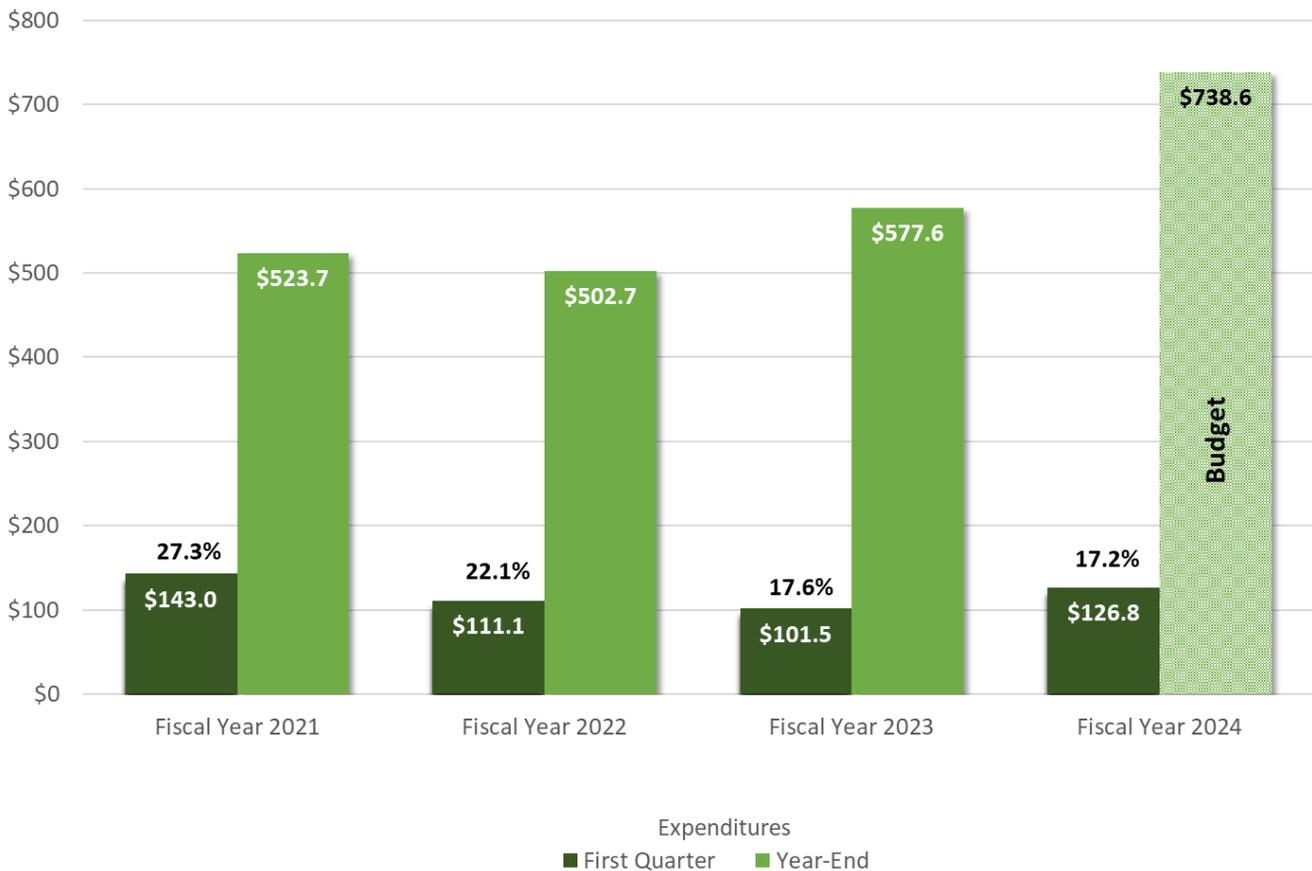
While the ratio is slightly below the three-year range, year-to-date expenditures have increased by \$25.3 million relative to last fiscal year primarily resulting from delayed expenditure postings last fiscal year due to the Oracle Conversion. The overall budget for this priority increased by \$161 million, of which

\$42.7 million is due to prior year encumbrances rolling forward increasing legal budget. The remaining increase in budget is a result of increased multi-year State grant-like funding supporting various initiatives for Behavioral Health and Recovery Services, Area Agency on Aging, and the Community Services Agency (CSA).

CSA corrected an audit finding in the 2022 Adopted Budget decreasing revenue and costs by \$160.1 million in IHSS Provider Wages and there has been a marked decrease in COVID-related grant funding in the Health Services Agency which decreased expenditures between Fiscal Years 2021 and 2023.

Supporting a Healthy Community Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

Community Services Agency

Staffing Recommendation: It is recommended to study one Technology Specialist III position to determine if current duties and responsibilities align with the current classification.



**Agricultural Commissioner
UC Cooperative Extension
Workforce Development**

*Developing a
High-Performing
Economy*

Developing a High-Performing Economy

Priority Overview

The Board of Supervisors' priority area of *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 economy while providing for more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Supporting job creation, providing a wide range of employment and training services, and educational resources are key aspects of *Developing a High-Performing Economy*. Departments and programs assigned to this priority area include the Agricultural Commissioner, the University of California (UC) Cooperative Extension, and Workforce Development.

Departments in this priority recognize the vital role of the County's number one industry, agriculture, that generates \$3.7 billion in value of agricultural commodities per year. Farmland conversion, air pollution mitigation, soil salinity and drainage, agricultural water supply and water quality, and preservation of the County's unique agriculture heritage are key aspects of *Developing a High-Performing Economy*. Stanislaus County is an

international agri-business powerhouse. The gross value of agricultural production for 2022 was \$3.7 billion, an increase of 5% over the 2021 value.

There are various funding sources supporting departments in this priority area. The Agricultural Commissioner receives State funding for several programs and charges for specific services, along with funding from the General Fund. Cooperative Extension's University of California (UC) advisors are funded through the UC system; however, the County provides General Fund support for staffing and operational expenses. Workforce Development receives Federal and State funds (Workforce Innovation and Opportunity Act and CalWorks) for work focused on meeting its mission.

While the agricultural industry is a significant economic driver in the County, regional economic development strategies are in place to increase economic diversity. Initiatives include job creation, business assistance and retention, demand-driven workforce readiness and innovation. Overall, the departments within the priority *Developing a High-Performing Economy* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departments contained in the Board of Supervisors’ priority area *Developing a High-Performing Economy* as of September 30, 2023, actual revenue collected was \$805,319, which represents 2.6% of the estimated annual revenue.

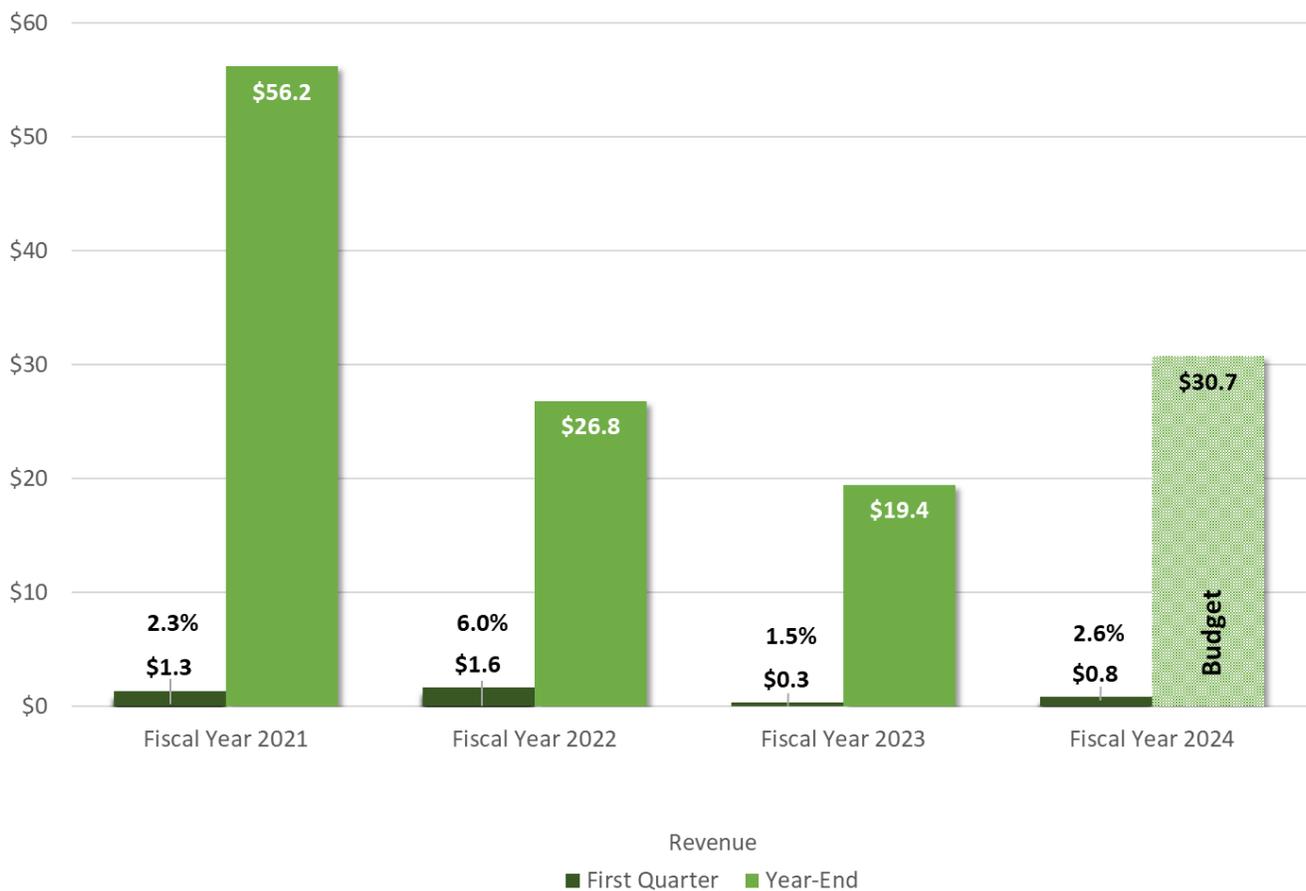
This is within the historical range when compared to the first quarter of the prior three years when collections were 1.5% to 6% of the final actual revenue. In Fiscal Year 2023, the revenue collected

represented 1.5% of the final actual revenue. This was mostly due to the timing and “blackout period” associated with the Oracle Cloud conversion, which impacted the posting of various revenues.

Of note, revenue increased significantly in Fiscal Year 2021 to a four-year high of \$56.2 million due to the Coronavirus Relief Fund (CRF) funding allocated to the CEO-Economic Development Bank budget, housed in this priority at that time.

Developing a High-Performing Economy Four-Year Revenue Comparison

In Millions



Departmental Expenditures

As of September 30, 2023, expenditures for this priority totaled \$5.1 million, representing 14.2% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 16.3% to 25% of the final actual expenditures, placing this year’s ratio below the historical three-year range.

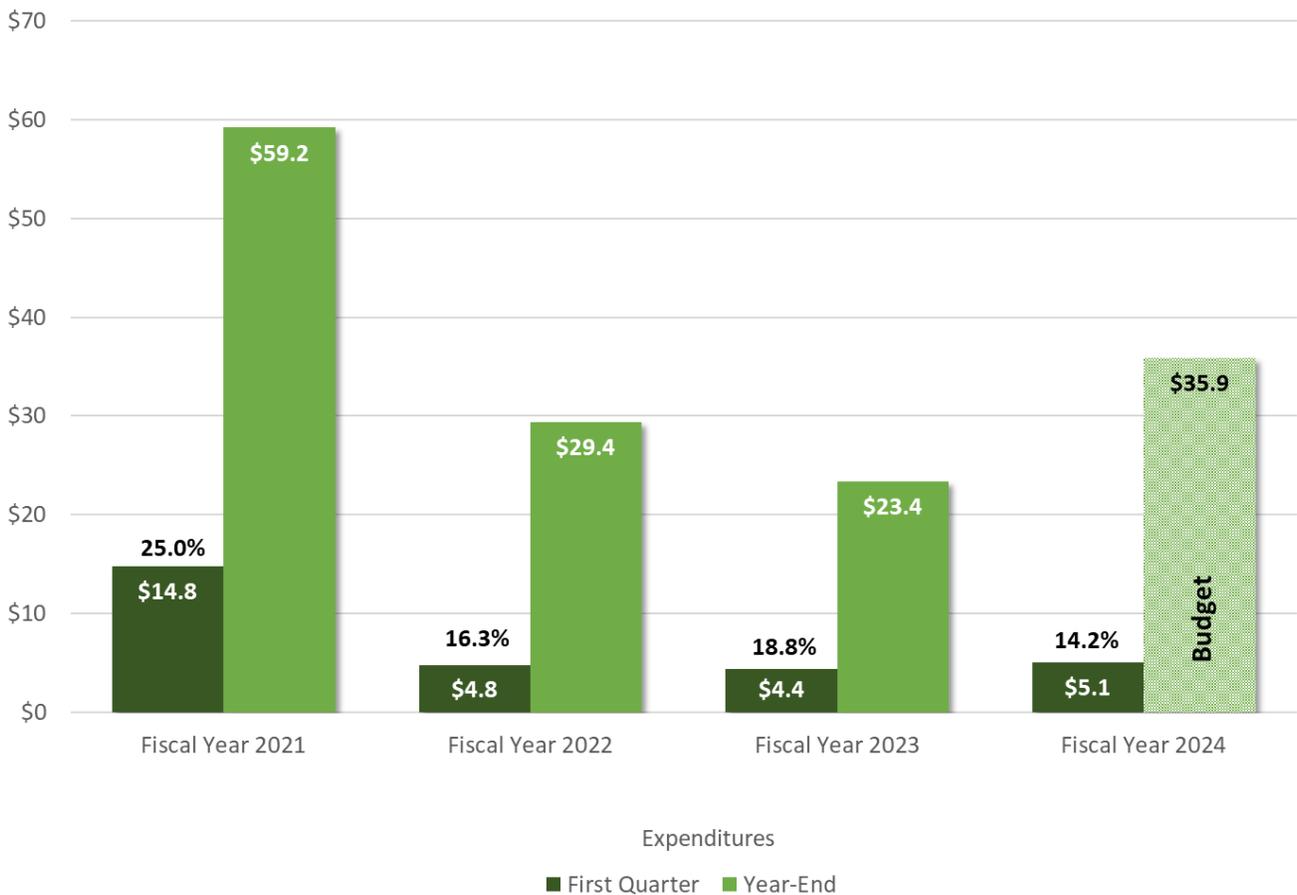
Workforce Development has budgeted additional funded activities this fiscal year, increasing overall

appropriations for this priority area. While expenditures to date have increased, they have not kept relative pace with that budgeted.

Additional impact to the trend standard in this priority is the one-year infusion of budgeted costs associated with CRF funding in Fiscal Year 2021, as noted in the Department Revenue section above. This anomaly skews the historical range and is not indicative of traditional patterns.

Developing a High-Performing Economy Four-Year Expenditures Comparison

In Millions



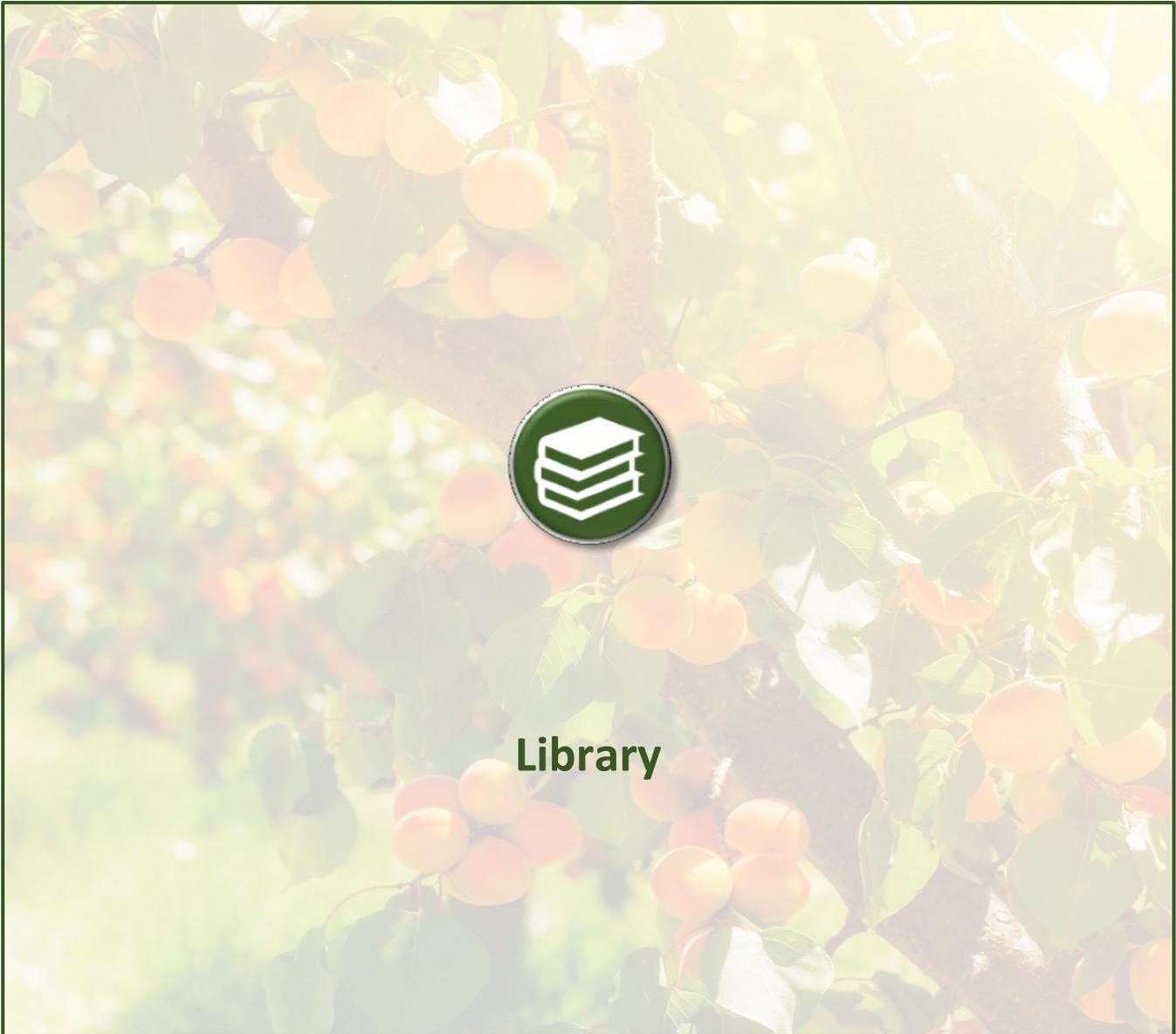
First Quarter Issues and Recommendations

Agricultural Commissioner

A technical adjustment to increase appropriations and estimated revenue by \$200,000 is recommended in support of the grant-funded Pesticide Disposal Takeback Event approved by the Board on August 15, 2023 (Resolution No. 2023-0420).

Recommended Budget Adjustments					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Agricultural Commissioner	\$200,000	\$200,000	\$0	\$0	Increase appropriations and estimated revenue to fund a Pesticide Disposal Takeback Event as approved by the Board of Supervisors on August 15, 2023 (Res. No. 2023-0420).
Total	\$200,000	\$200,000	\$0	\$0	

Recommendation: It is recommended to increase revenue and appropriations by \$200,000.



Library

*Promoting
Lifelong
Learning*

Promoting Lifelong Learning

Priority Overview

The Department that makes up the Board of Supervisors' priority *Promoting Lifelong Learning* is the Library. The Department serves members of the community and provides valuable services to local agencies and other County departments.

The Library is responsible for implementing *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 early literacy programs for children, basic literacy services to adults, workforce readiness programs, resources for veterans and their families, and outreach services beyond the physical walls of libraries, including online e-resources and community outreach activities such as home delivery service 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, passport application processing, and programs for job seekers.

The Library is primarily funded by a voter-approved 1/8-cent sales tax to support Library operations. The voter-approved 1/8-cent sales tax was extended for 12 years when Measure S passed in the November 7, 2017, election. In Fiscal Years 2023 and 2024, the Library budget was significantly increased each year by \$3.5 million with the implementation of Building Community Services Investment General Fund support to address various needs in the library system as part of an organization-wide three-year strategic initiative totaling \$10 million for libraries. The investment will support targeted projects which will directly contribute to the local quality of life, community wellness, and strategic facility planning.

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

Departmental Revenue

For the department budget that makes up the Board of Supervisors’ priority area of *Promoting Lifelong Learning* as of September 30, 2023, actual revenue collected was \$4 million, which represents 20.1% of the estimated annual revenue. This ratio is above the historical range when compared to the first quarter of the prior three years when collections were 2.4% to 15.1% of the final actual revenue.

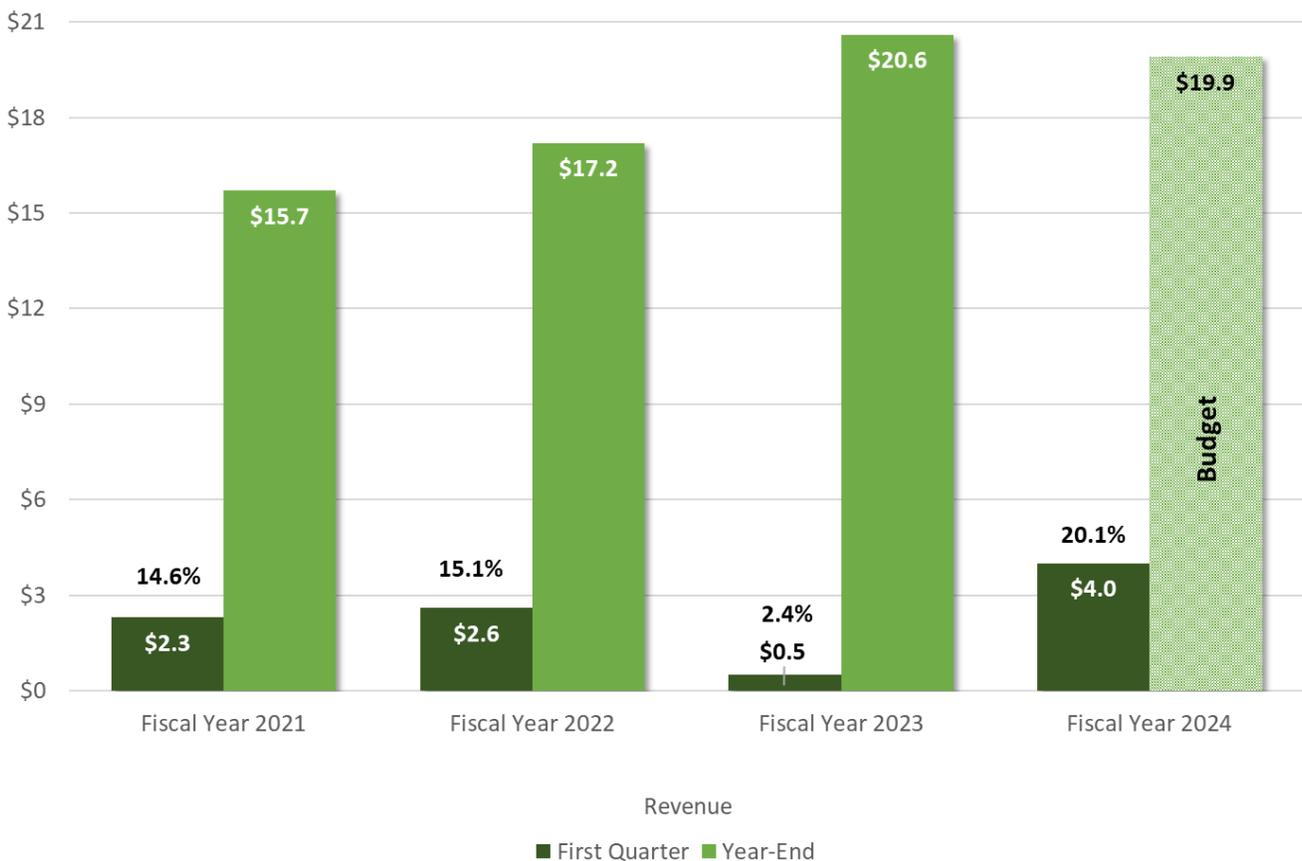
Library sales tax revenue includes an additional month’s receipt compared to what is typical and has been realized in prior years, contributing to the higher-than-anticipated revenues collected as of

September 30. The additional month’s receipt represents revenue incorrectly posted in the current fiscal year instead of posting towards accounts receivable established for Fiscal Year 2023. The entry has since been corrected and will not be adversely affecting trend analysis at midyear.

Of note, the first quarter revenues were noticeably low in Fiscal Year 2023, far below the historical range. This was due to the impacts associated with implementation of Oracle Cloud and resulting delays in posting tax revenue for first quarter. Revenue postings were caught up by year end.

Promoting Lifelong Learning Four-Year Revenue Comparison

In Millions



Departmental Expenditures

As of September 30, 2023, expenditures total \$3.5 million, representing 13.9% of budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 21.1% to 24.6% of the final actual expenditures, placing this year below the historical range.

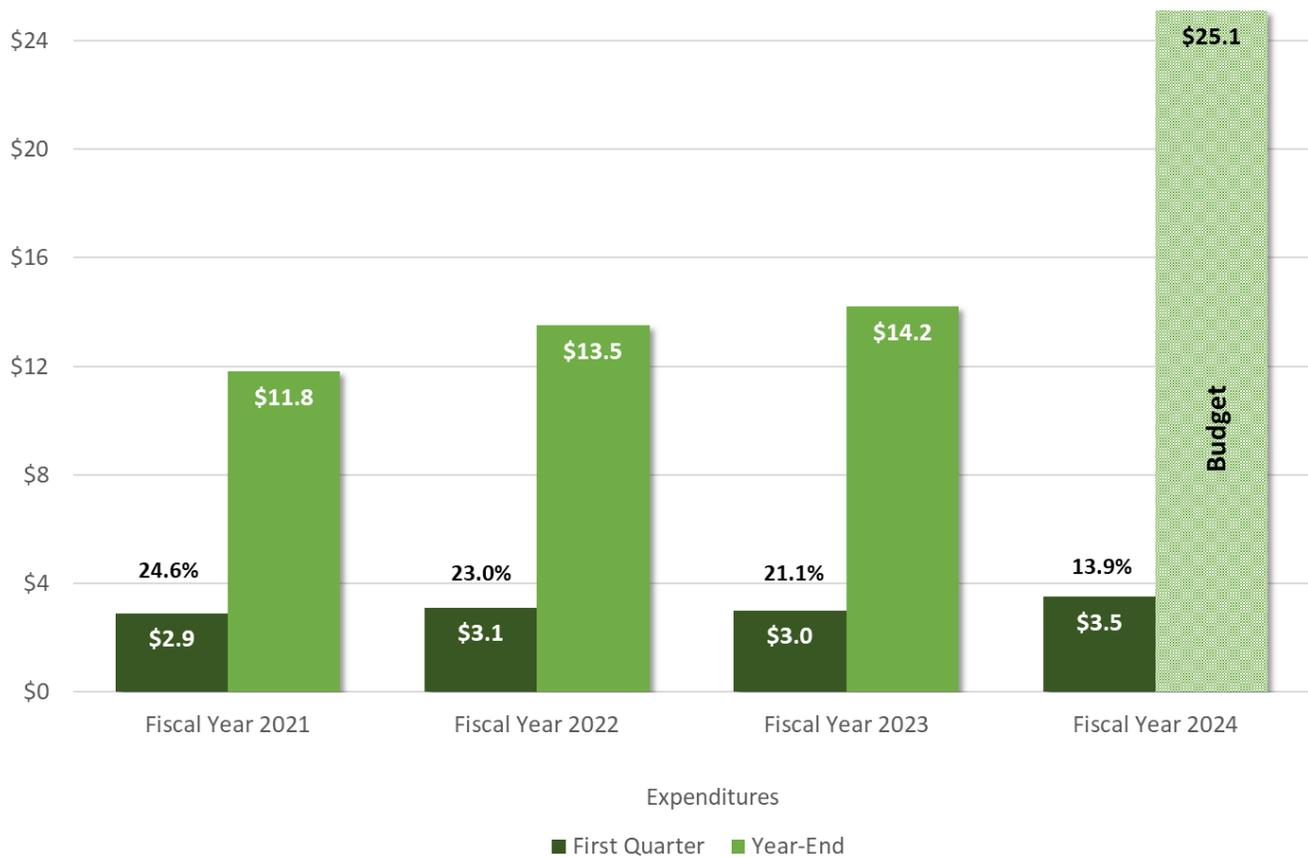
This is primarily the result of an increase in overall budget for Fiscal Year 2024 relative to prior fiscal years. The Library increased its budget by \$10.9 million in the 2024 Adopted Budget, including \$7

million to account for the Building Community Services Investment for years one and two, with the remaining increase identified for various projects and part-time extra help staffing support. Many of these projects have not yet begun, causing the ratio of expenditures-to-date to budget to fall below the historical range.

The Library is in the process of obtaining architectural designs and cost estimates for multiple facilities projects throughout the Library system.

Promoting Lifelong Learning Four-Year Expenditures Comparison

In Millions





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

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 provide a multitude of services to a diverse customer base and these customers expect the 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, County Counsel, County Operations budgets, 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 and other County departments. The revenue used to pay for the majority 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.

Departments within this priority are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the department budgets that make up the Board of Supervisors' *Delivering Efficient Public Services* priority area, the actual revenue collected as of September 30, 2023, totaled \$43.7 million, which represents 18.7% of the estimated annual revenue. This is within the historical range when compared to the first quarter point of the previous three years when collections ranged from 14.2% to 21.1% of the final actual revenue.

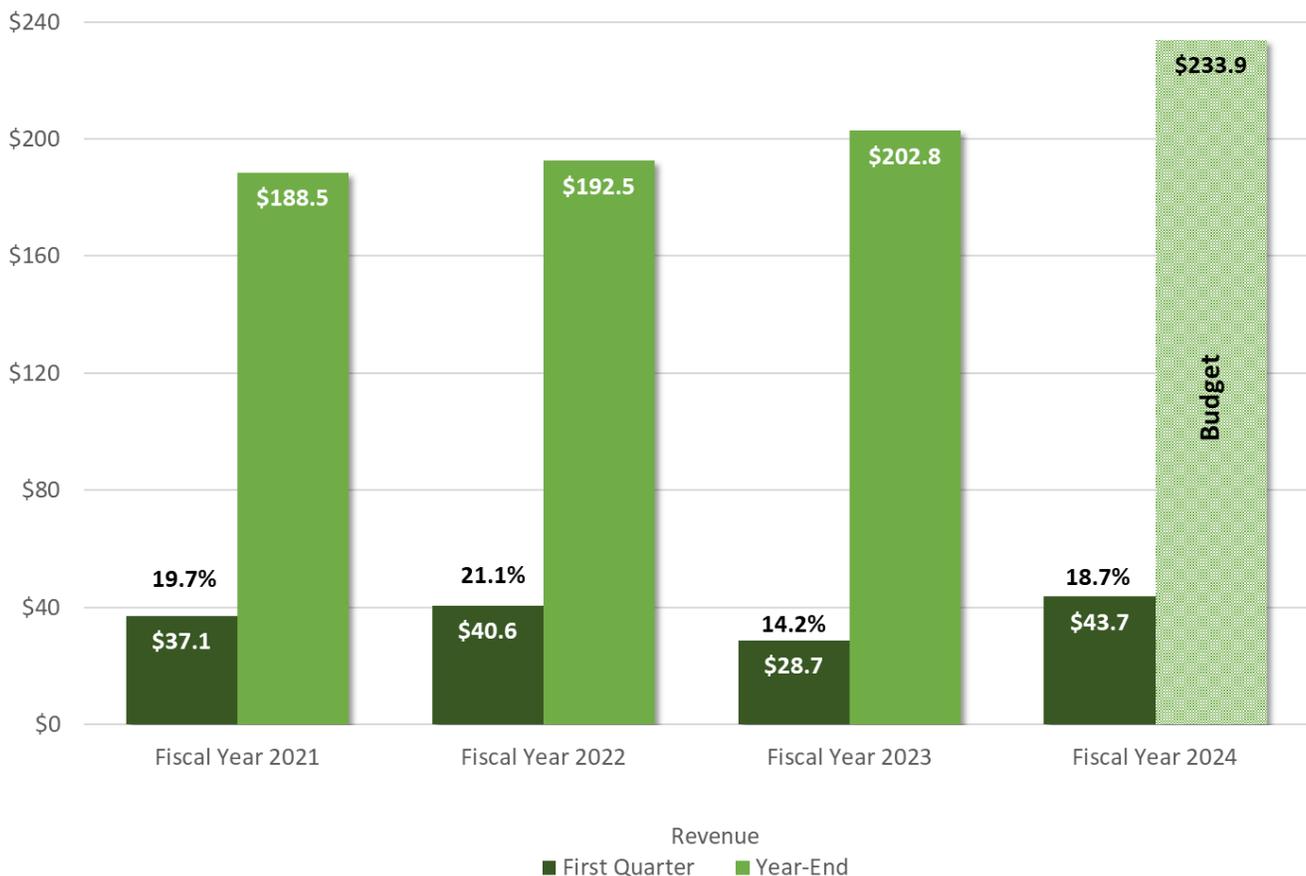
The timing of Cost Allocation Plan (CAP) charges was impacted by the implementation of the Enterprise

Resource Planning (ERP) system conversion in Fiscal Year 2023. Now that standard processes have resumed, Fiscal Year 2024 actual revenue is more closely aligned with historical patterns.

Of the \$43.7 million of Fiscal Year 2024 actual revenue to date, \$5 million is undistributed interest pooled in the Treasury-Tax Collector – Treasury budget pending allocation to departments, which in the past was housed in a unique fund outside of the Treasury in previous years; this shift in allocation timing is ongoing.

Delivering Efficient Public Services Four-Year Revenue Comparison

In Millions



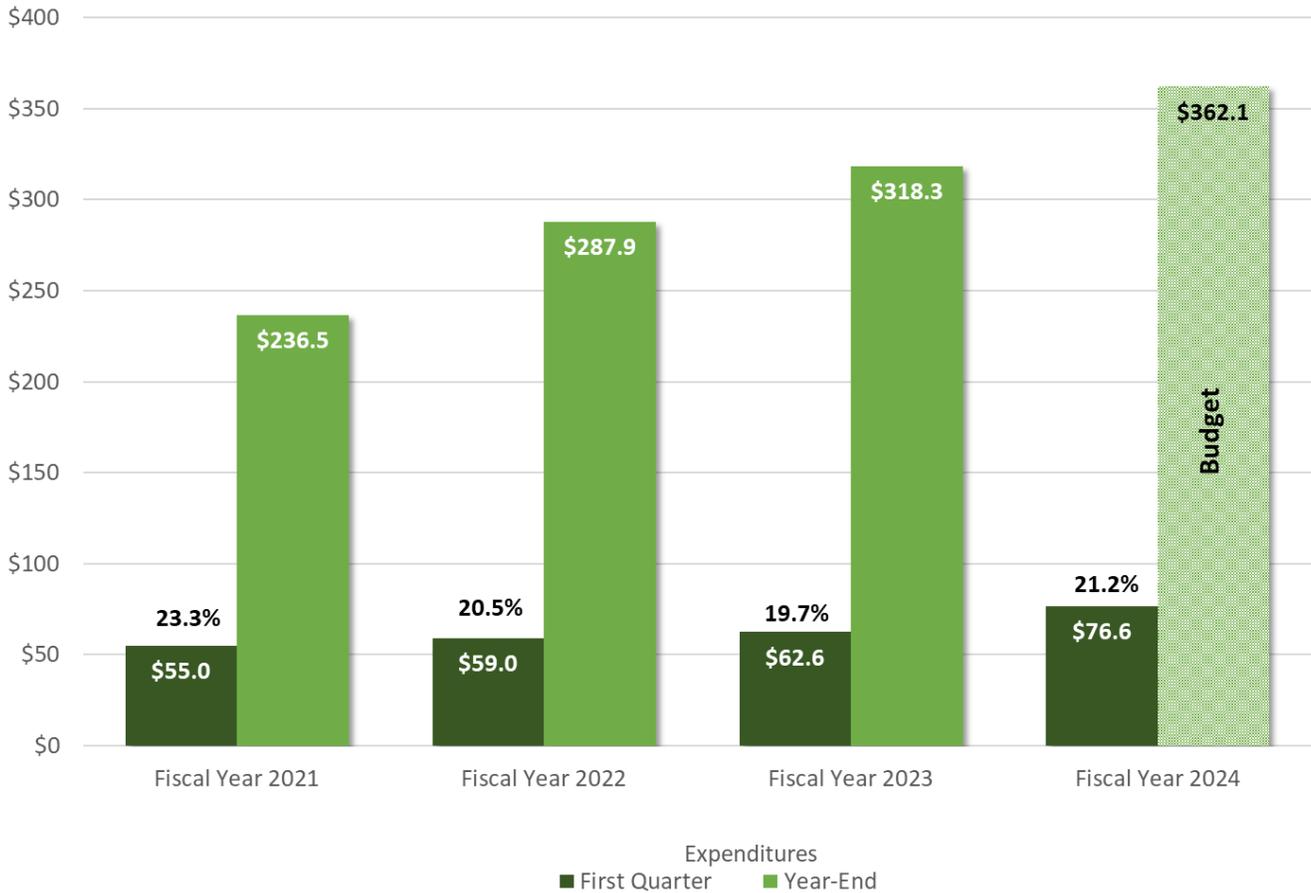
Departmental Expenditures

As of September 30, 2023, expenditures in this Board priority area totaled \$76.6 million, representing 21.2% of appropriations budgeted for the year. Expenditures at the first quarter point of the previous three fiscal years ranged from 19.7% to 23.3% of the final actual expenditures, placing this year within the historical range.

Expenditures have increased by \$14 million over the previous fiscal year. Most increases are in the administrative budgets in County Operations, including increases in medical claims and pharmacy costs (Medical Self-Insurance), additional allocations through General Fund Contributions to Other Programs, and increased General Liability premiums.

Delivering Efficient Public Services Four-Year Expenditures Comparison

In Millions





**Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works**

*Enhancing
Community
Infrastructure*

Enhancing Community Infrastructure

Priority Overview

The Board area *Enhancing Community Infrastructure* is essential to the quality of life for the residents of Stanislaus County and supports 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 assigned to 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 County General Fund, special revenue grants, and a 1/2-cent sales tax commonly referred to as Measure L.

In Fiscal Year 2024, key initiatives such as the Building Community Services Investment were

continued which provided additional General Fund support to Parks and Recreation to address various needs in the community as part of an organization-wide three-year strategic initiative.

In Fiscal Year 2024, Parks and Recreation received its year-two \$3.5 million Building Community Services Investment (BCSI) allotment totaling \$3.5 million. In addition, it rolled over \$2.8 million of BCSI funding it received in Fiscal Year 2023. 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.

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

Departmental Revenue

For the budgets representing the Board’s priority *Enhancing Community Infrastructure* actual revenue collected as of September 30, 2023, totaled \$25.1 million, representing 12% of the estimated annual revenue. This is within the range when compared to first quarter of the prior three years when collections ranged from 7.9% to 16.6% of final actual revenue.

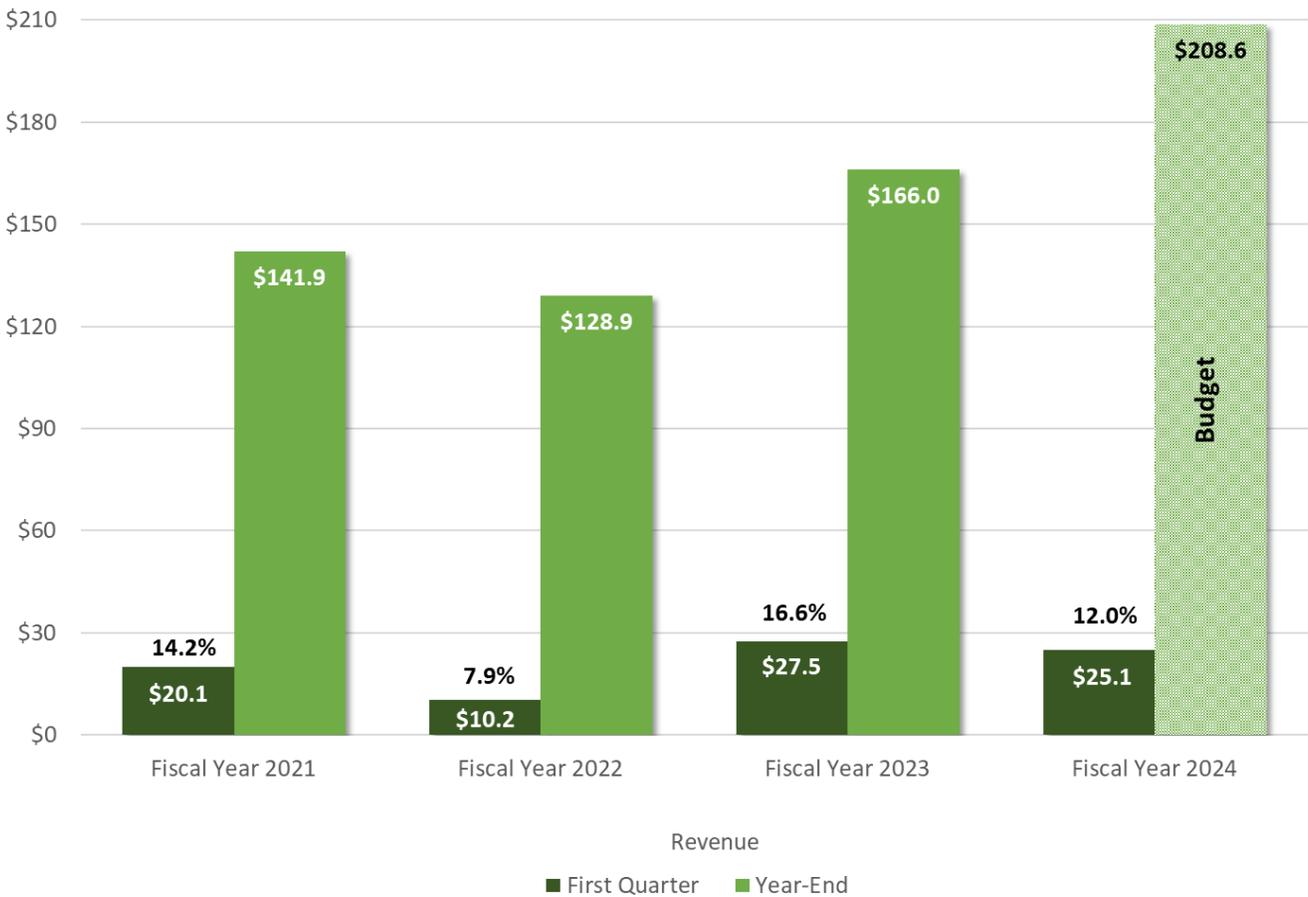
While year-to-date revenue for this priority area is largely in line with previous years, estimated revenue includes project and other reimbursement-based revenue for current-year projects that have not yet materialized. Parks and Recreation’s budgeted revenue includes \$3.9 million from State

grants for various projects. Planning and Community Development revenue includes \$3.2 million in allocated housing-related Federal and State funding. Public Works is estimating \$148.4 million in the Road and Bridge revenue. Many of Public Works’ over 90 projects are entering the construction phase, increasing cost reimbursement revenue.

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 nearly \$10 million in the first quarter and \$27 million by year-end.

Enhancing Community Infrastructure Four-Year Revenue Comparison

In Millions



Departmental Expenditures

As of September 30, 2023, expenditures in this priority total \$22.6 million, representing 8% of the budgeted appropriations. Expenditures at the first quarter of the prior three years ranged from 15.4% to 20.6% of the final actual expenditures, placing this year’s expenditures below the historical range.

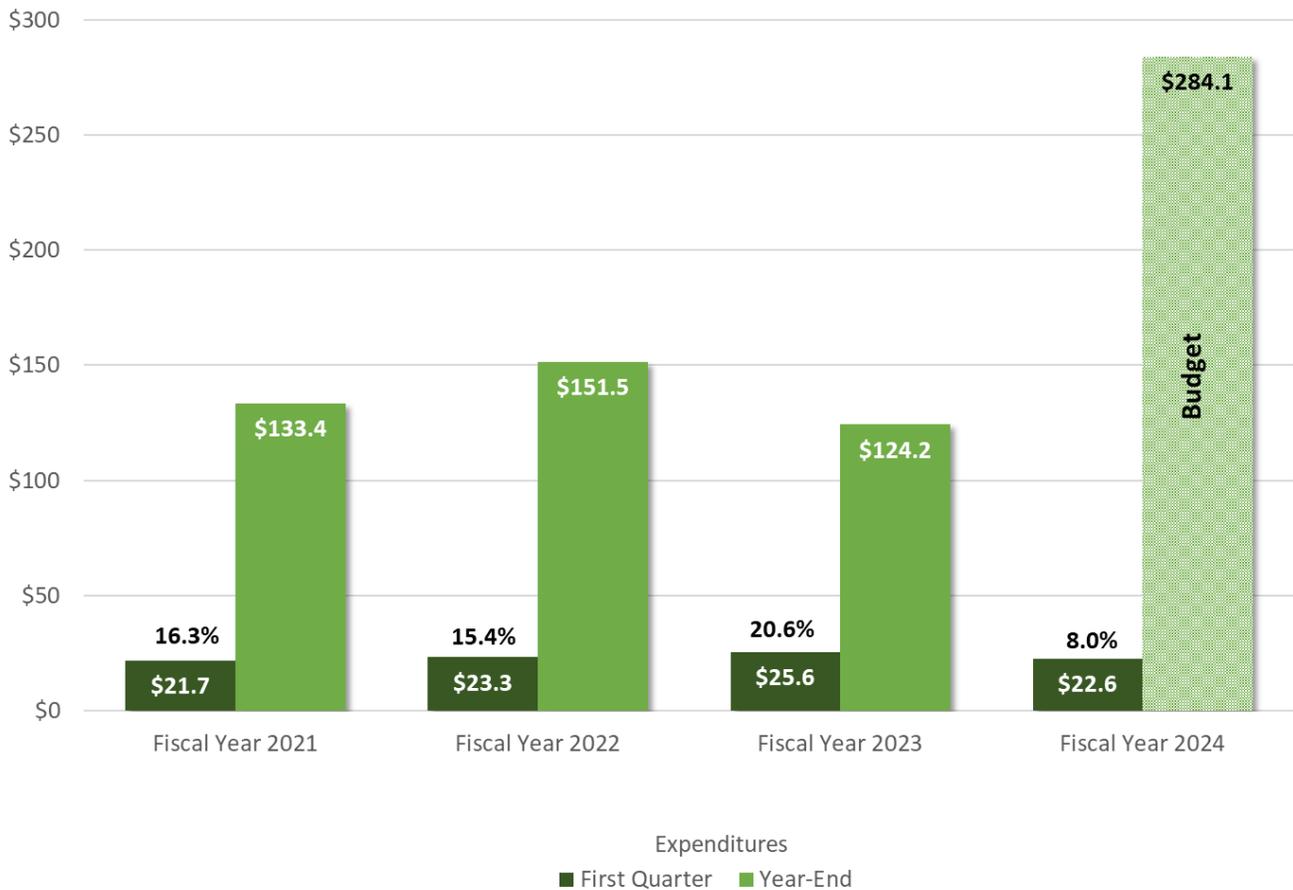
This shift is primarily due to the increase in overall budget compared to that realized in prior year actual expenditures. While Fiscal Year 2024 year-to-date actual expenditures are in line with prior years, departments in this priority have budgeted for expenses associated with various projects that 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, Planning and Community Development has funded appropriations related to housing programs, and Public Works costs include provisions for over 90 projects.

It is expected that budgeted expenses will materialize throughout the year as these projects move forward.

Enhancing Community Infrastructure Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

Parks and Recreation

A technical adjustment related to the Frank Raines and La Grange Off-Highway Vehicle Parks is recommended to transfer estimated revenue and appropriations among various legal budget units. Historically, the revenue and expenses for the Off-Highway Vehicle (OHV) parks were budgeted in a single legal budget unit. As part of the Fiscal Year 2024 Proposed and Adopted budget processes, separate legal budget units were used for Frank Raines and La Grange OHVs. The OHV Frank Raines 2024 Adopted Budget includes \$587,739 in appropriations, funded by \$543,479 in estimated revenue and the use of \$44,260 in fund balance. The OHV La Grange 2024 Adopted Budget includes \$304,407 in appropriations, funded by \$261,936 in estimated revenue and the use of \$42,471 in fund balance.

As part of the Adopted Budget process, the Department determined that using a single legal budget unit was a better budgeting method, and decided the necessary adjustments required to reflect this decision would be requested at a future budget cycle. The recommended technical adjustments will transfer the appropriations and estimated revenue from OHV Frank Raines and OHV La Grange legal budget units to the Off-Highway Vehicle legal budget unit.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
PKS OHV Frank Raines	(\$543,479)	(\$587,739)	(\$44,260)	\$0	Reduce revenue and appropriations to transfer budget to PKS Off-Highway Vehicle legal budget unit.
PKS OHV La Grange	(\$261,936)	(\$304,407)	(\$42,471)	\$0	Reduce revenue and appropriations to transfer budget to PKS Off-Highway Vehicle legal budget unit.
PKS Off-Highway Vehicle	\$805,415	\$892,146	\$86,731	\$0	Increase revenue and appropriations to recognize transfers of budget from PKS OHV Frank Raines and PKS OHV La Grange
Total	\$0	\$0	\$0	\$0	

Recommendation: It is recommended to transfer appropriations of \$892,146, estimated revenue of \$805,415, and the budgeted use of \$86,731 in fund balance to the Off-Highway Vehicle legal budget unit from the OHV Frank Raines and OHV La Grange legal budget units.

Public Works

Staffing Recommendation: It is recommended to reclassify downward one block-budgeted Heavy Equipment Mechanic I/II position to Equipment Mechanic to align with current duties and responsibilities.

First Quarter Financial Report Conclusion

The 2024 First Quarter Financial Report shows the County budget is balanced, inclusive of updated information, and actual performance is tracking within the 2024 Legal Budget and year-end projections. County staff will continue to monitor current fiscal year budget operations and be prepared to make appropriate recommendations and changes, informed by substantial analysis, in the Midyear Financial Report planned for presentation to the Board of Supervisors on March 12, 2024.

Staff will continue to closely watch external factors, including the monthly cash report issued by the State Controller to monitor State inflows of revenue.

If more urgent budget adjustments are required prior to the Midyear Financial Report, staff will bring appropriate and timely recommendations to the Board of Supervisors for consideration through separate Board action; however, no such urgent needs are anticipated at this time.

Budget Schedule

The following schedule for the 2024 Midyear Financial Report is recommended:

2024 Midyear Financial Report	
Issue Staffing Instructions to Departments	November 20, 2023
Issue Budget Instructions to Departments	December 4, 2023
Department Staffing Requests Due	December 21, 2023
Department Budget Requests Due	January 4, 2024
Board of Supervisors	March 12, 2024