ATTACHMENT 1

MID-YEAR BUDGET REPORT FY2024/25

COUNTY OF TULARE
MID-YEAR BUDGET REPORT
FISCAL YEAR 2024/25

Presented to the
Tulare County Board of Supervisors
by the Tulare County Administrative Office
March 18, 2025

INTRODUCTION

This Mid-Year Budget Report presents an opportunity to review the financial condition of the County's Fiscal Year 2024/25 budget which was approved by the Board of Supervisors on September 17, 2024. This report also provides the opportunity to evaluate the fiscal outlook of the economy and future challenges, thereby ensuring adequate preparation for the County's Fiscal Year 2025/26 budget.

This Mid-Year Budget Report encompasses the following:

- **Part I** addresses the **Mid-Year Financial Condition** of the current General Fund Budget;
- **Part II** discusses Tulare County's **Preliminary Outlook** for Fiscal Year 2025/26;
- **Part III** summarizes the **State and Federal Economies and Proposed Budgets** affecting Tulare County;
- **Part IV** proposes **Personnel Actions, Capital Assets,** and **Mid-Year Budget Adjustments**;
- **Part V** identifies the proposed **Budget Schedule** for Fiscal Year 2025/26; and
- **Part VI** outlines the **Requested Actions** to be considered by the Board of Supervisors.

Before addressing this Mid-Year Budget Report, it is necessary to discuss Tulare County's general financial strengths and challenges, its governance by the Board of Supervisors, and management by the County Administrative Office in collaboration with County agencies and departments. Part II of this Report will outline the County's forecast for Fiscal Year 2025/26 in more detail.

A. TULARE COUNTY'S FINANCIAL STRENGTHS

Tulare County currently enjoys several financial strengths: continued economic growth and development; budgets that are in alignment with the principles of fiscal sustainability; prudent management of reserves and sub funds within financial policy guidelines; effective debt management practices; investment in capital improvement construction and expansion; and organizational performance levels consistent with the County's adopted Strategic Business Plan.

Also, Tulare County leadership, Department Heads, and other management regularly practice the principles of responsible fiscal management in their daily operations. The local economy continues to show strength across several measurements. These strengths will be useful should the County encounter potential financial difficulties from certain directions in the coming years.

B. TULARE COUNTY'S FINANCIAL CHALLENGES

Although the County remains faithful to responsible budget practices are there are many local economic strengths, Tulare County will likely face financial challenges in the coming years. In particular, two prominent challenges facing the County's budget in Fiscal Year 2025/26 are continued softening of local revenues, namely sales and use taxes, and the State's small positive balance for FY 2025/26 Budget proposal, after two years of budget deficits, now has to deal with the devastation left by the Southern California fires and federal funding uncertainties and/or cuts. These two challenges may have impacts in Fiscal Year 2025/26, necessitating further scrutiny during budget development.

As the State budget remains roughly balanced for FY 2025/26, the Legislative Analyst's Office projects that the state faces double-digit operating deficits in the years to come, solutions they develop may impose fiscal difficulties on local governments in the form of revenue shifts, reduced subventions to existing programs, or realigned programs. Although little is known about the State's strategy at this time, more information will be forthcoming in the Governor's May Revision. It is important to note that should the Federal or State governments reduce funding to local programs, the County will be required to make correspondening budgetary reductions.

Futher financial challenges faced by the County include:

1. Increasing operational and structural costs, which include:
    a. Increasing employer contributions to the retirement system in future years;
    b. Increasing Internal Service Fund expenditures;
    c. Rising operating costs; and
    d. Rising public safety and fire service costs related to equipment replacement and personnel.
2. Increasing financial share of state mandated programs. This will be an important challenge to monitor in the coming months as the State attempts to manage their budget.
3. Fiscally unsustainable Zones of Benefit water systems and wastewater systems.

All of these factors create overall economic uncertainty punctuating the continued need for fiscal responsibility in the coming years.

C. AMERICAN RESCUE PLAN ACT SUMMARY

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into Law. As has been well noted, the pandemic created economic uncertainty for an unknown duration and a broad array of financial impacts throughout nearly all sectors of the economy – particularly in the service, tourism, and hospitality sectors. The intent of the ARPA is to mitigate against these and other pandemic-related expenses.

On June 14, 2021, the County was allocated $90.6 million and received its first of two tranches of $45,276,457 through ARPA funds to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses. On July 26, 2022, the County Board of Supervisors adopted the County of Tulare ARPA Final Recovery Plan to address the continued public health emergency and the negative economic impacts caused by the COVID-19 pandemic. The County of Tulare ARPA Final Recovery Plan intends to utilize ARPA funds to respond to the public health emergency, address negative economic impacts, support essential workers, and make strategic investments in water, sewer, or broadband infrastructure to support an equitable recovery from the pandemic.

Staff prepared an Updated ARPA spending report and plan modification based upon the Treasury's Final Rule, which was presented to the Board on July 30, 2024, and reported utilization of approximately $75.5 million in ARPA funds. Also, the ARPA spending report was submitted to the U.S. Department of the

Treasury and posted on the County's website on July 30, 2024, per required Treasury guidelines. As of the December 31, 2024, reporting period, the County has obligated approximately $90.6 million in ARPA funds and must expend all funds by December 31, 2026, per Treasury guidelines.

D. STATE BUDGET DEFICIT

While the state has experienced significant budget shortfalls over the past two years, the Governor's January Budget Proposal for Fiscal Year 2025/26 projects to close this shortfall. Although, the Legislative Analyst's Office projects a small $2 billion shortfall, they describe the budget as "roughly balanced[1]". The stark contrast in both scenarios to prior year forecasts are attributable to actions taken by the Legislature and the Administration to reduce expenditures and spread the use of withdrawals from the Rainy-Day Fund over multiple years.

Personal income tax is the state's largest revenue source, comprising roughly 39% of total revenues in tax year 2022 down from about 50% in the previous years. The decrease is attributable to a steep reduction in capital gains which reached an all-time high in 2021. To combat these revenue volatilities and increase budget resiliency, the state is proposing statutory changes to enable the state to save more during economic upswings. The proposed changes include increasing the mandatory deposit from 10 percent to 20 percent and excluding deposits into the Rainy-Day Fund from the Appropriations Limit[2].

E. GOVERNANCE AND MANAGEMENT

To build on these strengths and address these challenges, the County has implemented a proactive system of governance and management. For example, the Board of Supervisors has adopted and will consider adopting necessary policies, priorities, and budgets to ensure the County continues on a financially stable path. Additionally, the County Administrative Officer, as directed by the Board of Supervisors, follows the County's adopted Strategic Business Plan, which focuses on budgetary sustainability and the pursuit of economic development opportunities.

PART I: FINANCIAL CONDITION OF CURRENT GENERAL FUND BUDGET

As a part of this Mid-Year Budget Report, the County Administrative Office – working collaboratively with the Auditor-Controller / Treasurer-Tax Collector and County agencies and departments – analyzed extensive budgetary data and legislation from the county, state, and federal governments. Based upon this analysis, the County General Fund budget is projected to be on target to finish this fiscal year within the Net County Cost adopted by the Board of Supervisors.

In preparation for the next fiscal year's budget, and consistent with past practice and budgetary strategy, carryover fund balance (i.e., revenues and fund balance greater than expenditures) is expected to be above the structural level necessary to end the current fiscal year.

Tulare County's financial position is sound, which is reflective of (1) the conservative budgetary approach used by the Board of Supervisors and County Administrative Office in developing reasonable general-purpose revenue estimates (i.e., "discretionary" revenue estimates); (2) the unused contingency appropriation of $5 million; (3) County agency and department use of sustainable fiscal and budget practices; and (4) the continued development of prudent fiscal reserves, subfunds, and investments as recommended by the County Administrative Office and approved by the Board of Supervisors.

Overall, the County continues the structural sustainability and security of the General Fund while providing funding for (1) mandated and essential services; (2) local programs and projects; (3) capital and infrastructure needs; (4) equipment maintenance and replacement; and (5) reserves and contingencies.

As of December 31, 2024, overall General Fund revenues are 34% recognized, which is 1% more when compared to the prior year. The reasons that General Fund revenues fluctuate and are generally lower at mid-year are as follows:

1. Typically, the majority of General Fund revenues are received in the second half of the year, with a large portion coming in the last quarter of the fiscal year; and
2. In subvented portions of the budget, revenues increase or decrease according to their related claimable expenses.

As of December 31, 2024, General Fund expenditures are approximately 49% obligated, which is 3% more when compared to the prior year. The reasons that General Fund expenditures fluctuate and are generally lower at mid-year are as follows:

1. Full-year charges are recognized in the first half of the fiscal year for the Countywide Cost Allocation Plan (COWCAP) - the County's plan for reimbursement from federal agencies of indirect costs to the General Fund - Workers' Compensation Insurance, General Liability Insurance, Property Insurance, Medical Malpractice Insurance; and
2. Encumbrances to vendors are recognized earlier and paid later in the fiscal year as invoices for payment are presented by the vendors to the County.

A five-year summary of General Fund revenues and expenditures at the time of the Mid-Year Budget Report is presented below in Tables 1 and 2, respectively, to provide a historical perspective of this matter.

Table 1

Recognized and Uncollected Revenues				
FY	Recognized	Uncollected	Total	% of Budget
20/21	318,013,061	556,555,749	874,568,810	36%
21/22	330,220,249	575,515,618	905,735,867	36%
22/23	343,453,888	646,717,914	992,641,825	35%
23/24	365,264,419	754,929,927	1,120,194,346	33%
24/25	**407,386,130**	**784,187,551**	**1,191,573,681**	**34%**

Table 2

FY	Obligated	Unobligated	Total	% of Budget
20/21	474,144,675	444,348,514	918,493,189	52%
21/22	486,969,904	464,816,084	951,785,988	51%
22/23	584,133,604	473,605,539	1,057,739,143	55%
23/24	548,919,606	634,594,273	1,183,513,878	46%
24/25	**617,171,051**	**638,686,531**	**1,255,857,582**	**49%**

For details applicable to each agency and department within the General Fund, the attached Exhibit A reflects the actual year-to-date revenues recognized compared to the current modified budget revenues as of December 31, 2024. Similarly, the attached Exhibit B depicts year-to-date obligated expenditures compared to the current modified budgeted expenditures as of December 31, 2024.

After reviewing this information, all General Fund agencies and departments indicate they will finish this fiscal year at or below their allocated Net County Cost with budget adjustments to account for any increasing operational costs and appropriation issues at year end, Attachment 2 reflects all County budget adjustments.

GENERAL FUND SUPPORT OF OUTSIDE FUNDS

Funds outside the General Fund with potential challenges include the County's Internal Service Funds, Fire Fund, Zones of Benefit Funds, and Aviation Fund.

Fire Fund. The Fire Department is experiencing higher than anticipated utilization of Salary and Benefit expenses. This is primarily due to overtime and extra help salaries associated with 27 Strike Team deployments locally and throughout the State; as well as four Pre-positioning assignments for wildfire and storm events throughout the County. These events required the Department to utilize more than budgeted overtime to ensure the community's safety. The Fire Department follows a reimbursement process to cover Strike Team and Pre-positioning expenses and often takes a substantial amount of time to receive approval and revenue to cover the costs. Until the revenue is received, the Department will cover the increased costs with the Use of Fund Balance. To date, the Department has received approximately $2,214,545 personnel reimbursements from the state and an additional $715,574 is anticipated.

Internal Service Funds. Internal Service Fund departments provide internal services such as insurance, coverage, custodial services, and fleet and facilities maintenance, which predominantly benefit County departments. These funds operate on a cost-recovery basis, meaning that the expense of providing the services is fully passed on to the customer as a service charge.

Over the past several years, Grounds, Facilities, Custodial, and Fleet, were able to pay off their General Fund cash loans and begin building working capital reserves through yearly increases to fees.

However, two of the County's Internal Service Funds, Mail and Print, have loans from the General Fund totaling approximately $841,156. The loan balance increased in FY25 by $100,000 due to an additional loan required by Print Services to mitigate cash flow issues. While rates have been increased for both ISFs to help mitigate this, because of the downtrend in utilization of these services and continued cost increases due to inflation, these two funds continue to struggle to generate sufficient revenues just to offset annual expenses.

The County's Risk Management Internal Service Funds (Workers' Compensation, General Liability, Property, and Medical Malpractice) experience fluctuating costs based upon claims. The quantity and severity of claims against the four insurance funds are evaluated annually to ensure adequate self-funding at a confidence level at or above 70%.

Zones of Benefit. The Zones of Benefit (ZOB) for water and wastewater systems in unincorporated areas of the County continue to experience financial challenges resulting from rising operational costs, depressed fees, and the appropriation limitations set on the revolving General Fund loan, per California Government Code Section 25214.5. The current loans to the Zones of Benefit are: $1.34 million to CSA 1, and $666,000 to CSA 2.

Aviation Fund. This fund often faces operational shortages; however, in the current fiscal year, the County Aviation Fund is not expected to exceed its budgeted revenue. Additionally, several planned projects were delayed this year, reducing the usual financial strain on the fund.

Therefore, except as stated above, there are no Mid-Year Budget issues or concerns with Tulare County's agencies and departments.

PART II: PRELIMINARY COUNTY OUTLOOK FOR FISCAL YEAR 2024/25

The prudent fiscal policies of your Board, the use of conservative revenue estimates, and the efforts of an outstanding County management team all contribute to the County's continuing strong financial position looking to the upcoming Fiscal Year 2025/26.

However, the economic outlook for the U.S., California, and the County continues to be uncertain in preliminary projections for Fiscal Year 2025/26, though not necessarily negative. General economic outlook is expected to grow in 2025, but at a slower pace than in 2024. The outlook is also clouded by uncertainty around trade and the potential increase of an inflationary environment, tax policy, and other federal policies.

Despite the positive performance of the overall economy, causes of uncertainty for the County include: the State's projected revenue shortfalls and deficits in the projected out years; Legislative Analyst's Office cautioning revenues have not caught up with expenditures and expenditure growth exceeds estimated revenue growth; the outstanding Congressional response to the Federal Debt Limit Ceiling; constitutional funding obligations outpacing forecasted tax revenue collections at the State level[3]; and, within the County, continued growing expense pressures, wage and retirement costs, increases in overall operational costs, new unfunded or underfunded mandates, and declining local sales and use tax receipts.

During Fiscal Year 2025/26, the County will see operational costs grow; further inflation is also possible next fiscal year. Rising operational costs include labor; law enforcement and fire services; Internal Service Funds working capital reserves and charges; Zones of Benefits; new countywide financial and human resources systems; utilities and fuel; and the uncertain impacts of the policies being enacted by the Ground Water Sustainability Board throughout the County on our agricultural economy.

It is also projected that sales and use taxes may continue to decline from their pandemic highs for several years to come. Declining revenues combined with increasing operational costs, potential revenue shifts by the State, and unknown impacts of federal policies and the impacts from the Southern California fires on the State's budget are the leading fiscal concerns for Fiscal Year 2025/26. These concerns will limit the County's capacity to fund new ongoing commitments next year and in future years.

Therefore, to maintain the County's financial stability given current economic uncertainties and enjoy balanced budgets in future years, the Board should maintain the following budget philosophy and strategies: fund only <u>mandated</u> services, negotiate financially sustainable labor agreements, limit the issuance of debt, use one-time funds for one-time expenses, strive to fund the Strategic Reserve to the stated reserve ratio reflected in the Reserve Policy, collaborate with TCERA to minimize significant retirement cost increases, continue to utilize conservative revenue estimating practices, encourage departments to maximize the use of non-General-Fund revenues to minimize the burden on the General Fund, and encourage departments to adopt more efficient business practices.

Two of the County's fiscal policies that may be especially necessary in Fiscal Year 2025/26 are the funding of only mandated services and the inability for the County to backfill State funding reductions should the State implement solutions to address their budget issues in the Governor's May Revise due to economic uncertainty, federal policy changes, and the southern fires.

PART III: STATE AND FEDERAL ECONOMIES AND BUDGETS

A. CALIFORNIA ECONOMY

The Legislative Analyst's Office outlook for Fiscal Year 2025/26 indicates that the California Legislature not only addressed the budget problem for Fiscal Year 2024/25 but also made proactive decisions to address the anticipated budget problem for Fiscal Year 2025/26. These choices included about $11 billion in spending-related solutions and $15 billion in all other solutions, including $5.5 billion in temporary revenue increases and a $7 billion withdrawal from the state's rainy-day fund. After these solutions, the spending plan assumed the Fiscal Year 2025/26 budget would be balanced. Although revenues are outpacing budget act assumptions, those improvements are roughly offset by spending increases across the budget. Of note, the LAO's outlook did not account for the wildfires in Southern California due to a lack of sufficient information to include in the forecast.

California's economy has been in an extended slowdown for the better part of two years, characterized by a soft labor market and weak consumer spending. The number of Californians who are unemployed is 25 percent higher than during the strong labor markets of 2019 and 2022. Consumer spending (measured by inflation-adjusted retail sales and taxable sales) has continued to decline throughout 2024. However, although the soft labor market and weak consumer spending, total income grew at a well above-average rate in the first half of 2024, income tax receipts have followed suit, with withholding collections nearing 10 percent growth through late last year, and the positive stock market, which appears tied to optimism surrounding artificial intelligence, is a primary driver of the rapid growth in pay to high-income workers.[4]

California's labor market expansion continued and has remained relatively resilient despite slowdowns in a handful of industries such as manufacturing, tech, and entertainment. However, employment growth in California has trailed the nation in recent years.[5] California's unemployment rate increased by 0.1 percent to 5.5 percent in December 2024.[6] Tulare County unemployment rate decreased to 10.20 percent for December 2024 compared to the previous year's rate of 10.9 percent.[7]

In 2024, California permitted nearly 100,000 total housing units, down 10.6 percent from the nearly 112,000 units issued in 2023. Some of the reasons for the decline in units permitted may be attributed to the high-interest environment for most of 2024, which made borrowing costs more expensive for residential construction, especially higher capital costs for multi-family units.[8]

B. CALIFORNIA FISCAL YEAR 2025/26 BUDGET

On January 10, 2025, the Governor released his initial $322.2 billion State Budget proposal for Fiscal Year 2025/26. The Governor's budget proposal focuses on increased investments in climate resiliency through expenditure of the Climate Bond (Proposition 4). Baseline increases sustained in recent years for firefighting, wildfire resilience, and flood protection are proposed to be enhanced through bond funds.[9] The Governor's proposed budget anticipates total expenditures of $225.1 billion, which is a $2.6 billion increase compared to the Fiscal Year 2025/26 enacted budget. The budget appropriates $218 billion from the General Fund, transfers $7.1 billion from the Rainy-Day Fund, and includes a $26.3 billion prior-year balance.[10]

The Governor's budget includes three categories of discretionary proposals. First, some proposals provide short-term budget savings that create more budget capacity. These total $2.2 billion. Second, the Governor's budget includes new discretionary proposals that use budget capacity by increasing spending or reducing revenues. These total roughly $700 million. Finally, the Governor sets the balance of the Special Fund for Economic Uncertainties to $4.5 billion—somewhat higher than the level enacted by recent budgets.[11]

C. US ECONOMY

In January 2025, the U.S. Department of Commerce Bureau of Economic Analysis provided the fourth quarter and Year 2024 (advance estimate) Gross Domestic Product (GDP). Real GDP increased at an annual rate of 2.3% in the fourth quarter of 2024, according to the "advance" estimate. The increase in real GDP in the fourth quarter reflected increases in consumer spending and federal, state, and local government spending that were partly offset by a decrease in investment and Imports (subtracted in the calculation of GDP).[12]

In January 2025, the U.S. Employment Situation, prepared by the U.S. Bureau of Labor Statistics, reported that the U.S. unemployment rate edged down to 4.0. Job gains occurred in health care, retail trade, and social assistance. Employment declined in the mining, quarrying, and oil and gas extraction industries. The number of long-term unemployed (those jobless for 27 weeks or more) was essentially unchanged at 1.4 million, with long-term unemployed accounting for 21.8% of the total unemployed in January.[13]

National housing market indicators available as of January 2025 showed activity in housing markets positive, though the expected pace of growth to moderate. The U.S. housing and mortgage market total (existing) home sales increased 6.1% from last year to 4.15 million, the fastest pace since 2021. In 2025, the pace of house price appreciation is expected to moderate from the levels seen in 2024, while still maintaining a positive trajectory. This positive house price growth, coupled with increased home sales, is expected to drive purchase volumes higher than in 2024.[14]

D. FEDERAL FISCAL YEAR 2025/2026 BUDGET

In February 2025, the U.S. Senate and House passed their respective budget resolutions as part of the budget reconciliation legislation process. Congressional committees' draft legislation in accordance with their instructions before sending draft text back to the Budget Committee to be packaged together as one bill, and the reconciliation bill is signed into law by the President. The U.S. House will move forward with one budget reconciliation bill that will likely include a broad range of policy priorities for the U.S. Congress and the Administration. The following may be included:

- provide no more than $4.5 trillion to extend expiring provisions of the 2017 Tax Cuts and Jobs Act
- raise the national debt limit by $4 trillion
- increase spending by $300 billion over 10 years for defense and immigration priorities
- require at least $1.5 trillion in mandatory spending cuts, with $2 trillion as the target, over the next decade that could include cuts and/or reforms to:
    - Supplemental Nutrition Assistance Program (SNAP)
    - Social Services Block Grant (SSBG)
    - Temporary Assistance for Needy Families (TANF)
    - Inflation Reduction Act (IRA) clean energy tax credits

While specific cuts remain uncertain, the bulk of health-related reductions will likely target the Medicaid program and could include FMAP adjustments, per-capita caps and work requirements. Medicaid provides coverage to over 70 million Americans and accounts for over half of all federal funds to states. These cuts would reduce eligibility, shift financial burdens to states and counties and jeopardize access to essential healthcare services—leading to higher uncompensated care costs and straining county budgets.[15]

PART IV: AGENCY AND DEPARTMENT MID-YEAR BUDGET REQUESTS

Table 3

Personnel	
Department	Requested Action
NONE	
Capital Assets	
Department	Requested Action
Agriculture Commissioner	Purchase Security System Upgrade $70,000 Purchase (1) Retail Motor Fuel Testing Slip-On Unit $37,000
County Fire	Purchase (7) Trucks $469,875
Facilities	Purchase (1) EV Truck $92,000
Fleet Services	Purchase (2) EV Truck $184,000
General Services Agency	Purchase (1) All Band Mobile Radio $8,000 Purchase (1) Pressurized Exhaust Rodent Controller $20,000
Health and Human Services Agency	Purchase (2) Forensic Computer $29,525 Purchase (2) Biosafety Cabinets $33,000
Property Management	Purchase (1) Ford Escape Hybrid $45,000
Sheriff	Purchase (1) Trailer $80,000
Solid Waste	Purchase (1) Shipping Container $8,000 Purchase (2) Tarp Machines $200,000
Budget Adjustments	
Department	Requested Action
Agriculture Commissioner	Adjust budget to recognize increased unbudgeted revenue and to purchase Security System and Retail Motor Fuel Testing Slip-On Unit
Communications	Adjust budget to appropriation for anticipated costs related to radio tower compliance
County Fire	Adjust budget to increase appropriations due to unanticipated State and Local Fire incidents
Facilities	Adjust budget to purchase an EV truck
Fleet Services	Adjust budget to purchase two EV trucks
General Services Agency	Adjust budget to purchase an All Band MP Mobile and a pressurized exhaust rodent controller
Health and Human Services Agency	Adjust budget to purchase two forensic computers Adjust budget to purchase two biosafety cabinets Adjust budget to increase realignment transfers to cover additional Public Health costs
ICT Special Projects	Adjust budget to cover AFIN upgrade costs
Mail Services	Adjust budget to cover increase costs for postage
Miscellaneous Administration	Adjust budget to transfer funds to BOS to cover unexpected one-time benefit costs

Budget Adjustments (continued)	
Department	Requested Action
Probation	Adjust budget to cover increase costs in Services and Supplies and costs associated with youth housed at Fresno County Juvenile Justice Campus
Property Management	Adjust budget to purchase a Ford Escape Hybrid
Public Defender	Adjust budget to recognize increased revenue
	Adjust budget to account for unanticipated Professional & Specialized expenses
Resource Management Agency	Adjust budget to cover SGMA and Pixley PUD
Sheriff	Adjust budget to purchase a trailer
	Adjust budget to record expense of 14 live smart scanners
Solid Waste	Adjust budget to purchase two tarp machines
Zones of Benefits	Adjust budget to cover ZOB Utility Projects and Terra Bella Sewer Maintenance District

To the extent that any budget adjustments are necessary, it is recommended that the Board of Supervisors authorize the Auditor-Controller/Treasurer-Tax Collector, with the concurrence of the County Administrative Officer, to process budget adjustments resulting from this Mid-Year Budget Report. However, any budget adjustments necessary during the budget rollover period should occur before this fiscal year ends.

The Mid-Year Budget Report also proposes amendments to the County's personnel class specifications. Some personnel actions are subject to meet and advise with represented bargaining units.

After review and evaluation, the County Administrative Office recommends that the Board of Supervisors approve the proposed various budget requests of the County's agencies and departments.

PART V: BUDGET SCHEDULE – FISCAL YEAR 2025/26

Table 4

Budget Schedule

Action	Date	Responsible Party
Notice of Final Budget Hearing Posted	**9/1/2025**	Clerk – BOS
Final Budget Hearing Materials to the Board of Supervisors and Public	**9/1/2025**	CAO
Recommended Budget to the Board of Supervisors	**9/16/2025**	CAO
Final Budget Hearing Begins and may Proceed to September 29, 2025, per Govt. Code § 29081	**9/16/2025**	Board of Supervisors
Personnel Resolution with all Adopted Budget Personnel Actions are finalized	**9/26/2025**	CAO
Deadline for Budget Adoption per Govt. Code § 29088	**10/02/2025**	Board of Supervisors
Adopted Budget Book to the Board of Supervisors and Public	**11/14/2025**	County Auditor
Adopted Budget Book to the State of California	**12/01/2025**	County Auditor

The schedule is anticipated to follow the same timeframe as last year and allows for a more accurate estimate of year-end fund balance. In addition, the schedule provides time for a complete evaluation of the State of California's Budget affecting our County. It is expected that the State's information will be available in time to produce a recommended budget by the end of August 2025. Budget hearings are recommended to begin on September 16, 2025.

Consistent with past budget practice, it is recommended the Board of Supervisors adopt the current modified Fiscal Year 2024/25 adjusted budget as the operating budget for the period beginning July 1, 2025 and concluding with the adoption of the Fiscal Year 2025/26 final budget. This rollover budget approach allows departments to continue operations from the close of Fiscal Year 2024/25 until the Fiscal Year 2025/26 budget is approved in September without having to prepare a temporary budget for that period.

The rollover budget process also allows for re-budgeting of unexpended appropriations for individual capital projects that are not completed at year-end. The rollover budget process does not allow for additional positions or capital asset purchases without explicit approval from the Board of Supervisors.

Finally, the County Administrative Office thanks the various County agencies and departments for maintaining revenues and expenditures within their approved budgets and presenting requests in keeping with the principles of budgetary sustainability.

PART VI: REQUESTED ACTIONS

1. Receive the Mid-Year Budget Report for FY 2024/25.

2. Approve the proposed schedule for preparation and adoption of the FY 2025/26 budget, which incorporates a rollover budget as the operating budget (including the Capital Projects budget) for the period between July 1, 2025, and the adoption of the FY 2025/26 budget (4/5ths vote required).

3. Adopt the personnel resolution to amend the required job specifications, class designations proposed in the Mid-Year Budget Report subject to completion of meet and advise.

4. Approve the capital asset purchase list.

5. Authorize the Auditor-Controller/Treasurer-Tax Collector, with the concurrence of the County Administrative Officer, to process any budget adjustments proposed in the Mid-Year Budget Report (4/5ths vote required).

EXHIBIT A

FISCAL YEAR 2024/25 MID-YEAR REVENUES

Department	YTD Revenue Rec 12/31/24	Current Budget	CM - YTD Revenue Recognized Variance	YTD Revenue % Of Budget
010 Board of Supervisors	$5,520.00	$6,003.00	$483.00	92%
012 Misc. Administrative Office	2,369,657.26	46,778,412.00	44,408,754.74	5%
015 Ag Commission	2,097,095.42	9,283,721.00	7,186,625.58	23%
025 Assessor/Clerk-Recorder	2,115,830.74	4,360,974.00	2,245,143.26	49%
030 Auditor-Controller/Treasurer-Tax Collector	1,986,206.77	4,519,300.00	2,533,093.23	44%
031 General Revenues	140,235,335.73	234,053,328.00	93,817,992.27	60%
055 Co-op Extension	4,241.43	34,230.00	29,988.57	12%
080 County Counsel	1,452,733.78	4,842,771.00	3,390,037.22	30%
085 County Administrative Office	710,016.00	710,019.00	3.00	100%
087 General Services Agency	2,533,744.95	5,406,501.00	2,872,756.05	47%
088 Registrar of Voters	62,911.21	2,891,738.00	2,828,826.79	2%
091 Central Telephone Services	193,043.10	626,597.00	433,553.90	31%
095 Capital Acquisitions	694,454.00	5,348,454.00	4,654,000.00	13%
100 District Attorney Office	1,074,773.03	6,210,869.00	5,136,095.97	17%
142 Health & Human Services Agency	233,758,815.84	708,429,464.00	474,670,648.16	33%
200 Human Resources & Development	935,711.39	967,326.00	31,614.61	97%
205 Probation Office	3,385,749.23	47,295,338.00	43,909,588.77	7%
210 Public Defender Office	257,218.23	1,600,651.00	1,343,432.77	16%
230 Resource Management Agency	5,433,381.75	54,082,617.00	48,649,235.25	10%
240 Sheriff-Coroner Office	5,627,739.37	40,989,891.00	35,362,151.63	14%
260 C.O.P. Agency	48,830.42	1,055,879.00	1,007,048.58	5%
265 Rural Crime Program Agency	23,227.03	748,126.00	724,898.97	3%
280 Crime Prevention Project	217,375.66	3,456,675.00	3,239,299.34	6%
810 Misc. Criminal Justice	2,162,517.65	7,874,797.00	5,712,279.35	27%
Grand Total	**$407,386,129.99**	**$1,191,573,681.00**	**$784,187,551.01**	**34%**

EXHIBIT B

FISCAL YEAR 2024/25 MID-YEAR EXPENDITURES

Department	YTD Total Obligated 12/31/24	Current Modified Budget	CM - YTD Total Obligation Variance	YTD Total Obligation % Of Budget
010 Board of Supervisors	$1,220,018.11	$2,308,218.00	$1,088,199.89	53%
012 Misc. Administrative Office	36,718,429.72	92,488,593.00	55,770,163.28	40%
015 Ag Commission	5,413,896.64	11,488,614.00	6,074,717.36	47%
025 Assessor/Clerk-Recorder	6,309,016.67	12,846,306.00	6,537,289.33	49%
030 Auditor-Controller/Treasurer-Tax Collector	2,558,721.66	7,188,209.00	4,629,487.34	36%
050 Contingency	0.00	5,000,000.00	5,000,000.00	0%
055 Co-op Extension	590,921.99	1,335,001.00	744,079.01	44%
080 County Counsel	1,044,477.88	6,602,926.00	5,558,448.12	16%
085 County Administrative Office	(480,706.92)	1,460,362.00	1,941,068.92	-33%
087 General Services Agency	5,483,206.66	10,441,505.00	4,958,298.34	53%
088 Registrar of Voters	2,452,015.82	5,887,910.00	3,435,894.18	42%
091 Central Telephone Services	497,836.85	626,597.00	128,760.15	79%
095 Capital Acquisitions	(1,208,469.72)	5,348,454.00	6,556,923.72	-23%
100 District Attorney Office	15,516,857.21	34,524,815.00	19,007,957.79	45%
142 Health & Human Services Agency	386,591,186.92	725,444,294.00	338,853,107.08	53%
200 Human Resources & Development	(978,789.34)	1,755,580.00	2,734,369.34	-56%
205 Probation Office	35,214,609.86	71,860,310.00	36,645,700.14	49%
210 Public Defender Office	8,088,687.99	18,099,408.00	10,010,720.01	45%
230 Resource Management Agency	19,041,769.71	57,244,804.00	38,203,034.29	33%
240 Sheriff-Coroner Office	84,136,365.04	168,667,069.00	84,530,703.96	50%
260 C.O.P. Agency	379,492.77	1,249,656.00	870,163.23	30%
265 Rural Crime Program Agency	317,040.84	748,126.00	431,085.16	42%
280 Crime Prevention Project	2,455,858.02	3,456,675.00	1,000,816.98	71%
810 Misc. Criminal Justice	5,808,607.08	9,784,150.00	3,975,542.92	59%
Grand Total	**$617,171,051.46**	**$1,255,857,582.00**	**$638,686,530.54**	**49%**

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