

First Quarter Financial Report July – September 2020

Board of Supervisors
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Introduction

This is the First Quarter Financial Report for Stanislaus County submitted by the Chief Executive Office for the period of July 1, 2020 to September 30, 2020, for Fiscal Year 2020-2021. It has been prepared to inform the Board of Supervisors, County leadership, and the public of the County's fiscal

status. The report provides revenue and expenditure summaries for County programs organized by Board of Supervisors' priority area and highlights adjustments to County budgets since the adoption of the Final Budget in September 2020.

Background

In response to the economic uncertainty and the workload impacts caused by COVID-19, the Proposed Budget was a temporary rollover of Fiscal Year 2019-2020 appropriations to ensure operations could continue uninterrupted for the first three months of the year. This temporary budget was deleted and replaced with adoption of the 2020-2021 Final Budget. As the 2020-2021 Proposed Budget was temporary in nature, budget comparisons in this section will refer back to the 2019-2020 Adopted Final Budget.

On September 22, 2020, the Board of Supervisors adopted the Fiscal Year 2020-2021 Final Budget for Stanislaus County. This \$1.5 billion operational plan reflected an increase of \$127.1 million, or 9.1%, over the 2019-2020 Adopted Final Budget.

Approximately 80%, or \$101.2 million of the increase between the 2019-2020 and 2020-2021 Adopted Final Budgets occurred in the Special Revenue Funds, which are budget units with external funding

resources beyond the County General Fund. The increase for Special Revenue Funds is largely attributed to growth in health and human services needs with \$39.3 million in In-Home Supportive Services Provider Wages, \$15.4 million in Public Health, \$12.5 million in Housing and Homelessness Services, and \$10.2 million in Behavioral Health and Recovery Services. Approximately \$9.4 million was approved to support other departmental needs within Special Revenue Funds.

Adjustments in the General Fund totaled \$18.7 million and included \$17.4 million in Mandated County Match, mainly to support increased costs related to the COVID-19 pandemic response, and \$1.3 million in additional contributions to other agencies.

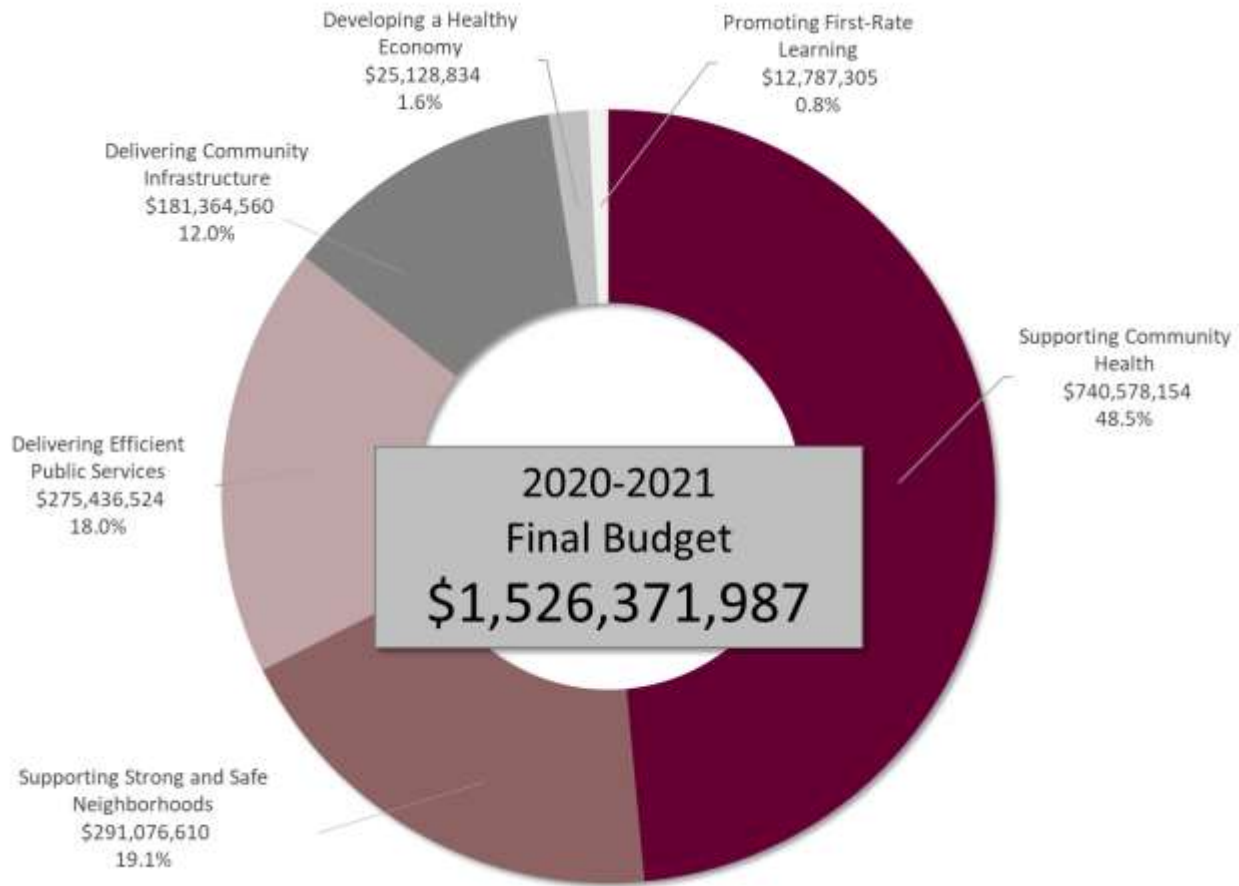
The 2020-2021 Adopted Final budget also included funding for 4,553 allocated full-time positions, an increase of 37 positions from the 2019-2020 Adopted Final Budget.

Adopted Final Budget Overview

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 Fiscal Year 2020-2021 Adopted Final Budget, approved on September 22, 2020.

Fiscal Year 2020-2021 Adopted Final Budget Expenditures 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 2020-2021 Adopted Final Budget spending

authority, also referred to as budgeted appropriations, identified by the appropriate governmental or business-type fund. These are provided alongside the 2019-2020 Adopted Final Budget for comparison purposes.

Comparison of Fiscal Year 2020-2021 Adopted Final Budget by Fund Type

Budget by Fund Type	2019-2020 Adopted Final Budget	2020-2021 Adopted Final Budget	\$ Variance 19-20 Final to 20-21 Final	% Variance 19-20 Final to 20-21 Final
General Fund	\$ 377,581,748	\$ 396,287,342	\$ 18,705,594	5.0%
Special Revenue Fund	812,597,772	913,839,462	101,241,690	12.5%
Capital Projects Fund	731,000	799,692	68,692	9.4%
Enterprise Fund	84,847,591	83,718,878	(1,128,713)	-1.3%
Internal Service Fund	123,465,616	131,726,613	8,260,997	6.7%
Total	\$ 1,399,223,727	\$ 1,526,371,987	\$ 127,148,260	9.1%

The following table identifies total appropriations in the 2020-2021 Adopted Final Budget along with the respective funding sources, organized by fund type.

The budget is balanced with contributions from the County General Fund, also referred to as Net County Cost.

Funding Sources for Fiscal Year 2020-2021 Adopted Final Budget by Fund Type

Fund Type	2020-2021 Adopted Final Budget	Funding Sources		
		Department Revenue	Departmental Fund Balance	General Fund Contribution
General Fund	\$ 396,287,342	\$ 121,645,357	\$ -	\$ 274,641,985
Special Revenue	913,839,462	812,728,097	66,355,152	34,756,213
Capital Projects	799,692	680,000	119,692	-
Enterprise	83,718,878	67,019,618	13,585,863	3,113,397
Internal Service	131,726,613	127,791,981	2,928,100	1,006,532
Total	\$ 1,526,371,987	\$ 1,129,865,053	\$ 82,988,807	\$ 313,518,127

For the General Fund budgets, the General Fund Contribution consists of \$233.6 million in estimated Discretionary Revenue and \$41 million in a combination of assigned and unassigned fund

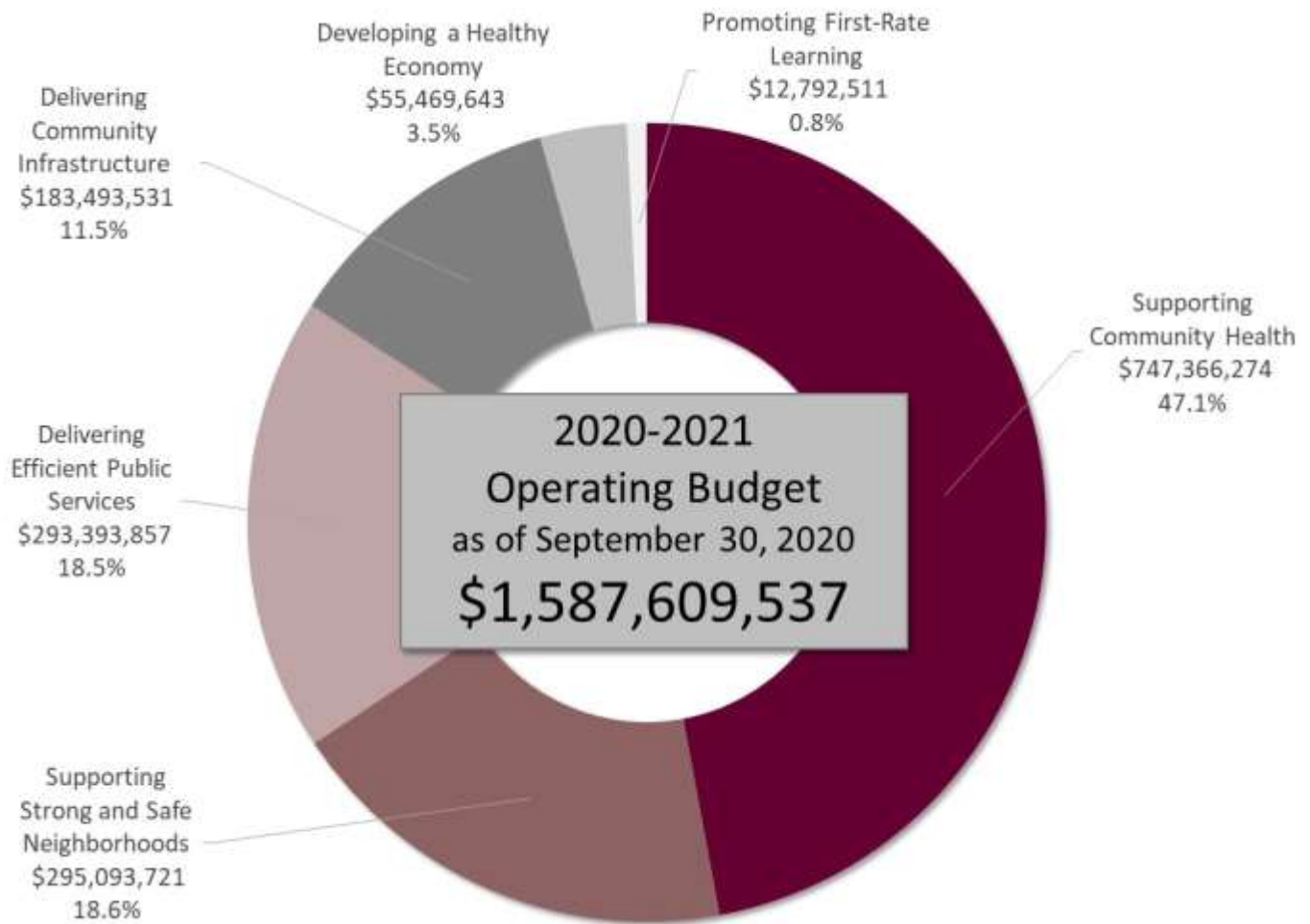
balance, for a total of \$274.6 million. The General Fund Contribution for non-General Fund types represents mandated match and contributions provided at the Board's discretion.

2020-2021 Operating Budget

The Adopted Final Budget is adjusted throughout the fiscal year to accommodate the changing needs and activities of the County and its various departments. These adjustments include the carryover of appropriations for obligations from the previous fiscal year along with adjustments approved as part of any agenda items brought before the Board of Supervisors for separate approval. Additionally, the budget is adjusted during the quarterly financial

reporting process, as needed, based on updated projections. The Adopted Final Budget and these various adjustments combine to form the Operating Budget, identified at a specific point in time. The County's Operating Budget as of September 30, 2020, prior to the inclusion of any recommended budget adjustments identified in this First Quarter Financial Report, total \$1,587,609,537.

Fiscal Year 2020-2021 Operating Budget as of September 30, 2020 by Board Priority



2020-2021 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 Final 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.

The First Quarter recommendations of the Chief Executive Office include a total increase in estimated revenue of \$14,024,542 and a total decrease in

appropriations of \$676,560 for a total First Quarter budget appropriation level of \$1,586,932,977. If approved, the recommendations contained in this report will result in an overall \$14,701,102 decrease in the use of fund balance/retained earnings.

The recommended budget continues to provide funding for departments to respond to the COVID-19 pandemic, including \$1 million in outside grant funds and approximately \$1.5 million of the County’s Coronavirus Relief Funds (CRF). The recommendations include updated Realignment revenue projections, increasing revenue overall by approximately \$10.5 million. In addition, \$5 million

is recommended for the construction of the Hickman Bridge project, and other individual department adjustments funded by departmental revenue are also recommended. The increases are offset by \$9.2 million in technical adjustments for Behavioral Health and Recovery Services and the Community Services Agency to right-size their Fiscal Year 2020-2021 budgets, a decrease in Mandated County Match provided to departments in Final Budget due to newly projected increases in Realignment revenue, and transfers from Appropriations for Contingencies for other unanticipated needs.

Discretionary Revenue estimates are increasing by \$5.3 million at first quarter, reflecting a more

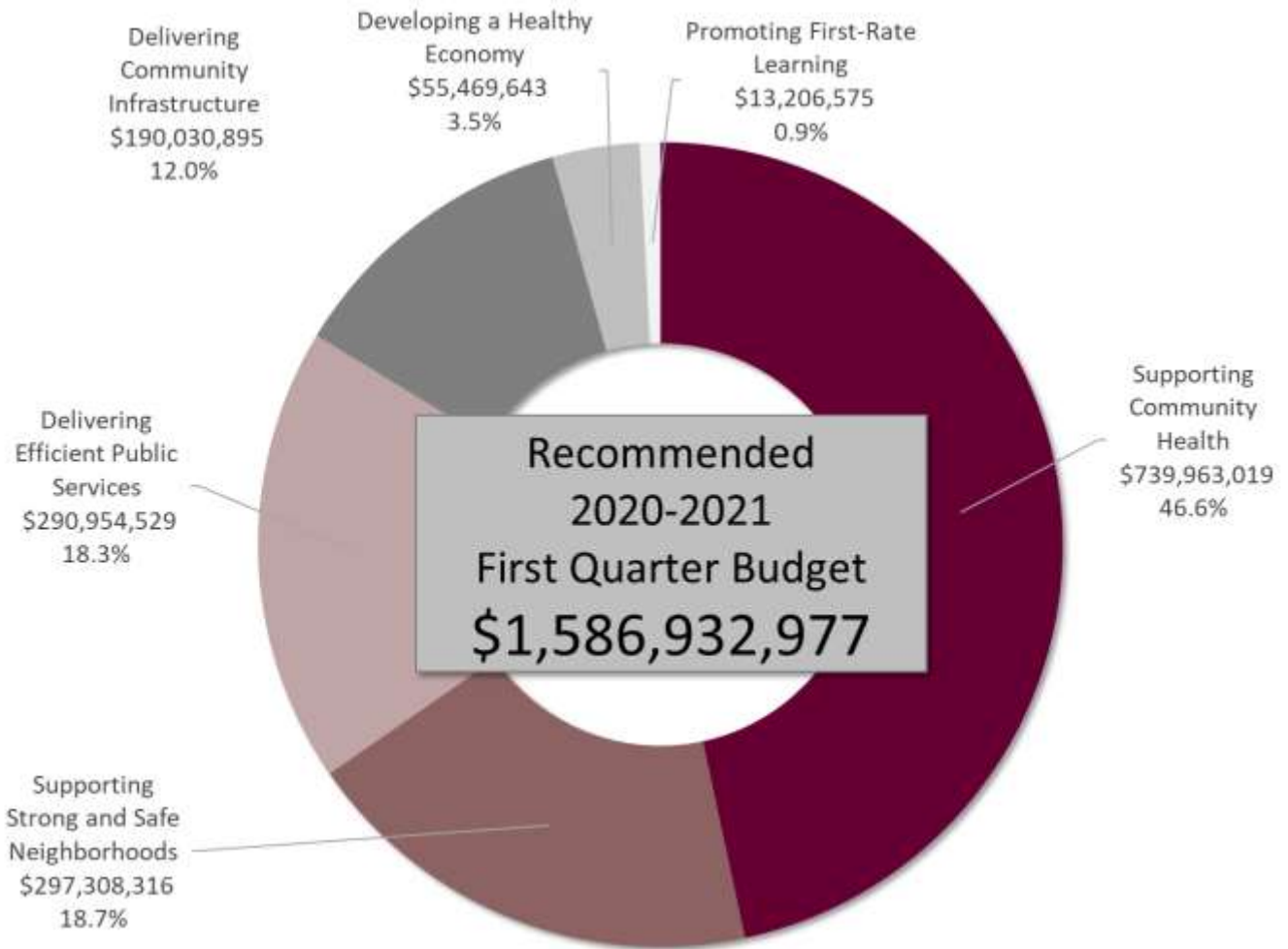
favorable economic outlook for Fiscal Year 2020-2021. Fiscal Year 2019-2020 receipts for Sales Tax and Public Safety (Proposition 172) Sales Tax revenue were stronger than originally anticipated, a trend which is expected to continue into the current fiscal year.

The following table shows the components of the Operating Budget, from the Adopted Final Budget, addition of prior year appropriations, and the incorporation of separate Board agenda item adjustments, along with the recommended First Quarter Budget Adjustments, all by fund type, followed by a chart depicting the recommended First Quarter Budget by Board priority.

Development of the First Quarter Budget Recommendations

Budget by Fund Type	2020-2021 Adopted Final Budget	Prior Year Appropriations	Board Agenda Items Approved Through 9/30/2020	Operating Appropriations on 9/30/2020	2020-2021 First Quarter Recommendations	2020-2021 Recommended First Quarter Budget
General Fund	\$ 396,287,342	\$ 28,846,384	\$ 18,443,065	\$ 443,576,791	\$ (2,162,989)	\$ 441,413,802
Special Revenue Fund	913,839,462	5,734,638	2,014,926	921,589,026	(638,071)	920,950,955
Capital Projects Fund	799,692	-	-	799,692	-	799,692
Enterprise Fund	83,718,878	2,302,333	-	86,021,211	1,257,000	87,278,211
Internal Service Fund	131,726,613	3,896,204	-	135,622,817	867,500	136,490,317
Total	\$ 1,526,371,987	\$ 40,779,559	\$ 20,457,991	\$ 1,587,609,537	\$ (676,560)	\$ 1,586,932,977

Fiscal Year 2020-2021 Recommended First Quarter Budget by Board Priority



The following chart illustrates the beginning fund balances on July 1, 2020, 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 7/1/2020*	Operating Budget Revenue on 9/30/2020	Operating Budget Appropriations on 9/30/2020	First Quarter Recommended Use of Fund Balance	Projected Fund Balance on 6/30/2021
General Fund	\$ 222,462,467	\$ 372,668,020	\$ 443,576,791	\$ (9,283,909)	\$ 160,837,605
Special Revenue Funds	268,073,501	849,539,236	921,589,026	(7,324,193)	203,347,904
Capital Projects Funds	3,806,216	680,000	799,692	-	3,686,524
Enterprise Funds	107,670,407	70,133,015	86,021,211	1,257,000	90,525,211
Internal Service Funds	36,113,282	128,798,513	135,622,817	650,000	28,638,978
Total All Funds	\$ 638,125,873	\$ 1,421,818,784	\$ 1,587,609,537	\$ (14,701,102)	\$ 487,036,222

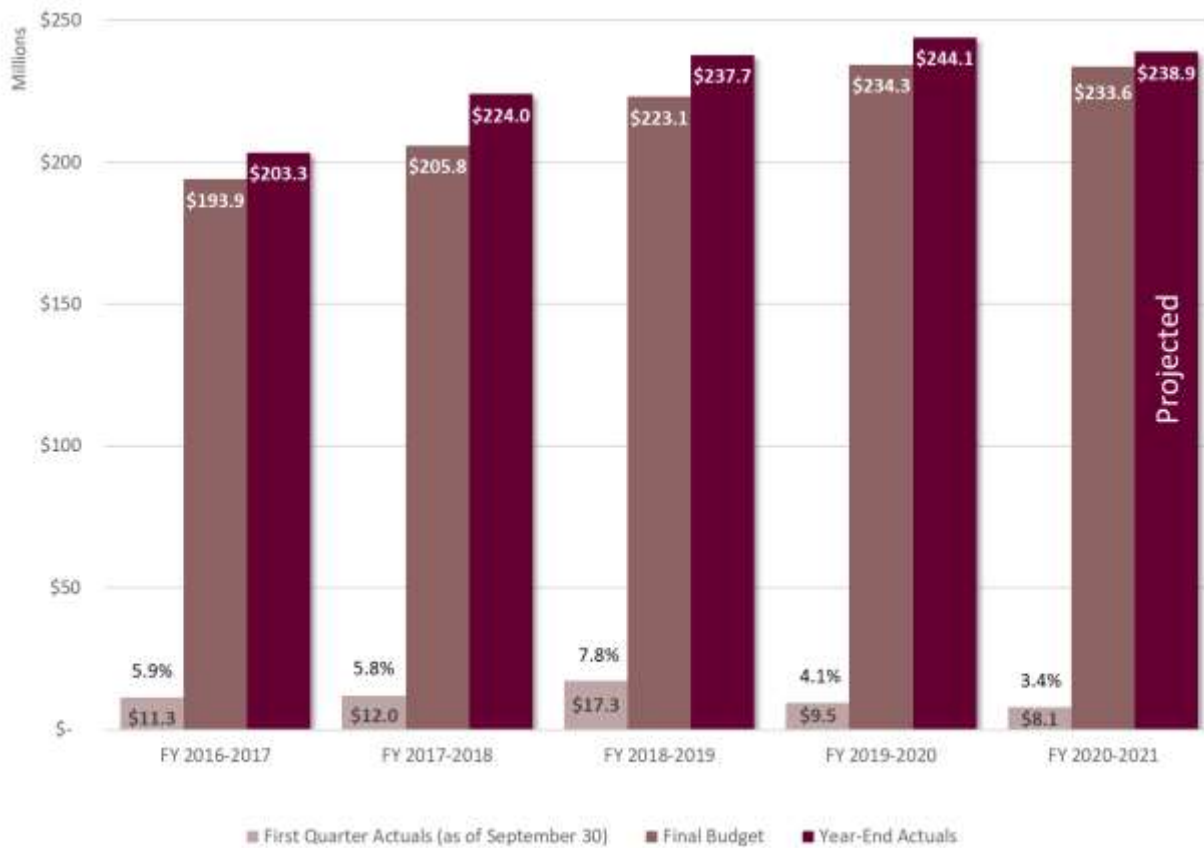
*Note: The Final Budget document reported a total beginning fund balance of \$621,839,207. Since that time, post-closing adjustments totaling \$16,286,666 have been posted for all funds which resulted in a revised beginning fund balance of \$638.1 million, as depicted above. Significant post-closing adjustments included pension expenses for the Enterprise and Internal Service Funds associated with GASB 68; interest accruals and fair market value adjustments for all funds; additional Discretionary Revenue in the General Fund; and increased Risk Management Liability amounts in the Internal Service Funds, among others.

Discretionary Revenue

As of September 30, 2020, approximately \$8.1 million in Discretionary Revenue has been received, representing 3.4% of the 2020-2021 Adopted Final Budget of \$233.6 million. For the last four years, Discretionary Revenue collected by the end of the first quarter ranged from 4.1% to 7.8% of the Final Budget and from 3.9% to 7.3% of the year-end actual totals. Current year Discretionary Revenue received during the first quarter falls short of both ranges identified in the most recent four years. This is primarily due to a change in accounting practices

that align prior year receipts for Sales Tax and Public Safety Sales tax in the prior year, resulting in reduced revenue in the current year.

The following chart provides a five-year comparison of first quarter activity, including current year data, to show the first three months in revenue receipts, each year's Adopted Final Budget, and year-end actuals for the previous four years, with first quarter projections noted for Fiscal Year 2020-2021.



General Fund – Discretionary Revenue Five-Year Comparison

First Quarter projections of \$238.9 million represent an increase of \$5.3 million, or 2.3%, over that estimated in the 2020-2021 Adopted Final Budget. This increase includes projected growth in Taxes and Intergovernmental Revenue for Sales Tax and Public Safety (Proposition 172) Sales Tax due to increased projections for both revenue sources. As actual receipts were received through the end of the prior fiscal year, it was evident that Stanislaus County’s economic outlook was better than previously projected. The result is a revised projection for both Sales Tax and Public Safety Sales Tax that reflects

higher receipts through September 2020 and a more positive outlook for the remainder of the fiscal year.

The following chart summarizes 2020-2021 First Quarter Budget projections and recommended adjustments totaling \$5.3 million, for a revised Discretionary Revenue budget of \$238.9 million. Discretionary Revenue is continuously monitored and analyzed throughout the fiscal year. Any budget adjustments identified through that review process will be addressed in the Midyear Financial Report, if necessary.

Discretionary Revenue First Quarter Adjustments				
Discretionary Revenue Category	Fiscal Year 2019-2020 Actuals	Fiscal Year 2020-2021 Final Budget	First Quarter 2020-2021 Projections	First Quarter Recommended Adjustments
Taxes	\$ 173,614,723	\$ 174,580,000	\$ 177,180,000	\$ 2,600,000
Licenses, Permits, and Franchises	1,110,825	1,100,000	1,100,000	-
Fines, Forfeitures, and Penalties	2,687,844	1,100,000	1,100,000	-
Revenue from the Use of Money	12,149,814	5,400,000	5,400,000	-
Intergovernmental Revenue	48,660,859	45,120,000	47,820,000	2,700,000
Charges for Services	2,459,134	3,245,000	3,245,000	-
Miscellaneous Revenue	(270,176)	-	-	-
Other Financing Sources	3,651,237	3,060,000	3,060,000	-
Total Discretionary Revenue	\$ 244,064,260	\$ 233,605,000	\$ 238,905,000	\$ 5,300,000

Recommendation: It is recommended to increase estimated Discretionary Revenue by \$5.3 million.

Supporting Strong and Safe Neighborhoods

County Capital Projects
County Operations
District Attorney
Grand Jury
Integrated Criminal Justice Information System
Probation
Public Defender
Sheriff





Supporting Strong and Safe Neighborhoods for Individuals and Families to Thrive

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 Strong and Safe*

Neighborhoods 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 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.

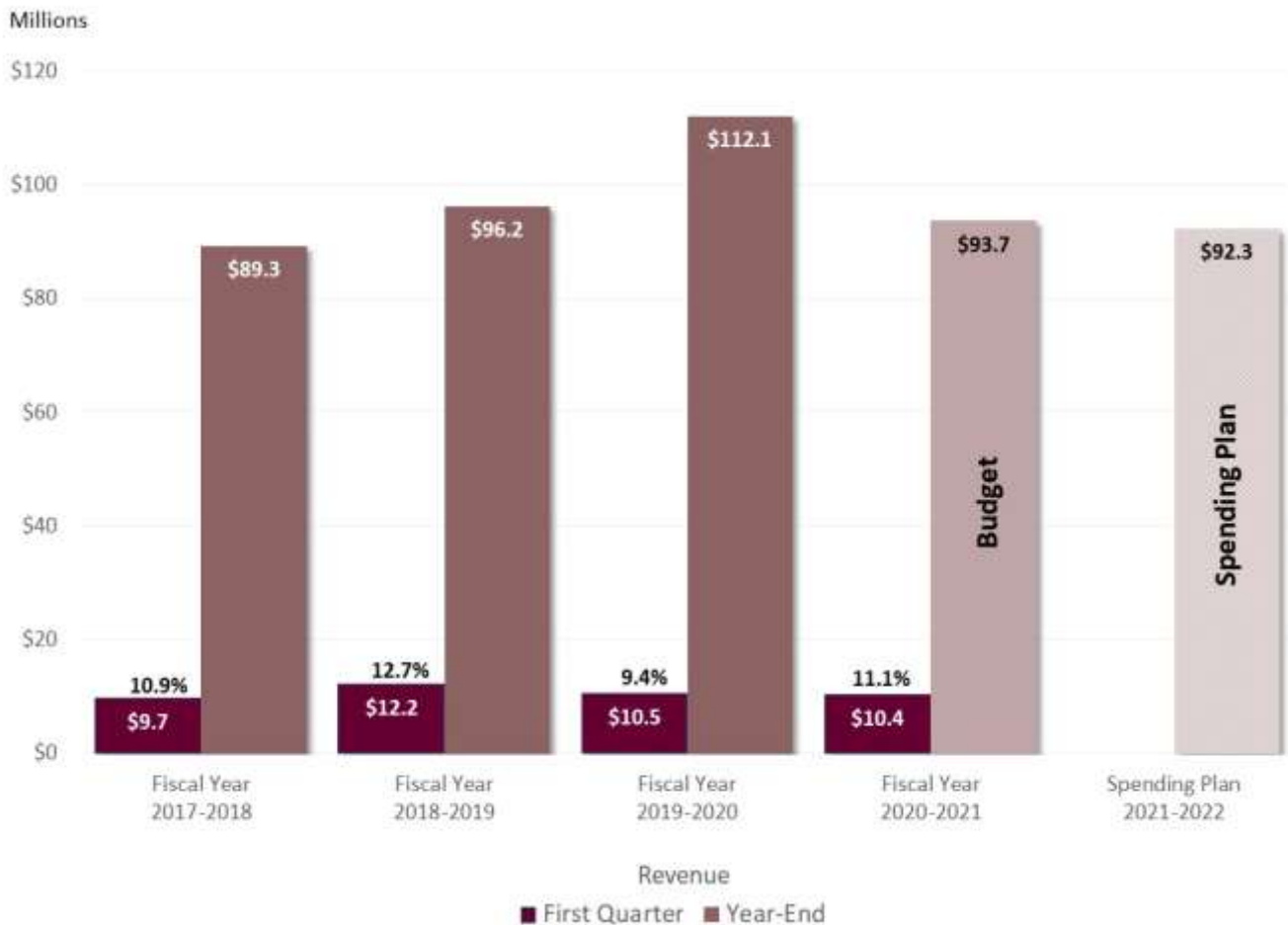
Overall, the departments within the priority of *Supporting Strong and Safe Neighborhoods* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors priority area of *Supporting Strong and Safe Neighborhoods* as of September 30, 2020, actual revenue collected totals \$10.4 million, which represents 11.1% of the estimated annual

revenue. This is within the historical range when compared to the first quarter point of the prior three years when collections ranged from 9.4% to 12.7% of the final actual revenue.

Supporting Strong and Safe Neighborhoods Four-Year Revenue Comparison

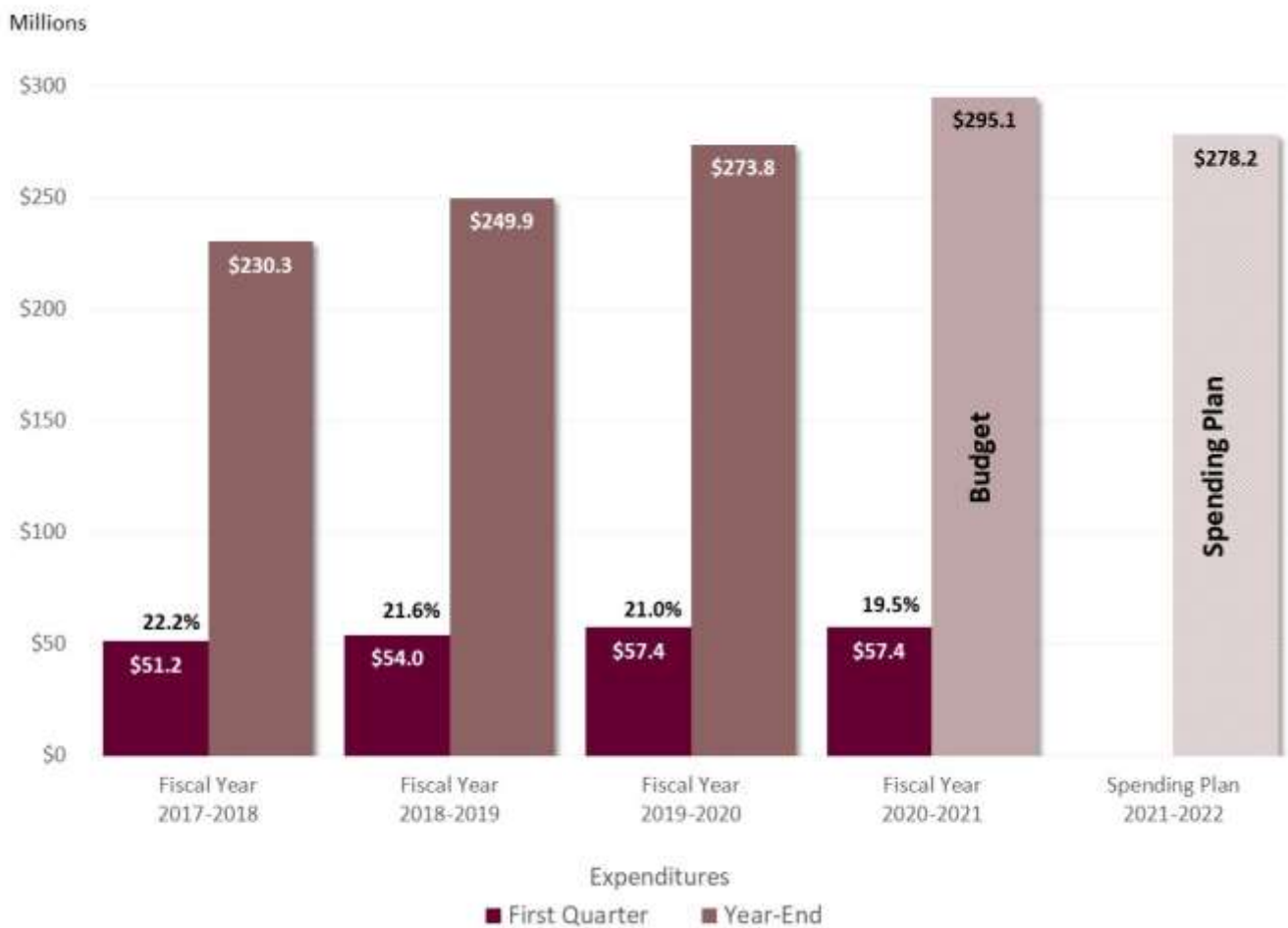


Departmental Expenditures

As of September 30, 2020, expenditures totaled \$57.4 million, representing 19.5% of the budgeted appropriations. This is below the range when compared to the first quarter point of the prior three years when expenditures ranged from 21.0% to 22.2% of the final actual expenditures.

This lower expenditure percentage is due to significant budget investment in new initiatives that have been put on hold for implementation due to the impact of the COVID-19 pandemic emergency response.

Supporting Strong and Safe Neighborhoods Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for Strong and Safe Neighborhoods will increase appropriations by \$2.2 million. The budget adjustments are funded by \$5.7 million in department revenue with a savings of \$3.5 million to department fund balance.

District Attorney

Criminal Division – The Fiscal Year 2020-2021 Final Budget projected 2011 Realignment base funding to be 13-15% below the 2011 Realignment base level. Updated projections show revenue receipts have improved since the Final Budget projection and are trending to be 1-3% short of the base level of funding. The Department is adjusting appropriations and estimated revenue by \$39,830 to reflect the projected increase in funding.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
DA-Criminal Division	\$39,830	\$39,830	\$0	\$0	Increase appropriations and estimated revenue in salaries to align with the latest projected shortfall in 2011 Realignment funding of 1-3%.
Total	\$39,830	\$39,830	\$0	\$0	

Recommendation: It is recommended to increase appropriations and estimated revenue by \$39,830.

Probation

The Adopted Final Budget included 2011 Realignment revenue projections that included the Governor’s May revise projections showing that State sales tax was going to fall short of the base amount by approximately 13-15%. Projections have been updated at first quarter and actual receipts are trending higher than had been projected at Final Budget. Fiscal Year 2019-2020 experienced only a 1 - 3% Realignment base shortfall. At first quarter, the Department has updated projections and will make adjustments in the following budgets.

Field Services - The Governor’s May Revise included an estimate of \$8 million of 2011 Realignment revenue to be allocated for Juvenile Re-entry Grant revenue. The Department projected their share of these funds to be \$154,500 in the 2020-2021 Adopted Final Budget. Since the Final Budget was approved by the Board of Supervisors, the Department has received State schedules showing its Fiscal Year 2020-2021 2011 Realignment base figure and percentage share. Although revenue receipts have increased for 2011 Realignment, the percentage share for the Department has decreased. A reduction to estimated revenue and appropriations of \$35,183 is included. This reduction is not anticipated to result in any operational impacts and the Department can absorb the loss through projected salary savings generated by staff vacancies.

Local Community Corrections – The 2020-2021 Adopted Final Budget included estimated revenue of \$18.8 million and the use of fund balance of \$9.8 million to maintain operations and all programs as funded in the Community Corrections Partnership five-year plan approved by the Board of Supervisors on May 12, 2020. The Department is increasing their 2011 Realignment revenue by \$2.4 million. This will allow the department to use less fund balance.

Youthful Offender Block Grant – The 2020-2021 Adopted Final Budget included estimated revenue of \$1.7 million and the use of \$1.5 million in fund balance to fully fund this budget. The Department is requesting an increase of

\$141,500 in revenue to adjust for updated 2011 Realignment revenue projections. This increase will reduce the Department's budgeted use of fund balance.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Probation - Field Services	(\$35,183)	(\$35,183)	\$0	\$0	Decrease appropriations and estimated revenue in salaries to align with the latest projected shortfall in 2011 Realignment funding of 1-3%.
Probation - Local Community Corrections	\$2,425,584	\$0	(\$2,425,584)	\$0	Increase estimated revenue to align with the latest projected shortfall in 2011 Realignment funding of 1-3% resulting in a contribution to fund balance.
Probation - Youthful Offender Block Grant	\$141,500	\$0	(\$141,500)	\$0	Increase estimated revenue to align with the latest projected shortfall in 2011 Realignment funding of 1-3% resulting in a contribution to fund balance.
Total	\$2,531,901	(\$35,183)	(\$2,567,084)	\$0	

Recommendation: It is recommended to increase revenue by \$2.5 million and decrease appropriations by \$35,183 with a decreased use of fund balance of \$2.6 million.

Public Defender

The Fiscal Year 2020-2021 Adopted Final Budget projected 2011 Realignment base funding to be 13-15% below the 2011 Realignment base level. Updated projections show revenue receipts have improved since the Final Budget projection and are trending to be 1-3% below the base level of funding. The Department is adjusting appropriations and estimated revenue by \$39,830 to reflect the projected increase in funding.

The Department is transferring in two Social Worker III/IV/V positions from the Community Services Agency and reclassifying them to the new recommended classifications of Public Defender Caseworker I/ II to provide case management services to clients and assist with housing, employment and other basic needs. In addition, the Department will be working collaboratively with the Department of Behavioral Health and Recovery Services (BHRS) through the embedding of one part-time Mental Health Clinician (MHC) to work with Public Defender clients suffering from severe mental illness and/or substance abuse disorders by creating individualized treatment plans and assisting Caseworkers with coordinating appropriate treatment and services. Subsequently, the Department will need to purchase additional computer equipment for the additional employees. The estimated expenses of \$193,689 for the two Public Defender Caseworker positions, funded by the Community Corrections Partnership (CCP), is included in the 2020-2021 Adopted Final Budget and will not impact net County cost. Anticipating that BHRS will not be able to provide an embedded Mental Health Clinician until the beginning of 2021, the estimated cost of an embedded MHC position for six months at 20 hours a week is \$36,487.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Public Defender	\$39,830	\$39,830	\$0	\$0	Increase appropriations and estimated revenue based on updated First Quarter projections.
Public Defender	\$36,487	\$36,487	\$0	\$0	Increase appropriations and estimated revenue for a part-time embedded Behavioral Health Clinician position from BHRS, funded by Community Corrections Partnership.
Total	\$76,317	\$76,317	\$0	\$0	

Recommendation: It is recommended to increase appropriations and estimated revenue by \$76,317.

Staffing Recommendation: A request for a classification study of two block-budgeted Social Worker III/IV/V positions allocated in the Community Services Agency and assigned to Public Defender was submitted off cycle. The study has been completed and it is recommended to add two new classifications, Public Defender Caseworker I and Public Defender Caseworker II. It is also recommended to transfer into the Public Defender the two block-budgeted Social Worker III/IV/V positions from the Community Services Agency and reclassify the positions to block-budgeted Public Defender Caseworker I/II. These positions will provide social and behavioral health casework to defendants and their families by assessing their criminogenic needs, identifying appropriate resources to address those needs, assisting in the development of post release plans, and connecting clients to the appropriate services, with an ultimate goal of reducing recidivism by enhancing rehabilitative successes.

Sheriff

Administration – On December 11, 2018, the Board of Supervisors approved a pilot for a New Hire Incentive Program for the Deputy Sheriff I/II classification. The pilot program was approved from January 1, 2019 to December 31, 2020. The recommended program included the following two hiring incentives: 1) Referral bonus – a referral bonus would be available for current Sheriff’s Office employees who refer qualified Sworn Deputy candidates and 2) Moving Allowance – expand the current moving allowance benefit to include Sworn Deputy Sheriff candidates who desire to relocate to Stanislaus County. The Department has had four successful referral bonuses (three lateral hires and one trainee) since the inception of this program and no moving allowances as of September 2020. The Department is requesting to fully implement this program through June 30, 2022, and any costs incurred will be absorbed within the Department’s existing appropriations.

Court Security – Increased appropriations in salaries and benefits of \$1.1 million and estimated revenue of \$719,774 and use of Fund Balance of \$381,346 are recommended to reflect the total estimated costs funded by an increase in projected 2011 Realignment revenue. The estimated revenue in Final Budget reflected 13-15% below the base amount and the first quarter projection reflects an improved estimate consistent with the current trend of 1 - 3% below the 2011 Realignment base amount. With this level of funding, this budget is balanced through the end of the fiscal year.

Detention – A \$65,000 increase in appropriations in fixed assets and estimated revenue is recommended using CARES Act Coronavirus Relief Fund (CRF) funds for a one-time purchase of a forklift. The Support Services division

needs a forklift to keep up with the increased demand for supplies such as personal protective equipment (PPE), cleaning supplies, and other items related to the COVID-19 pandemic emergency response. The department's current forklift is aged, outdated and is not able to keep pace in the PPE storage warehouse where pallets are delivered daily. The Department is also supporting the County's Community Based Organization (CBO) programs funded with CRF for Community Support by purchasing and storing PPE to be given out to families. The new forklift would assist in easier transition of pallets from the warehouse into the delivery vehicles and ensure that there is adequate ability to support these storage needs.

Jail Commissary/Inmate Welfare – A one-time appropriations increase and use of retained earnings of \$250,000 is recommended to purchase tablets for inmate educational, religious, vocational, health/wellness and cognitive behavioral therapy programs at the Re-entry and Alternatives to Custody Training (REACT) facility. There is now an urgent need for this program due to the limitations placed on programming as a result of the COVID-19 pandemic emergency response. This will allow inmates to access programs directly through the tablets. Inmate Welfare funds of \$250,000 will cover the costs of the tablet program. This request was originally approved in the 2018-2019 Adopted Final Budget, but the project was delayed.

Office of Emergency Services/Fire Warden – The Department is increasing appropriations and estimated revenue of \$500,000 funded with CRF funds. The Department will enter into subrecipient agreements with fire districts throughout Stanislaus County to reimburse them for COVID-19 pandemic emergency response-related expenses. These agreements will only be entered into for districts that are in the County's unincorporated areas. The COVID-19 pandemic-related expenses will be related to covering the fire districts Federal Emergency Management Agency (FEMA) match of 25% or for costs not claimable through FEMA or other funding sources. The Department will work with these small fire districts to provide support throughout the process.

The Department is also including a one-time increase of \$25,000 in appropriations and estimated revenue to support part-time employee costs, overtime costs, and contract employees related to supporting the Emergency Operations Center (EOC) and COVID-19 pandemic emergency response costs. These salary costs were not included in the Sheriff's Adopted Final Budget. A total of \$6,250 or 25% of the increase will be claimed to CRF and the remaining 75% will be claimed to FEMA.

Operations – It is recommended to increase appropriations and estimated revenue by \$127,511 to fund a Community Services Officer (CSO) to support the Anti-Tobacco and Electronic Nicotine to Minors' Program funded through the Department of Justice Tobacco Grant. On June 9, 2020, through a separate agenda item, the Board of Supervisors approved the Sheriff to enter into an agreement with the Stanislaus County Office of Education (SCOE) to Implement an Anti-Tobacco and Electronic Nicotine to Minors Program funded by the Department of Justice Tobacco Grant. The Board also approved one Community Services Officer position for the program. There is a need for an additional CSO to be added to the program per SCOE to act as a School Resource Officer to support the responsibilities and training for tobacco-related enforcement and outreach. There are sufficient funds in the grant for the salary cost and any associated overtime as well as one-time equipment costs needed for the new position. The term of the grant is through June 2022 with a one-year extension to June 2023.

The Department is also making a one-time increase of \$65,000 in appropriations and estimated revenue, funded with CRF funds, to support part-time employee costs, overtime costs, and contract employees related to supporting the EOC and COVID-19 pandemic emergency-response costs. These salary costs were not included in the Sheriff's Final Budget. A total of \$16,250 or 25% of the increase will be claimed to CRF and the remaining 75% will be claimed to FEMA.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff-Court Security	\$719,774	\$1,101,120	\$381,346	\$0	Increase appropriations and estimated revenue in salaries to reflect updated 2011 Realignment projections.
Sheriff-Detention	\$65,000	\$65,000	\$0	\$0	Increase appropriations and estimated revenue in fixed assets for purchase of a forklift for use in Department PPE storage warehouse and supplies for County's CBO program.
Sheriff-Jail Commissary/Inmate Welfare	\$0	\$250,000	\$250,000	\$0	Increase appropriations and use of fund balance in fixed assets for purchase of tablets for inmate programs at detention facilities.
Sheriff-Office of Emergency Services/Fire Warden	\$500,000	\$500,000	\$0	\$0	Increase appropriations and estimated revenue for reimbursement of COVID-19 related expenses for unincorporated Fire Districts.
Sheriff-Office of Emergency Services/Fire Warden	\$25,000	\$25,000	\$0	\$0	Increase appropriations and estimated revenue for COVID-19 related costs for part time/contract employees and overtime costs, reimbursable through FEMA and CRF for July - December.
Sheriff-Operations	\$127,511	\$127,511	\$0	\$0	Increase appropriations and estimated revenue for a Community Services Officer position to support an Electronic Tobacco Grant which is partnered with SCOE and the California Department of Justice.
Sheriff-Operations	\$65,000	\$65,000	\$0	\$0	Increase appropriations and estimated revenue for COVID-19 related costs for part time/contract employees and overtime costs that are reimbursable through FEMA and CRF for July - December.
Total	\$1,502,285	\$2,133,631	\$631,346	\$0	

Recommendation: It is recommended to increase appropriations by \$2.1 million funded by an increase in estimated revenue of \$1.5 million and \$631,346 in the use of fund balance/retained earnings.

Staffing Recommendation: It is recommended to add one Community Services Officer position to support the Anti-Tobacco and Electronic Nicotine to Minors' program. This position will be utilized as a School Resource Officer with responsibilities and training for tobacco-related enforcement and outreach.

Supporting Community Health

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





Supporting community health including physical, mental, emotional and spiritual health

Priority Overview

Supporting Community Health 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 problems that include homelessness, incarceration, and fragmented families with 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.

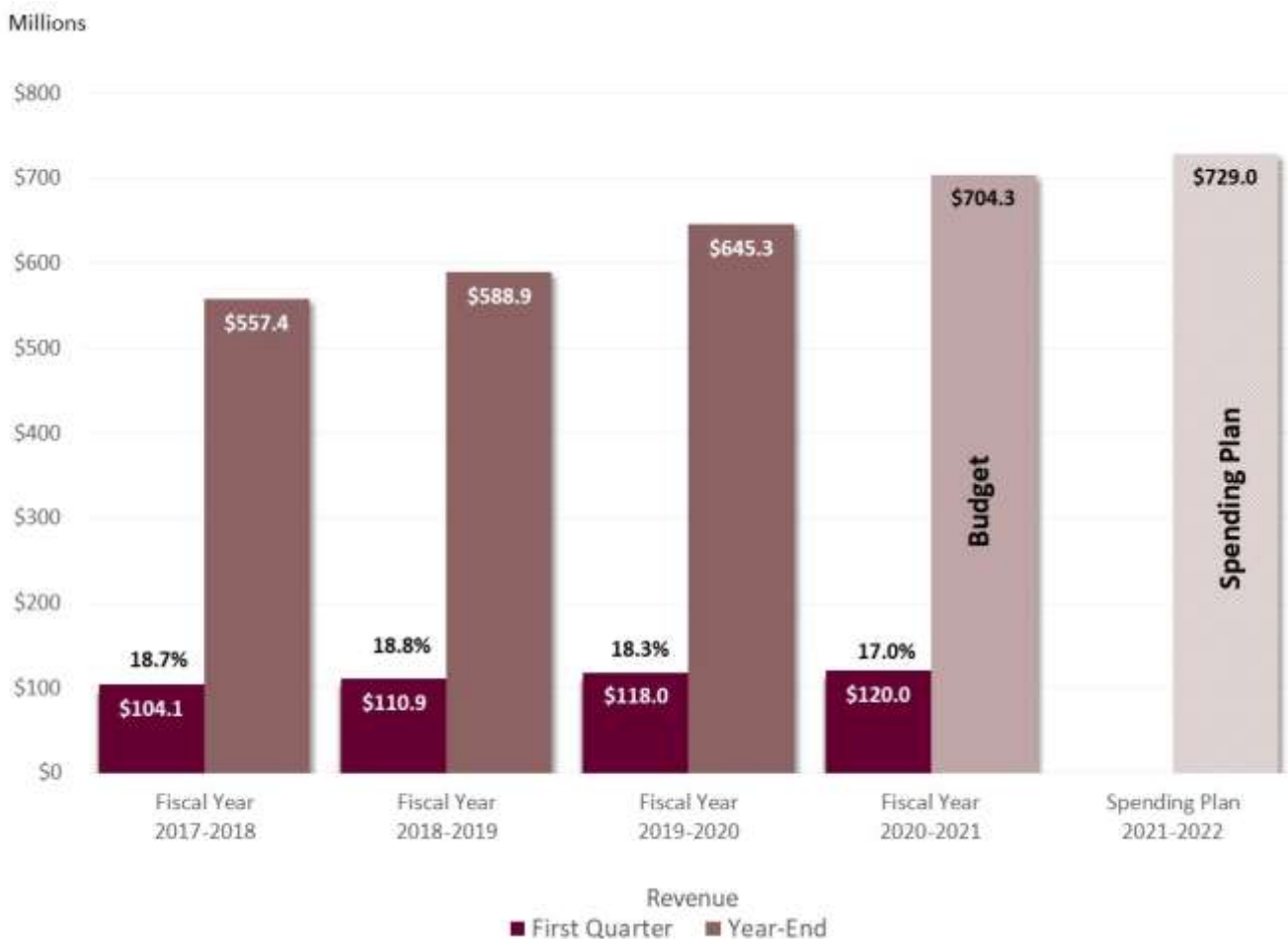
Overall, the departments within the priority *Supporting Community Health* are on track to end the year within budget and in a positive fiscal position and many are recognizing increased projections of 1991 and 2011 Realignment revenue to fund services in Fiscal Year 2020-2021.

Departmental Revenue

For the departmental budgets that are part of the priority *Supporting Community Health*, actual revenue received as of September 30, 2020 totals \$120 million, which represents 17% of the estimated annual revenue. This ratio is slightly below the range when comparing to revenue received in the first quarter of the previous three years when collections ranged from 18.3% to 18.8% of year-end actual totals. This variance is primarily due to timing issues between realized revenue within program funding in Behavioral Health and Recovery Services (BHRS) during the first three months of the fiscal year.

A change in the reimbursement process for the Substance Abuse Block Grant (SABG) required time to work through as BHRS reconciled services and underlying costs and revenue was not posted until October. Similarly, Realignment revenue for September did not post until October as the Department worked with the Auditor’s Office to finalize a change in allocation methodology. Additionally, the County match allocations for July, August, and September were not posted until October and, therefore, not included in the chart totals. Budgeted revenue is anticipated by year-end.

Supporting Community Health Four-Year Revenue Comparison

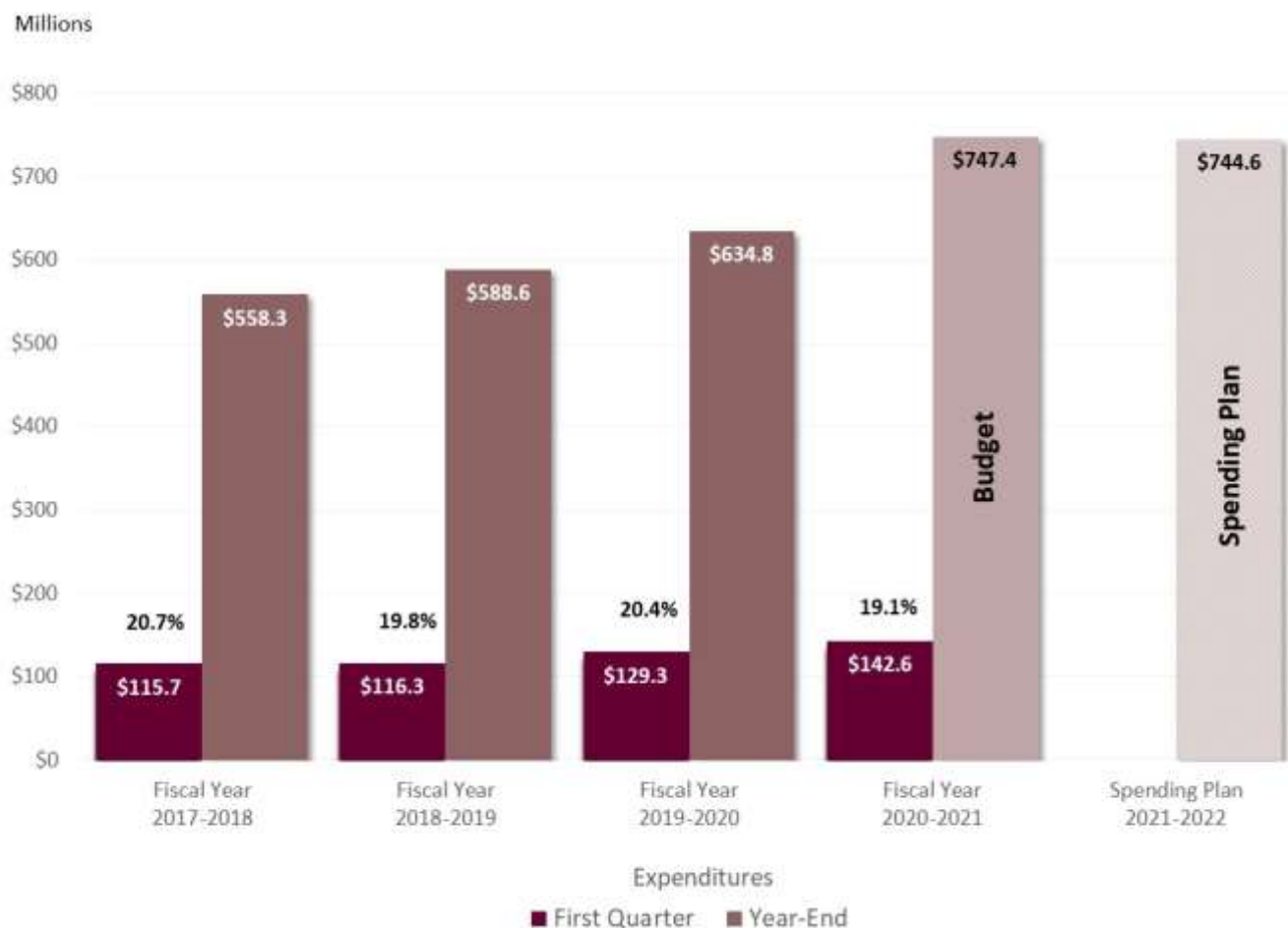


Departmental Expenditures

As of September 30, 2019, expenditures in this priority area totaled \$142.6 million, representing 19.1% of the budgeted appropriations. Actual expenditures identified at the first quarter point of the previous three years as a ratio of year-end costs represented a range of 19.8% to 20.7% of the final annual expenditures, placing this year's rate of expenditures slightly below the historical range. While expenditures to date this fiscal year represent

an 18.4% increase over the average three-year actuals through September, Fiscal Year 2020-2021 budgeted expenditures/appropriations exceed the three-year year-end average by 25.8%, making this year's ratio to date appear disproportionately low. Budget adjustments totaling \$9.2 million in this First Quarter Financial Report will right-size BHRS and Community Services Agency budgets, bringing the ratio to 19.3%, closer to the historical range.

Supporting Community Health Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for *Supporting Community Health* will net for a total decrease in appropriations of \$7.4 million with a \$3.9 million decrease in estimated revenue, resulting in a \$3.5 million decrease in the use of departmental fund balance.

Behavioral Health and Recovery Services

The 2020-2021 Adopted Final Budget included an additional \$7.3 million in appropriations and estimated revenue that overstated the Behavioral Health and Recovery Services (BHRS) base budget. The error occurred when an adjustment meant to identify the leveraged revenue and additional appropriations afforded the mental health budget through the allocation of County match funding did not also include an equal reduction to the base budget. A \$7.3 million decrease in both appropriations and estimated revenue is recommended to correct this inconsistency.

The Department has been awarded 20 Behavioral Health Telehealth grants totaling \$1 million to support telehealth infrastructure improvement activities as a result of impacts from the COVID-19 pandemic. BHRS operates 20 sites that were awarded \$50,000 each to enhance and expand telehealth infrastructure to address the needs of individuals with mental health and/or substance use disorders. Funding will be used to purchase and deploy various electronic equipment that can be used by program staff to provide services via telehealth, to improve network capacity and reliability, and to provide additional data protection and network monitoring. A \$1 million increase in appropriations and revenue is recommended.

BHRS is adjusting revenue in the Integrated Forensics Team budget for a part-time Mental Health Clinician to provide services to the severely mentally ill in the Public Defender's office. With an anticipated memorandum of understanding (MOU) implementation in January 2021, six months of revenue will account for the assignment shift for the remainder of the fiscal year. A total increase of \$36,487 in revenue from the Public Defender will fund this direct service, with an equal reduction in departmental Medi-Cal funding due to the redirection of staff activities.

The Chief Executive Office is recommending a \$1.7 million increase in projected 2011 Realignment revenue with an equal reduction in County match. While the Department relies on Realignment projections from the California Institute for Behavioral Health Solutions that are more conservative, other County departments have updated fiscal year projections within 1 - 3% of prior year receipts. The recommended adjustment will bring BHRS in line with other departments' projections with a 3% reduction from that received in Fiscal Year 2019-2020. Fiscal Year 2020-2021 receipts will be closely monitored for any potential impact to the General Fund should revenue fall short of this updated projection.

BHRS relied on the anticipated salary savings of holding 61 positions vacant to balance the 2020-2021 Adopted Final Budget. These positions will be frozen to ensure that personnel costs do not exceed those budgeted for the fiscal year. The Department is in the process of performing an organizational review, which may involve a plan for restructuring and will include the identification of increased efficiencies to ensure the sustainability of programs and services into the future while prioritizing the provision of core services. Should this review result in the identified need to utilize any of the 61 positions being frozen, the Department will return to the Board of Supervisors to request the specific positions be unfrozen along with a funding plan to sustain those positions. The Department is asking for Board authority to conduct stakeholder processes and gather community input to complete the program review, plans, and recommendations for Board consideration in January that align program operations and services with sustainable funding.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Behavioral Health and Recovery Services	(\$7,270,191)	(\$7,270,191)	\$0	\$0	Decrease revenue and appropriations to right-size departmental base budget for Fiscal Year 2020-2021.
Behavioral Health and Recovery Services	\$1,676,750	\$0	\$0	(\$1,676,750)	Increase estimated revenue to bring in line with othe County department estimates with a 3% variance to Fiscal Year 2019-2020 receipts, resulting in a decrease to Net County
Behavioral Health and Recovery Services	\$1,000,000	\$1,000,000	\$0	\$0	Increase revenue and appropriations for telehealth infrastructure needs, funded by Behavioral Health Telehealth grants.
Behavioral Health and Recovery Services	\$36,487	\$0	(\$36,487)	\$0	Increase revenue from Public Defender for part-time Mental Health Clinician services.
Behavioral Health and Recovery Services	(\$36,487)	\$0	\$36,487	\$0	Decrease Medi-Cal revenue due to reassignment of Mental Health Clinican to the Public Defender.
Total	(\$4,593,441)	(\$6,270,191)	\$0	(\$1,676,750)	

Recommendation: It is recommended to decrease appropriations by \$6.3 million and estimated revenue by \$4.6 million, resulting in a decrease in County match of \$1.7 million.

Staffing Recommendation: It is recommended to freeze 61 positions currently held vacant to ensure budgeted appropriations are not exceeded due to personnel costs. Those frozen include 47 positions in BHRS, two positions in BHRS – Managed Care, and 12 positions in BHRS – Mental Health Services Act (MHSA).

Community Services Agency

The Community Services Agency (CSA) has updated Realignment projections based on 2019-2020 Fiscal Year-end receipts that materialized at approximately 1.5% below original estimates and not the 13.4% decline projected in the Governor’s May Revise. The Department is increasing Realignment revenue in three budget units, with \$1.5 million funding Program Services and Support, \$1.3 million supporting In-Home Supportive Services (IHSS) Provider Wages, and \$2.1 million funding Public Economic Assistance. The total \$4.9 million increase in revenue benefits the General Fund, with an equal reduction in the reliance on Net County Cost.

The Department had several separate Board actions prior to the adoption of the 2020-2021 Final Budget that included the appropriation of funds in the Housing and Homeless Services budget. The Department, working in partnership with Public Health, has identified a demobilization plan for the non-congregate sheltering project. The date identified for demobilization is December 31, 2020, pending any further direction from Public Health, Chief Executive Office, and the Board of Supervisors. The Department has determined that appropriations included in the 2020-2021 Adopted Final Budget are sufficient without the additional amounts included by separate Board action. This will result in a \$1.9 million decrease in appropriations with an equal contribution to fund balance.

Fiscal year operational costs for the Access Center Emergency Shelter (ACES) were anticipated to exceed existing funding and the Department has been actively evaluating available revenue sources for solutions. The City of Modesto has agreed to provide State Emergency Solutions Grant (ESG) funding in support of their partnership to serve the homeless population and reduce the number of individuals without shelter in Stanislaus County. An increase in revenue and appropriations of \$761,607 will balance ACES operational costs anticipated for the year.

CSA is transferring two Social Worker III/IV/V positions to the Public Defender to provide social and behavioral health support to clients and their families. The Social Workers will be reclassified to Public Defender staff and available to assist with housing, employment, and basic needs.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CSA - Program Services and Support	\$1,512,553	\$0	\$0	(\$1,512,553)	Increase Realignment revenue based on updated projections, resulting in a decrease to Net County Cost.
CSA - Housing and Homeless Services		(\$1,894,671)	(\$1,894,671)	\$0	Decrease appropriations for non-congregate sheltering due to updated estimates of costs through December 31, 2020, resulting in a contribution to fund balance.
CSA - Housing and Homeless Services	\$761,607	\$761,607	\$0	\$0	Increase revenue and appropriations for operational support of the Access Center Emergency Shelter, funded by City of Modesto Emergency Solutions Grant funding.
CSA - IHSS Provider Wages	\$1,327,006		\$0	(\$1,327,006)	Increase Realignment revenue based on updated projections, resulting in a decrease to Net County Cost.
CSA - Public Economic Assistance	\$2,062,887		\$0	(\$2,062,887)	Increase Realignment revenue based on updated projections, resulting in a decrease to Net County Cost.
Total	\$5,664,053	(\$1,133,064)	(\$1,894,671)	(\$4,902,446)	

Recommendation: It is recommended to increase estimated revenue by \$5.7 million and decrease appropriations by \$1.1 million, resulting in the contribution of \$1.9 million to departmental fund balance and a decrease in the reliance on Net County Cost by \$4.9 million.

Staffing Recommendation: It is recommended to transfer two block-budgeted Social Worker III/IV/V positions to the Public Defender.

Health Services Agency

The Health Services Agency (HSA) has updated Realignment revenue projections based on information from 2019-2020 Fiscal Year-end receipts. Using these new estimates, the Department is increasing revenue by \$637,839, resulting in an equal contribution to fund balance. This increase places HSA's Realignment projections approximately 14% below Fiscal Year 2019-2020 receipts and is outside the range of estimate projected by other

County departments. HSA will continue to monitor receipts throughout the fiscal year; should additional Realignment revenue materialize, those funds will contribute to departmental fund balance.

The Department has been borrowing staff from other departments to meet the evolving needs surrounding the COVID-19 pandemic response and recognizes the need for ongoing support in Public Health beyond the current emergency to be better prepared to address health issues as they materialize. A Manager III will serve as a Public Health project manager to oversee ongoing testing efforts, lead a team in an aggressive local seasonal flu vaccine campaign, coordinate implementation of COVID-19 vaccination distribution if released, assist in budget planning and financial monitoring, and manage other projects as needed. With the addition of this Manager III position, the Department will continue to work closely with the County’s HR team on future allocation assessments and needs impacting their organizational structure along with an assessment of vacancies. Current year costs for the new position will be funded by department CARES Act CRF funds through the end of the calendar year and then using existing departmental revenue.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
HSA - Public Health	\$637,839		(\$637,839)	\$0	Increase Realignment revenue based on updated projections, resulting in a contribution to fund balance.
Total	\$637,839	\$0	(\$637,839)	\$0	

Recommendations: It is recommended to increase estimated revenue by \$637,839, resulting in a \$637,839 contribution to departmental fund balance.

Staffing Recommendation: As a result of a classification study, a new Senior Nurse Manager classification was added at Final Budget to oversee large and complex clinics requiring the manager to be a Registered Nurse/Public Health Nurse. It is recommended to reclassify upward one Manager IV position to Senior Nurse Manager to manage the Specialty Clinic.

It is also recommended to add one Manager III position to address ongoing COVID-19 response activities and manage a variety of responsibilities in the division to ensure timely response to emerging issues.

Developing a Healthy Economy

Agricultural Commissioner
Economic Development Bank
UC Cooperative Extension
Workforce Development





Developing a healthy economy, building upon our strong agricultural foundation

Priority Overview

The Board of Supervisors' priority area of *Developing a Healthy 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 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 Healthy Economy*. Departments and programs assigned to this priority area include: Agricultural Commissioner, Chief Executive Office - Economic Development, UC Cooperative Extension and Workforce Development.

The Board of Supervisors' priority area of *Developing a Healthy Economy*, building upon our strong agricultural foundation recognizes the vital role of the County's number one industry, agriculture, that generates \$3.6 billion in value of agricultural commodities per year. Farmland conversion, air pollution, 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 Healthy Economy*.

While agriculture plays a critical role in the local economy placing the economic viability of the County on a limited number of sectors puts the County at risk. Sector diversification strengthens the local economy and provides for a better, more stable, quality of life for residents. Departments assigned to this priority area focused on agribusiness include: Agricultural Commissioner Office and Cooperative Extension.

There are various funding sources for departments in this priority area. The Agricultural Commissioner receives State funding for several programs, charges for specific services and receives funding from the General Fund. Cooperative Extension's University of California advisors are funded through the University of California system; however, the County provides funding from the General Fund for support staff and operational expenses. Workforce Development's major funding source is Federal funds (Workforce Innovation and Opportunity Act).

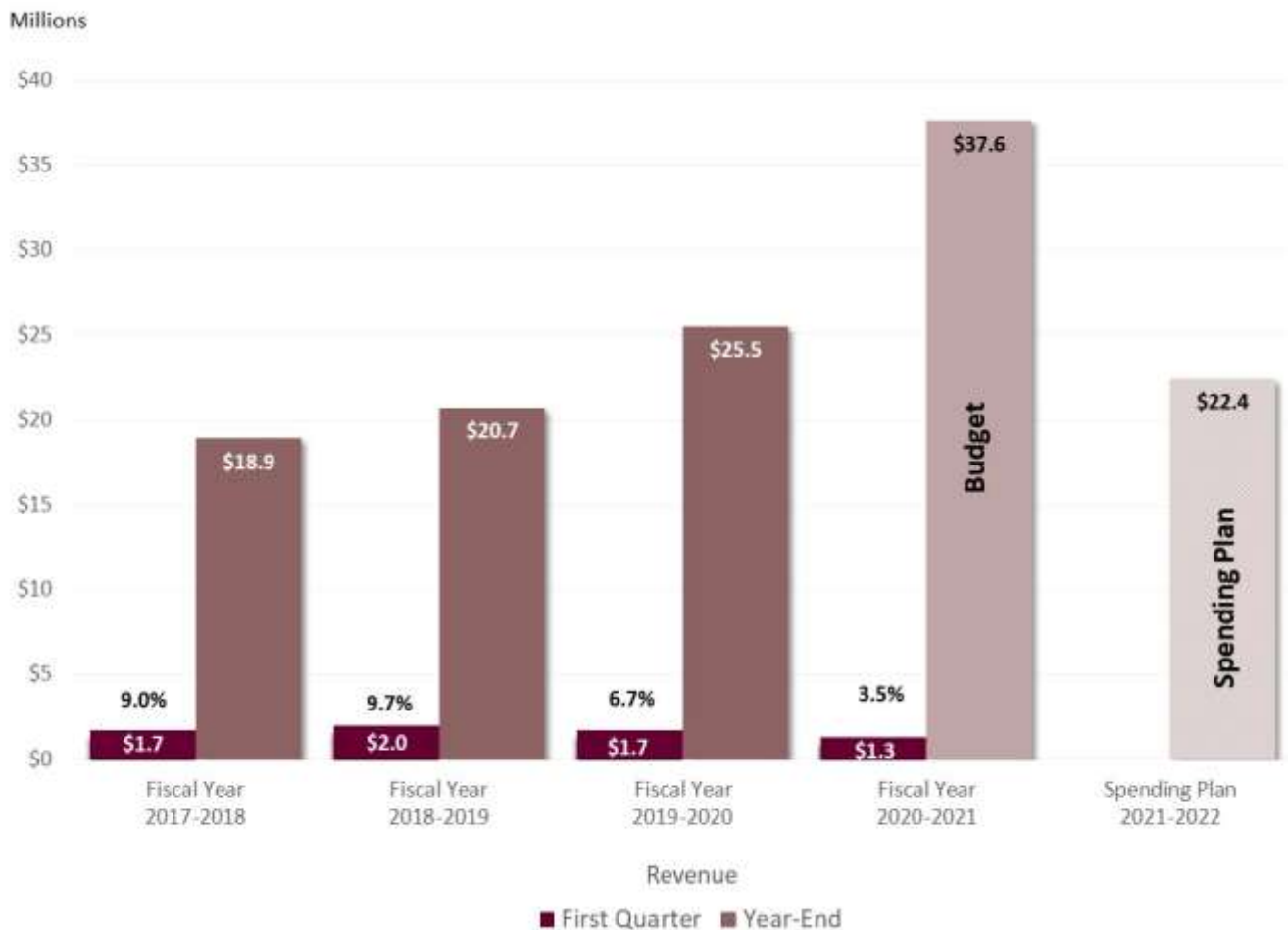
Overall, the departments within the priority *Developing a Healthy Economy* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departments contained in the Board of Supervisors' priority area of *Developing a Healthy Economy* as of September 30, 2020, actual revenue collected is \$1.3 million, which represents 3.5% of the estimated annual revenue. This is below the range when compared to the first quarter of the prior three years when collections were 6.7% to 9.7%

of the final actual revenue. Revenue is below the prior three-year range due to an overall increase of \$12.1 million in revenue for this priority primarily due to \$15 million in CARES Act CRF funding allocated to the CEO Economic Development Bank to assist the County's nine incorporated cities respond to the COVID-19 pandemic emergency.

Developing a Healthy Economy Four-Year Revenue Comparison

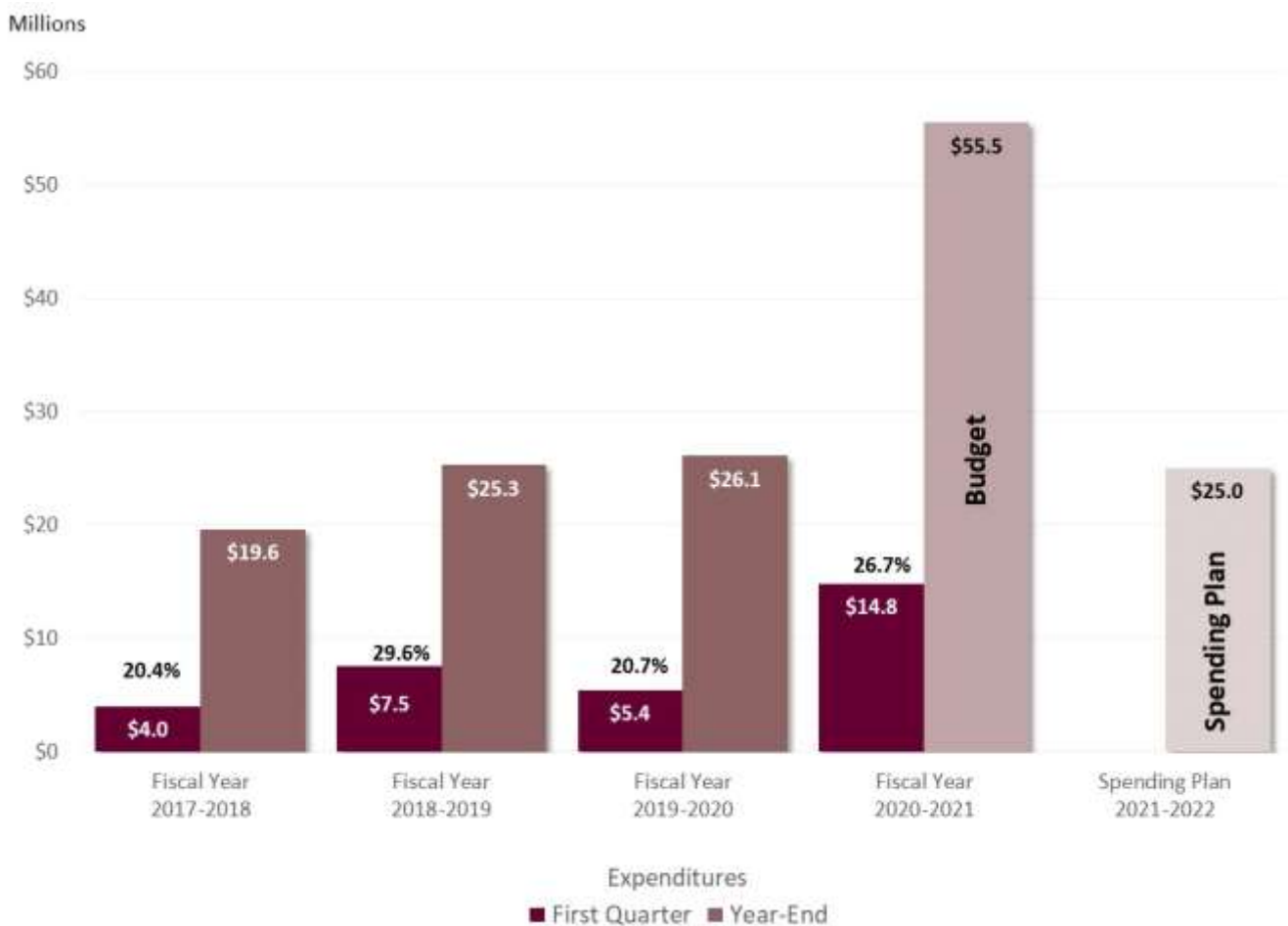


Departmental Expenditures

As of September 30, 2020, expenditures are \$14.8 million, representing 26.7% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 20.4% to 29.6% of the final actual expenditures, placing this year within the three-year range. However, there is a \$29.4 million increase in budgeted expenditures and an increase of \$9.4 million in year-to-date

expenditures for this priority due to CARES Act CRF funding of \$30 million for Community Support in response to the COVID-19 pandemic emergency. Funding is split equally into two categories with \$15 million for Stanislaus County’s nine cities and \$15 million for business revitalization and economic development support.

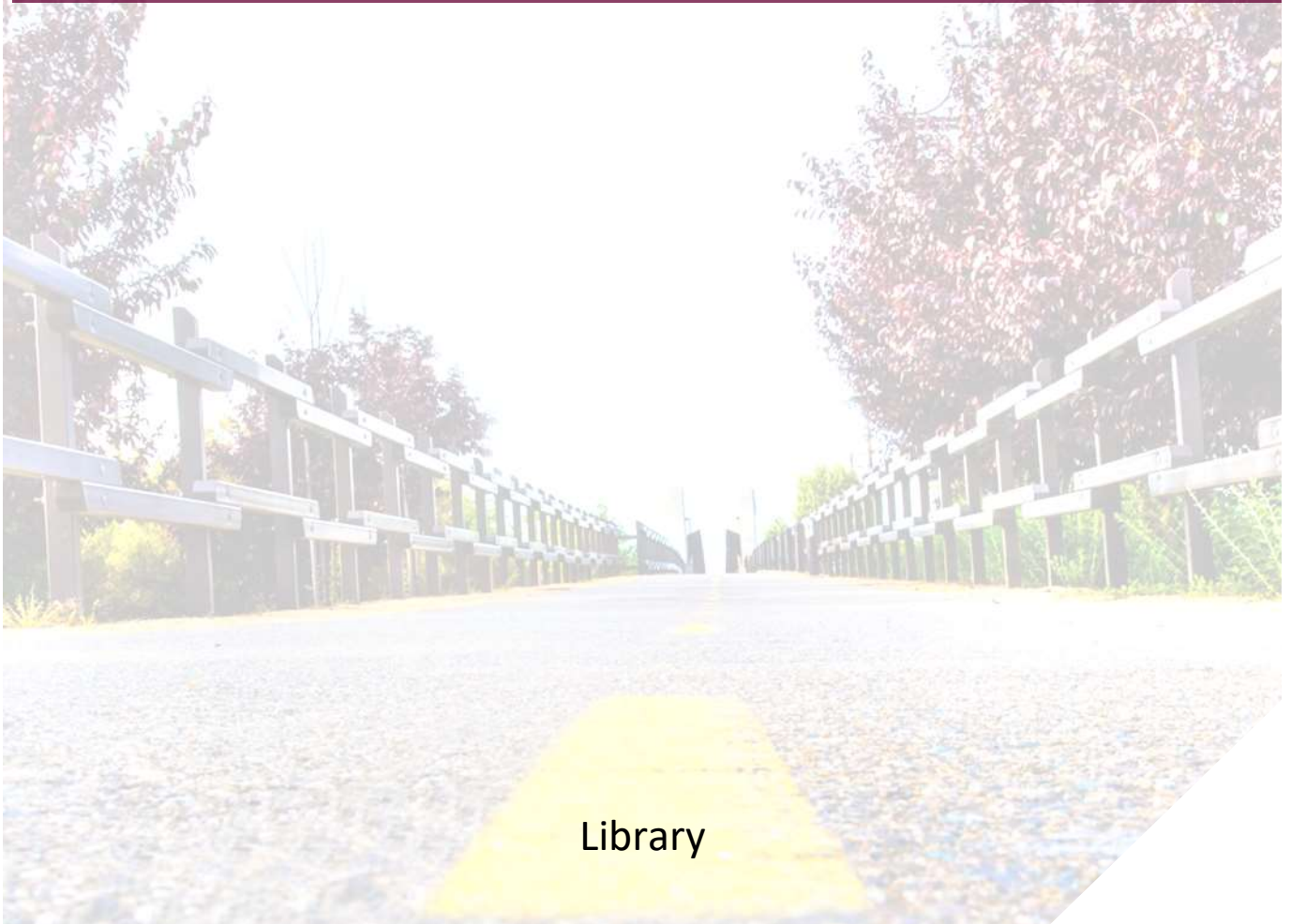
Developing a Healthy Economy Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The are no issues or recommendations contained in this report for the priority of *Developing a Healthy Economy*.

Promoting First-Rate Learning



Library





Promoting first-rate learning opportunities for all residents in support of community and individual prosperity

Priority Overview

The Department contained within this section supports the Board of Supervisors' priority of *Promoting First-Rate Learning*, with the primary focus on advancing learning capabilities for children and young adults. The Department 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 First-Rate 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

the 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 citizenship information sessions.

The Library is primarily funded by a voter approved 1/8-cent sales tax, which represents approximately 92% of the Library's total estimated revenue to support the Library operations in Fiscal Year 2020-2021. The voter approved 1/8-cent sales tax was extended for 12 years when Measure S passed in the November 7, 2017 election.

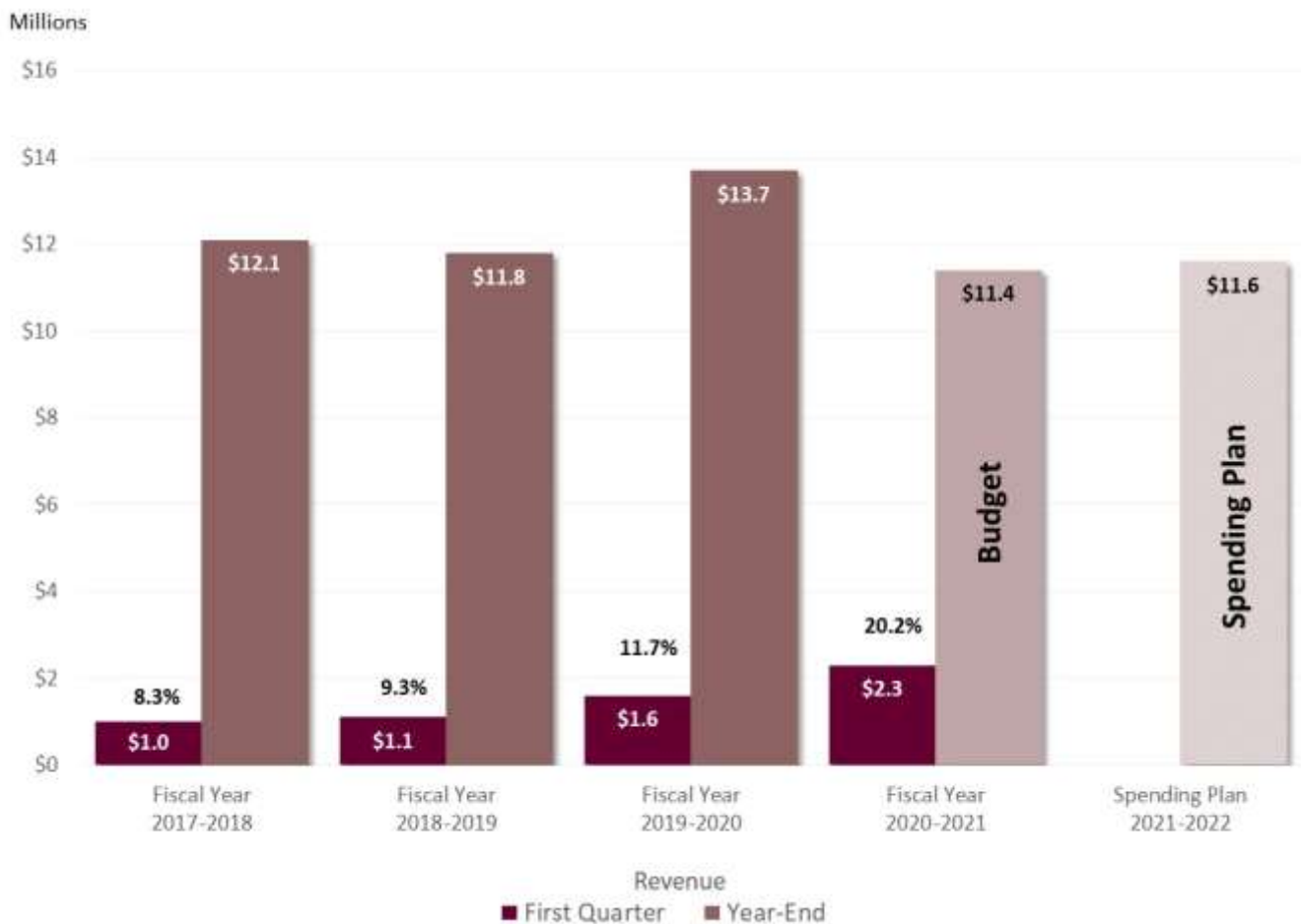
The Library is on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the department budget that makes up the Board of Supervisors' priority area of *Promoting First-Rate Learning* as of September 30, 2020, actual revenue collected is \$2.3 million, which represents 20.2% of the estimated annual revenue. This is above the range when compared to the first quarter of the prior three years when collections were 8.3% to 11.7% of the final actual revenue. The actual revenue is above the prior three-year range due to \$1.1 million in August Sales Tax revenue earned in the last quarter of Fiscal Year 2019-2020 that was received in

Fiscal Year 2020-2021. The Auditor Controller's Office made a policy change in how to account for the August Sales Tax payment effective with Fiscal Year 2019-2020, where the August Sales Tax revenue is booked in its entirety in the fiscal year in which it was earned. The \$1.1 million has been posted in Fiscal Year 2019-2020 as of October 2020. Without the prior year receipts, revenue would be \$1.2 million as of September 30, 2020, which represents 10.5% of the Final Budget and is in line with prior year trends.

Promoting First-Rate Learning Four-Year Revenue Comparison

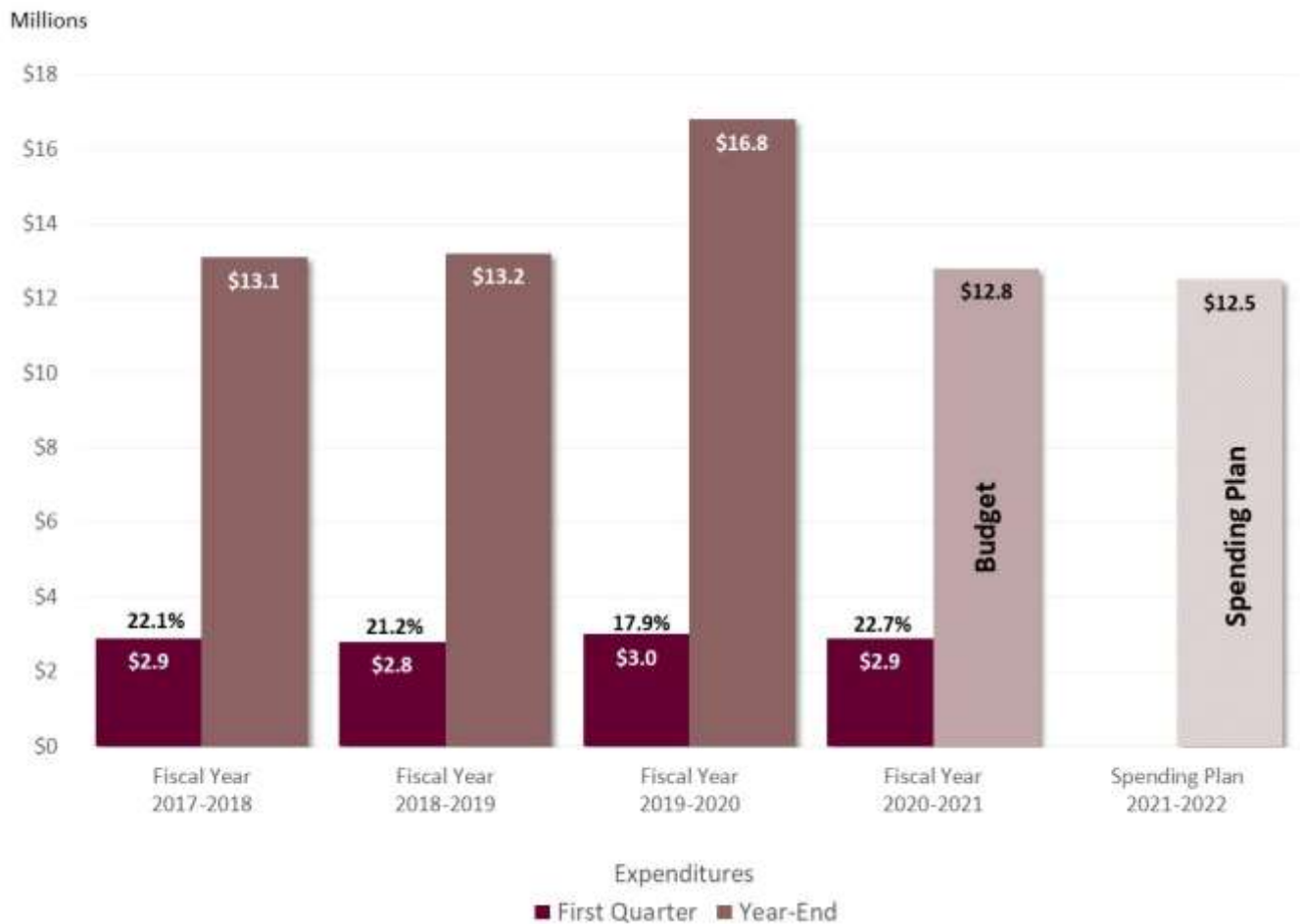


Departmental Expenditures

As of September 30, 2020, expenditures total \$2.9 million, representing 22.7% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 17.9% to 22.1% of the final actual expenditures, placing this year slightly above the range. This is primarily the result of a decrease in overall budget for Fiscal Year

2020-2021 relative to the previous three years. Fiscal Year 2019-2020 included expenditures to fund the Empire and Turlock Library projects decreasing the percentage of budgeted appropriations used at first quarter and significantly lowering the range of the three-year trend.

Promoting First-Rate Learning Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for the priority of *Promoting First-Rate Learning* will increase estimated revenue and appropriations by \$414,064 funded by CARES Act CRF and Federal Emergency Management Agency (FEMA) funding for expenses associated with responding to the COVID-19 pandemic emergency.

Library

A one-time increase in estimated revenue and appropriations of \$414,064 is recommended due to costs incurred as a result of the COVID-19 pandemic emergency funded by CARES Act CRF and FEMA funding. The Library made significant reductions to appropriations for part-time staff with the 2020-2021 Adopted Final Budget to start the Library on a sustainable financial path. Because appropriations for part-time staff were decreased, it is recommended to increase appropriations by \$380,274 for part-time Library staff that have been supporting the Emergency Operations Center (EOC) since July and are anticipated to continue through December. In addition, an increase in estimated revenue and appropriations of \$33,790 is recommended for COVID-19 mitigation measures to support safe community access to library facilities, including janitorial services, personal protective equipment, social distancing signage, air filters and purifiers, and stanchions.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Library	\$380,274	\$380,274	\$0	\$0	Increase revenue and appropriations for the reimbursement of unbudgeted expenditures incurred for Library staff working at the EOC, funded by CARES CRF and FEMA.
Library	\$8,937	\$8,937	\$0	\$0	Increase revenue and appropriations for the 1st Quarter CRF claim submitted for expenses associated with janitorial and social distancing divider expenses, funded by CARES CRF.
Library	\$5,712	\$5,712	\$0	\$0	Increase revenue and appropriations for the 1st Quarter FEMA claim submitted for expenses associated with face shields, gloves, social distancing mats, and signs, funded by CARES CRF if not reimbursed by FEMA.
Library	\$15,794	\$15,794	\$0	\$0	Increase revenue and appropriations for the 2nd Quarter CRF claim for expenses associated with air purifiers and filters, funded by CARES CRF.
Library	\$3,347	\$3,347	\$0	\$0	Increase revenue and appropriations for the 2nd Quarter CRF claim for expenses associated with sneeze guards and stanchions, funded by CARES CRF.
Total	\$414,064	\$414,064	\$0	\$0	

Recommendation: It is recommended to increase estimated revenue and appropriations by \$414,064, funded by CARES CRF and FEMA funding.

Delivering Efficient Public Services

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 to benefit our residents and businesses

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 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, Chief

Executive Office, Clerk-Recorder/Elections, County Counsel, 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.

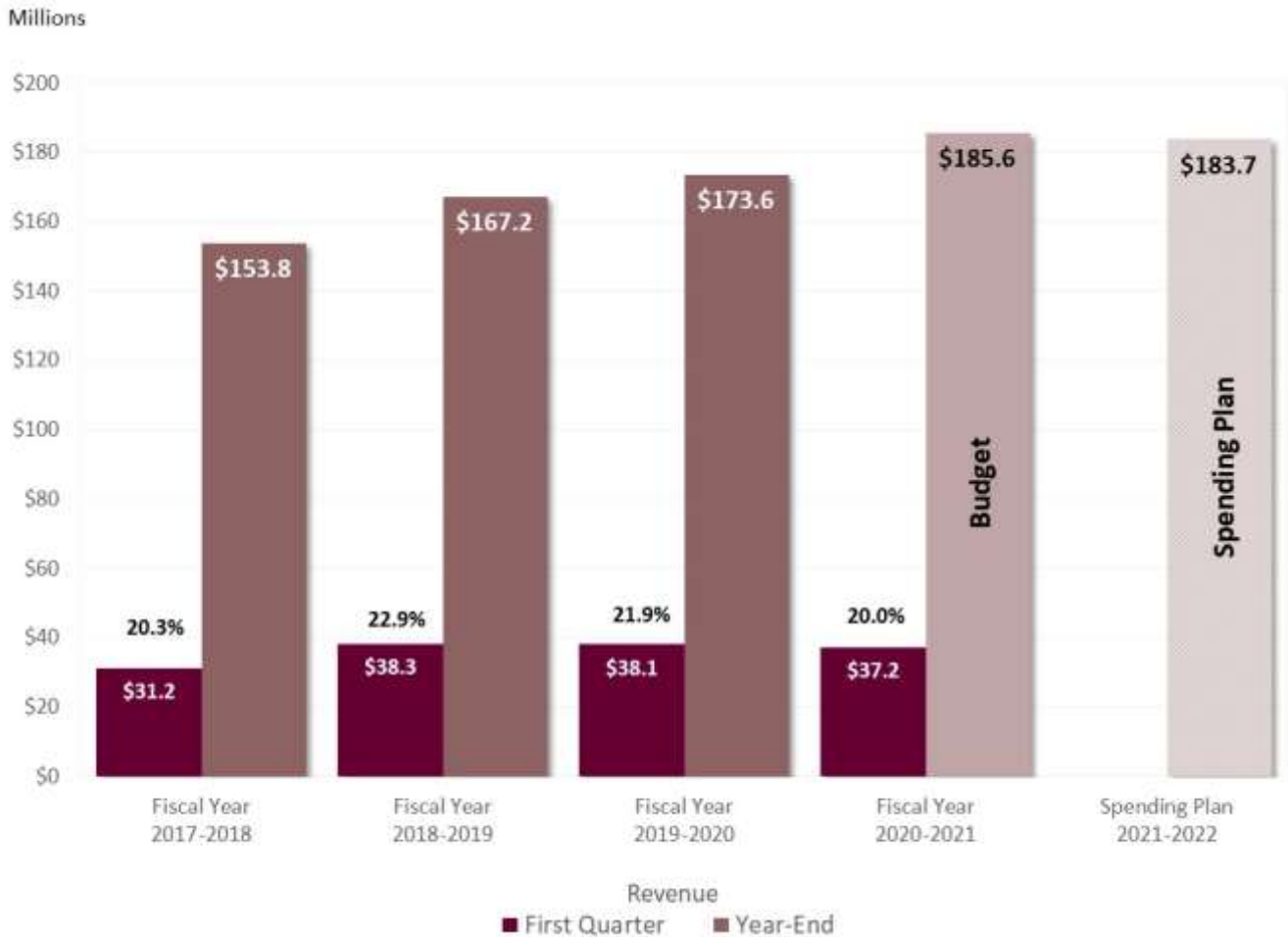
Overall, departments within the priority *Delivering Efficient Public Services* are on track to end the year within budget and in a positive fiscal position.

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 September 30, 2020, totaled \$37.2 million, which represents 20% of the estimated annual revenue. This is slightly below the range of revenue received

in the first quarter point of the previous three years when collections ranged from 20.3% to 22.9% of the final actual revenue. The reduction in revenue is due to a delay in posting Cost Allocation Plan revenue in several departments; revenue is expected to materialize as budgeted.

Delivering Efficient Public Services Four-Year Revenue Comparison



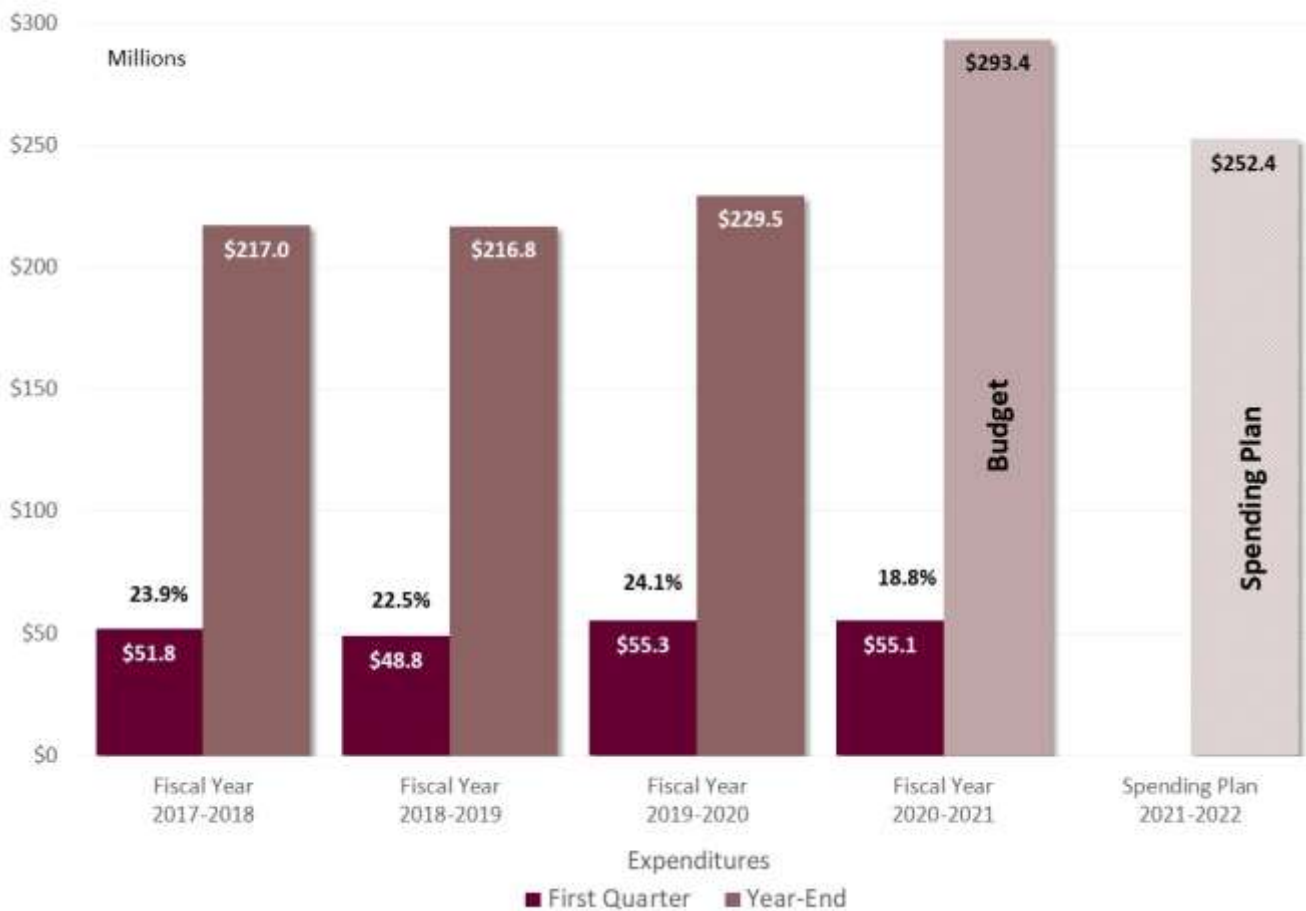
Departmental Expenditures

As of September 30, 2020, expenditures in this Board priority area totaled \$55.1 million, representing 18.8% of the appropriations budgeted for the year. Expenditures at the first quarter point of the previous three fiscal years ranged from a low of 22.5% to a high of 24.1% of the final actual expenditures, placing this year below the historical range.

The lower percentage is primarily due to significant appropriation increases in the 2020-2021 Adopted Final Budget for Americans with Disabilities Act (ADA) compliance projects; the Crows Landing Industrial Business Park (CLIBP), Microsoft Office 365

E5 subscription costs, and an increase in County Match used to offset preliminary revenue projections that at the time indicated significant decreases in sales-tax based realignment revenues. Costs have not yet occurred for these projects, and improved department revenues has already reduced the demand for mandate match funds, driving down the expended year-to-date ratio. Additionally, Appropriations for Contingencies housed in this priority area, contributes to the variance between budget and actual since there have been no transfers from contingencies through September 2020, and the full \$12 million appropriation remains available.

Delivering Efficient Public Services Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for *Delivering Efficient Public Services* include a decrease in appropriations of \$2.4 million, an increase in estimated revenue of \$6.2 million, a total increase of \$650,000 in the use of fund balance, and a \$9.3 million reduction in Net County Cost, including the transfer of \$745,622 from Appropriations for Contingencies.

Assessor

An increase of \$21,000 in appropriations funded by Net County Cost is recommended for a new Administrative Clerk I position. The Department reception area is currently staffed by a part-time clerical community aide and existing department staff. This new position will provide the Department with a dedicated full-time receptionist to assist the public and provide additional office support. The annual cost is estimated at \$41,771, requiring an ongoing General Fund contribution.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Assessor	\$0	\$21,000	\$0	\$21,000	Increase appropriations for a new Administrative Clerk I position, funded by Net County Cost.
Total	\$0	\$21,000	\$0	\$21,000	

Recommendation: It is recommended to increase appropriations by \$21,000, funded by Net County Cost.

Staffing Recommendation: It is recommended to add one new Administrative Clerk I position to serve as a receptionist and assist with other clerical tasks.

Chief Executive Office

The U.S. Constitution mandates that the country count its population once every ten years. The results are used to adjust or redraw electoral districts based on where populations have increased or decreased. In Stanislaus County, the results of the 2020 Census will be used to adjust the Supervisorial Districts. To accommodate redistricting costs, a one-time increase of \$100,000 in appropriations is recommended, funded by a transfer from Appropriations for Contingencies.

A one-time increase of \$200,000 in appropriations is recommended to fund a contracted Grant Administrator to provide grant support to the entire County. This contracted service is funded with 55%, or \$110,000, in Cost Allocation Plan (CAP) revenue and 45%, or \$90,000, in a transfer from Appropriations for Contingencies.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CEO - Operations and Services	\$0	\$100,000	\$0	\$100,000	Increase appropriations to accommodate cost of Board of Supervisors' redistricting associated with the 2020 Census, funded by Net County Cost.
CEO - Operations and Services	\$110,000	\$200,000	\$0	\$90,000	Increase appropriations for Grant Administrator, funded by 55% CAP revenue and 45% Net County Cost.
Total	\$110,000	\$300,000	\$0	\$190,000	

Recommendation: It is recommended to increase appropriations by \$300,000, funded by estimated revenue of \$110,000 and \$190,000 in Net County Cost.

Chief Executive Office – Human Relations

Human Relations – It is recommended that the Department use Coronavirus Relief Funds (CRF) in the amount of \$100,000 to replenish furniture at County Center III, the County’s training center and previous operations location for the Emergency Operations Center at the onset of the COVID-19 pandemic emergency. The original furniture was relocated to the new site of the Emergency Operations Center to continue to assist with the response to the pandemic and needs to be replenished.

Unemployment Insurance – Due to COVID-19 closures, the number and amount of unemployment claims for eligible current and former County employees has grown substantially. Additionally, the Coronavirus Aid, Relief and Economic Security (CARES) Act increased the amount of weekly unemployment benefits by an extra \$600 per week through July and then \$300 per week beginning in August, increased the number of weeks of eligibility, and waived the one week waiting period and work search requirements. As a result, the June 2020 quarter Employment Development Department (EDD) invoice was \$580,570, of which \$275,000 was paid against the prior year accounts payable with the remaining balance of \$305,570 paid in the current fiscal year. This request is net of the estimated amount of CARES Act funding, a 50% Federal reimbursement to be provided as a pass through from EDD for claims paid through December 31, 2020.

The request to increase appropriations by \$650,000 will be partially funded by retained earnings. The retained earnings balance for this fund was \$84,546 as of July 1, 2020; if appropriations are fully spent, the fund will end the fiscal year with a \$565,454 deficit in retained earnings. Should a deficit balance occur in retained earnings, the Chief Executive Office will develop a multi-year rate adjustment/payback plan for Board of Supervisors consideration at a future budget cycle.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Chief Executive Office - Human Relations	\$100,000	\$100,000	\$0	\$0	Increase appropriations and estimated revenue to replace furniture at County Center III, funded by CRF.
Chief Executive Office - Unemployment Insurance	\$0	\$650,000	\$650,000	\$0	Increase appropriations for increased Unemployment claims due to the COVID-19 pandemic closures, funded by retained earnings.
Total	\$100,000	\$750,000	\$650,000	\$0	

Recommendation: It is recommended to increase appropriations by \$750,000, funded by estimated revenue of \$100,000 and \$650,000 in the use of departmental retained earnings.

Clerk-Recorder

An increase in revenue and appropriations of \$102,566 is recommended for the unanticipated increase in one-time salary costs in the Elections budget unit. Extra-help employees were hired for the November General Presidential Election and were re-allocated to various locations in the County to support the emergency response to the COVID-19 pandemic and additional extra-help employees were required to conduct the election. Funding is reimbursable by CARES Act CRF Funds and will not impact the General Fund.

An increase in revenue and appropriations of \$602,015 is recommended in the Elections budget unit for one-time costs for new election equipment and related costs to support the mandated all-mail election funded by the remaining balance of the multi-year Help America Vote Act (HAVA) grant funds.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Clerk-Recorder - Elections	\$102,566	\$102,566	\$0	\$0	Increase revenue and appropriations for unanticipated increase in salary costs for extra-help employees allocated to assist with the COVID-19 pandemic response, funded by CRF.
Clerk-Recorder - Elections	\$602,015	\$602,015		\$0	Increase revenue and appropriations for election and equipment costs to support mandated all-mail election funded by Help America Vote Act (HAVA) grant funds.
Total	\$704,581	\$704,581	\$0	\$0	

Recommendation: It is recommended to increase estimated revenue and appropriations by \$704,581, funded by CRF and HAVA grant funds.

County Counsel

The Department has experienced an increase in requests for counsel assistance from department clients including the Sheriff's office. Client demand is in excess of what can be supported with existing resources. To assist the Department in meeting client demand by providing legal services to the Sheriff's Department, it is recommended to add one employee contract to the Department. An increase in appropriations of \$64,422, funded by Net County Cost, will fund the employee contract and associated administrative one-time costs.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Counsel		\$64,422	\$0	\$64,422	Increase appropriations to support a contract attorney position providing legal services to the Sheriff's Department, funded by Net County Cost.
Total	\$0	\$64,422	\$0	\$64,422	

Recommendation: It is recommended to increase appropriations by \$64,422, funded by Net County Cost.

County Operations

A net decrease of \$4,434,531 in appropriations is recommended for County Operations in the following budgets.

Appropriations for Contingencies – This budget serves as the contingency fund for Stanislaus County to provide 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 2020-2021 Adopted Final Budget included a total of \$12,008,510 in appropriations for use during the fiscal year as a result of reductions to Federal and/or State revenue, a sudden downturn in the economy, or other unforeseen program and community needs.

At this time, it is requested that Appropriations for Contingencies be decreased by a total of \$745,622, transferring funds as follows:

- \$21,000 to Assessor for a new Admin Clerk position;
- \$190,000 to the Chief Executive Office for redistricting efforts and to hire a grant administrator;
- \$64,422 to County Counsel to hire a contract attorney for the Sheriff;
- \$45,000 to County Operations – Debt Service for interest on the Library's Tobacco Loan;
- \$250,000 to County Operations – General Fund Contribution to Other Programs for Public Works – Road and Bridge for dedicated illegal dumping crew;
- \$105,000 to General Services Agency – County Facilities to provide support for the Gallo Center for the Arts facility;
- \$20,000 to Parks to purchase reservation software to replace Reserve America software; and
- \$50,200 to Treasurer-Tax Collector for an online business license system.

If all First Quarter transfers are approved, \$11,262,888 will remain in Appropriations for Contingencies for use throughout the balance of Fiscal Year 2020-2021.

Debt Service – An increase in appropriations of \$45,000 is recommended to fund the projected increase in interest expense for the Library’s Tobacco Endowment Loan. Each year the loan is re-amortized and the interest is calculated at year-end. Based upon the calculation at the end of Fiscal Year 2019-2020, it is anticipated that the original Fiscal Year 2020-2021 estimate is slightly low.

General Fund Contribution to Other Programs – An increase in appropriations of \$250,000 is recommended to provide funding to Public Works – Road and Bridge for a dedicated illegal dumping cleanup crew.

Mandated County Match – An overall decrease of \$3,983,909 is recommended to reflect the net of the increase in Realignment revenue in Behavioral Health and Recovery Services (BHRS) and the Community Services Agency (CSA), which is partially offset by a reduction in Realignment Backfill revenue from the State. In the 2020-2021 Adopted Final Budget, the economic forecast for State and local revenue sources was bleak, and departments were asked to budget a reduction in Realignment revenue in the range of 13 – 15% below their previous year’s budget. In order to continue providing services at the required level, Mandated County Match was provided to fill behind those gaps in revenue.

At first quarter, prior year-end receipts have been received and economic forecasts are better than originally projected, which results in improved revenue estimates for Realignment. The increases for BHRS and CSA are \$1.7 million and \$4.9 million respectively. At the same time, guidance from the State was received that clarified the distribution methodology for Realignment Backfill revenue, which resulted in decreased revenue for BHRS and CSA in the amount of \$672,974 and \$1.9 million respectively. The net of these amounts decreases the Mandated Match funding provided to those departments by \$4 million.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Operations - Appropriations for Contingencies	\$0	(\$21,000)	\$0	(\$21,000)	Transfer to Assessor to fund a new Admin Clerk I position.
County Operations - Appropriations for Contingencies	\$0	(\$190,000)	\$0	(\$190,000)	Transfer to CEO to fund redistricting efforts as well as to hire a grant administrator.
County Operations - Appropriations for Contingencies	\$0	(\$64,422)	\$0	(\$64,422)	Transfer to County Counsel to fund a contract attorney for the Sheriff's Office.
County Operations - Appropriations for Contingencies	\$0	(\$45,000)	\$0	(\$45,000)	Transfer to Debt Service to fund interest expense for the Library's Tobacco Loan.
County Operations - Appropriations for Contingencies	\$0	(\$250,000)	\$0	(\$250,000)	Transfer to General Fund Contribution to Other Programs for Public Works - Road and Bridge.
County Operations - Appropriations for Contingencies	\$0	(\$105,000)	\$0	(\$105,000)	Transfer to GSA - County Facilities to support the Gallo Center for the Arts facility.
County Operations - Appropriations for Contingencies	\$0	(\$20,000)	\$0	(\$20,000)	Transfer to Parks and Recreation to purchase reservation software to replace Reserve America.
County Operations - Appropriations for Contingencies	\$0	(\$50,200)	\$0	(\$50,200)	Transfer to Treasurer-Tax Collector for purchase of online business license system.
County Operations - Debt Service	\$0	\$45,000	\$0	\$45,000	Increase appropriations for interest expense for Library's Tobacco Loan, funded by Net County Cost.
County Operations - General Fund Contribution to Other Programs	\$0	\$250,000	\$0	\$250,000	Increase appropriations for a dedicated illegal dumping cleanup crew for Public Works - Road and Bridge.
County Operations - Mandated County Match	\$0	(\$1,676,750)	\$0	(\$1,676,750)	Decrease County Match for BHRS due to increased Realignment revenue projections.
County Operations - Mandated County Match	\$0	\$672,974	\$0	\$672,974	Increase County Match for BHRS due to Realignment Backfill revenue redistribution.
County Operations - Mandated County Match	\$0	(\$1,327,006)	\$0	(\$1,327,006)	Decrease County Match for CSA - IHSS Provider Wages due to increased Realignment revenue projections.
County Operations - Mandated County Match	\$0	(\$1,512,553)	\$0	(\$1,512,553)	Decrease County Match for CSA - Program Services and Support due to increased Realignment revenue projections.
County Operations - Mandated County Match	\$0	(\$2,062,887)	\$0	(\$2,062,887)	Decrease County Match for Public Economic Assistance due to increased Realignment revenue projections.
County Operations - Mandated County Match	\$0	\$1,922,313	\$0	\$1,922,313	Increase County Match for CSA due to Realignment Backfill revenue redistribution.
Total	\$0	(\$4,434,531)	\$0	(\$4,434,531)	

Recommendation: It is recommended to decrease appropriations by \$4.4 million resulting in an equal decrease to Net County Cost.

General Services Agency

An increase in appropriations of \$105,000 is recommended for General Services Agency – County Facilities for one-time support of the building maintenance/facility costs at the Gallo Center for the Arts, funded by Net County Cost. The Gallo Center, a County-owned facility, has been closed to the public since March 2020 due to COVID-19. In May of 2020, the Center identified significant impacts to their operating budget due to closure and loss of revenue that would combine for a projected loss of \$2.2 million in Fiscal Year 2020-2021. The Center was successful in obtaining \$432,000 as part of the Community Support program, funded with CRF funds. Substantial exposure remains for the totality of building/facility maintenance costs that must continue, even when the facility remains closed. Given the exposure to the building/fixed asset, and the County’s vested interest that the property remain secure and operational, it is recommended to partially fund nine months of building-related operating costs including pest services, custodial/maintenance, landscape and 50% of security costs from March through December of 2020.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
GSA - County Facilities	\$0	\$105,000	\$0	\$105,000	Increase appropriations to provide support for the Gallo Center for the Arts, 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.

Treasurer-Tax Collector

An increase in appropriations of \$50,200 is recommended for one-time costs in Admin/Taxes to establish an online application and payment system for business licenses and other permits. The Department currently processes applications in paper; in Fiscal Year 2019-2020 a total of 926 applications were processed and required applicants to visit County offices during regular business hours. The new system will provide applicants with 24-hour access, support cross-department collaboration and add functionality of social distancing and remote work. The new system is part of the Department’s long-term strategy to improve technology and be more responsive to taxpayer and business needs.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Treasurer-Tax Collector - Admin/Taxes	\$0	\$50,200	\$0	\$50,200	Increase appropriations for an online application and payment system for business licenses and other permits, funded by Net County Cost.
Total	\$0	\$50,200	\$0	\$50,200	

Recommendation: It is recommended to increase appropriations by \$50,200, funded by Net County Cost.

Delivering Community Infrastructure

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works





Delivering community infrastructure to benefit our residents and businesses

Priority Overview

The Board of Supervisors' priority area of *Delivering 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 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 General Fund, special revenue grants and 1/2-cent sales tax commonly referred to as Measure L.

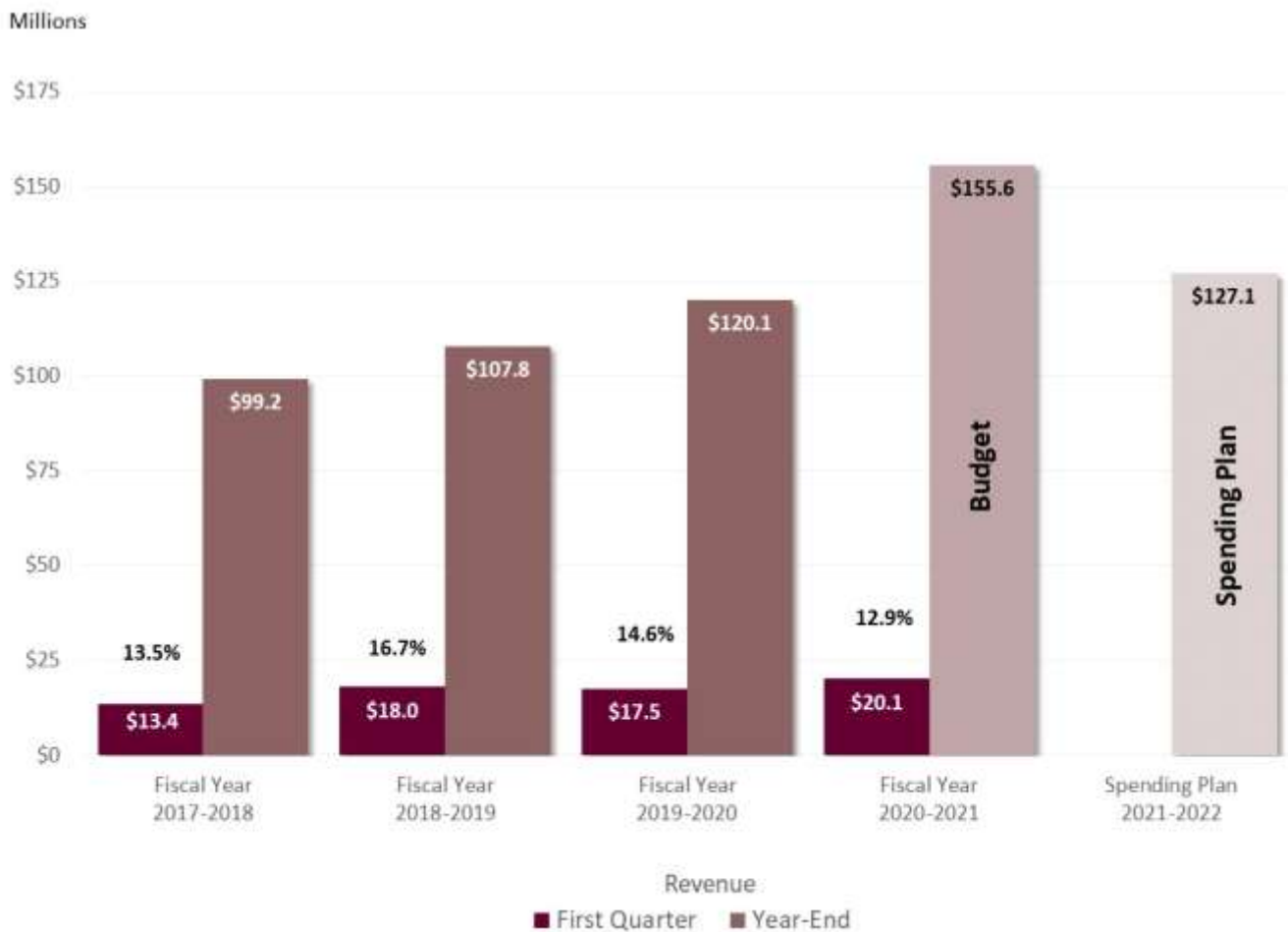
Overall, the departments *Delivering Community Infrastructure* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors' priority *Delivering Community Infrastructure* as of September 30, 2020, actual revenue collected totals \$20.1 million, which represents 12.9% of the estimated annual revenue. This is below the range when compared to the first quarter of the prior three years when collections

ranged from 13.5% to 16.7% of the final actual revenue. This is mostly a result of the timing of Road and Bridge projects, a decline in Building Permit revenue due to lower project valuation, and a decline in Parks and Recreation revenue due to attendance restrictions related to the COVID-19 pandemic emergency.

Delivering Community Infrastructure Four-Year Revenue Comparison

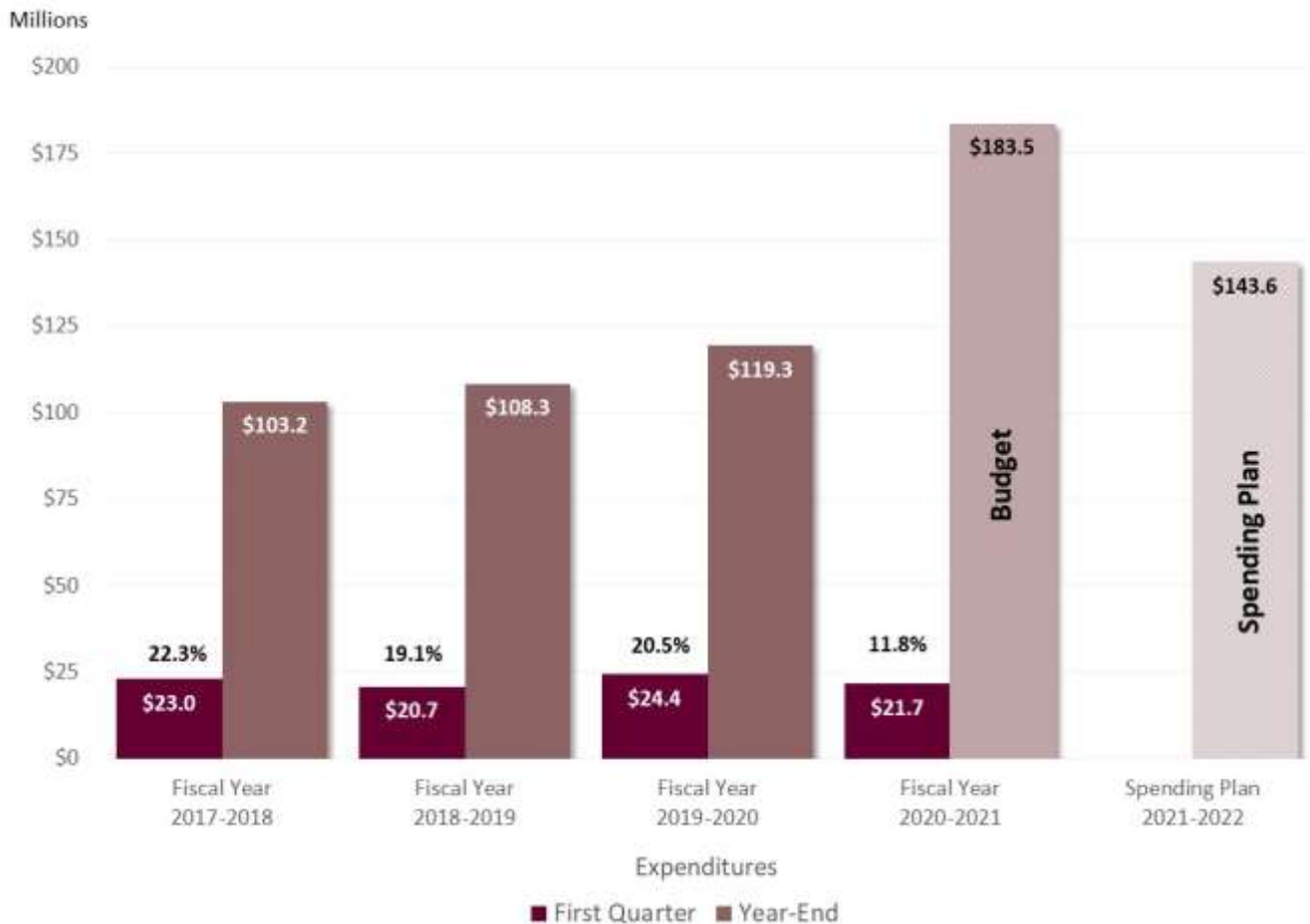


Departmental Expenditures

As of September 30, 2020, expenditures total \$21.7 million, representing 11.8% of the budgeted appropriations. Expenditures at the first quarter of the prior three years ranged from 19.1% to 22.3% of the final actual expenditures, placing this year's expenditures below the range. The lower percentage

at first quarter compared to the same time last year is primarily due to the timing of road projects, the timing of park improvement projects and the purchase of fixed assets, and that a number of large expenses in the Fink Road Landfill do not occur until the end of the fiscal year.

Delivering Community Infrastructure Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for the priority of *Delivering Community Infrastructure* will increase appropriations in the amount of \$6.5 million. The budget adjustments are funded by \$5.4 million in department revenue, \$828,465 in the use of department fund balance and \$270,000 in General Fund Contribution. The adjustments include an increase of \$167,877 in estimated revenue as a technical adjustment to recognize an increase in Realignment Backfill Revenue.

Environmental Resources

Environmental Resources – It is recommended to increase estimated revenue by \$10,658 to recognize Coronavirus Relief Fund (CRF) revenue to offset costs associated with the COVID-19 pandemic emergency. Environmental Health staff were requested to follow-up on complaints received through the 211 and local pop-up call centers. The Department’s existing revenue sources can only be used for certain programs and are not eligible for this activity, requiring the need for CRF funds.

Fink Road Landfill – It is recommended to increase Fixed Asset appropriations by approximately \$1 million in the Fink Road Landfill budget for the purchase of heavy equipment and to recognize the full cost of the Cell 6 Perimeter Fencing Project. At Final Budget, the Board approved \$600,000 to replace a bulldozer. Subsequent to this, the Department conducted an equipment evaluation which determined the bulldozer has another two to four years in useful life and determined that a compactor should be replaced instead. It is recommended to redirect the existing \$600,000 in appropriations and increase Fixed Assets by an additional \$850,000 to fund the compactor replacement cost. At Final Budget, the Board also approved \$228,000 in Fixed Assets for the Cell 6 Perimeter Fencing Project. In October 2020, the Department received the engineer’s estimate for the project, which totaled \$385,000. It is recommended to increase Fixed Assets by \$157,000 to fund the total cost of the project.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Environmental Resources	\$10,658	\$0	(\$10,658)	\$0	Increase estimated revenue from CRF to offset costs associated with COVID-19 activities, resulting in a contribution to fund balance.
Environmental Resources - Fink Road Landfill	\$0	\$850,000	\$850,000	\$0	Increase appropriations for the purchase of heavy equipment (a compactor), using retained earnings.
Environmental Resources - Fink Road Landfill	\$0	\$157,000	\$157,000	\$0	Increase appropriations for the Cell 6 perimeter fencing project, using retained earnings.
Total	\$10,658	\$1,007,000	\$996,342	\$0	

Recommendation: It is recommended to increase appropriations in Fixed Assets by \$1 million, funded by \$10,658 in estimated revenue and \$996,342 in the use of Department retained earnings.

Parks and Recreation

During the COVID-19 pandemic, regional parks were either closed or had visitation restrictions imposed. This resulted in the need to cancel several camping reservations. The Department currently uses Reserve America for its reservations system, which charges an \$8 service fee to the customer. When reservations were canceled by the Parks and Recreation Department, Reserve America kept the service fee and the Department was unable to provide a full refund to its customers. It is recommended to increase appropriations by \$20,000 to purchase a new reservation software system, which will allow the Department exclusive control of reservations and allow more flexibility in canceling reservations, which will result in better customer service.

It is also recommended to increase estimated revenue and appropriations by \$42,864 to purchase traffic control devices to better manage the flow of traffic throughout the regional parks during closures and/or limited use periods.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Parks and Recreation	\$42,864	\$42,864	\$0	\$0	Increase revenue and appropriations to purchase traffic control devices for use at the regional parks, funded by CARES CRF.
Parks and Recreation		\$20,000	\$0	\$20,000	Increase appropriations to purchase reservation software, funded by Net County Cost.
Total	\$42,864	\$62,864	\$0	\$20,000	

Recommendation: It is recommended to increase estimated revenue by \$42,864 and appropriations by \$62,864 funded by \$42,864 in CARES CRF revenue and an increase of \$20,000 in Net County Cost.

Public Works

Morgan Shop – It is recommended to increase revenue and appropriations by \$217,500 to purchase portable changeable signs that can be deployed through the County to provide messaging related to the COVID-19 pandemic emergency. This purchase will be funded with CARES CRF funds.

Road and Bridge – The Department is currently in the construction phase of the Hickman Bridge Project. Public Works staff has identified \$5 million in unused funding allocated in previous fiscal years that should be included in the current fiscal year budget for the construction phase. To ensure the project stays on schedule, it is recommended to increase appropriations and estimated revenue by \$5 million.

Included in the Fiscal Year 2019-2020 Midyear Financial Report was funding to hire a third-party contractor for one-time alley cleanups in the unincorporated communities. To build upon this one-time service, it is recommended to increase appropriations by \$250,000, funded by General Fund contribution, to create a dedicated illegal dumping cleanup crew in Public Works. Existing allocated positions will be used to startup the program. The additional funding will cover the costs for three crew members and any equipment needs for the remainder of the fiscal year.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Public Works - Morgan Shop	\$217,500	\$217,500		\$0	Increase appropriations and estimated revenue for the purchase of portable changeable signs, funded with CARES CRF.
Public Works - Road and Bridge	\$5,000,000	\$5,000,000	\$0	\$0	Increase appropriations and revenue for the Hickman Bridge Project to ensure the construction continues on schedule.
Public Works - Road and Bridge	\$0	\$250,000	\$0	\$250,000	Increase appropriations for the establishment of an Alley Crew, funded by Net County Cost.
Total	\$5,217,500	\$5,467,500	\$0	\$250,000	

Recommendation: It is recommended to increase appropriations by \$5.5 million funded by \$5.2 million in estimated revenue and \$250,000 in Net County Cost.

Technical Adjustments

The 2020-2021 Adopted Final Budget included \$9.1 million in revenue from the State for Realignment Backfill to support counties experiencing revenue losses for Realignment programs. Subsequent to the Adopted Final Budget, guidance from the State was received that clarified the distribution methodology for Realignment Backfill revenue. The updated distribution methodology provides increased revenue for Environmental Resources, Health Services Agency, and the Sheriff’s Department, which results in corresponding contributions to each department’s fund balance.

The updated distribution also results in decreased revenue for Behavioral Health and Recovery Services and the

Realignment Backfill Summary of Adjustments	
Department	Adjustment
Behavioral Health and Recovery Services	\$ (672,974)
Community Services Agency	(1,922,313)
Environmental Resources	167,877
Health Services Agency	917,984
Sheriff	1,509,426
Total Realignment Backfill Adjustments	\$ 0

Community Services Agency. In order to continue providing services at the required level, Mandated County Match is provided to fill behind those gaps in revenue.

The adjacent table to the left identifies the increases and decreases in Realignment Backfill revenue by department which net to zero.

Recommendation: It is recommended to right-size estimated revenue among departments receiving Realignment Backfill (as identified in the table above), resulting in a \$2.6 million contribution to departmental fund balance and a \$2.6 million increase in County Match.

First Quarter Financial Report Conclusion

The First Quarter Financial Report shows the County budget is balanced inclusive of updated information, and actual performance is tracking well within the 2020-2021 Operating Budget and year-end projections. County staff will continue to monitor Fiscal Year 2020-2021 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 2, 2021. Staff will also closely watch 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. There are no such urgent needs anticipated at this time.

Budget Schedule

The following schedule for the 2020-2021 Midyear Financial Report is recommended:

2020-2021 Midyear Financial Report	
Issue Instructions to Departments	December 4, 2020
Department Midyear Submittals Due	January 5, 2021
Board of Supervisors Public Hearing	March 2, 2021