2023 Midyear Financial Report
July – December 2022

Board of Supervisors

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Introduction

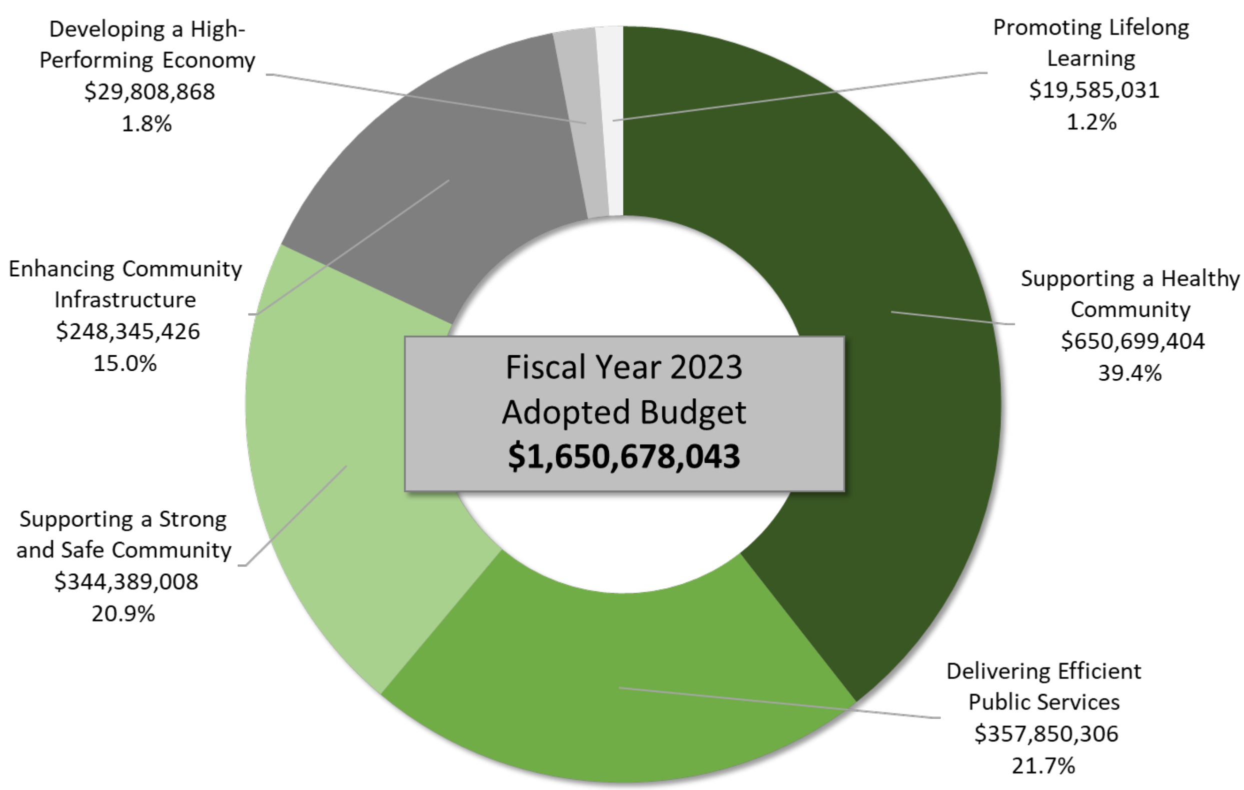
This is the Stanislaus County 2023 Midyear Financial Report submitted by the Chief Executive Officer for the period of July 1, 2022, through December 31, 2022. It has been prepared to inform the Board of Supervisors, County leadership, and the public of the status of the County budget halfway through the fiscal year. In addition to an emphasis on budget adjustments incurred since approval of the 2023 Adopted Budget in September 2022, with a specific focus on those recommended at midyear, the report provides revenue and expenditure summaries and analyses for County programs and services organized by Board of Supervisors' priority area. The Midyear Financial Report also includes an overview of the various challenges and opportunities facing Stanislaus County and its departments.

Background

On September 20, 2022, the Board of Supervisors approved the Stanislaus County 2023 Adopted Budget. This $1.65 billion operational plan reflected an increase of $160.9 million over that included in the 2022 Adopted Budget and included funding for several key strategic initiatives, including $16.5 million for the first of three years' support for the Building Community Services Investment initiative to improve parks, libraries, and County facilities, along with $15 million to establish the Building Community Infrastructure Fund supporting individual district projects at the neighborhood level.

The 2023 Adopted Budget was balanced relying on $1.53 billion in estimated revenue and $147.3 million in fund balance, retained earnings, and other one-time funding sources. The budget supported 4,746 full-time allocated positions, an increase of 159 positions over the 2022 Adopted Budget level. The following chart reflects the 2023 Adopted Budget.

Fiscal Year 2023 Adopted Budget Expenditures by Board Priority



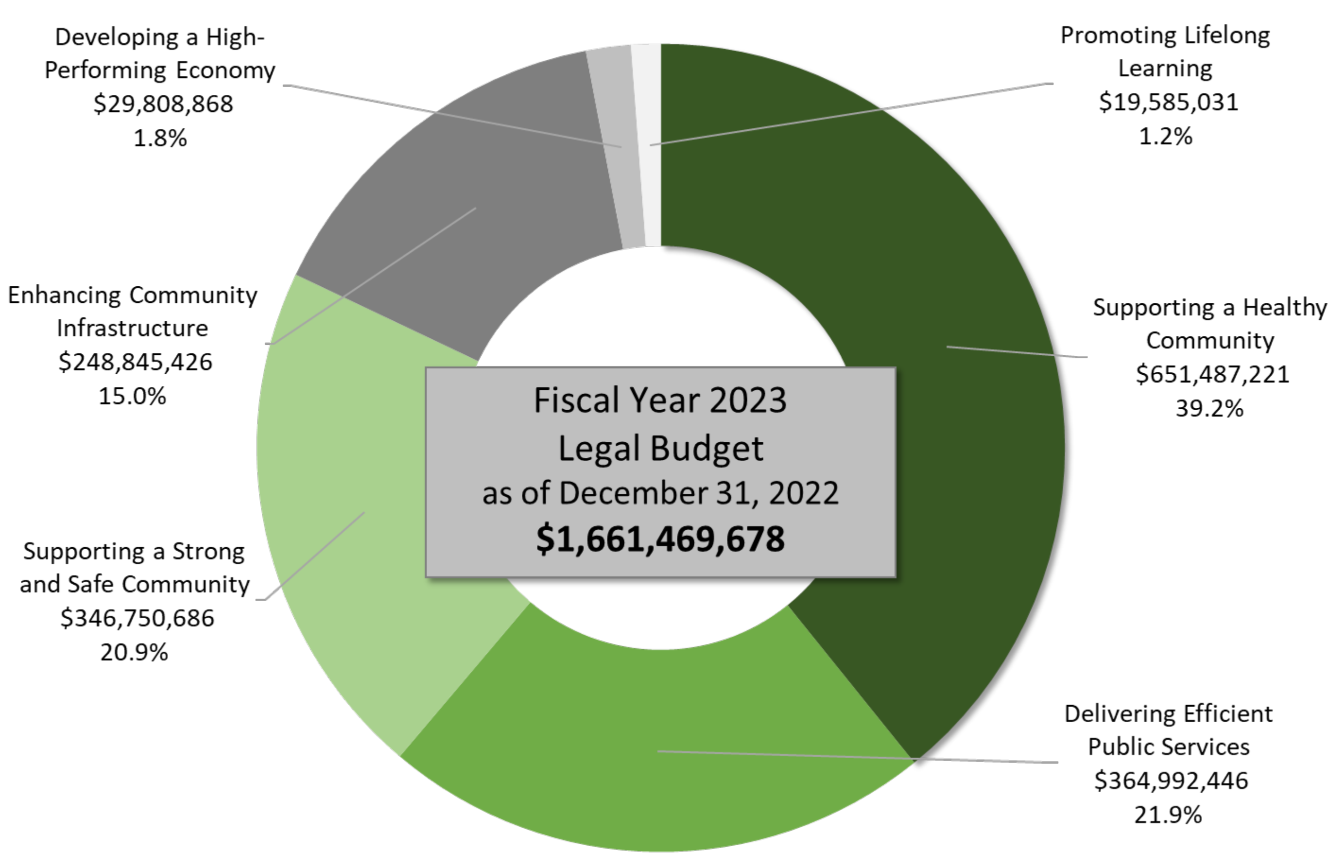
2023 First Quarter Adjustments

The 2023 First Quarter Financial Report, presented to the Board of Supervisors in December 2022, did not contain any adjustments to the legal budget, focusing instead on the presentation of revenue and expenditure trend analyses. However, the First Quarter Financial Report did include staffing recommendations to add one position and adjust several classifications.

Summary of Other Adjustments

The Adopted Budget is adjusted each year to include appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors but were not fully completed. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through quarterly financial reports or in separate Board item actions. The sum of all applicable adjustments through December 31, 2022, total $10.8 million. The County's Legal Budget as of December 31, 2022, prior to the inclusion of any recommended budget adjustments identified in this Midyear Financial Report, totaled $1.67 billion, as reflected in the following chart.

Fiscal Year 2023 Legal Budget as of December 31, 2022, by Board Priority



2023 Midyear Financial Report Overview

The 2023 Midyear Financial Report provides an update on the status of the County budget midway through the fiscal year and projects the overall financial condition of the organization through June 30, 2023. The report is the result of significant analysis performed by staff in all County departments and the Chief Executive Office. This extensive review includes an assessment of revenue received and costs expended through December 2022 for comparison to that experienced halfway through prior fiscal years. Using this data for trend analysis provides the basis for updated projections for the remainder of the fiscal year, with results compared to original year-end estimates.

The Midyear Financial Report also identifies budget adjustments recommended to meet departmental needs and ensure sufficient funding and appropriations exist to end the year in a positive fiscal position based on projected figures.

Recommendations included in the 2023 Midyear Financial Report amount to an overall budget increase of $11.4 million. These adjustments are funded by $18.8 million in estimated revenue, resulting in a $7.4 million reduction in the budgeted use of fund balance and retained earnings, including $3.6 million in savings to the County General Fund. If approved, the recommendations contained in this report will result in a 2023 Midyear Budget of $1.67 billion, funded by $1.53 billion in estimated revenue and the use of $138.9 million in fund balance, retained earnings, and other one-time funding. Reliance on Net County Cost totals $344.5 million.

The recommended 2023 Midyear Budget contains several adjustments to appropriate additional funding allocated for a variety of programs and services, most notably in the priority *Supporting a Healthy Community*: the Community Services Agency is increasing its budget by $5.7 million to support children and families with a focus on foster child wellbeing and wraparound services and the Aging and Veterans Services – Area Agency on Aging budget is increasing by $1.2 million to expand programs and services to seniors, including the provision of meals, fall prevention services, and Medicare navigation assistance.

Other increases of note include $1.1 million in Workforce Development to match local employers to workers, foster economic development partners, and provide job skills training and an $802,125 increase in the Behavioral Health and Recovery Services – Substance Use Disorder budget to expand contracted services to better assist women and children during the provision of treatment services. The recommended Midyear Budget also contains several technical adjustments associated with updated cost estimates that do not affect existing service levels.

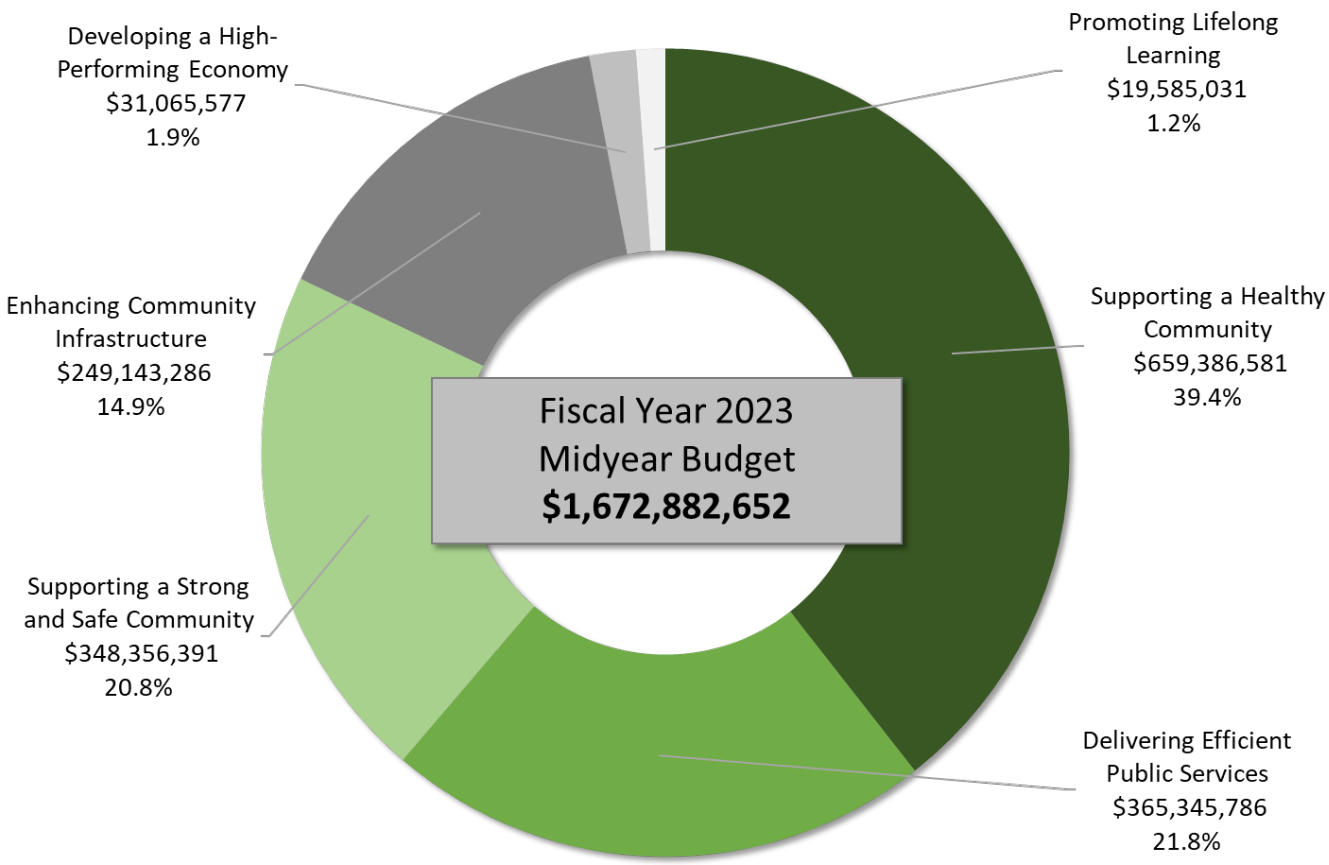
The midyear recommendations include updated Realignment revenue projections based on California State Budget estimates and growth revenue received, increasing overall estimated revenue by approximately $5.2 million.

Updated Discretionary Revenue estimates result in an increase of $2.3 million at midyear, representing a 0.8% increase over that included in the 2023 Adopted Budget. This adjustment is primarily due to Assembly Bill (AB) 199 State backfill funds provided for the elimination of certain criminal fees and projected increases in interest revenue.

While the net impact to the General fund will be reduced with the recommendations contained in the Midyear Budget, additional County General Fund support for various departments and outside agencies is made possible through the midyear transfer of $1.8 million from Appropriations for Contingencies, the County's contingency funding reserved for use throughout the fiscal year to cover unanticipated needs as they arise.

The following chart depicts the $1.67 billion Midyear Budget, inclusive of the recommended budget adjustments that are described in greater detail by department in subsequent sections of this report. Consistent with past practice, the budget and financial report are organized by Board priority area.

Fiscal Year 2023 Recommended Midyear Budget Expenditures by Board Priority



Consistent with standard accounting practices, the County's budget is divided into separate financial entities known as "funds". These include three "governmental funds" (General, Special Revenue, and Capital Projects funds) to account for local governmental activities and two proprietary funds to address "business-type" activities (Enterprise and Internal Service funds). The following table reflects the progression of the County's Budget from the 2023 Adopted Budget to the Midyear Legal Budget as of December 31, 2022, and the recommended 2023 Midyear Budget.

Development of the Midyear Budget Recommendations

Fund Type		2023 Adopted Budget		Legal Budget as of 12/31/22		Recommended 2023 Midyear Adjustments		Recommended 2023 Midyear Budget
General Fund	$	499,475,067	$	500,562,629	$	687,801	$	501,250,430
Special Revenue Fund		919,222,390		928,926,463		10,338,163		939,264,626
Capital Projects Fund		4,875,221		4,875,221		-		4,875,221
Enterprise Fund		73,094,456		73,094,456		-		73,094,456
Internal Service Fund		154,010,909		154,010,909		387,010		154,397,919
Total - All Funds	**$**	**1,650,678,043**	**$**	**1,661,469,678**	**$**	**11,412,974**	**$**	**1,672,882,652**

General Fund

The recommended 2023 Midyear Budget for the General Fund is $501.3 million, an increase of $687,801 over the Legal Budget as of December 31, 2022. The increase represents the net of $2.4 million in departmental requests and $1.3 million in technical adjustments, offset by a transfer from Appropriations for Contingencies of $1.8 million.

Special Revenue Funds

The recommended 2023 Midyear Budget for Special Revenue Funds is $939.3 million, an increase of $10.3 million from the Legal Budget as of December 31, 2022. The primary contributors to the increase include an increase to the Community Services Agency of $4.3 million for new and expanded program funding for foster care prevention services and to support families experiencing homelessness or at risk of being homeless along with $1.3 million in technical adjustments for items previously approved and to reappropriate funds from the previous fiscal year; the addition of $1.2 million in Aging and Veterans Services – Area Agency on Aging for new and expanded one-time funding to support senior services including nutrition services, Medicare navigation, fall prevention, legal services, and funding to modernize or expand existing Older Americans Act programs; an increase of $1.1 million in Workforce Development for the Workforce Innovation and Opportunity Act due to an increase in State carryover funding and for several grants; and an increase of $1 million in ongoing funding to support Substance Use Disorder services including residential treatment services and supportive services for transitional housing within Behavioral Health and Recovery Services. Also included are various increases to District Attorney – Asset Forfeiture, County Operations – ARPA State and Local Fiscal Recovery Fund, and Planning and Community Development.

Capital Projects Funds

The recommended 2023 Midyear Budget for Capital Projects Funds totals $4.9 million, consistent with the Legal Budget as of December 31, 2022; there are no recommended adjustments at midyear. Note that fund balance for Capital Projects Funds contains balances for only three budgets within County Operations, funds traditionally included in the overall County budget that do not require adjustment at midyear. However, various funds exist within the financial management system for Board-approved projects that maintain a fund balance. Inclusive of these other project funds, the fiscal year began with $3.2 million in fund balance, with $3 million projected to remain at year end. Details on the totality of all Capital Projects are available in the Annual Comprehensive Financial Report prepared by the Stanislaus County Auditor-Controller.

Enterprise Funds

The recommended 2023 Midyear Budget for Enterprise Funds totals $73.1 million, consistent with the Legal Budget as of December 31, 2022; there are no recommended adjustments at midyear.

Internal Service Funds

The recommended 2023 Midyear Budget for Internal Service Funds is $154.4 million, an increase of $387,010 over the Legal Budget as of December 31, 2022. The increase is primarily attributed to General Services Agency – Fleet Services increased costs for fuel and the disposal of salvaged vehicles.

Fund Balance

The beginning fund balance for all funds on July 1, 2022, was $715.6 million. The 2023 Adopted Budget included the planned use of $147.3 million in fund balance. Adjusted to include Board of Supervisors' actions approved through December 31, 2022, a total use of $146.4 million in fund balance was projected for all departments. Recommendations contained in the Midyear Financial Report will decrease the use of fund balance by $7.4 million to a projected total of $576.7 million.

The decreased reliance on fund balance is primarily the result of a $2.3 million increase to Discretionary Revenue plus several departmental adjustments which reduced the use of fund balance, including recognition of $5.2 million in 1991 and 2011 Realignment growth.

The following chart illustrates the beginning fund balances on July 1, 2022, for the various fund types, as well as the projected year-end balances, inclusive of recommended adjustments contained in this Midyear Financial Report. Overall, Fund Balance projected for the fiscal year ending June 30, 2023 is approximately $576.7 million.

Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund Balance on 7/1/22*	Legal Budget Revenue as of 12/31/22	Legal Budget Appropriations as of 12/31/22	Recommended Midyear Use of Fund Balance	Projected Fund Balance on 6/30/23
General Fund	$ 238,925,834	$ 437,508,325	$ 500,562,629	$ (3,579,442)	$ 179,450,972
Special Revenue Funds	333,482,697	870,456,491	928,926,463	(3,715,457)	278,728,182
Capital Projects Funds	3,236,423	4,635,245	4,875,221	-	2,996,447
Enterprise Funds	99,298,896	60,568,217	73,094,456	-	86,772,657
Internal Service Funds	40,696,320	141,932,335	154,010,909	(132,676)	28,750,422
Total All Funds	**$ 715,640,170**	**$ 1,515,100,613**	**$ 1,661,469,678**	**$ (7,427,575)**	**$ 576,698,680**

**Note: The Adopted Budget document reported a total beginning fund balance of $754,486,336. Since that time, post-closing adjustments totaling $38,846,166 have been posted for all funds which resulted in a revised beginning fund balance of $715.6 million, as depicted above. Significant post-closing adjustments included interest accruals and fair market value adjustments for all funds, among others.*

General Fund Update

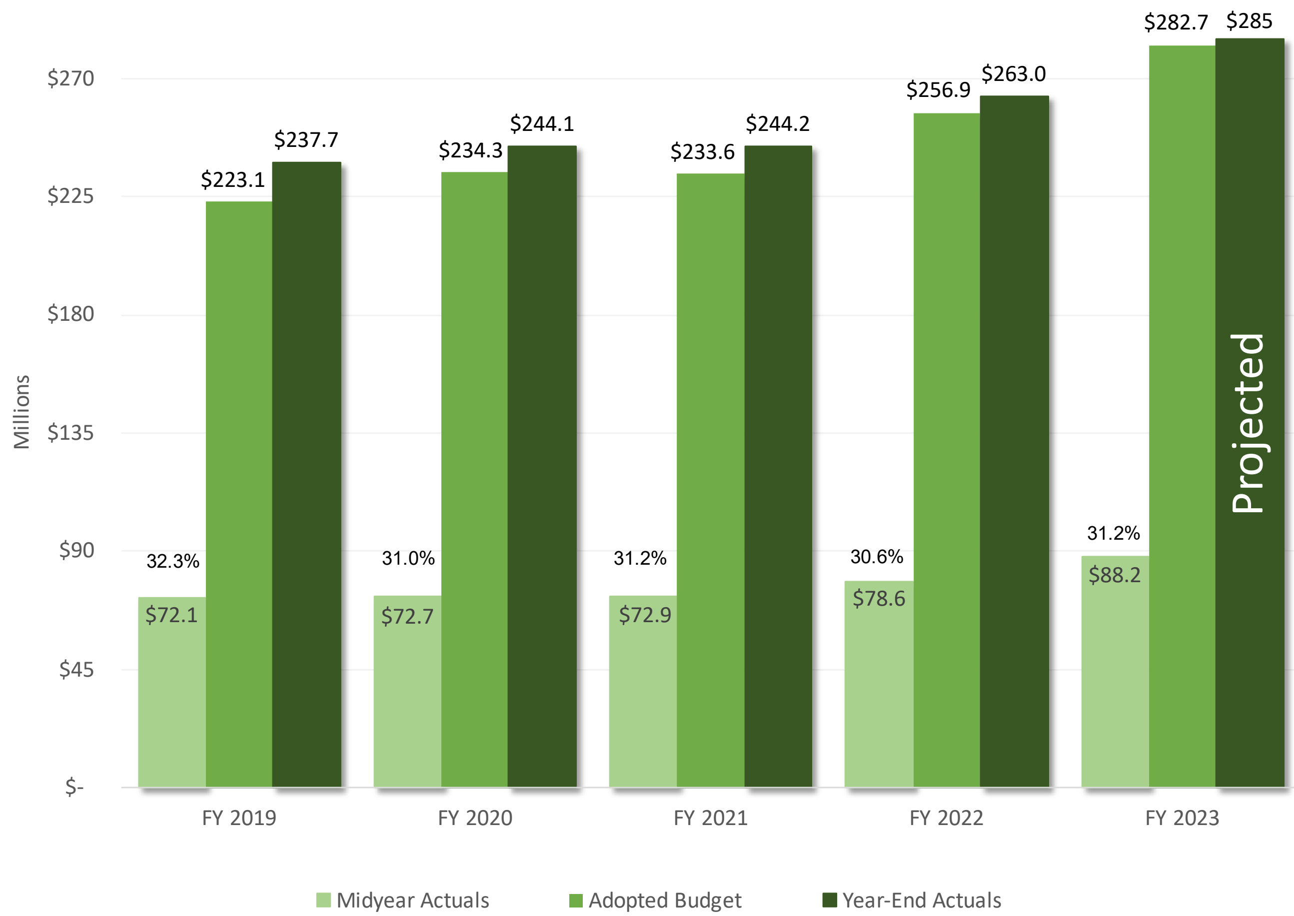
Discretionary Revenue

Discretionary Revenue refers to revenue received in the General Fund that is available to fund programs at the Board of Supervisors' discretion. Total Discretionary Revenue included in the 2023 Adopted Budget was projected at $282.7 million. There have been no adjustments to Discretionary Revenue subsequent to the Adopted Budget.

As of December 31, 2022, approximately $88.2 million in revenue had been received, representing 31.2% of Adopted Budget projections. Over the past four years, Discretionary Revenue collected through midyear ranged from 30.6% to 32.3% of the Legal Budget projection as of December 31, placing this year's receipts within the historical range. Additionally, the four-year history of Discretionary Revenue shows that revenue realized through midyear varied from 29.8% to 30.9% of *actual* year-end total receipts.

Using revenue data from the first six months of the fiscal year along with historical trend analysis, the 2023 Midyear Budget reflects Discretionary Revenue estimated at $285 million, an increase of $2.3 million over that originally projected in the Adopted Budget and the Legal Budget as of December 31, 2022. Revenue received through December represents 30.6% of the updated Midyear Budget estimate, still squarely within the historical range.

The following chart provides a five-year comparison of midyear activity to show the first six months in revenue receipts, each year's Adopted Budget, and year-end actuals for the previous four years, with midyear projections noted for Fiscal Year 2023.



Discretionary Revenue Five-Year Comparison

Midyear Discretionary Revenue projections, totaling $285 million, represent an increase of $2.3 million, or 0.8%, over that estimated in the Adopted Budget. This net adjustment includes a projected increase in State backfill funds as a result of Assembly Bill (AB) 199 which provided for the elimination of certain criminal fees, an allocation from the Local Assistance and Tribal Consistency Fund established by the American Rescue Plan Act, and projected increases in interest revenue. The following is a summary of these changes and estimate information in each of the effected Discretionary Revenue categories.

Taxes

Included in this category are various property-related taxes (secured, unsecured, supplementals, redevelopment pass-through increment, property tax received in lieu of vehicle license fees, and property transfer tax), 1% sales and use taxes, and transient occupancy taxes. Analysis of receipts through December 2022 shows a potential for additional revenue from property taxes (secured and unsecured), supplemental property taxes, 1% sales and use taxes, and occupancy tax through the end of this fiscal year; however, it is not recommended to increase the budget at this time, pending additional postings and analysis.

Statewide sales tax projections continue show a potential for modest growth over the Legal Budget as of December 31, 2022; however, growth appears to be slowing. Overall, there is no recommendation to increase this category at midyear.

Revenue from the Use of Money

Interest earnings from pooled cash are trending higher than that budgeted in the Legal Budget as of December 31, 2022. In consultation with the County Treasurer-Tax Collector – Treasury division, an increase in this category by $520,000 is recommended.

Intergovernmental Revenue

Intergovernmental Revenue includes revenue from Federal, State, and other local governmental sources in the form of grants, shared revenues, and payments in lieu of taxes. The main source of revenue in this category is from a one-half cent Sales and Use Tax for local public safety services, also known as Proposition (Prop) 172.

AB 199 eliminated 17 administrative Criminal fees which provided revenue to departments to partially fund their operations. The State Budget Act of 2022-2023 included State backfill funds intended to assist counties in mitigating the impact from the loss of criminal fee revenue; Statewide, $25 million will be made available to counties annually. Stanislaus County's share of backfill funds is approximately $730,145 annually. A total of $365,075 has been received for the prior fiscal year of $365,075 and $730,145 for the current fiscal year in December 2022.

Section 605 of the Social Security Act (the Act), added by Section 9901 of the American Rescue Plan Act (ARPA), established the Local Assistance and Tribal Consistency Fund (LATCF), which provides for the Treasury to pay $2 billion to eligible revenue sharing counties and eligible Tribal governments across fiscal years 2022 and 2023 for use on any governmental purpose except for lobbying activities. The purpose of the LATCF program is to serve as a general revenue enhancement program. Stanislaus County's allocation is $100,000. In total, it is recommended to increase Intergovernmental Revenue by $1.2 million.

Other Financing Sources

Investment income from the 2002 and 2006 Tobacco Endowment Funds, as well as operating transfers for the Stanislaus Animal Services Facility and the Library debt payments, represent the revenue sources budgeted in this category. Investment income was budgeted at $3 million in the 2023 Adopted Budget. Compared to prior year actuals of $3.9 million, and in consultation with the Treasurer-Tax Collector – Treasury division, year-end revenue is estimated at $3.6 million, an increase of approximately $600,000. As a result, Other Financing Sources is recommended to increase by $590,000.

The following chart summarizes 2023 Midyear Budget projections and recommended adjustments totaling $2.3 million, for a revised Discretionary Revenue budget of $285 million. Discretionary Revenue is continuously monitored and analyzed throughout the fiscal year. Any budget adjustments identified through that review process will be addressed at third quarter, if necessary.

Discretionary Revenue Category	FY 2022 Actuals	Legal Budget as of 12/31/22	FY 2023 Midyear Projections	Recommended Midyear Adjustments
Taxes	$ 197,150,921	$ 200,695,635	$ 200,695,635	$ -
Licenses, Permits, and Franchises	1,358,327	1,100,000	1,100,000	-
Fines, Forfeitures, and Penalties	3,420,437	1,250,000	1,250,000	-
Revenue from the Use of Money	(13,644,706)	5,200,001	5,720,001	520,000
Intergovernmental Revenue	65,400,608	68,434,000	69,634,000	1,200,000
Charges for Services	4,022,961	2,957,903	2,957,903	-
Miscellaneous Revenue	1,291,747	-	-	-
Other Financing Sources	3,980,647	3,052,026	3,642,026	590,000
Total Discretionary Revenue	**$ 262,980,942**	**$ 282,689,565**	**$ 284,999,565**	**$ 2,310,000**

Recommendation: It is recommended to increase estimated Discretionary Revenue by $2,310,000.

General Fund Classification of Fund Balance

Of the five fund balance classifications, Non-spendable, Restricted, and Committed are the most restrictive categories and are legally or contractually obligated components of fund balance. Assigned fund balance is comprised of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Unassigned fund balance is the least restrictive and is technically available for any purpose. The Chief Executive Officer has been authorized by the Board of Supervisors to assign portions of Unassigned fund balance for specific purposes such as contingencies, carryover appropriations, budget balancing, and debt service.

Within the Non-spendable category, post-closing entries related to Fiscal Year 2022 increased the fund balance by $860,913, leaving a projected year-end balance of $17.7 million. The balance in the Restricted category will remain at $6.1 million for the year. The Committed category includes a Fiscal Year 2022 post-closing entry increasing fund balance by $250,000 related to the correction of an entry to use the assignment made for the funding of the Awesome Spot Playground at Beyer Community Park, leaving a projected year-end balance of $2.4 million.

Assigned fund balance included post-closing entries related to Fiscal Year 2022 which decreased the fund balance by $23.2 million. Most of this decrease was due to a technical accounting adjustment related to the fair value of investments and was reported in the 2023 First Quarter Financial Report. Budgeted use of fund balance includes assignments approved in the Adopted Budget and funding for approved uses by separate Board actions through December 2022.

The 2023 Adopted Budget included the use of $54.6 million in Assigned fund balance for technical Purchase Order and Project reappropriations from the prior year, the Modesto Children's Museum, Building Community Infrastructure Fund and Building and Community Investment Strategy.

Midyear adjustments to Assigned Fund Balance includes the use of $250,000 to fund a technical transfer to the Community Development Bank for a payment made to the Modesto Children's Museum in Fiscal Year 2022. Projected fiscal year-end Assigned Fund Balance is $130.3 million.

The Unassigned category includes decreases of $998,618 for post-closing entries. Adjustments at midyear include a return to Unassigned fund balance of $3.8 million, mainly related to increases in Discretionary Revenue and the receipt of 1991 and 2011 Realignment growth funding which reduced reliance on the General Fund, resulting in a year-end projected Unassigned fund balance of $23 million.

The beginning total fund balance of $238.9 million is $23.1 million lower than reported in the 2023 Adopted Budget due to post-close adjustments within the Non-spendable, Restricted, Assigned, and Unassigned fund balances. Inclusive of the budgeted use of fund balance and recommended Midyear Budget adjustments, the total fund balance is projected at $179.5 million on June 30, 2023.

Classification of Fund Balance						
General Fund	Est Fund Balance 7/1/22	Post-Closing Adjustments*	Beginning Fund Balance 7/1/22	Budgeted Use of Fund Balance	Midyear Recommendations	Projected Fund Balance 6/30/23
Fund Balance - Nonspendable						
Imprest Cash	$ 348,702	$ (129,271)	$ 219,431	-	-	$ 219,431
Advances to Other Funds	100,000	-	100,000	-	-	100,000
Advances to Other Governments (107)	8,000	(4,000)	4,000	-	-	4,000
Economic Development Advances (105)	967,630	(12,614)	955,016	-	-	955,016
Teeter Receivable	14,827,259	-	14,827,259	-	-	14,827,259
Prepaid Items	175,301	-	175,301	-	-	175,301
Cash with Fiscal Agent	360,055	(108,172)	251,883	-	-	251,883
Inventory	85,030	(85,030)	-	-	-	-
Loans Receivable	-	1,200,000	1,200,000	-	-	1,200,000
Total Nonspendable	**$ 16,871,977**	**$ 860,913**	**$ 17,732,890**	**$ -**	**$ -**	**$ 17,732,890**
Fund Balance - Restricted						
Tax Loss Reserve (106)	$ 6,064,818	-	$ 6,064,818	-	-	6,064,818
Total Restricted	**$ 6,064,818**	**$ -**	**$ 6,064,818**	**$ -**	**$ -**	**$ 6,064,818**
Fund Balance - Committed						
Total Committed - Other	$ 708,697	$ 250,000	$ 958,697	-	-	**$ 958,697**
Total Committed - Capital Acquisition	1,394,686	-	1,394,686	-	-	1,394,686
Total Committed	**$ 2,103,383**	**$ 250,000**	**$ 2,353,383**	**$ -**	**$ -**	**$ 2,353,383**
Fund Balance - Assigned						
Contingency (General Fund Reserve Policy)	$ 20,410,000	$ -	$ 20,410,000	-	-	$ 20,410,000
Retirement Obligation	7,322,097	-	7,322,097	-	-	7,322,097
Teeter Plan	18,134,739	-	18,134,739	-	-	18,134,739
Carryover Appropriations (100)-Funds Available	(3,333,615)	3,333,615	-	-	-	-
Encumbrances (100)	5,825,606	800,400	6,626,006	-	-	6,626,006
Encumbrances (107)	-	-	-	-	-	-
Assigned - Budget Balancing	11,811,841	3,188,159	15,000,000	(15,000,000)	-	-
Assigned - PVCS	3,188,159	(3,188,159)	-	-	-	-
Assigned - Cash-out Obligations	4,000,000	-	4,000,000	-	-	4,000,000
Assigned - Community Impact - Housing	10,000,000	-	10,000,000	-	-	10,000,000
Assigned - Community Impact - Jobs/CLIBP	15,800,248	-	15,800,248	-	-	15,800,248
Assigned - Debt Service Reserve	600,000	-	600,000	-	-	600,000
Assigned - Fair Value Adjustments	1,019,466	(25,235,452)	(24,215,986)	-	-	(24,215,986)
Assigned - Fair Value Adjustments (0105)	1,589	(34,528)	(32,939)	-	-	(32,939)
Assigned - Fair Value Adjustments (0107)	70,490	(183,840)	(113,350)	-	-	(113,350)
Assigned - Future Budget Balancing	5,190,116	-	5,190,116	(2,233,989)	-	2,956,127
Assigned - Housing and Community Development (Gray)	123,307	-	123,307	-	-	123,307
Assigned - Revenue Stabilization	14,383,909	-	14,383,909	-	-	14,383,909
Total Other Assignments	93,819,009	(1,851,331)	91,967,678	(37,365,000)	(250,000)	54,352,678
Total Assigned	**$ 208,366,961**	**$ (23,171,136)**	**$ 185,195,825**	**$ (54,598,989)**	**$ (250,000)**	**$ 130,346,836**
Fund Balance - Unassigned						
General Fund (100)	$ 25,332,139	$ (889,106)	$ 24,443,033	$ (7,810,315)	$ 3,579,442	$ 20,212,160
Economic Development Bank (105)	710,057	12,643	722,700	-	-	722,700
Community Development Bank (107)	2,535,340	(122,154)	2,413,186	(645,000)	250,000	2,018,186
Total Unassigned	**$ 28,577,536**	**$ (998,618)**	**$ 27,578,918**	**$ (8,455,315)**	**$ 3,829,442**	**$ 22,953,045**
Total Fund Balance	**$ 261,984,675**	**$ (23,058,841)**	**$ 238,925,834**	**$ (63,054,304)**	**$ 3,579,442**	**$ 179,450,972**

Cash Review

General Fund Overall Cash Position

General Fund	Fiscal Year 2022	Fiscal Year 2023	Variance
Beginning Cash Balance	$ 234,752,435	$ 225,736,203	$ (9,016,232)
Midyear Cash Balance (as of December 31)	$ 197,882,182	$ 174,762,947	$ (23,119,235)

The Fiscal Year 2023 beginning cash position of $225.7 million represents a decrease of $9 million from the prior year beginning balance. As of midyear, the General Fund cash balance was $174.8 million, a decrease of $23.1 million in cash over that identified in Fiscal Year 2022. The decreases are largely due to the one-time Coronavirus Relief Fund (CRF) funding that flowed through Community Development Fund during Fiscal Years 2021 and 2022.

Special Revenue Funds Overall Cash Position

Special Revenue Funds		Fiscal Year 2022		Fiscal Year 2023		Variance
Beginning Cash Balance	$	329,390,226	$	387,584,785	$	58,194,559
Midyear Cash Balance (as of December 31)	$	330,056,662	$	453,452,004	$	123,395,342

As of midyear, the Special Revenue Funds had a positive cash balance of $453.5 million compared to $330.1 million for the same period last fiscal year. The net variance of $123.4 million is primarily due to the receipt of American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funding. The first tranche equivalent to 50% of the $107 million in total County ARPA-SLFRF was received in October 2021 and totaled $53.4 million. The second tranche of $53.5 million was received May 2022. As of December 31, 2022, $102.5 million remains in cash balance, $51.2 more than at midyear last fiscal year. Funds must be obligated by December 31, 2024, and all projects funded with ARPA-SLFRF must be completed by December 31, 2026.

Behavioral Health and Recovery Services (BHRS) has a net cash balance that is $32.7 million higher than the previous fiscal year due to the State providing historic levels of support to local BHRS agencies through several funding opportunities, many of which are multi-year and grant-like. In addition, there are timing issues related to the distribution of various revenues, including $14.7 million in 2011 Realignment revenue and Community Assistance, Recovery and Empowerment (CARE) Court revenue, to other funds as new processes are being developed due to the conversion to Oracle Cloud.

The Community Services Agency (CSA) – Program Services and Support cash balance is $11.7 million dollars higher than last fiscal year due to increased revenue for Administration, Child Care, and Court Restitution advances as well as increased 2011 Realignment revenue and Wraparound revenue to support Child Welfare Services. In addition, the CSA – Public Economic Assistance cash balance is $23.5 million higher primarily due to timing issues associated with the conversion to Oracle Cloud that required significant account remapping, delaying the posting of expenditures.

Probation’s Local Community Corrections Fund has $10.6 million more in cash balance when compared to last year at midyear as County departments are slow to invoice for funds related to approved Community Correction Partnership projects during the first part of the year, consistent with historical trends. In the current fiscal year, the slow spending was exacerbated by receipt of an approximate $4.8 million in 2011 Realignment growth revenue, which is approximately $2.8 million more than the previous year.

A decrease in $8.4 million in cash balance can be attributed to the Emergency Rental Assistance Program (ERAP) funding to assist households unable to pay rent and utilities due to COVID-19 pandemic impacts. The County redirected the remainder of State and Federal ERAP funding back to the State to administer the program per Board direction (Board Item No. 2021-0491) and the cash balance is now zero.

Other adjustments in cash position across Special Revenue departments net to an increase of $2.1 million.

Capital Projects Funds Overall Cash Position

Capital Project Funds		Fiscal Year 2022		Fiscal Year 2023		Variance
Beginning Cash Balance	$	3,537,904	$	3,389,383	$	(148,521)
Midyear Cash Balance (as of December 31)	$	3,258,328	$	4,577,740	$	1,319,412

As of midyear, the Capital Projects Funds had a positive cash balance of $4.6 million compared to a positive cash balance of $3.3 million for the same period last year. While revenue received from court fines and fees continues to decline, the net increase is primarily attributable to the creation of the County Operations – Crows Landing Industrial Business Park fund.

Enterprise Funds Overall Cash Position

Enterprise Funds		Fiscal Year 2022		Fiscal Year 2023		Variance
Beginning Cash Balance	$	109,140,464	$	97,725,542	$	(11,414,922)
Midyear Cash Balance (as of December 31)	$	107,301,761	$	96,955,437	$	(10,346,324)

As of midyear, the Enterprise Funds had a positive cash balance of $97 million compared to a positive cash balance of $107.3 million for the same period last year. The variance of $10.3 million is primarily attributable to the Public Works – Transit division. Effective July 1, 2021, transit is no longer part of the County. In Fiscal Year 2022, close-out of the fund occurred, and the cash was sent to the Stanislaus Council of Governments (Stan COG) to support the new Joint Powers Authority. This resulted in a $17.9 million decrease in cash balance. This decrease was mostly offset by increases in Environmental Resources landfill funds. The Fink Road and Geer Road Landfill funds cash balances increased by nearly $6 million due to increased sanitation services and solar revenue received combined with decreased expenses.

Internal Service Funds Overall Cash Position

Internal Service Funds		Fiscal Year 2022		Fiscal Year 2023		Variance
Beginning Cash Balance	$	78,527,215	$	75,259,305	$	(3,267,910)
Midyear Cash Balance (as of December 31)	$	62,123,383	$	47,096,560	$	(15,026,823)

As of midyear, the Internal Service Funds cash balance is $47.1 million compared to $62.1 million for the same period last fiscal year. The variance of $15 million is mainly due to a delay in postings of revenue. The County Operations – Medical Self-Insurance Fund cash balance as of December 31, 2022, was $21.9 million lower than the same period last year. As of December 31, 2022, revenue in the amount of $16.7 million had not been posted due to impacts from the Oracle implementation process. In addition, medical rates were reduced by 10% for calendar year 2022 which spent down some of the retained earnings. The $21.9 million decrease in cash for the Medical Self-Insurance Fund is offset by various other increases in this fund type.

Challenges and Opportunities

Organizational Challenges and Opportunities

The organization continues to work through implementation of the new **Enterprise Resource Planning (ERP)** system in Oracle Cloud. While the County effectively "went live" on October 2, 2022, operational challenges through the identification and application of new reports, system training, and general learning and development are ongoing. Staff are utilizing best practices and tools associated with change management to work through this transition.

The Chief Executive Office is in the process of training County budget staff on the use of the new **Enterprise Performance Management (EPM)** system, the budgetary component of Oracle Cloud. EPM replaces the previous home-grown Budget Submittal System and will be used for the Proposed and Adopted budget processes each fiscal year to analyze, recommend, and upload approved budget adjustments into Oracle Cloud. Staff anticipate that use at these cycles will require additional time to incorporate learning and testing in the new system.

Departmental Challenges and Opportunities

The Chief Executive Office is monitoring the activity in the **County Operations – County Court Funding** budget and its projected effect on Net County Cost. Revenue has decreased from prior years due to a reduction in recording fees from home sales as well as a decrease in bail bond forfeitures. Collection of bail bonds is likely a declining or disappearing revenue source as recent case law has changed the courts' process for assigning bail to criminal cases. In addition, criminal justice administrative fees have been repealed by Assembly Bill (AB) 177. Stanislaus County will receive a backfill allocation for the repealed fees, which will be posted to Discretionary Revenue and may be available to help offset additional Net County Cost needed in the County Court Funding budget. The decrease in revenue and increased need in Net County Cost is anticipated to be ongoing. A legislated Maintenance of Effort of $5.3 million makes up most expenses in this budget of $6.2 million. The projected Fiscal Year 2023 Net County Cost exposure as of midyear due to declining revenue is approximately $120,000.

The **Clerk-Recorder – Elections** office is closely watching Assembly Bill (AB) 1416, the Ballot Disclosure Act, which would add a list of the supporters and opponents of every State ballot measure, up to 125 characters each, to the ballot. This would increase the number of ballot pages required for elections, imposing additional costs to every phase of the ballot procedure, including preparation, printing, mailing, opening, flattening, and tabulation.

The **Community Services Agency** has identified two distinct challenges. The Consolidated Appropriations Act of 2023 ends the issuance of CalFresh Emergency Allotments to households in response to the COVID-19 pandemic; a final Emergency Allotment will be issued in March 2023, causing an average decrease of $190 per household. Additionally, the existing Children's Visitation Center is not adequate to meet the demands of court-ordered supervised or monitored visits. A new visitation center is needed to expand the available space and provide a more child-friendly and welcoming atmosphere for these critical sessions.

Information Technology Central is monitoring the increasing rate of cyberattacks (ransomware specifically) on local government entities. Reports vary, but the number of attacks in local government are generally reported to be up 50%-70% for 2021 over 2020 and a similar increase is expected have been experienced from 2022 over 2021.

Probation is working to address two separate challenges. The Department continues to experience a high vacancy rate, with 63 vacant positions currently. Of those vacancies, 34 are for Deputy Probation Officer positions and 13 are for Probation Corrections Officer positions, representing a 38% and 34% vacancy rate, respectively. Additionally, on June 30, 2023, the Division of Juvenile Justice will close all of its facilities, sending anyone housed therein back to their issuing counties. The Department anticipates five youth or young adults will return to the Juvenile Hall's Secure Track Unit and is looking to minimize service gaps until programming can be expanded to accommodate the change.

State Budget Impacts

The Governor's Proposed Budget for 2023-24, released in January, projects a $22.5 billion budget deficit. Strategies used to present a balanced plan include funding delays, reductions and pullbacks, fund shifts, trigger reductions, and limited revenue generation and borrowing, but does not currently identify the use of reserve funds to close the gap. State revenues for January 2023 fell below budget estimates leading to ongoing concerns about revenue impacts prior to the May Revision.

The following County departments have identified potential local impacts associated with the Governor's Proposed Budget.

Behavioral Health and Recovery Services (BHRS) – Counties are required to transition to Intergovernmental Transfers (IGTs) to draw down Federal Financial Participation (FFP) revenue on Medi-Cal services provided as part of the CalAIM initiative, with $375 million included in State General Fund to support counties with this transition (the allocation to Stanislaus County is not yet known). If the State allocation is insufficient, the Department is concerned about the amount of cash that will be required to maintain the IGT and sustain sufficient cash for operations. Additionally, the budget also maintains $1 billion in direct allocations to counties in 2022-23 and $250 million in competitive grants in 2023-24 for behavioral health bridge housing needs but proposes to delay $250 million of the $1.5 billion investment for 2024-25. BHRS is a CARE Court Cohort 1 county and will be implementing the program by October 1, 2023. Preliminary estimates for CARE Court participants' housing needs indicate a $6.5 million shortfall; the Department will be monitoring this closely through CARE Court implementation, seeking sustainable funding for supportive services for clients.

Community Services Agency (CSA) – Various programmatic impacts have been identified at CSA. For CalWORKs, eligibility figures are anticipated to decrease by 13% (with a projected $1.2 million in reduced funding) and CalLearn is expected to decrease by 26.5% (with a projected $109,000 in reduced funding), both due to declining caseloads with no change to service levels expected; conversely, Employment Services are anticipated to increase by 18% with an additional $3.9 million in funding. For Medi-Cal, base administrative costs are anticipated to increase by 4.5%, resulting in approximately $1.6 million in additional funding to CSA; Medi-Cal Annual Redeterminations resume on April 1, 2023, with $2.1 million in a one-time allocation to CSA in support of anticipated increases in staffing costs (FTEs and overtime) needed to complete redeterminations.

For CSA's Children's Programs, the Emergency Child Care Bridge for Foster Youth program is anticipated to increase by 41% (with a projected $130,000 in additional funding); Continuum of Care, Part IV is anticipated to increase by 9.6% (with a projected $36,000 in additional funding); Commercially Sexually Exploited Children (CSEC) is anticipated to increase by 133% (with a projected $577,000 in additional funding to CSA); and a new Flexible Family Supports for Home-Based Care allocation is anticipated at $650,000. Finally, for Realignment Revenue, projected 1991 Realignment sales tax base for Fiscal Year 2024 indicates a modest increase of 1.2%, with estimated growth decreasing substantially by 73%; 1991 Realignment Vehicle License Fee (VLF) revenue is projected with no change to base or growth; and projected 2011 Realignment base for Fiscal Year 2024 indicates negligible change from the previous year, with a significant 93.3% decrease anticipated in growth funding.

Library – The Proposed State Budget suspends $100 million for library infrastructure, delaying funds until Fiscal Year 2025, at which time $33 million would be made available with additional funding following over two budget cycles; this may impact the scope and/or timing of Library facility improvements reliant on this funding. Fortunately, Stanislaus County Library programs currently funded by the State (Lunch at the Library, online career resources) are protected in the Governor's Proposed Budget, with no impacts anticipated locally.

Probation – The Department of Finance anticipates a significant decline in growth for 2011 Public Safety Realignment revenue; the Governor's Proposed Budget estimates Community Corrections growth to be $20.1 million in Fiscal Year 2023 and $49.5 million in Fiscal Year 2024, compared to $300.3 million in Fiscal Year 2022, indicating slowed growth. The Department will need to account for this shift in budget projections when determining how to spend down fund balance in Community Corrections Partnership (CCP).

District Attorney
Grand Jury
Probation
Public Defender
Sheriff

Supporting a Strong and Safe Community

Supporting a Strong and Safe Community

Priority Overview

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

Departments assigned to the Board of Supervisors' priority area of *Supporting a Strong and Safe Community* include District Attorney, Probation, Public Defender, and Sheriff. The revenue used to pay for these services comes primarily from local taxes such as property tax 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.

The District Attorney has identified revenue challenges for which savings in expenditures are anticipated to help mitigate these concerns; ongoing monitoring will determine whether any budget adjustments are needed at third quarter.

The Sheriff's Office has identified an unmet need for which analysis is ongoing to determine final year-end projections. Any budget adjustments to ensure board-approved service levels are fully funded will be recommended at third quarter.

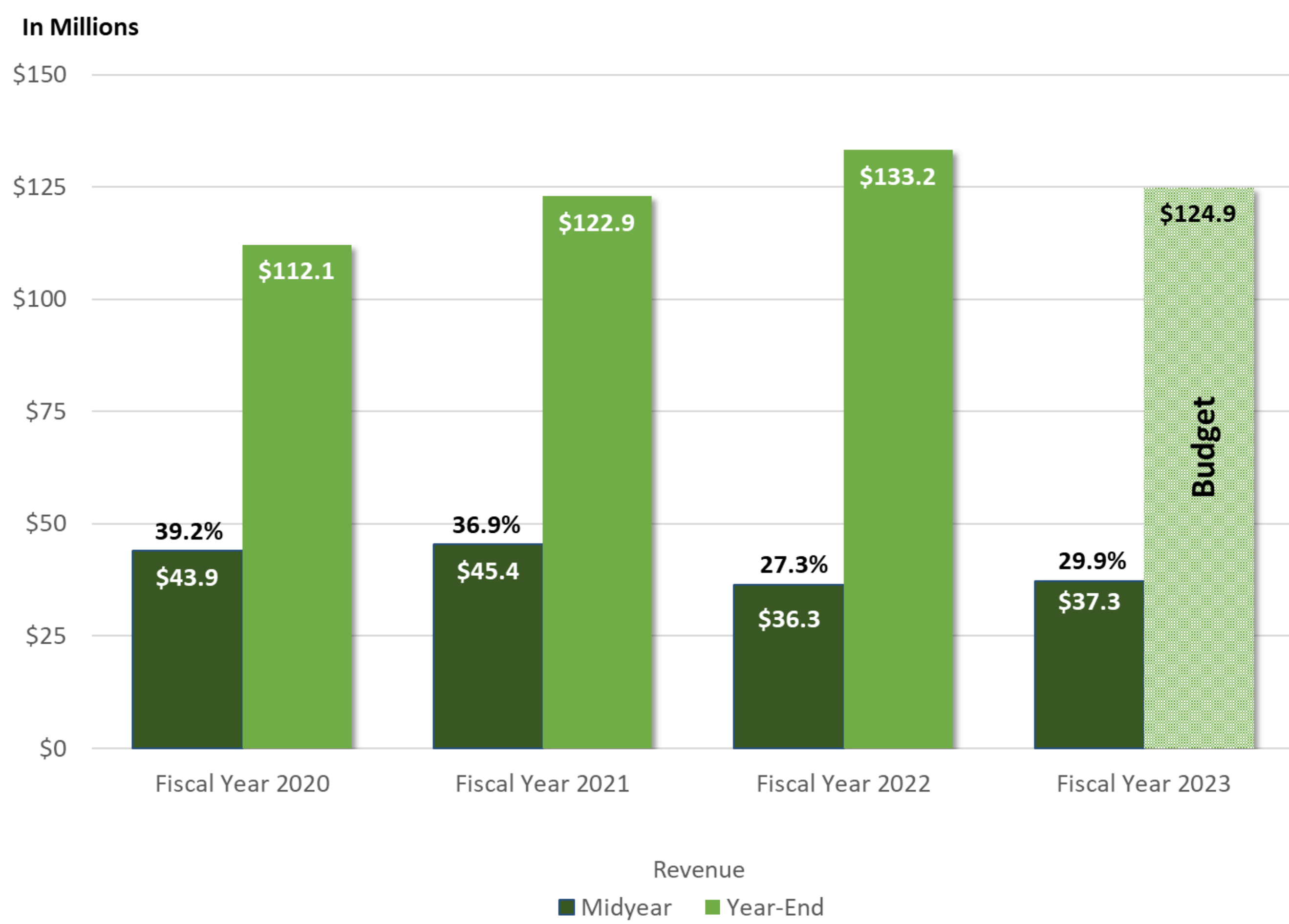
The remaining departments within the priority of *Supporting a Strong and Safe Community* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors' priority *Supporting a Strong and Safe Community,* as of December 31, 2022, actual revenue collected totaled $37.3 million, which represents 29.9% of the estimated annual revenue. This is within the trend of the prior three-year range where revenue collections ranged from 27.3% to 39.2% of the final actual revenue. It is important to note that County Operations, Capital Projects, and Integrated Criminal Justice Information System funds traditionally categorized within this Board priority were moved to fall within the *Delivering Efficient Public Services* priority, removing associated revenue from this year's totals and budget.

Of note, Fiscal Year 2020 included significant one-time revenue of $12 million in State funds for the Office of Emergency Services (OES) to administer the 2019 Emergency Communications Equipment and Infrastructure Grant awarded to the County. Additionally, Fiscal Years 2021 and 2022 reflect the benefit of State pass-through CARES Act Coronavirus Relief Fund (CRF) funds of $12.8 million and $22.4 million respectively, which were recognized in the Sheriff's Office budget for presumptive eligible costs that generated Net County Cost savings. These limited-term revenues help explain the slight variance between prior year trends and revenue budgeted and received this year.

Supporting a Strong and Safe Community Four-Year Revenue Comparison



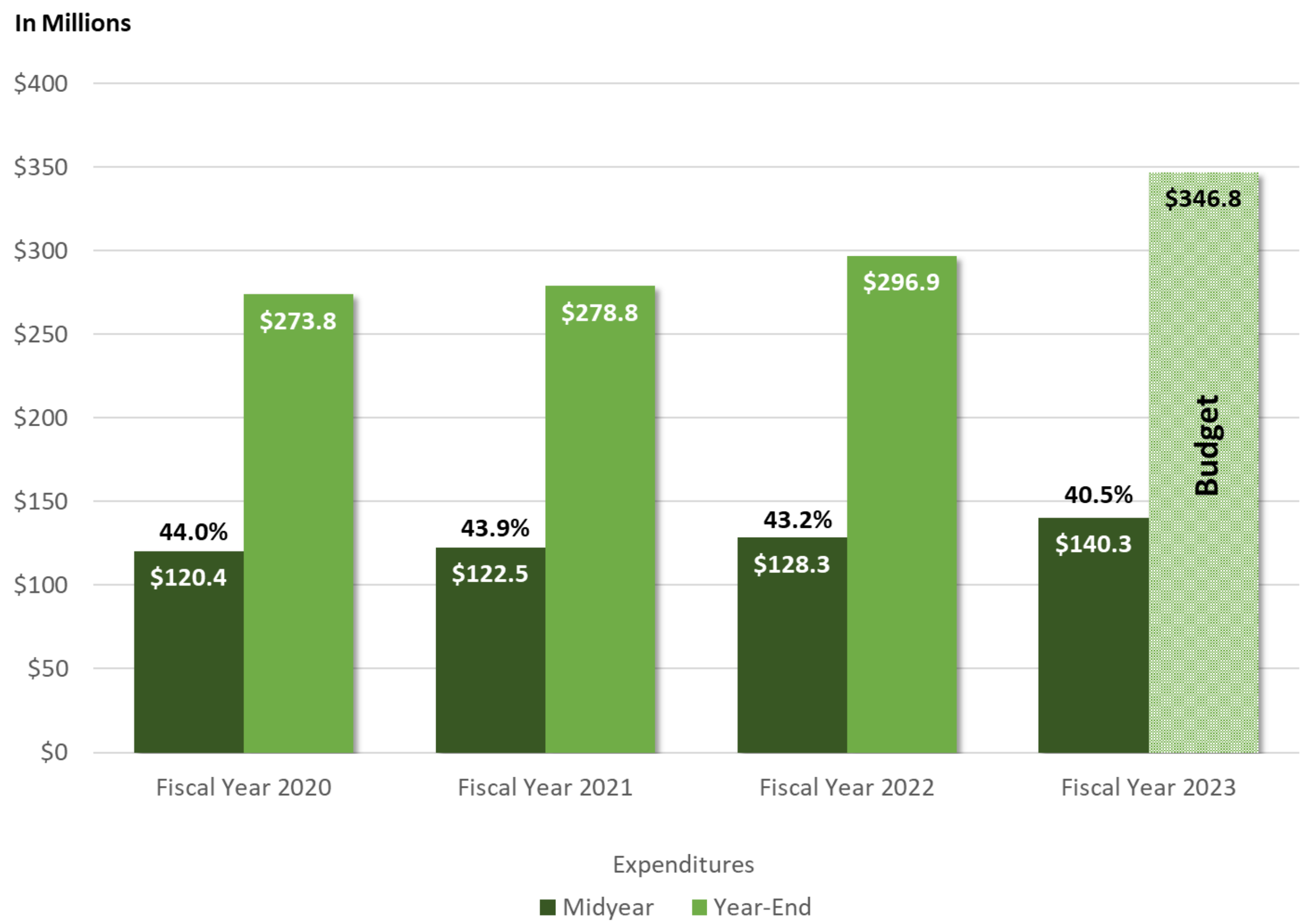
Departmental Expenditures

As of December 31, 2022, expenditures totaled $140.3 million, representing 40.5% of budgeted appropriations. This is below the historical range when compared to the midyear point of the prior three years when expenditures varied from 43.2% to 44% of the final actual expenditures.

Significant investments were made this year in *Supporting a Strong and Safe Community*. While year-to-date expenditure actuals are higher this year, expenditures have not materialized at a rate consistent with prior year ratios. This can be attributed to projects that have not yet been completed and an increase in the overall budget of approximately $50 million.

As noted previously regarding revenue, County Operations, Capital Projects, and Integrated Criminal Justice Information System funds traditionally categorized within this Board priority were moved to fall within the *Delivering Efficient Public Services* priority, removing associated expenditures from this year's totals and budget. While notable, the impact is minimal for expenditures.

Supporting a Strong and Safe Community Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report *Supporting a Strong and Safe Community* will increase appropriations by $1.6 million. The budget adjustments are funded by $4 million in department revenue, generating a savings of $1.4 million in the use of departmental fund balance, and a savings of $961,479 in Net County Cost.

District Attorney

An increase of $752,700 in appropriations, funded by an increase of $659,670 in estimated revenue, an increase of $334,500 in the use of fund balance, and a decrease in Net County Cost of $241,470 are recommended for the District Attorney.

Criminal Division – An increase in appropriations of $178,200, funded with Net County Cost, is recommended to purchase a software subscription that will increase the efficiency with which the District Attorney's office can review, redact, transcribe, and provide discovery with digital evidence uploaded to Evidence.com. The Department is also recognizing a 2011 Realignment revenue increase by $419,670 to adjust for the Fiscal Year 2022 growth allocation received in December, resulting in reduced reliance on Net County Cost.

Three unfunded, block-budgeted Attorney I-V positions, supported with cost savings within the Department's budget, are recommended to start a trainee pilot program to assist with recruitment and retention issues. The Department agrees these positions are and will continue to be unfunded and will only be utilized as long as salary savings exist to fund them.

Criminal Division Asset Forfeiture – An increase in appropriations of $334,500, funded by departmental fund balance, is recommended to support a contract and the purchase of three used cars. The contract will support the Department's efforts to analyze past and current case data as it relates to California's Racial Justice Act. The three used cars will be used by investigators who participate in Federal task forces. The task forces previously supplied vehicles for the investigators, but that practice will end, and the cars are needed for the investigators to continue their work. The General Services Agency – Fleet Services Division is supportive of this request.

Stanislaus Family Justice Center – The transfer of the Family Justice Center budget, inclusive of $240,000 in revenue and appropriations, from the County Operations to this new budget unit is recommended to recognize the associated grant administration moving to the District Attorney's office.

Real Estate Fraud – This budget is primarily funded by a combination of recording fees associated with real estate transactions and County Match. Through December, only $63,113 in fee revenue had posted for this fiscal year, compared to a recent two-year historical average of $145,184. The Department started the year with $20,470 in fund balance, which is not sufficient to make up the current shortfall. The Department is deferring any adjustments at midyear and will continue to monitor revenue and identify any cost savings that may serve to mitigate the situation to end the year in a positive fiscal position; historically the Criminal Division has covered any deficit in this budget.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
District Attorney - Asset Forfeiture	$0	$199,500	$199,500	$0	Increase appropriations and use of fund balance to support a contract to analyze the Department's case management system related to California's Racial Justice Act.
District Attorney - Asset Forfeiture	$0	$135,000	$135,000	$0	Increase appropriations and use of fund balance to support the purchase of three used cars to replace cars that will no longer be provided by Federal task forces.
District Attorney - Criminal Division	$0	$178,200	$0	$178,200	Increase appropriations, funded by Net County Cost, to support the purchase of software to enhance the Department's productivity in reviewing evidence.
District Attorney - Criminal Division	$419,670	$0	$0	($419,670)	Increase estimated 2011 Realignment revenue to adjust for Fiscal Year 2022 growth and Fiscal Year 2023 base adjustment related to the growth adjustment.
District Attorney - Stanislaus Family Justice Center	$240,000	$240,000	$0	$0	Transfer appropriations and estimated revenue from County Operations - Stanislaus Family Justice Center to the District Attorney - Stanislaus Family Justice Center.
Total	**$659,670**	**$752,700**	**$334,500**	**($241,470)**	

Recommendation: It is recommended to increase appropriations by $752,700, funded by $759,670 in estimated revenue and $334,500 in additional use of fund balance, resulting in a decrease of $241,470 in Net County Cost.

Staffing Recommendation: It is recommended to add three new block-budgeted Attorney I-V positions in the Criminal Division to start an attorney trainee pilot program. The program will allow the Department to bring in and develop recent law school graduates to work while studying for the State Bar Exam. In addition, the positions will help ease misdemeanor caseloads on existing attorneys and create a potential pool of candidates from which the Department can recruit once they pass the exam.

It is also recommended to study the request to add two new classifications of Assistant Chief Deputy District Attorney and Criminal Investigator III.

Probation

A net increase of $2.6 million in estimated revenue will result in a decrease of $1.8 million in the use of fund balance and a decrease in Net County Cost of $823,053 for Probation.

Corrections Performance Incentive Fund – In November 2016, California voters overwhelmingly passed Proposition 57, the Public Safety and Rehabilitation Act of 2016. Under Proposition 57, California Department of Corrections and Rehabilitation (CDCR) has incentivized incarcerated people to take responsibility for their own rehabilitation by providing credit-earning opportunities for sustained good behavior, as well as in-prison program and activities participation. Under Proposition 57, a process for parole consideration was established for eligible people convicted of nonviolent crimes. Those who demonstrate that their release would not pose an unreasonable risk of violence to the community may be eligible for release upon serving the full term of their primary offense when an alternative sentence has been imposed. An increase in revenue of $420,250 to recognize funding received for these accelerated releases of offenders on post-release community supervision (PRCS) is recommended, decreasing the use of fund balance.

Technical adjustments for the Department increase revenue by $2.2 million for 2011 Realignment growth funds received. The funds will decrease the use of fund balance in Special Revenue budgets by $1.4 million and decrease the Department's reliance on Net County Cost by $823,053.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Probation - Corrections Performance Incentive Fund	$420,250	$0	($420,250)	$0	Increase estimated revenue to recognize funding received for accelerated releases of offenders on post-release community supervision (PRCS).
Probation - Field Services	$33,655	$0	$0	($33,655)	Increase estimated revenue to recognize 2011 Realignment Growth for Fiscal Year 2022 received in the current year.
Probation - Institutional Services	$522,897	$0	$0	($522,897)	Increase estimated revenue to recognize Enhancing Law Enforcement Activities Subaccount (ELEAS) Juvenile Probation (Realignment) growth revenue received.
Probation - Juvenile Commitment Facility	$266,501	$0	$0	($266,501)	Increase estimated revenue to recognize Enhancing Law Enforcement Activities Subaccount (ELEAS) Juvenile Probation Camp Funding (Realignment) growth revenue received.
Probation - Juvenile Justice Crime Prevention Act	$984,756	$0	($984,756)	$0	Increase estimated revenue to recognize Enhancing Law Enforcement Activities Subaccount (ELEAS) Juvenile Justice Crime Prevention (Realignment) growth revenue received.
Probation - Youthful Offender Block Grant	$406,857	$0	($406,857)	$0	Increase estimated revenue to recognize 2011 Realignment growth for Fiscal Year 2022 received in the current year.
Total	**$2,634,916**	**$0**	**($1,811,863)**	**($823,053)**	

Recommendation: It is recommended to increase revenue by $2.6 million, decreasing the use of fund balance by $1.8 million and Net County Cost by $823,053.

It is also recommended the Department be allowed transferability from Juvenile Commitment Facility (JCF) to Institutions, as needed, to direct Net County Cost funding and end the fiscal year in a positive position.

Public Defender

Consistent with the County's Realignment policy, a technical adjustment is recommended to increase revenue by $149,956, resulting in a decrease of $149,956 in Net County Cost, to recognize 2011 Realignment growth revenue for Fiscal Year 2022.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Public Defender	$149,956	$0	$0	($149,956)	Increase estimated revenue to recognize 2011 Realignment growth for Fiscal Year 2022 received in the current year.
Total	**$149,956**	**$0**	**$0**	**($149,956)**	

Recommendation: It is recommended to increase estimated revenue and decrease Net County Cost by $149,956.

Sheriff

A net increase in appropriations of $853,005 is recommended, funded by $553,139 in estimated revenue, $46,866 in the use of fund balance, and $253,00 in Net County Cost.

Cal ID Program – The Department has identified the need to replace 10 livescan machines throughout the County that have exceeded their useful life, costing $570,000. To support this effort, it is recommended to increase appropriations by $356,954, using departmental fund balance, and transfer $213,046 from Services and Supplies to Fixed Assets.

Drivers Training – An increase in appropriations of $25,000, using departmental fund balance, is recommended to cover the increased cost of the van approved with the 2023 Adopted Budget, as well as the purchase of equipment for Pursuit Intervention Technique (PIT) drivers training course.

Office of Emergency Services/Fire Warden (OES/FW) – An increase in appropriations of $200,000, funded with Community Corrections Partnership (CCP) revenue, as approved in the CCP plan approved by the board on July 12, 2022 (Resolution No. 2022-0392), will support personal service contracts for emergency medical technicians (EMTs) to assist with calls for services involving medical and/or mental health issues.

Operations – An increase in appropriations of $18,051, funded with insurance revenue, is recommended to repair a patrol vehicle that was involved in an accident.

Technical adjustments for the Department increase appropriations by $253,000, funded by Net County Cost, to support retirement cash-outs in the Sheriff's Administration, Detention, and Operations budgets. Additionally, an adjustment to increase 2011 Realignment growth revenue by $335,088 is also recommended, benefitting fund balance in Court Security.

Ongoing Analysis - At midyear, the Department and the Chief Executive Office (CEO) have identified approximately $5 million in needed budget adjustments to fully fund the 5% workforce salary needs associated with the Employee Recruitment and Retention Plan, along with employee termination cash-outs. These adjustments will be recommended at third quarter along with any adjustments required for true-up Cost Allocation Plan accounts and Realignment revenue posting. The Department has further identified approximately $5 million in unmet needs for which analysis continues; Sheriff and CEO staff will report back to the Board of Supervisors with final year-end projections and any recommendations needed at third quarter to ensure Board approved service levels are fully funded.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - Court Security	$335,088	$0	($335,088)	$0	Increase estimated revenue to recognize 2011 Realignment growth for Fiscal Year 2022 received in the current year.
Sheriff-Administration	$0	$1,000	$0	$1,000	Increase appropriations for unanticipated termination and retirement cash outs, funded by Net County Cost.
Sheriff-Cal ID Program	$0	$356,954	$356,954	$0	Increase appropriations and use of fund balance to partially fund the replacement of 10 Livescan machines throughout the County.
Sheriff-Cal ID Program	$0	($213,046)	($213,046)	$0	Transfer appropriations out of Services and Supplies to partially fund the replacement of 10 Livescan machines throughout the County.
Sheriff-Cal ID Program	$0	$213,046	$213,046	$0	Transfer appropriations into Fixed Assets to partially fund the replacement of 10 Livescan machines throughout the County.
Sheriff-Detention	$0	$167,000	$0	$167,000	Increase appropriations for unanticipated termination and retirement cash outs, funded by Net County Cost.
Sheriff-Drivers Training	$0	$25,000	$25,000	$0	Increase appropriations and use of fund balance to cover the increased cost of approved van and purchase equipment for PIT Drivers Training Course.
Sheriff-Office of Emergency Services/Fire Warden	$200,000	$200,000	$0	$0	Increase appropriations and estimated CCP revenue to fund Personal Service Contracts for EMTs to assist with calls for services involving medical and/or mental health issues.
Sheriff-Operations	$18,051	$18,051	$0	$0	Increase appropriations, funded with insurance revenue, to repair a patrol vehicle that was in an accident.
Sheriff-Operations	$0	$85,000	$0	$85,000	Increase appropriations for unanticipated termination and retirement cash outs, funded by Net County Cost.
Total	**$553,139**	**$853,005**	**$46,866**	**$253,000**	

Recommendation: It is recommended to increase appropriations by $853,005, funded by $553,139 in estimated revenue, the additional use of $46,866 in fund balance, and $253,000 in Net County Cost.

Staffing Recommendation: It is recommended to study one Staff Services Analyst position to determine if current duties and responsibilities are in alignment with the current classification designation.

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

Supporting a Healthy Community

Supporting a Healthy Community

Priority Overview

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

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

Overall, the departments *Supporting a Healthy Community* are on track to end the year within budget and in a positive fiscal position as 1991 and 2011 Realignment revenue projections continue to experience modest growth, as detailed in the Governor's Fiscal Year 2023-2024 Proposed Budget.

Departmental Revenue

For departmental budgets *Supporting a Healthy Community*, actual revenue received as of December 31, 2022, totals $239 million, which represents 38.7% of the estimated annual revenue. This ratio is slightly below the normal range when comparing to revenue received as of midyear in the previous three years when collections ranged from 41.1% to 53.9% of year-end actual totals. This variance is due to several factors identified within the Behavioral Health and Recovery Services (BHRS) and Health Services Agency (HSA) budgets.

BHRS is receiving historic levels of State funding, leading to an overall increase in budgeted revenue for this priority. Actual revenue received is below that experienced in the prior fiscal year due to 2011 Realignment growth revenue not being recognized as of December; BHRS was notified in January of the actual amount. There were also delays in recognizing Medi-Cal Federal Financial Participation revenue and Mental Health Services Act revenue due the Oracle conversion that will be recognized by the end of February 2023.

Revenue in HSA – Clinics and Ancillary Services is lower at midyear relative to last fiscal year due to the timing of Inter-Governmental Transfer (IGT) revenue receipts from the Voluntary Rate Range Program.

Various Departments in this priority area received COVID-related funding in Fiscal Year 2020, driving up total revenue for that year.

Supporting a Healthy Community Four-Year Revenue Comparison

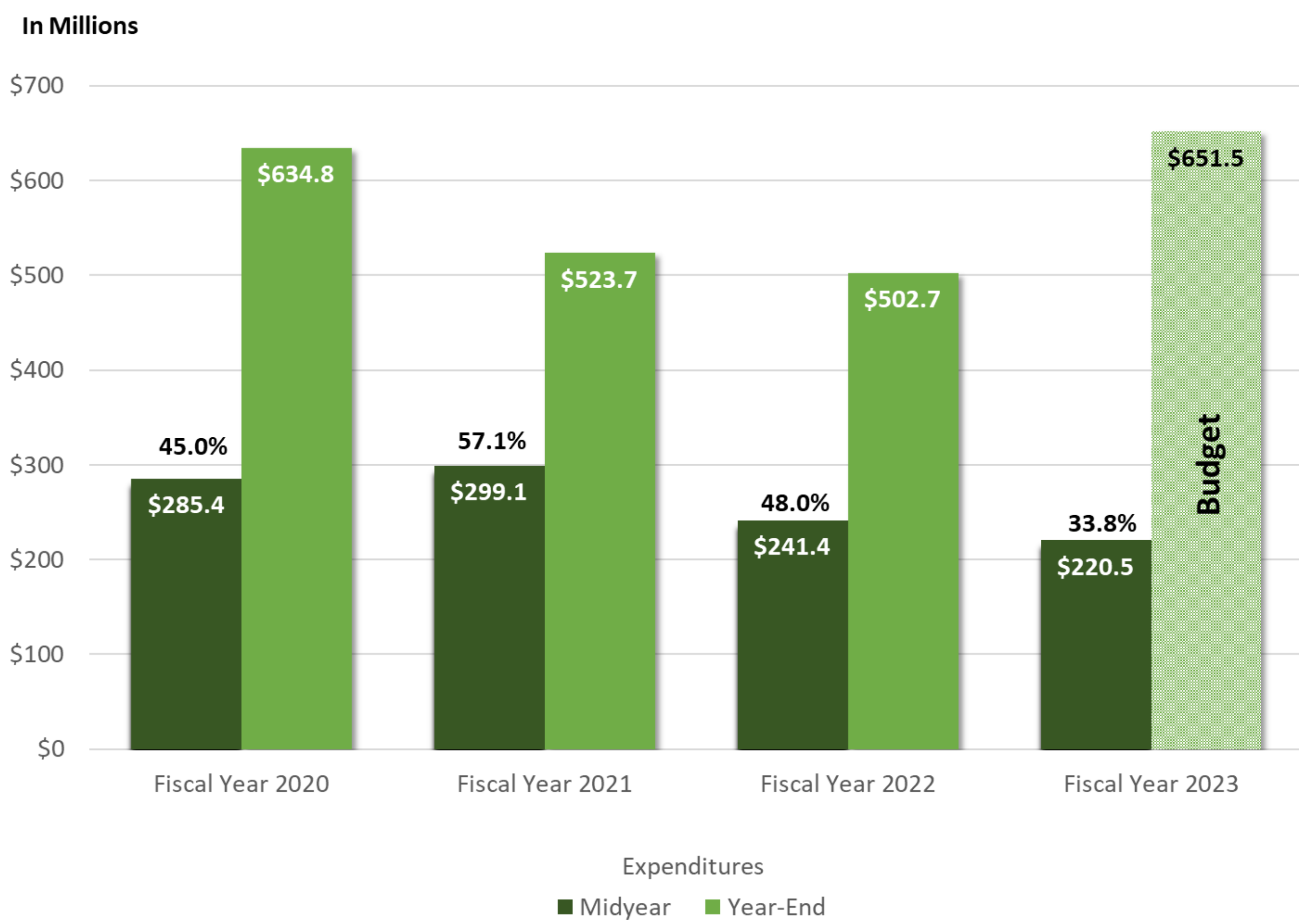
Departmental Expenditures

As of December 31, 2022, expenditures in this priority area totaled $220.5 million, representing 33.8% of total budgeted appropriations. Actual expenditures identified at the midyear point of the previous three years as a ratio of year-end costs represented a range of 45% to 57.1% of the final annual expenditures, placing this year's rate of expenditures below the historical range.

Related to the note in the revenue section, BHRS is receiving and appropriating historic levels of State funding, including $11.1 million in Mental Health Services Act funding, leading to an overall increase in budgeted appropriations, affecting that budgeted and the ratio of expenditures to date.

Additionally, due to the Oracle Conversion, there were various transactions such as Cost Allocation Plan charges, payables, and expenditure accruals, that were delayed and did not post, understating expenditures to date, notable for the three largest departments in this priority area.

Supporting a Healthy Community Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report for *Supporting a Healthy Community* will net for a total increase in appropriations of $7.9 million funded by an increase of $9.4 million in estimated revenue, resulting in a $1.5 million decrease in the use of departmental fund balance and a $56,469 increase in Net County Cost.

Aging and Veterans Services

Area Agency on Aging – The California Department of Aging (CDA) is providing $180,417 in one-time-only grant funding for the Older Americans Act (OAA) to assist with administration costs and/or the purchase of equipment for the provision of senior services including Supportive Services, Ombudsman, Congregate Nutrition, Home Delivered Meals, Disease Prevention, Family Caregiver, and Elder Abuse Prevention.

The Administration for Community Living issued a Supplemental Notice of Award that increased the contract by $20,329 for the Health Insurance Counseling and Advocacy Program (HICAP) to provide Medicare navigation services for seniors.

The Area Agency on Aging (AAA) is receiving a total of $1.1 million in funding from CDA for the Older Adults Recovery and Resilience Act (OARR) that will be used to strengthen older adults' recovery and resilience from severe isolation and health impacts from staying home throughout the COVID-19 pandemic. 2023 Adopted Budget included appropriations of $568,181. In December 2022, CDA advised that OARR funding will expire December 31, 2023, instead of December 31, 2024, due to the State not exercising a one-year optional extension. Therefore, appropriations and estimated revenue are being increased by $240,322 to immediately appropriate funds originally planned to be spent in Fiscal Year 2024. Funding will augment the contract with the Healthy Aging Association for fall prevention, support direct fall prevention services provided by AAA, and increase the Senior Advocacy Network contract.

AAA is receiving a total of $2.7 million in new Modernizing Older California's Act multi-year, one-time funding to modernize, advance, and expand OAA programs where there are opportunities for continued sustainability beyond this one-time funding. There will be two separate contracts for the multi-year funding. The Modernizing Older California's Act Supportive Services contract has a term of January 1, 2023 through March 31, 2026 and the Modernizing Older California's Act Nutrition Services will be for the term of July 1, 2023 through March 31, 2029. AAA is allocating $200,371 of the Supportive Services contract in Fiscal Year 2023 of which $185,371 will be used for administration and program services and $15,000 will be used for Fixed Assets to fund equipment and storage for senior meals' supplies. AAA will continue to budget these funds in subsequent budget cycles.

AAA received multi-year revenue in Fiscal Year 2022 that can be used in Fiscal Year 2023. An adjustment re-appropriating $540,803, utilizing fund balance, will support Congregate meals ($13,978), Home Delivered Meals ($70,708), American Rescue Plan Act (ARPA) funds for existing OAA programs ($303,679), Vaccine funds to ensure vulnerable and underserved seniors have access to the COVID-19 vaccine ($24,345), Coronavirus Aid, Relief, and Economic Security Act (CARES) Act funding for a variety of supportive services ($85,406), and the Consolidated Appropriations Act ($6,245) for the home-delivered nutrition program. Some of these programs required a County Match totaling $36,442 which was provided in Fiscal Year 2022 and is included in the existing fund balance that will be used to support this budget adjustment.

In December 2022, MOVE Stanislaus, a non-profit transportation company, vacated leased office space in the Stanislaus Veterans Center resulting in a total loss of revenue of $16,474 this fiscal year. The Board approved AAA and the Stanislaus Veterans Center utilizing the space and splitting the costs (Res. No. 2022-0573). Appropriations are increasing by $8,237 to pay rent for AAA's portion of the space funded by the use of fund balance. Additionally, $10,000 is being appropriated for office furniture and equipment for this space, also using fund balance.

Stanislaus Veterans Center – Due to loss of revenue resulting from MOVE Stanislaus vacating space at the Stanislaus Veterans Center, revenue is decreasing by $8,237. This will be offset by the use of a General Fund assignment totaling $773,658, as directed by the Board (Res. No. 2022-0573). The General Fund assignment represents the Special Revenue fund balance as of June 30, 2023, prior to the fund type being changed to a General Fund with the 2023 Proposed Budget.

Veterans Services – Appropriations in the amount of $93,600 are being transferred from the Stanislaus Veterans Center budget to the Veterans Services budget for a Mental Health Clinician contractor in order to separate Veterans Services expenses from Stanislaus Veterans Center facility expenses.

In addition, technical adjustments are needed to increase appropriations by $40,232 due to costs associated with the Countywide Employee Recruitment and Retention Plan and to increase appropriations by $8,000 for group health insurance costs effective January 1, 2023, funded by Net County Cost. There are no vacancies in this budget unit to absorb the increased salary costs.

	Recommended Budget Adjustment				
Budget Unit Name	**Revenue**	**Appropriations**	**Fund Balance/ Retained Earnings**	**Net County Cost/ General Fund Contribution**	**Description**
AVS - Area Agency on Aging	$180,417	$180,417	$0	$0	Increase estimated revenue and appropriations due to one-time-only Older Americans Act (OAA) grant funds to support OAA programs.
AVS - Area Agency on Aging	$20,329	$20,329	$0	$0	Increase estimated revenue and appropriations due to Health Insurance Counseling & Advocacy Program (HICAP) contract amendment.
AVS - Area Agency on Aging	$240,322	$240,322	$0	$0	Increase Older Adults Recovery and Resilience Funding (OARR) estimated revenue and appropriations due to State contract cancellation notices to end funding December 31, 2023.
AVS - Area Agency on Aging		$540,803	$540,803	$0	Increase appropriations for use of multi-year funds using fund balance.
AVS - Area Agency on Aging	$200,371	$200,371	$0	$0	Increase estimated revenue and appropriations for the Modernizing Older California's Act funding; $15,000 is being appropriated for Fixed Assets.
AVS - Area Agency on Aging	$0	$8,237	$8,237	$0	Increase appropriations by $8,237 due to increased rent to occupy office space in the Stanislaus Veterans Center that MOVE vacated funded by use of fund balance.
AVS - Area Agency on Aging		$10,000	$10,000	$0	Increase appropriations for office furniture and office supplies for the space MOVE vacated funded by use of fund balance.

Budget Unit Name	Recommended Budget Adjustment Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
AVS - Stanislaus Veterans Center	($8,237)	$0	$0	$8,237	Reduce revenue due to MOVE vacating space funded by Net County Cost.
AVS - Stanislaus Veterans Center	$0	($93,600)	$0	($93,600)	Transfer appropriations to move the Mental Health Clinician contract from the Stanislaus Veterans Center to the Veterans Services Budget unit.
AVS - Veterans Services	$0	$93,600	$0	$93,600	Transfer appropriations to move the Mental Health Clinician contract from the Stanislaus Veterans Center to the Veterans Services Budget unit.
AVS - Veterans Services	$0	$48,232	$0	$48,232	Increase appropriations due to the Countywide Employee Recruitment & Retention Plan and increased health insurance costs.
Total	**$633,202**	**$1,248,711**	**$559,040**	**$56,469**	

Recommendation: It is recommended to increase appropriations by $1.2 million, funded by an increase of $633,202 in estimated revenue, resulting in a $559,040 increase in the use of departmental fund balance and a $56,469 increase in Net County Cost.

Staffing Recommendation: It is recommended to study one block-budgeted Manager I/II position to determine if current duties and responsibilities are in alignment with the current classification designation.

Behavioral Health and Recovery Services

Behavioral Health and Recovery Services (BHRS) – It is recommended to add one new Behavioral Health Specialist (BHS) I/II; one new Senior Behavioral Health Advocate; and three new Administrative Clerk III positions with ongoing costs totaling $533,885, which will be funded by Medi-Cal Federal Financial Participation (FFP) and Realignment revenues. This cost is offset by the deletion of four positions, with a net annual increase in salaries and benefits of $45,500. Additional appropriations are not needed this fiscal year due to sufficient salary savings resulting from vacancies.

Mental Health Services Act (MHSA) - It is recommended to add one new BHS I/II and one new Staff Services Analyst offset by the deletion of one Mental Health Clinician I/II netting to one new position with ongoing costs totaling $250,500, which will be funded by MHSA and Medi-Cal FFP revenues. This cost is partially offset by the deletion of two positions netting to an annual increase in salaries and benefits of $215,900. Appropriations are not needed this fiscal year due to sufficient salary savings resulting from vacancies.

Substance Use Disorder – To expand contracted residential substance use disorder treatment services to increase bed capacity at Valley Recovery Resources from 12 to 24 beds to serve women and house dependent children during treatment services, it is recommended to increase estimated revenue and appropriations by $802,125, funded by Medi-Cal FFP and State General Fund revenue.

It is also recommended to increase estimated revenue and appropriations by $194,656 to expand contracted recovery residence supportive services for transitional housing services to clients who successfully complete residential treatment services and are at risk of relapsing and do not have a stable home environment in which to return. The increase is funded by unspent Fiscal Year 2022 Substance Abuse Prevention and Treatment Block Grant (SABG) Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
BHRS - Substance Use Disorder	$802,125	$802,125	$0	$0	Increase estimated revenue and appropriations to expand contracted residential substance use disorder treatment services.
BHRS - Substance Use Disorder	$194,656	$194,656	$0	$0	Increase estimated revenue and appropriations to expand contracted recovery residence supportive services.
Total	**$996,781**	**$996,781**	**$0**	**$0**	

Recommendation: It is recommended to increase estimated revenue and appropriations by $996,781.

Staffing Recommendation: It is recommended to add three new Administrative Clerk III positions in BHRS for the Medical Records division to right-size the long-term practice of underfilling Medical Records Clerk positions with Administrative Clerk III positions. To offset this request, the Department will delete three Medical Records Clerk positions.

It is also recommended to add one new block budgeted Behavioral Health (BH) Specialist I/II position in BHRS for the Children's Mobile Assessment Team to provide case management and intensive care coordination services. As part of the BHRS Strategic Plan, one block-budgeted Clinical Services Technician I/II position was initially allocated; however, it has been determined that a higher skill level, such as intensive care coordination services, are required which are in alignment with the BH Specialist I/II classification. To offset this request, the Department will delete one vacant block-budgeted Clinical Services Technician I/II position.

In addition, it is recommended to add one new block-budgeted Behavioral Health Specialist I/II in MHSA to provide clinical services at the Behavioral Health Wellness Center during the evenings and on weekends. This position will provide structure, direction, crisis intervention, and support.

It is further recommended to add one Staff Services Analyst in MHSA to support the Prevention and Early Intervention division. The position will compile and analyze contract data, work with managers and contract service providers in MHSA Prevention and Early Intervention funding and contract compliance. The Department was previously allocated one block-budgeted Mental Health Clinician I/II position to perform these duties; however, it has been determined that the scope of work described best matches the Staff Services Analyst classification. To offset this request, the Department will delete one vacant block-budgeted Mental Health Clinician I/II position.

A request for a classification study was submitted in the 2022 Adopted Budget. The study has been completed and it is recommended to add one new classification of Sr. Behavioral Health Advocate to represent clients in formal hearings, investigate the most complex cases of patient rights, and serve as a lead worker. The salary range is $30.64 - $37.24 per hour and will be assigned to the Services Employees International Union (SEIU), bargaining unit A. It is also recommended to add one new Sr. Behavioral Health Advocate position in BHRS. To offset this request, the Department will delete one vacant block-budgeted Clinical Services Technician I/II position. In addition, it is recommended to reclassify two Behavioral Health Advocate positions to the Sr. Behavioral Health Advocate classification.

A request for a classification study was submitted in the 2021 First Quarter Financial Report. The study has been completed and it is recommended to add a new classification of Deputy Public Guardian III to perform a wide range of responsibilities and complex professional duties involving estate and personal management of individuals under court-appointed conservatorship. The salary range will be $29.70 - $36.11 per hour and will be assigned to American Federation of State, County, and Municipal Employees (AFSCME) Association, Stanislaus County Employees Association (SCEA), bargaining unit B. It is also recommended to reclassify one block-budgeted Deputy Public Guardian I/II to Deputy Public Guardian III.

Lastly, it is recommended to study one Behavioral Health Coordinator position to determine if the current duties and responsibilities are in alignment with the current classification designations.

Child Support Services

It is recommended to add one new Confidential Assistant II position with an estimated annual cost of $115,100; however, no budget adjustment is needed this fiscal year due to sufficient salary savings.

Recommendation: There are no recommended budget adjustments.

Staffing Recommendation: It is recommended to add one new Confidential Assistant II position to support the Department's Human Resources operations with duties related to recruitments, leaves of absence, new hire paperwork, payroll, and other duties as assigned.

Community Services Agency

Program Services and Support – Funding for the Home Safe Housing Assistance program, which provides case management and direct client services, provided by the Community Services Agency (CSA) and Senior Advocacy Network, to prevent or address homelessness and support the safety and housing stability of individuals involved in Adult Protective Services is being expanded. Therefore, it is recommended to increase estimated revenue and appropirations by $277,154.

Funding for the Bringing Family Home (BFH) program, which provides housing-related supports through the Community Housing and Shelter Services to families served by the Child Welfare Agency experiencing homelessness or at risk of becoming homeless is being expanded. The goal of the BFH program is to significantly reduce the number of families in the child welfare system experiencing homelessness, increase the number of families reunifying, and prevent foster care placement. It is recommended to increase appropriations and estimated revenue by $878,969 for this program.

The California Department of Social Services (CDSS) advised in County Finance Letter 20/21-94 that counties cannot transfer residual Adoption Assistance Program wraparound service payments not used by the eligible child to the Wraparound Trust Fund to be used for adoptive services for other children. Adoptive parents will now contract directly with the wraparound service provider Aspiranet and will only draw down what is needed; therefore, CSA is reducing revenue from residual payments and appropriations for previously contracted wraparound services as adoptive parents will contract directly with Aspiranet for the services. It is recommended to decrease estimated revenue and appropriations by $334,352.

The California State Block Grant for Families First and Prevention Services (FFPSA) Act funding provides a match for Federal Title IV-E funds; therfore, it is recommended to increase estimated revenue and appropriations by $3.1 million. Counties must submit a Prevention Plan to CDSS by July 31, 2023 (per CDSS All County Letter 23-23) to develop and implement a comprehensive system of care to prevent the entry of children into foster care by providing in-home parenting, mental health services, and/or substance use disorder services through Evidence Based Programs. This plan will also include building infrastructure for CSA to provide direct service delivery and workforce training to provide prevention services. Stanislaus County is still in the community planning stages. The deadline has been extended several times as there were delays from the State, which has caused delays at the county level. This is one-time funding intended to be spent over three years by June 30, 2024; however, counties are advocating for an extenstion due to the delays.

An increase in estimated revenue and appropriations by $421,127 is recommended to support two new FFPSA Part IV programs: (1) WRAP After Care services being provided by Aspiranet and (2) Qualified Individual (QI) services provided by BHRS. FFPSA requires six months of family-based aftercare services to eligible youth and non-minor dependents (NMDs) transitioning from a Qualified Residential Treatment Program to a family-based setting. It also requires a clinical assessment by a QI independent from the Title IV-E placement agency.

Technical Adjustments – An increase in appropriations and revenue by $479,270 is recommended for grants previously approved by separate Board agenda items, including the Housing Navigator Program for $63,270 (Res. No. 2022-0574), Afghan Refugee Support Services for $216,000 (Res. No. 2023-0022), and the Medi-Cal Navigator Program for $200,000 (Res. No. 2021-0584).

It is also recommended to reappropriate $855,793 the Department did not budget from the prior fiscal year due to changes in process associated with the Oracle Cloud system conversion, allocating $625,793 for contracts with Community Based Organizations and Family Resource Centers to provide navigation and case management services funded by American Rescue Plan Act (ARPA) revenue (Res. No. 2022-0089) and $230,000 in Fixed Sssets for vehicles funded by 1991 Realignment Revenue.

An increase in estimated revenue is recommended to recognize $1.6 million in 2011 Realignment growth revenue, reducing the use of fund balance.

Staffing – It is recommended to add one new Human Resource (HR) Manager, one new Staff Services Coordinator for contracts, and one new Confidential Assistant for HR with a total ongoing cost of $425,910, of which Federal and State funding will cover $404,885, with a County Share of $19,970. No budget adjustment is needed this fiscal year due to sufficient salary savings.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CSA Program Services and Support	$277,154	$277,154	$0	$0	Increase estimated revenue and appropriations for the Home Safe Housing Assistance program expansion.
CSA - Program Services and Support	$878,969	$878,969	$0	$0	Increase estimated revenue and appropriations for the Bringing Family Home program expansion.
CSA - Program Services and Support	($334,352)	($334,352)	$0	$0	Decrease of estimated revenue and appropriations due to redirection of Adoption Assistance Program payments.

Budget Unit Name	Recommended Budget Adjustment Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CSA - Program Services and Support	$3,075,907	$3,075,907	$0	$0	Increase estimated revenue and appropriations for new FFPS program funding to develop/implement a child well-being system of care to keep children from entering foster care.
CSA - Program Services and Support	$421,127	$421,127	$0	$0	Increase estimated revenue and appropriations for two new FFPS Part IV programs - (1) WRAP After Care and (2) Qualified Individual.
CSA - Program Services and Support	$63,270	$63,270	$0	$0	Increase estimated revenue and appropriations for the Housing Navigator Program (Res. No. 2022-0574).
CSA Program Services and Support	$216,000	$216,000	$0	$0	Increase estimated revenue and appropriations for Afghan Refugee Support Services (Res. No. 2023-0022).
CSA Program Services and Support	$200,000	$200,000	$0	$0	Increase estimated revenue and appropriations for the Medi-Cal Navigator program (Res. No. 2021-0584).
CSA Program Services and Support	$625,793	$625,793	$0	$0	Increase estimated revenue and appropriations to re-appropriate prior year purchase orders for contracts for navigation and case management services funded by American Rescue Plan Act funding (Res. No. 2022-0089).
CSA - Program Services and Support	$230,000	$230,000	$0	$0	Increase estimated 1991 Realignment revenue and appropriations to re-appropriate Fixed Assets for Vehicles.
CSA - Program Services and Support	$1,632,923	$0	($1,632,923)	$0	Increase of estimated revenue to recognize 2011 Realignment growth revenue, benefiting fund balance.
Total	**$7,286,791**	**$5,653,868**	**($1,632,923)**	**$0**	

Recommendation: It is recommended to increase appropriations by $5.7 million and to increase estimated revenue by $7.3 million, resulting in a $1.6 million contribution to departmental fund balance.

Staffing Recommendation: It is recommended to add one new Confidential Assistant II position to support the Human Resources Team with an increase in workload related to HR functions.

It is also recommended to add one new block-budgeted Manager I/II/III position to serve as the Organizational, Development, Retention, and Engagement Manager. This position will build organizational readiness and capacity for staff development, retention, and engagement strategies. In addition, it will prepare the Department's Annual

County Training Plan as required by the State of California Health and Human Services Department of Social Services.

In addition, it is recommended to add one new Staff Services Coordinator position in the Contracts Administration Unit to track and monitor current and future grants and allocations. The Department has received over $11 million in new funding the last two years which will result in new agreements being executed, managed, and monitored to ensure the Department is compliant with all State and Federal Sub-Recipient and Pass-Through guidelines. This position will develop policies and procedures, monitor grants and opt-in allocation opportunities, and ensure compliance with all allocation and grant requirements.

It is further recommended to study the request to reclassify four Assistant Director positions to Associate Director.

Health Services Agency

Clinics and Ancillary Services – It is recommended to add two new Nursing Assistant positions to adequately support medical staff at the Paradise Medical Office. These positions will be funded primarily by patient revenue, costing $82,000 per position for an ongoing annual cost of $164,000; a budget adjustment is not needed this fiscal year due to sufficient salary savings.

Public Health – Technical adjustment of $441,916 to recognize an increase in 1991 Realignment growth revenue of $441,916, reducing the use of fund balance.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
HSA - Public Health	$441,916	$0	($441,916)	$0	Increase estimated revenue to recognize 1991 Realignment Growth Revenue.
Total	**$441,916**	**$0**	**($441,916)**	**$0**	

Recommendations: It is recommended to increase revenue by $441,916, resulting in a $441,916 decrease in the use of departmental fund balance.

Staffing Recommendation: It is recommended to add two new Nursing Assistant positions in Clinics and Ancillary Services to address increases in workload, reduce span of control, and provide needed support for medical staff at the Paradise Medical Office (PMO).

It is also recommended to block-budget seven Community Health Worker II positions to Community Health Worker I/II to provide the Department more flexibility to recruit and fill vacant positions.
In addition, it is also recommended to study one Account Clerk III position and one Manager II position to determine if the current duties and responsibilities are in alignment with the current classification designations.

Agricultural Commissioner
UC Cooperative Extension
Workforce Development

Developing a High-Performing Economy

Developing a High-Performing Economy

Priority Overview

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

Building upon our strong agricultural foundation recognizes the vital role of the County's number one industry, agriculture, that generates $3.5 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 agricultural heritage are key to this priority area.

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

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 UC system; however, the County provides funding from the General Fund for support staff and operational expenses. Workforce Development's major funding source is Federal funding through the Workforce Innovation and Opportunity Act.

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

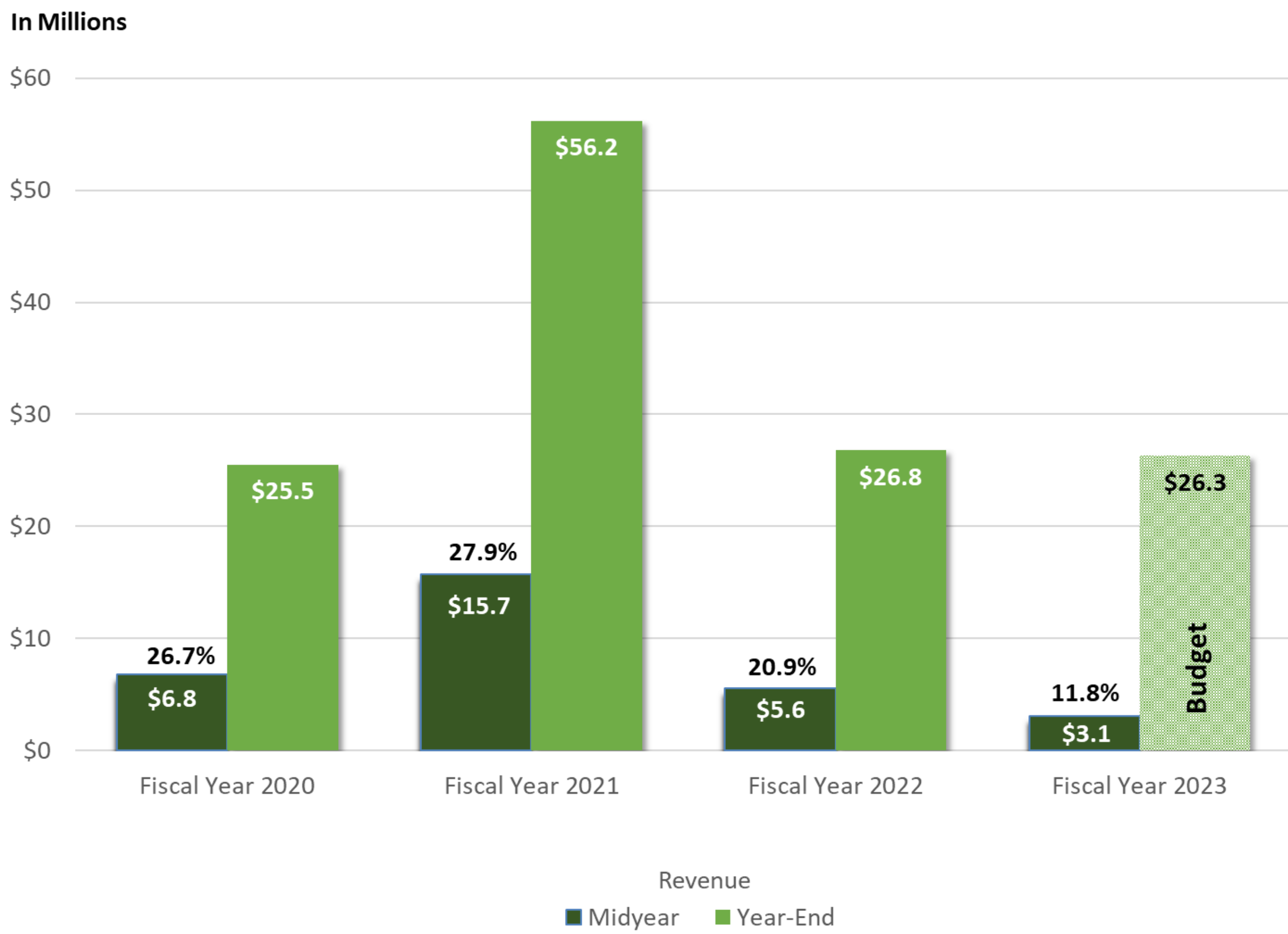
Departmental Revenue

For the departments contained in the Board priority area *Developing a High-Performing Economy,* actual revenue collected as of December 31, 2022, totaled $3.1 million, which represents 11.8% of the estimated annual revenue. This is significantly below the historical range when compared to the midyear point of the prior three years, when collections were 20.9% to 27.9% of the final actual revenue. This is mostly due to revenue collections in Workforce Development. Workforce Development's Fiscal Year 2023 budget increased by $4.6 million, funded by the California for All Youth grant, reimbursement-based grant. Revenue associated with the grant has not materialized as of midyear due to minimal activity.

Workforce Development's increase in estimated revenue for Fiscal Year 2023 is offset by the transfer of the Economic Development Bank budget to County Operations in the Board priority area of *Delivering Efficient Public Services* at the beginning of Fiscal Year 2023.

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

Developing a High-Performing Economy Four-Year Revenue Comparison



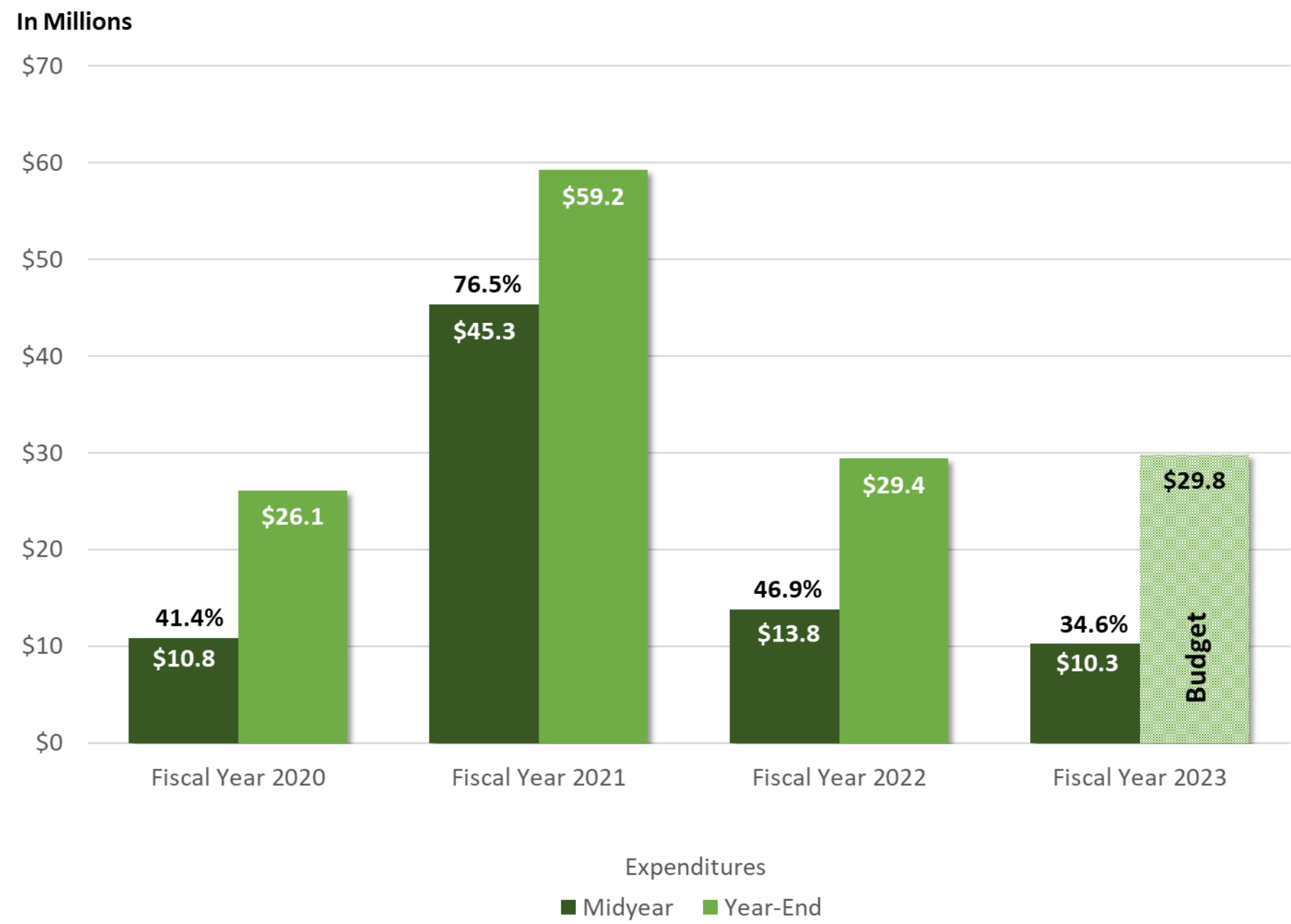
Departmental Expenditures

As of December 31, 2022, expenditures for this priority totaled $10.3 million, representing 34.6% of budgeted appropriations. Expenditures at the midyear point of the prior three years ranged from 41.4% to 76.5% of the final actual expenditures, placing this year below the three-year historical range. This is mostly due to expenditures in Workforce Development. Workforce Development's Fiscal Year 2023 budget increased by $4.6 million due to the California for All Youth grant. Expenditures associated with this grant have been minimal to date; however, the performance period for the grant extends into Budget Year 2024.

The increase in appropriations attributed to Workforce Development are offset by the transfer of the Economic Development Bank budget, including the Coronavirus Aid, Relief and Economic Security Act (CARES) funding, to County Operations in the Board priority area of *Delivering Efficient Public Services*.

As noted in the revenue description, the significant variance shown in Fiscal Year 2021 is primarily due to CARES Act funding allocated to the Economic Development Bank to assist in the County's response to the COVID-19 pandemic emergency.

Developing a High-Performing Economy Four-Year Expenditures Comparison



Midyear Issues and Recommendations

Recommendations contained in this report for the priority *Developing a High-Performing Economy* will net for a $1.3 million total increase in appropriations, funded by an increase of $1.3 million in estimated revenue, resulting in a $199,161 decrease in the use of department fund balance and $112,371 in additional Net County Cost.

Agricultural Commissioner

It is recommended to increase appropriations by $112,371 to cover termination cash-outs, funded by Net County Cost. It is also recommended to increase State Agriculture contract service revenue and appropriations by $41,550 to cover additional Countywide Employee Recruitment and Retention Plan costs.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Agricultural Commissioner	$0	$112,371	$0	$112,371	Increase appropriations to cover termination cash outs, funded by Net County Cost.
Agricultural Commissioner	$41,550	$41,550	$0	$0	Increase appropriations and estimated revenue for costs associated with Countywide Employee Recruitment and Retention Plan funded by State Agriculture contract service revenue.
Total	**$41,550**	**$153,921**	**$0**	**$112,371**	

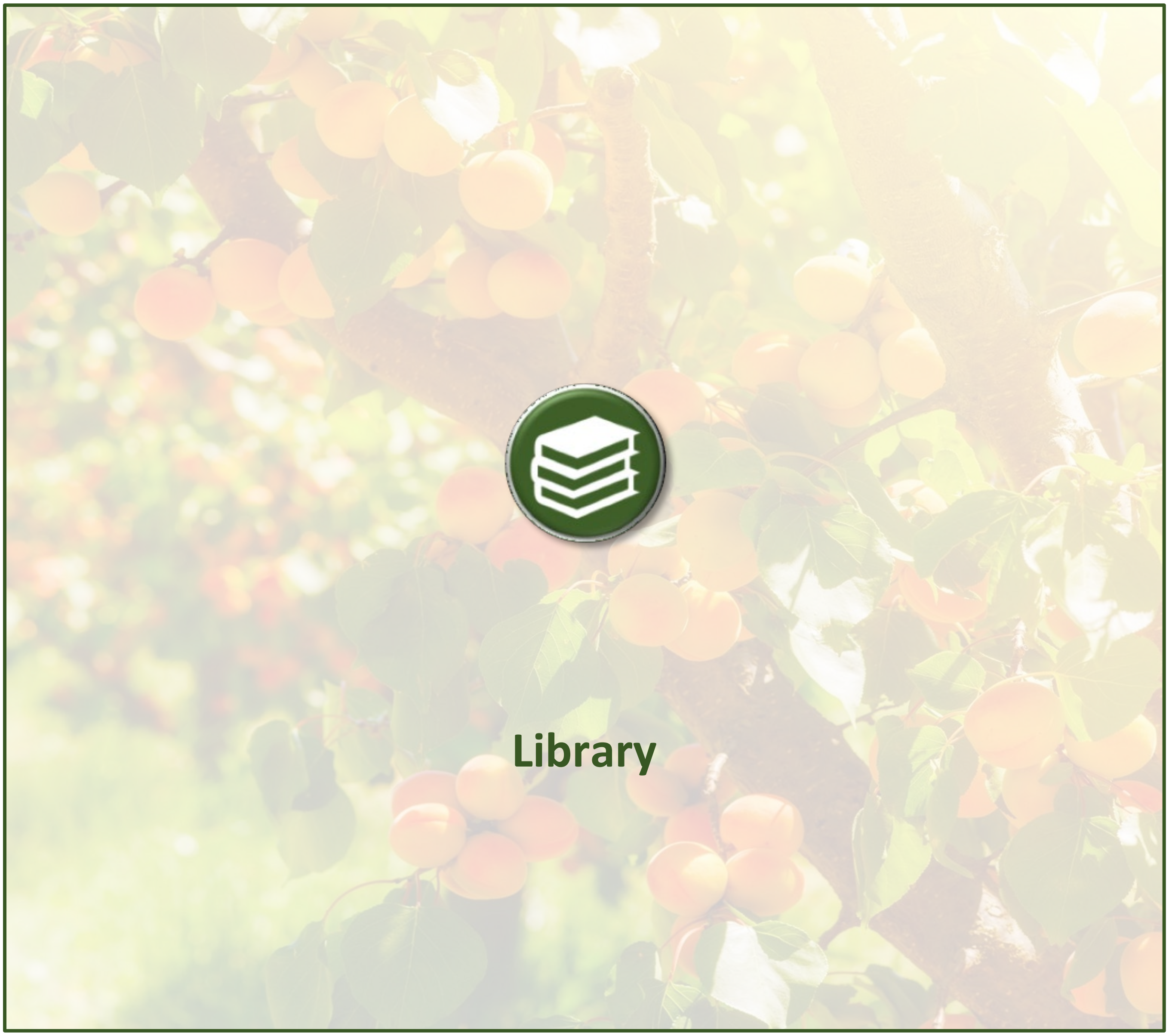
Recommendation: It is recommended to increase appropriations by $153,921, funded by $41,550 in estimated and $112,371 in Net County Cost.

Workforce Development

It is recommended to increase appropriations by $1.1 million and $1.3 million in estimated State carryover funding and new grant revenue, resulting in a decrease in use of fund balance by $199,161. The Department received $703,361 in carryover funding for Workforce Innovation and Opportunity Act (WIOA) which helps match employers with skilled workers. Additionally, the Department received $250,000 in grant funding for Slingshot 5.0 to support regional planning activities with economic development partners to attain scale and impact the capacity of frontline workforce staff and will involve contract services for required regional training. The Department also received Prison to Employment grant funding in the amount of $348,588 to assist the formerly incarcerated and justice-involved population to integrate into the workforce with job skills training.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Workforce Development	$1,301,949	$1,102,788	($199,161)	$0	Increase in estimated revenue and appropriations to fund workforce programs and services.
Total	**$1,301,949**	**$1,102,788**	**($199,161)**	**$0**	

Recommendation: It is recommended to increase appropriations by $1.1 million and estimated revenue by $1.3 million, resulting in a decrease in use of fund balance by $199,161.



Library

Promoting Lifelong Learning

Promoting Lifelong Learning

Priority Overview

The single Department contained within this section supports the Board of Supervisors' priority of *Promoting Lifelong Learning*, with the primary focus on advancing learning capabilities for children and young adults. The Library serves members of the community and provides valuable services to local agencies and other County departments.

The Library is responsible for implementing the Board of Supervisors' priority of *Promoting Lifelong Learning* opportunities for all residents to advance community and individual prosperity. The Stanislaus County Library engages members of the community and offers access to information, knowledge, and the tools for innovation and personal development. The Library offers 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 various branches located throughout the County, 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 90% of the Library's total estimated revenue to support Library operations in Fiscal Year 2023. The 1/8-cent sales tax was extended for 12 years when Measure S passed on November 7, 2017.

In Fiscal Year 2023, the Library received $3.5 million in Building Community Services Investment General Fund support to address various needs in the library system as part of an organization-wide three-year strategic initiative totaling $10 million for libraries. The investment will support targeted projects which will directly contribute to the local quality of life, community wellness, and strategic facility planning.

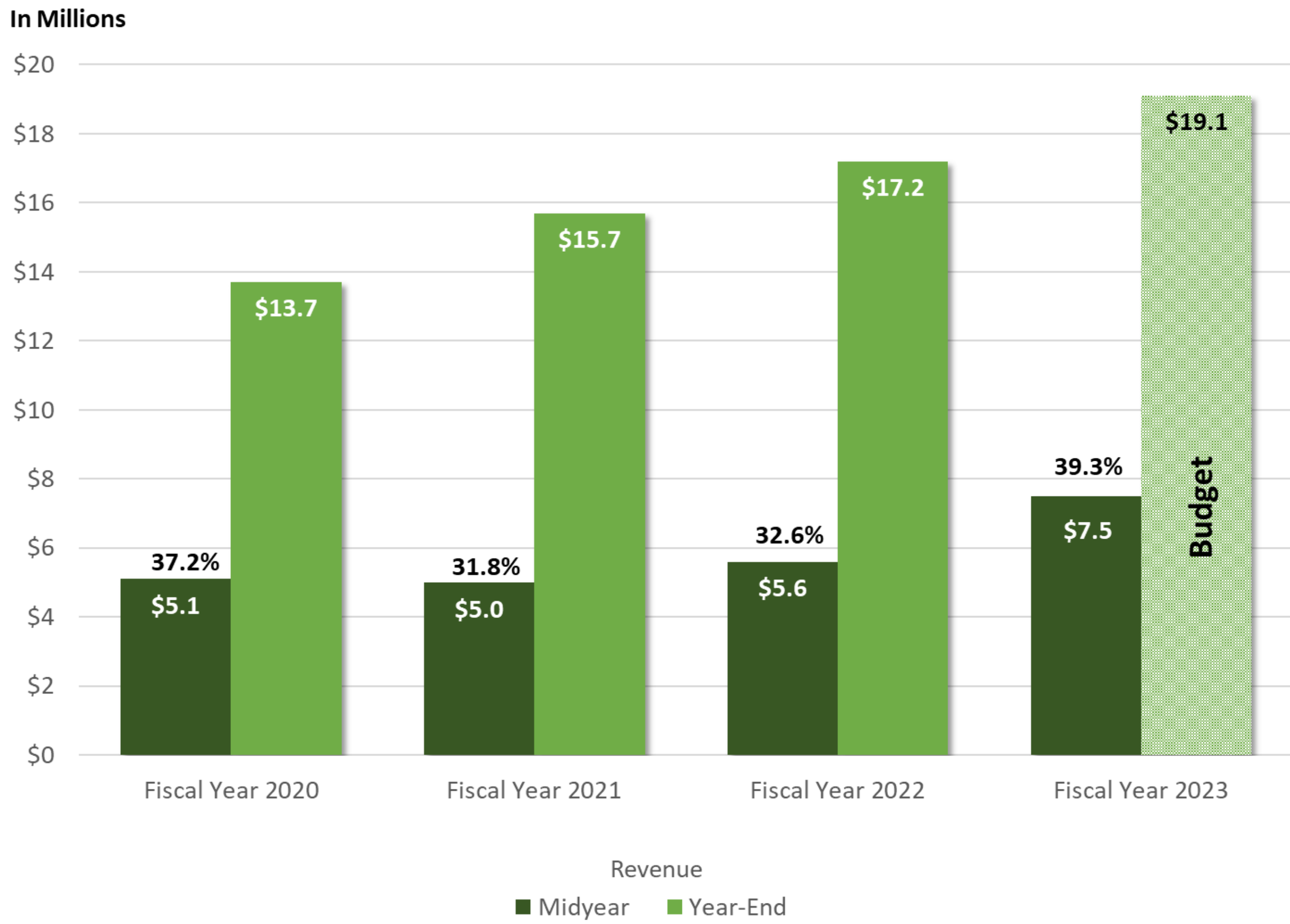
The Library is on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the department budget that makes up the Board of Supervisors' priority area of *Promoting Lifelong Learning* as of December 31, 2022, actual revenue collected is $7.5 million, which represents 39.3% of estimated annual revenue. This is above the range when compared to midyear of the prior three years when collections were 31.8% to 37.2% of the final actual revenue. Actual revenue is above the prior three-year range due to higher-than-expected sales tax revenue received.

Actual sales tax revenue received at midyear is $600,000 higher than originally projected due to sales tax trending higher than anticipated. Additionally, the Library received $3.5 million in Building Community Services Investment in additional General Fund revenue at the beginning of Fiscal Year 2023 to address various needs in the library system as part of an organization-wide three-year strategic initiative totaling $10 million for libraries.

Promoting Lifelong Learning Four-Year Revenue Comparison

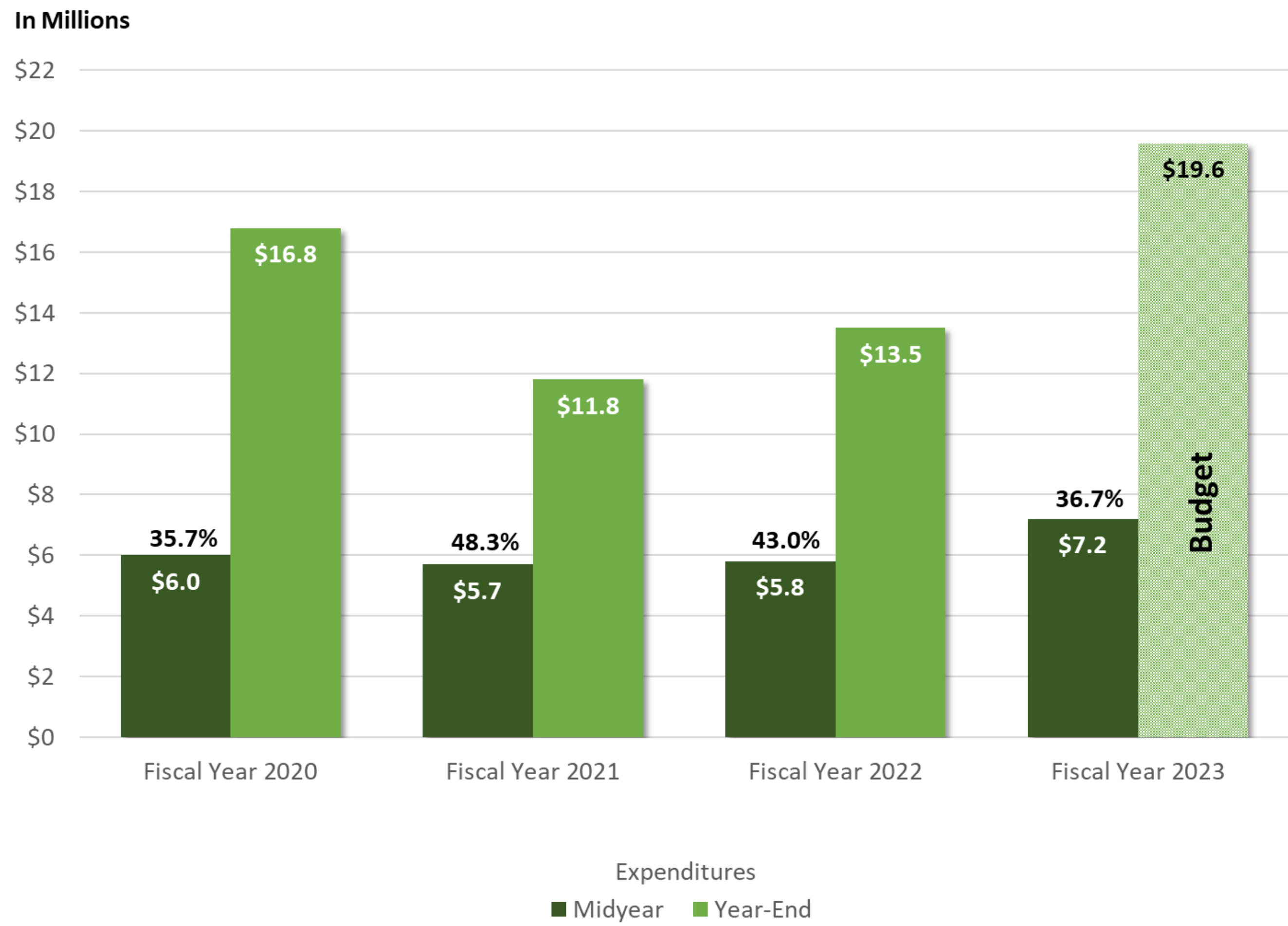


Departmental Expenditures

As of December 31, 2022, expenditures totaled $7.2 million, representing 36.7% of total budgeted appropriations. Expenditures at the midyear point of the prior three years ranged from 35.7% to 48.3% of the final actual expenditures, placing this year within the historical range. While within ranges of prior fiscal years, budgeted appropriations increased from notably in Fiscal Year 2023. The Library received $3.5 million in Building Community Services Investment General Fund support with the remaining increase identified for various projects and part-time extra help staffing support.

Of note, Fiscal Year 2020 included expenditures to fund the Empire and Turlock Library projects, effectively impacting the percentage of budgeted appropriations used at midyear and lowering the range of the three-year trend.

Promoting Lifelong Learning Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report for the priority of *Promoting Lifelong Learning* will increase estimated revenue by $600,000, resulting in the decreased use of $600,000 in department fund balance.

Library

The Library is increasing estimated revenue by $600,000 to align with updated sales tax projections. The Library budgeted $13.4 million in sales tax revenue for Fiscal Year 2023 and has received $5 million in sales tax revenue through the first four months, averaging $1.25 million a month. This trend will average $15 million for the fiscal year. The Library is uncertain if the revenue trend will continue; the Department expects sales tax to come in higher than the $13.4 million currently budgeted and is budgeting a modest increase of $600,000, which will bring budgeted sales tax revenue to $14 million for Fiscal Year 2023.

Three new positions are needed to improve efficiencies and support Library operations. A Confidential Assistant III position will provide administrative and HR support; a Manager II will provide programmatic support; and a Librarian I/II will allow for improved efficiencies and increased supervision. These additional positions will be offset by the deletion of one Library Assistant I/II, with anticipated net ongoing costs projected at $380,000, funded by sales tax revenue. No budget adjustments are needed at midyear due to current-year savings.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Library	$600,000	$0	($600,000)	$0	Increase sales tax revenue to align with updated projections, benefiting fund balance.
Total	**$600,000**	**$0**	**($600,000)**	**$0**	

Recommendation: It is recommended to increase estimated revenue by $600,000, resulting in the decreased use of $600,000 in departmental fund balance.

Staffing Recommendation: It is recommended to add one new Confidential Assistant III position to provide HR support. It is also recommended to add one Manager II position to oversee Youth Services, Outreach, and operations at the community libraries. In addition, it is recommended to add one new block-budgeted Librarian I/II position to catalog and provide supervisory support. To offset this request, the Department will delete one block-budgeted Library Assistant I/II position. No budget adjustment is required in the current fiscal year to accommodate the new positions.

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

Delivering Efficient Public Services

Delivering Efficient Public Services

Priority Overview

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

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

The Clerk-Recorder has identified revenue challenges with recording fees slowing this fiscal year. Savings in expenditures are anticipated to help mitigate concerns; ongoing monitoring of both revenue and expenditures will determine whether budget adjustments are needed at third quarter.

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

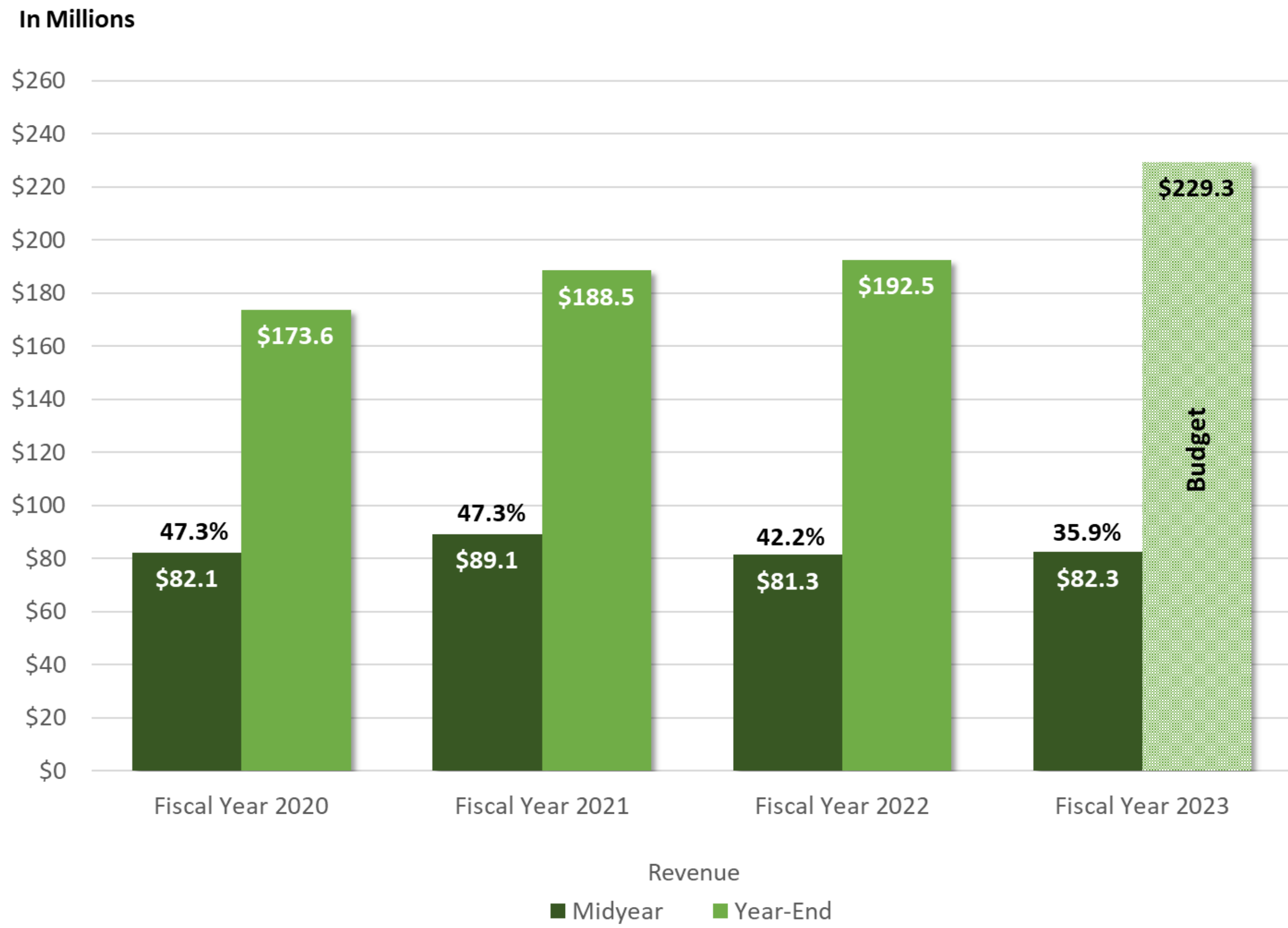
Departmental Revenue

For the departmental budgets in the *Delivering Efficient Public Services* priority area, the actual revenue collected as of December 31, 2022, totaled $82.3 million, which represents 35.9% of the estimated annual revenue. This is below the range of revenue received in the midyear point of the previous three years when collections ranged from 42.2% to 47.3% of the final actual revenue received.

This variance is partially due to the significant increase in Fiscal Year 2023 estimated annual revenue, largely impacted by the relocation of budgets traditionally categorized within other Board priority areas into the *Delivering Efficient Public Services* priority.

Additionally, implementation of the Enterprise Resource Planning (ERP) system has incurred timing delays related to revenue postings in some areas and relevant system data was not available as of December 31, 2022; notably $16.7 million of revenue for the County Operations - Medical Self-Insurance budget had not yet posted. Had this revenue alone been included in the data, revenue collected as a percentage of estimated annual revenue would have totaled 43.2%, placing it within the historical range.

Delivering Efficient Public Services Four-Year Revenue Comparison



Departmental Expenditures

As of December 31, 2022, expenditures for departments *Delivering Efficient Public Services* totaled $158.7 million, representing 43.5% of the appropriations budgeted for the year. This is within range when compared to the midyear point for the previous three fiscal years which ranged from 42% to 53.7% of final actual expenditures.

While within historical range, actual expenditures and budgeted appropriations have increased significantly over prior years. This notable increase is mainly attributed to the relocation of several budgets from other Board priority areas into the *Delivering Efficient Public Services* priority, as noted in the revenue discussion, increasing both expenditures through December and budgeted appropriations. Of the $77.1 million increase in budgeted appropriations identified for Fiscal Year 2023, approximately $25.4 million is attributed to the move of multiple budgets into this priority.

Delivering Efficient Public Services Four-Year Expenditures Comparison

Midyear Issues and Recommendations

The recommendations contained in this report for *Delivering Efficient Public Services* include an increase in appropriations of $353,340, an increase in estimated revenue of $3.5 million, a total decrease of $132,676 in the use of retained earnings, and a $3.1 million reduction in Net County Cost. Revenue includes the increase of $2.3 million in Discretionary Revenue.

Auditor-Controller

Auditor-Controller – A new Accounting Technician will support the workload shift experienced in the Accounts Payable division. To offset this request, the Department will delete one Accountant I position. This position will be funded through the Cost Allocation Plan (CAP) with 66% CAP and 34% Net County Cost. Ongoing annual costs are estimated at $95,316; however, no budget adjustments are needed due to the deletion of the Accountant I position.

Additionally, a new block-budgeted Manager I/II/III position will support the General Ledger division. To offset this request, it is recommended to delete one Manager IV position. This new position will be funded with 66% CAP and 34% Net County Cost. Ongoing costs are $144,751; however, no budget adjustments are needed due to the deletion of the Manager IV position.

Auditor-Controller – Enterprise Resource Planning (ERP) – The Auditor-Controller – ERP budget is right-sizing for the final fiscal year of ERP implementation by decreasing appropriations by $116,590 and increasing revenue by $16,086, resulting in $132,676 savings in the retained earnings.

	Recommended Budget Adjustment				
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Auditor-Controller Enterprise Resource Planning	$16,086	($116,590)	($132,676)	$0	Increase revenue and decrease appropriations to right-size budget for final fiscal year of ERP implementation, resulting in decreased use of retained earnings.
Total	**$16,086**	**($116,590)**	**($132,676)**	**$0**	

Recommendation: It is recommended to decrease appropriations by $116,590 and increase revenue by $16,086, resulting in a $132,676 decrease in the use of the retained earnings.

Staffing Recommendation: It is recommended to add one Accounting Technician position in Auditor-Controller to support the shift in workload, with the need to address new Oracle Cloud expense module procedures, to the Accounts Payable division. This addition will be offset by the deletion of one vacant Accountant I position.

In addition, it is recommended to add one new block-budgeted Manager I/II/III position in Auditor-Controller to support the General Ledger division with mandated financial statement audits and training. This addition will be offset by the deletion of one vacant Manager IV position.

It is also recommended to delete two Manager IV positions and one Confidential Assistant IV position in Auditor-Controller – ERP that were established for a limited time to manage the ERP project.

Chief Executive Office – Human Relations

Human Relations – It is recommended to increase appropriations by $281,000 due to the impact of the Countywide Employee Recruitment and Retention Plan adopted on August 16, 2022 (Res. No. 2022-0435). This increase is funded by $168,600 (60%) in CAP revenue and $112,400 (40%) in Net County Cost.

In addition, an ongoing increase of $200,000 in appropriations and Net County Cost is recommended. The increase will result in an updated annual base level of $500,000 to support the ongoing need for legal services.

A one-time technical adjustment increasing appropriations by $16,000 is recommended to support a retirement cash-out anticipated to occur in March 2023. The increase is funded by $9,600 (60%) in CAP revenue and $6,400 (40%) in Net County Cost.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CEO-Human Relations	$168,600	$281,000	$0	$112,400	Increase appropriations due to the impact of the Countywide Employee Recruitment and Retention Plan, funded 60% in CAP revenue and 40% in Net County Cost.
CEO-Human Relations	$0	$200,000	$0	$200,000	Increase appropriations to consider new higher Legal Services base level from $300,000 to $500,000, to be funded by Net County Cost.
CEO-Human Relations	$9,600	$16,000	$0	$6,400	Increase appropriations to support a retirement cash-out as of March 2023, funded 60% in CAP revenue and 40% in Net County Cost.
Total	**$178,200**	**$497,000**	**$0**	**$318,800**	

Recommendation: It is recommended to increase appropriations by $497,000, funded by estimated revenue of $178,200 and Net County Cost of $318,800.

Clerk-Recorder

The Clerk-Recorder is identifying revenue challenges and projecting a $300,000 reduction in recording revenue that is anticipated to continue through year-end which may incur an increased reliance on Net County Cost. Budget adjustments are being deferred, pending updated information on revenue and the identification of any accumulated cost savings realized by third quarter; current expenditure savings identified at midyear are just short of the projected $300,000 revenue loss.

County Counsel

A Deputy County Counsel I-V position is needed to support CARE Court, a new initiative in California. Recruitment will begin upon Board approval to ensure placement for Fiscal Year 2024 to align with program needs; no budget adjustments are needed for the current fiscal year. The ongoing annual cost is $285,460 where CARE Court workload will be charged to Behavioral Health and Recovery Services, the County's administrator over CARE Court funding.

Staffing Recommendation: It is recommended to add one block-budgeted Deputy County Counsel I-V position to support CARE Court, a new statewide program to connect individuals experiencing a mental illness crisis with a court-ordered treatment plan.

It is also recommended to reclassify one block-budgeted Paralegal I/II/III position to block-budgeted Confidential Paralegal I/II/III to meet the needs of the Department that requires a confidential designation.

County Operations

A net decrease of $555,670 in appropriations funded by an increase of $647,793 in estimated revenue, resulting in a decrease of $1.2 million in the reliance on Net County Cost is recommended for County Operations.

Appropriations for Contingencies – This budget serves as the contingency fund for the County and provides funds to meet unexpected and emergency financial exposures which may arise during the fiscal year. The transfer of funds from Appropriations for Contingencies to departmental operating budgets requires a four-fifths vote by the Board of Supervisors. The 2023 Adopted Budget included a total of $12,008,510 in appropriations for use during the fiscal year for General Fund cash-outs, health insurance increases, Cost Allocation Plan (CAP) charges, and other miscellaneous unforeseen program or community needs.

It is recommended that Appropriations for Contingencies be decreased by a total of $1.8 million to meet department Net County Cost needs recommended at midyear, transferring funds as follows:

- Transfer $574,000 to County Operations – General Fund Contribution to Other Programs to support the North McHenry sales tax agreement;
- Transfer of $318,800 to CEO – Human Resources to cover retirement and termination cash-outs and Employee Recruitment and Retention Plan Costs;
- Transfer $267,860 to Parks and Recreation to cover costs for monitoring well replacement, increased bank and fuel costs, retirement cash-outs and Employee Recruitment and Retention Plan costs;
- Transfer $253,000 to the Sheriff's Office for retirement and termination cash-outs;
- Transfer $178,200 to District Attorney to cover costs for evidence software upgrade;
- Transfer $112,371 to Agricultural Commissioner to cover termination costs;
- Transfer $48,232 to Aging and Veterams Services – Veterans Services to cover Employee Recruitment and Retention Plan and health insurance costs; and
- Transfer $25,000 to General Services Agency for repair costs.

After midyear adjustments, a total of $10,231,047 will remain in Appropriations for Contingencies for use throughout the balance of Fiscal Year 2023.

ARPA State and Local Fiscal Recovery Fund – The American Rescue Plan Act (ARPA) was signed into law by President Biden on March 11, 2021, and totals $1.9 trillion. The State and Local Coronavirus Fiscal Recovery Fund (SLCFRF) was created in the ARPA to help State and local governments recover from the effects of the COVID-19 pandemic. Stanislaus County has been allocated $106,959,250 through ARPA SLCFRF.

On May 18, 2021, the Board of Supervisors approved the following initial funding priority strategies for the use of $90 million of the approximate $107 million in ARPA funds to support the County's recovery from the economic impacts of the COVID-19 pandemic (Res. No. 2021-0210).

Supporting Families/Individuals	$ 5 million
Community Infrastructure	$50 million
Investment in a Community Development Corporation (CDC)	$ 5 million
Economic Development/Job Creation	$30 million
Total	$90 million

The remaining $17 million in ARPA balance is reserved for additional consideration after the initial development of the core funding priorities.

A $625,793 increase in appropriations in government fund interfund charges and revenue is recommended using ARPA SLCFRF funds to reimburse the Community Services Agency budget for navigation services contracted with Community Based Organizations.

DNA Identification Fund Prop 69 – Government Code Section 76104.6, effective November 3, 2004, directs California Courts to levy a $1 penalty for every $10 or fraction thereof upon every fine, penalty, and forfeiture levied on criminal offenses including traffic offenses, but excluding parking offenses, to implement the DNA Identification Fund. In Stanislaus County, the revenue is distributed equally to the Probation and Sheriff departments. An increase in appropriations of $12,000 is recommended to distribute an equal increase in estimated revenue.

Economic Development Bank – Reimbursement revenue of $250,000, transferred from General Fund Contribution to Other Programs, will restore fund balance expended in Fiscal Year 2022 for a payment issued to the Modesto Children's Museum, approved by the Board of Supervisors on April 26, 2022 (Res. No. 2022-0179).

General Fund Contribution to Other Programs – A net increase in appropriations of $824,000 is recommended as follows, funded by Net County Cost:

- Increase appropriations by $574,000 to cover Fiscal Year 2023 payments to the City of Modesto due to increased sales tax revenue, primarily associated with auto dealer sales, collected under the North McHenry Sales Tax Sharing agreement; and
- Increase appropriations by $250,000 to transfer funding to the Economic Development Bank to restore fund balance associated with the payment issued to the Modesto Children's Museum.

Stanislaus Family Justice Center – This budget provides funding for services to support victims of domestic violence, child or elder abuse, and sexual assault through the U.S. Department of Justice – Office on Violence Against Women (OVW) grant. It is recommended to decrease estimated revenue and appropriations by $240,000 to transfer the grant, along with the remaining budget amount, to the District Attorney's office who will administer this budget moving forward.

	Recommended Budget Adjustment				
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	**Description**
County Operations - Appropriations for Contingencies	$ -	$ (253,000)	$ -	$ (253,000)	Transfer appropriations to Sheriff to cover retirement and termination cash-outs.
County Operations - Appropriations for Contingencies	$ -	$ (48,232)	$ -	$ (48,232)	Transfer appropriations to Aging and Veterans Service - Veterans Services to cover Employee Recruitment and Retention Plan and health insurance costs.

Budget Unit Name	Recommended Budget Adjustment Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
County Operations - Appropriations for Contingencies	$ -	$ (112,371)	$ -	$ (112,371)	Transfer appropriations to Agricultural Commissioner to cover termination cash-outs.
County Operations - Appropriations for Contingencies	$ -	$ (318,800)	$ -	$ (318,800)	Transfer appropriations to CEO - Human Resources to cover retirement and termination cash-outs and Employee Recruitment and Retenction Plan costs.
County Operations - Appropriations for Contingencies	$ -	$ (574,000)	$ -	$ (574,000)	Transfer appropriations to General Fund Contribution to Other Programs to cover the North McHenry Sales tax Sharing Agreement.
County Operations - Appropriations for Contingencies	$ -	$ (25,000)	$ -	$ (25,000)	Transfer appropriations to General Services Agency to cover additional repair costs.
County Operations - Appropriations for Contingencies	$ -	$ (267,860)	$ -	$ (267,860)	Transfer appropriations to Parks and Recreation to cover costs for monitoring well replacement, increase to bank/ fuel costs, retirement cash-outs and Employee Recruitment and Retention Plan costs.
County Operations - Appropriations for Contingencies	$ -	$ (178,200)	$ -	$ (178,200)	Transfer appropriations to District Attorney to cover costs for evidence software upgrade
County Operations - ARPA State and Local Fiscal Recovery Fund	$625,793	$625,793	$ -	$0	Increase revenue and appropriations to reconcile to contract amount.
County Operations - DNA Identification Fund Prop 69	$12,000	$12,000	$ -	$0	Increase revenue and appropriations based on current trends.
County Operations - Economic Development Bank	$ 250,000	$ -	$ -	$ (250,000)	Increase appropriations to reimburse for Modesto Children's Museum contribution.
County Operations - General Fund Contribution to Other Programs	$ -	$ 574,000	$ -	$ 574,000	Increase appropriations to cover payments to the City of Modesto under the North McHenry Sales Tax Sharing agreement.
County Operations - General Fund Contribution to Other Programs	$ -	$ 250,000	$ -	$ 250,000	Increase appropriations to fund Modesto Children's Museum programming reimbursement to Economic Development Bank.
County Operations - Stanislaus Family Justice Center	($240,000)	($240,000)	$0	$0	Decrease revenue and appropriations to transfer budget authority to the District Attorney's budget.
Total	**$ 647,793**	**$ (555,670)**	**$ -**	**$ (1,203,463)**	

Recommendation: It is recommended to increase revenue by $647,793 and decrease appropriations by $555,670, resulting in a decrease of $1.2 million in Net County Costs.

General Services Agency

Facilities Maintenance – Facilities Maintenance services County-owned and leased facilities as well as partner agencies, including the Gallo Center for the Arts. It is recommended to add one new block-budgeted Maintenance Engineer I/II position to assist in providing adequate service levels as square footage has increased. An adjustment to estimated revenue and appropriations of $103,600 is needed for this additional position. This adjustment includes appropriations for the addition of one new vehicle to support this position. The Gallo Center for the Arts will contribute $50,000 annually toward the cost of this position, with the remainder of costs covered through charges for services.

Fleet Services Division – It is recommended to increase estimated revenue and appropriations by $300,000 funded by charges for services to recognize the increased cost of fuel. Additionally, Fleet Services sells salvaged vehicles on behalf of County departments. It is recommended to increase estimated revenue by $100,000 to recognize this revenue and increase appropriations by equal amount to disburse the proceeds to departments.

Tenth Street Place – The Tenth Street Place budget funds operational costs associated with Tenth Street Place and includes estimated revenue and appropriations related to leasing first floor space to other entities. A decrease in estimated revenue of $115,000, reducing the benefit to the General Fund as originally budgeted, is recommended due to vacated rental space located on the first floor. A commercial vendor's lease expired on November 1, 2022, resulting in a revenue loss of $15,000, and the Chief Executive Office – Human Relations division expanded to use a portion of the space formerly occupied by Health Plan of San Joaquin effective October 1, 2022, resulting in a revenue loss of $100,000. In addition, it is recommended to increase appropriations by $25,000, further reducing the benefit to the General Fund, to cover the cost of repairs performed on first floor retail space along with provisions for unforeseen repairs of the retail spaces. In November 2022, unforeseen costs incurred at the rental properties included repairs and replacement of basement ceiling tiles, water leak repairs, window repairs due to a shooting, and commission expense for the Property Manager to renew the Rodin Farm lease.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
General Services Agency - Facilities Maintenance	$103,600	$103,600	$0	$0	Increase appropriations for one Maintenance Engineer I/II, along with supplies, tools, and one new vehicle, funded by charges for services.
General Services Agency - Fleet Services	$300,000	$300,000	$0	$0	Increase appropriations for fuel due to unpredictable price fluctuations, funded by charges for services.
General Services Agency - Fleet Services	$100,000	$100,000	$0	$0	Increase operating transfers out and sale of Fixed Asset revenue for salvage revenue and subsequent transfer of vehicle sale proceeds to departments.
General Services Agency - Tenth Street Place	($115,000)	$0	$0	$115,000	Decrease revenue due to vacated rental space located at Tenth Street Place 1st floor, effecting contribution to Net County Cost.
General Services Agency - Tenth Street Place	$0	$25,000	$0	$25,000	Increase appropriations for unexpected repair costs for rental properties and future unforeseen costs, effecting contribution to Net County Cost.
Total	**$388,600**	**$528,600**	**$0**	**$140,000**	

Recommendation: It is recommended to increase appropriations by $528,600 funded by an increase in estimated revenue of $388,600 and $140,000 in Net County Cost.

Staffing Recommendation: It is recommended to add one new block-budgeted Maintenance Engineer I/II position in Facilities Maintenance to assist in providing adequate service levels for increased County-owned and leased square footage and partner agencies, including the Gallo Center for Arts.

Information Technology Center (ITC)

The addition of a new Technology Specialist III will better support serviced departments and improve overall customer service. Expenses for this position can be absorbed by existing appropriations in the current fiscal year and no budget adjustment is needed at this time; ongoing annual costs are estimated at $137,215, funded by Cost Allocation Plan charges for services.

Staffing Recommendation: It is recommended to add one Technology Specialist III position to increase the capacity to better support departments and improve customer service.

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

Enhancing Community Infrastructure

Enhancing Community Infrastructure

Priority Overview

The Board of Supervisors' priority area of *Enhancing Community Infrastructure* is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to community infrastructure. Departments 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 a 1/2-cent sales tax commonly referred to as Measure L.

In Fiscal Year 2023, Parks and Recreation and Public Works were provided with a combined $18.5 million in General Fund support to address various needs in the community as part of an organization-wide three-year strategic initiative.

Parks and Recreation received a $3.5 million Building Community Services Investment that will go toward targeted one-time investments which will directly contribute to the local quality of life, community wellness, and strategic facility planning. Public Works received $15 million to establish the Building Community Infrastructure Fund. This fund will provide a dedicated funding stream to each member of the Board of Supervisors to access funds to address community infrastructure projects of priority in their respective districts. Such projects may include the installation or improvement to sidewalks and roads, along with various related infrastructure improvements.

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

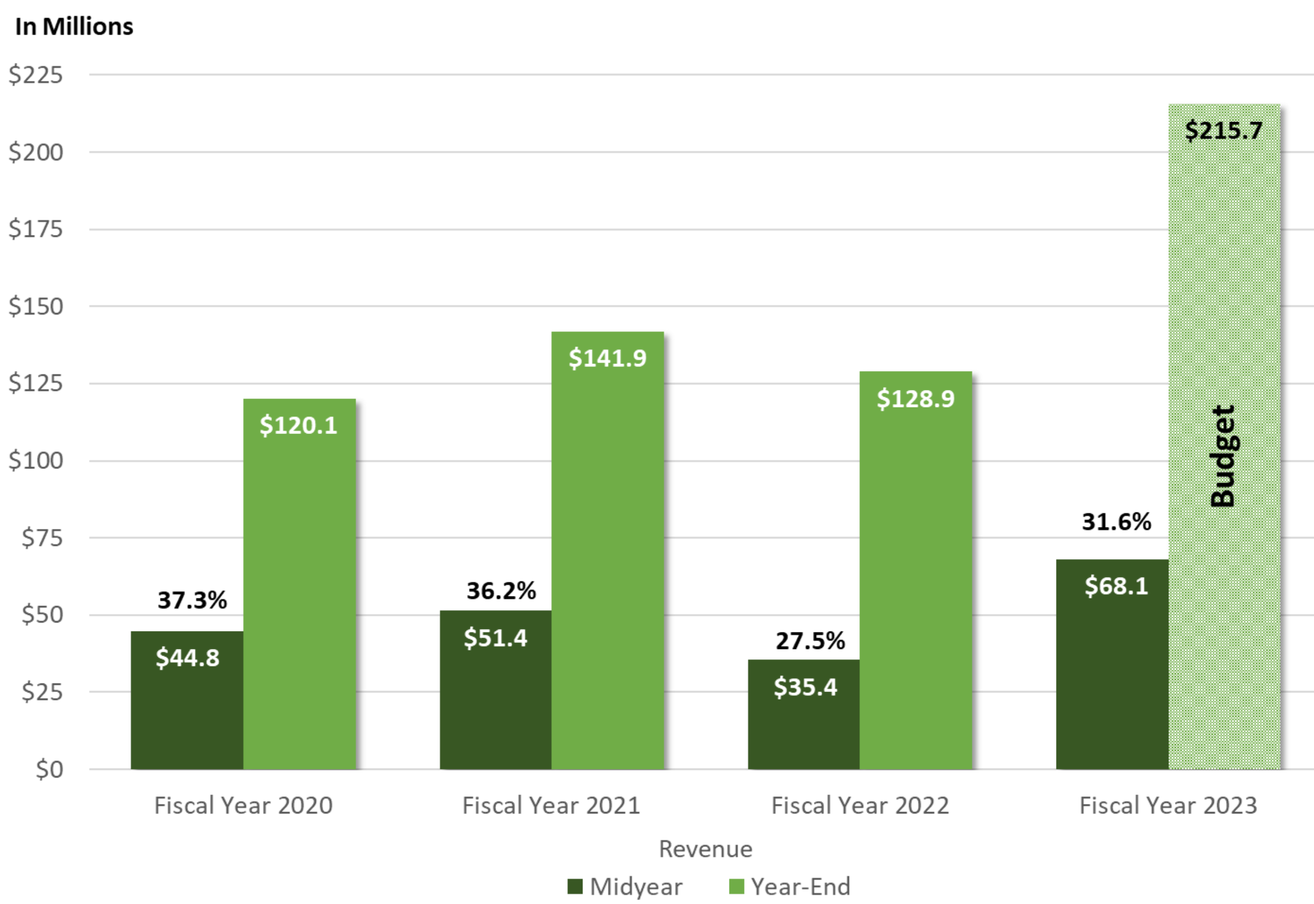
Departmental Revenue

For the department budgets that are part of the Board priority *Enhancing Community Infrastructure* as of December 31, 2022, actual revenue collected totaled $68.1 million, which represents 31.6% of the estimated annual revenue. This is within range when compared to the midyear point for the prior three years when collections ranged from 27.5% to 37.3% of final actual revenue.

While in range, estimated revenue is notably higher than previous years due to funding for current-year projects. Planning and Community Development revenue includes $13.5 million in allocated State CARES Act funding and $2.1 million in funding identified for housing. Public Works will receive $15 million from the new Building Community Infrastructure Fund as well as $130 million in Road and Bridge revenue. Public Works has over 90 active projects, many of which are entering the construction phase, increasing cost reimbursement revenue.

Year-to-date revenue for this priority area is approximately $24.2 million more than the prior three-year average, primarily due to active Public Works projects. Of note, Public Works' Fiscal Year 2022 actuals were impacted by the transfer of local transit activities to a separate regional transit authority, including an accounting entry tied to the transfer of Fixed Assets, decreasing revenue by approximately $9 million by midyear and $27 million by year-end.

Enhancing Community Infrastructure Four-Year Revenue Comparison



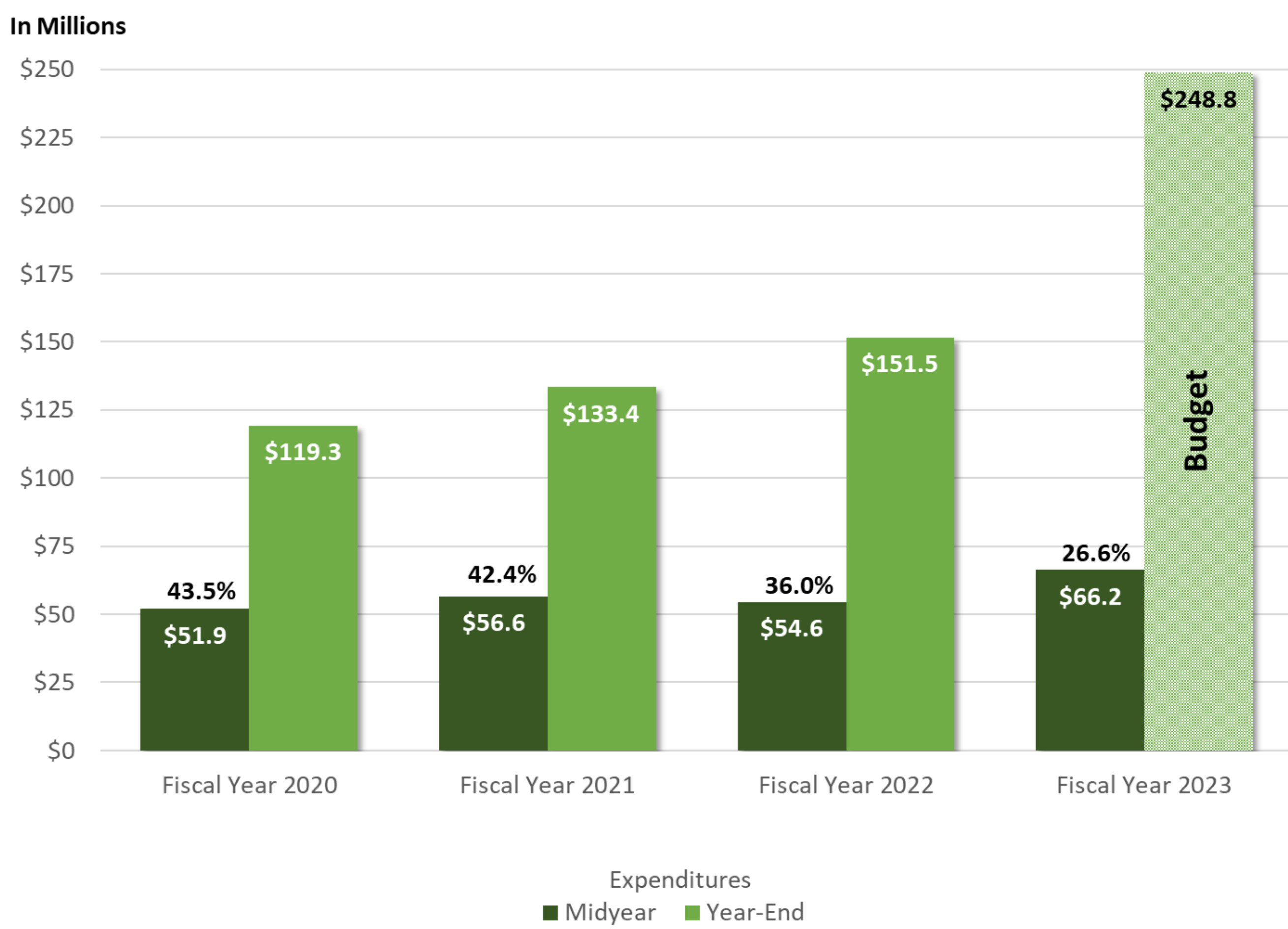
Departmental Expenditures

As of December 31, 2022, expenditures totaled $66.2 million, representing 26.6% of the budgeted appropriations. Expenditures at the midyear point of the prior three years ranged from 36% to 43.5% of the final actual expenditures, placing this year's expenditures below the historical range.

This shift is primarily due to the increase in overall budget compared to that realized in prior years' actual expenditures. While Fiscal Year 2023 year-to-date actual expenditures are higher than prior years, departments in this priority have budgeted for expenses associated with various projects that have not yet materialized. Environmental Resources – Fink Road Landfill has planned several large one-time expenses such as heavy equipment purchases, flare replacement, and access road construction that have not yet occurred. Parks and Recreation's budget includes $3.5 million in Building Community Services Investment funding, Planning and Community Development has appropriations related to State CARES Act and housing programs, and Public Works costs include over 90 projects and an additional $15 million for Building Community Infrastructure Fund projects; all these projects are at various stages of progress effecting year-to-date expenditures.

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

Enhancing Community Infrastructure Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report for the priority of *Enhancing Community Infrastructure* will increase appropriations by $297,860. The budget adjustments are funded by $30,000 in the use of department fund balance and $267,860 in Net County Cost.

Environmental Resources

The Department is requesting to change its office hours from Monday through Friday, 7:30 a.m. to 5:00 p.m. to Monday through Friday, 8:00 a.m. to 4:30 p.m. The change will better align the Department's office hours with other occupants in the same building, increase safety, and provide clerical staff extra time to catch-up on administrative tasks associated with the customers who were helped throughout the day.

Recommendation: It is recommended to change the Department's office hours to Monday through Friday, 8:00 a.m. to 4:30 p.m., effective May 1, 2023.

Staffing Recommendation: It is recommended to transfer nine positions (one Administrative Secretary position, one Manager IV position, and seven Zoning Enforcement officer positions) from the Environmental Resources budget to the Code Enforcement budget due to changes in funding.

Parks and Recreation

The 2023 Midyear Financial Report includes the following adjustments for the Parks and Recreation budget:

- Parks and Recreation currently has $200,000 in its Fiscal Year 2023 budget to replace four existing monitoring wells; however, the State has informed the Department that a total of eight wells are required (four at Modesto Reservoir and four at Woodward Reservoir). The cost of the eight wells is estimated at $585,000. To fully fund the cost of this requirement, an increase in Fixed Asset appropriations of $95,000, funded by Net County Cost is recommended, along with a transfer of $290,000 from Fixed Assets Equipment to Fixed Assets Structures. The $290,000 was originally allocated for a floating waterpark at Modesto Reservoir, but new Department leadership is recommending putting this project on hold in the current fiscal year.
- It is recommended to increase appropriations by $47,300, funded by Net County Cost, to cover increased fuel and banking costs. Banking costs account for $22,300 of this increase to procure armored services for deposit pickups at the reservoirs.
- It is recommended to increase appropriations by $70,000 to support costs associated with the Countywide Employee Recruitment and Retention Plan and $55,560 for costs associated with retirement cash-outs of two employees, funded by Net County Cost.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Parks and Recreation	$0	$95,000	$0	$95,000	Increase appropriations for State mandated monitoring wells, funded by Net County Cost
Parks and Recreation	$0	$47,300	$0	$47,300	Increase appropriations for banking costs due to change in bank services/locations and increased fuel costs, funded by Net County Cost.

Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
	Recommended Budget Adjustment				
Parks and Recreation	$0	($290,000)	$0	($290,000)	Transfer appropriations from Fixed Assets Equipment to Fixed Assets Structures and Improvement to fund the replacement of monitoring wells.
Parks and Recreation	$0	$290,000	$0	$290,000	Transfer appropriations to Fixed Assets Structures and Improvement from Equipment to fund the replacement of monitoring wells.
Parks and Recreation	$0	$70,000	$0	$70,000	Increase appropriations for Employee Recruitment and Retention Plan, funded by increase in NCC.
Parks and Recreation	$0	$55,560	$0	$55,560	Increase appropriations for two employee retirement cash-outs, funded by Net County Cost.
Total	**$0**	**$267,860**	**$0**	**$267,860**	

Recommendation: It is recommended to increase appropriations by $267,860, funded by Net County Cost and to transfer $290,000 of appropriations from Fixed Assets Equipment to Fixed Assets Structures.

Staffing Recommendation: It is recommended to block-budget one Accountant II position to an Accountant I/II to provide the Department more flexibility in filling this position. It is also recommended to study three Manager II positions to determine if the current duties and responsibilities are in alignment with the current classification designations. In addition, it is recommended to study the Park Maintenance classification series.

Planning and Community Development

Building Permits – In order to provide building permit services to the public, a new vehicle is needed to replace a failing 2015 model vehicle. It is recommended to increase appropriations by $30,000 in Fixed Assets to purchase one vehicle for Building Permit Services funded by departmental fund balance. The normal vehicle replacement cycle has been impacted by unforeseen mechanical issues, global vehicle supply chain disruption resulting in over one year wait for a vehicle ordered in September 2021. The General Services Agency – Fleet Services Division is supportive of this request.

Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
	Recommended Budget Adjustment				
Planning-Building Permits	$0	$30,000	$30,000	$0	Increase appropriations in the Fixed Assets object level for the purchase of a new vehicle for Building Permit Services.

Recommendation: It is recommended to increase appropriations by $30,000, funded by department fund balance.

Public Works

Road and Bridge – A technical adjustment transferring $9 million in appropriations from Fixed Assets to Services and Supplies is recommended. Public Works has budgeted $28 million for right-of-way acquisitions in Fiscal Year

2023. The right-of-way phase has been slightly delayed and will carry into Budget Year 2024. Meanwhile, other projects have experienced cost increases. The $9 million in transferred appropriations will go toward professional services contracts ensuring these projects stay on schedule.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Public Works - Road and Bridge	$0	($9,000,000)	($9,000,000)	$0	Technical adjustment to transfer appropriations from Fixed Assets to Services and Supplies.
Public Works - Road and Bridge	$0	$9,000,000	$9,000,000	$0	Technical adjustment to transfer appropriations to Services and Supplies from Fixed Assets.
Total	**$0**	**$0**	**$0**	**$0**	

Recommendation: It is recommended to transfer $9 million in appropriations from Fixed Assets to Services and Supplies.

Staffing Recommendation: It is recommended to study one block-budgeted Road Maintenance Worker I/II/III position and one Sr. Road Maintenance Worker position to determine if the current duties and responsibilities are in alignment with the current classification designations.

Community Partnerships

Stanislaus County has several partners closely tied to the organization for which the County is the employer of record. These partners operate under their own respective governing boards or commissions, which approve their annual budgets. However, their staff are County employees and any adjustment to these partner agencies' staffing allocations requires County Board of Supervisors' approval.

Animal Services

Staffing Recommendation: It is recommended to block-budget one Animal Care Specialist III to Animal Care Specialist II/III to provide the Department more flexibility to recruit and fill vacant positions.

Midyear Financial Report Conclusion

The Midyear Financial Report shows the County budget is balanced inclusive of updated information, and actual performance is tracking well within the 2023 Legal Budget as of December 31, 2022, and year-end projections, with a few exceptions which are continuing to be evaluated for mitigation. County staff will monitor Fiscal Year 2023 budget operations through the coming months and be prepared to recommend any necessary and appropriate adjustments prior to year-end, informed by continuous analysis of realized revenue and actual expenditures. Staff will also closely watch the monthly cash report issued by the California State Controller to monitor State inflows of revenue to ensure funding streams materialize as anticipated.

Staff will return to the Board of Supervisors on May 16, 2023, to present the 2023 Third Quarter Financial Report for consideration, inclusive of any budget adjustments needed to end the year positively.

Budget Schedule

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

Budget Cycle Activity	2023 Third Quarter Financial Report	2024 Proposed Budget	2024 Adopted Budget
Budget Instructions Issued	March 14, 2023	February 27, 2023	June 13, 2023
Budget Submissions Due	March 30, 2023	April 3, 2023	July 7, 2023
Board Briefings	N/A	May 17-19, 2023	August 8-11, 2023
Document Published for the Public	May 12, 2023	June 2, 2023	September 8, 2023
Presentation to the Board of Supervisors (Consent)	May 16, 2023	N/A	N/A
Presentation to the Board of Supervisors (Public Hearing)	N/A	June 20, 2023	September 26, 2023