

# Third Quarter Financial Report July 2021 – March 2022

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*Submitted by Jody Hayes, Chief Executive Officer*

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## Introduction

This is the Fiscal Year 2021-2022 Third Quarter Financial Report for Stanislaus County submitted by the Chief Executive Office for the period of July 1, 2021, to March 31, 2022. It has been prepared to inform the Board of Supervisors, County leadership, and the public of the County's financial status. The report provides estimated revenue and expenditure

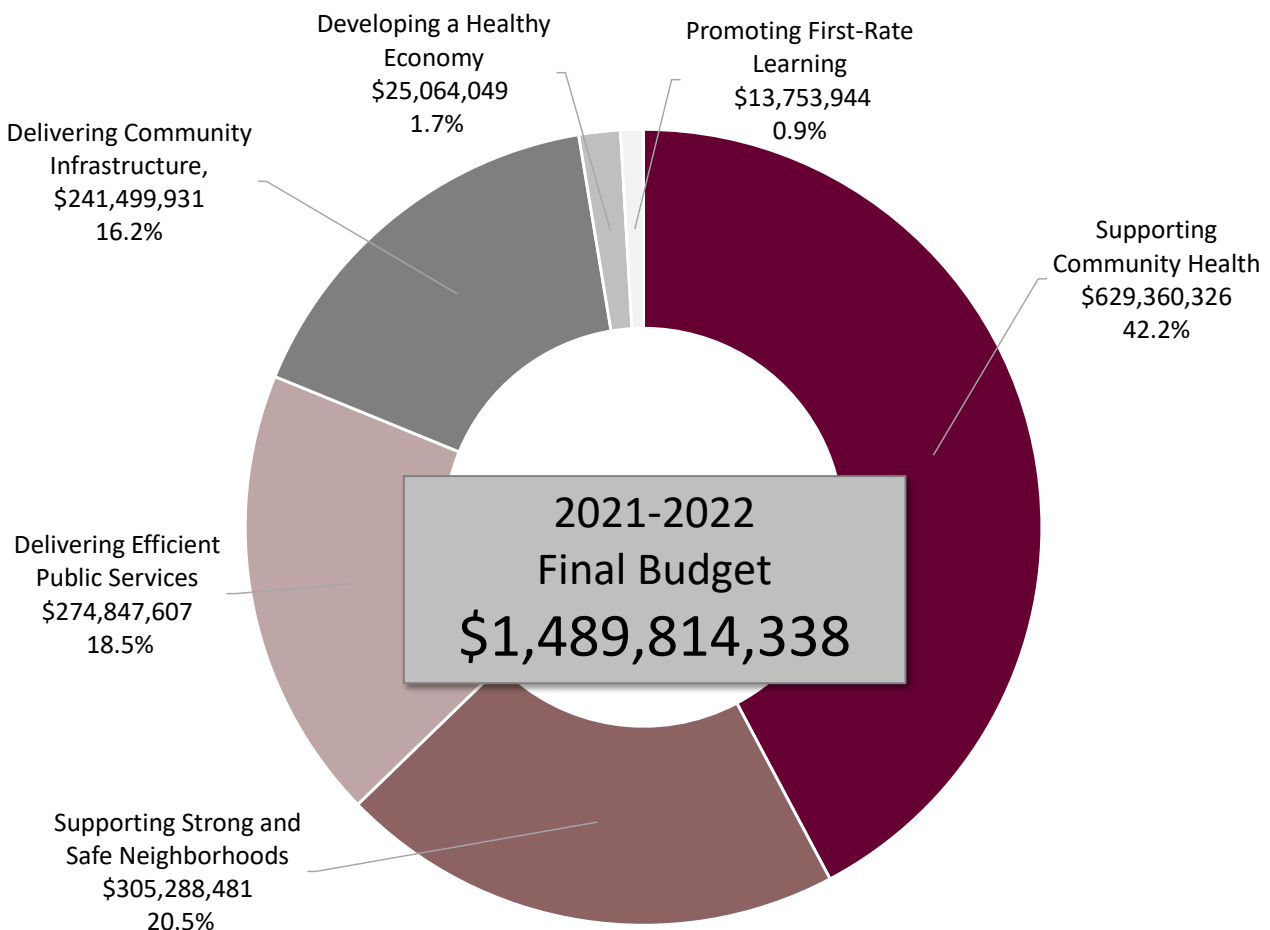
summaries for County programs by each Board of Supervisors' priority area and highlights adjustments to County budgets since the adoption of the Final Budget in September 2021, including those incorporated through quarterly financial reports and individual agenda items approved by the Board of Supervisors throughout the fiscal year.

## Background

On September 21, 2021, the Board of Supervisors adopted the 2021-2022 Final Budget for Stanislaus County. This \$1.5 billion operational plan reflected a net decrease of \$36.6 million from the 2020-2021 Adopted Final Budget. The 2021-2022 Adopted Final Budget was balanced using a combination of \$1.4 billion in estimated revenue and \$58.1 million in fund

balance, retained earnings, and other one-time funding sources. It also included support for 4,587 full-time allocated positions, an increase of 58 positions from the 2021-2022 Proposed Budget adopted in June 2021. The following chart reflects the total Adopted Final Budget organized by the Board of Supervisors' priority.

### Fiscal Year 2021-2022 Adopted Final Budget Expenditures by Board Priority



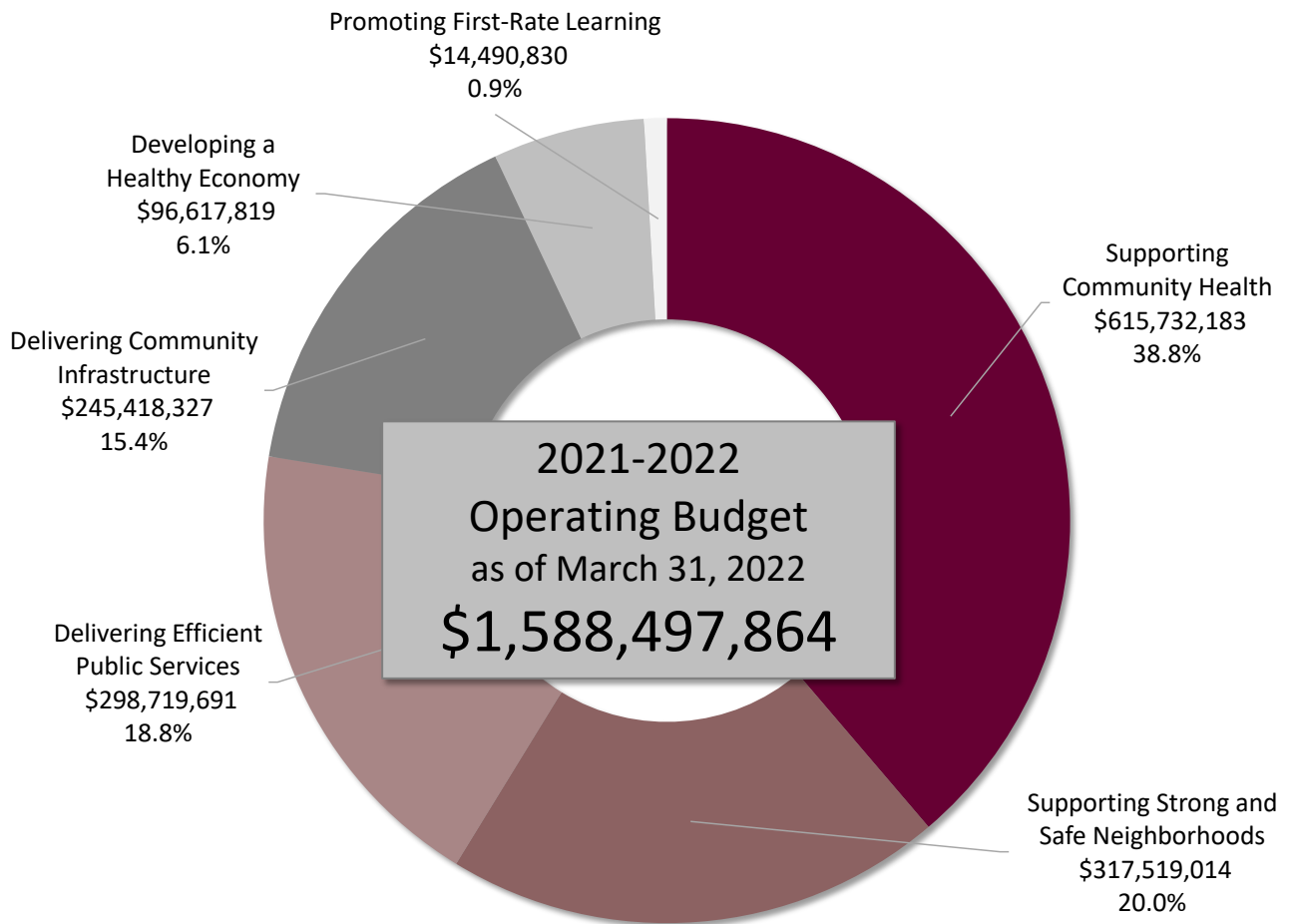
## Summary of Budget Adjustments

The Adopted Final Budget is adjusted each year by appropriations that are carried forward from the prior fiscal year for projects that were planned and authorized by the Board of Supervisors but were not fully completed. Funding for these projects is identified as assigned fund balance by the Auditor-Controller at year-end to ensure these projects are fully funded in the next year.

Additionally, the Board of Supervisors approves budget adjustments identified in quarterly financial

reports and separate departmental Board agenda items throughout the fiscal year. The sum of these adjustments through March 31, 2022, total \$98.7 million, with \$38.8 million in carry-forward of prior year appropriations and \$59.9 million in budget adjustments approved by the Board of Supervisors in the current fiscal year. The County's Operating Budget as of March 31, 2022, prior to the inclusion of any recommended budget adjustments identified in this Third Quarter Financial Report, totals \$1.6 billion, as reflected in the following chart.

### Fiscal Year 2021-2022 Operating Budget as of March 31, 2022, by Board Priority





## 2021-2022 Third Quarter Financial Report Overview

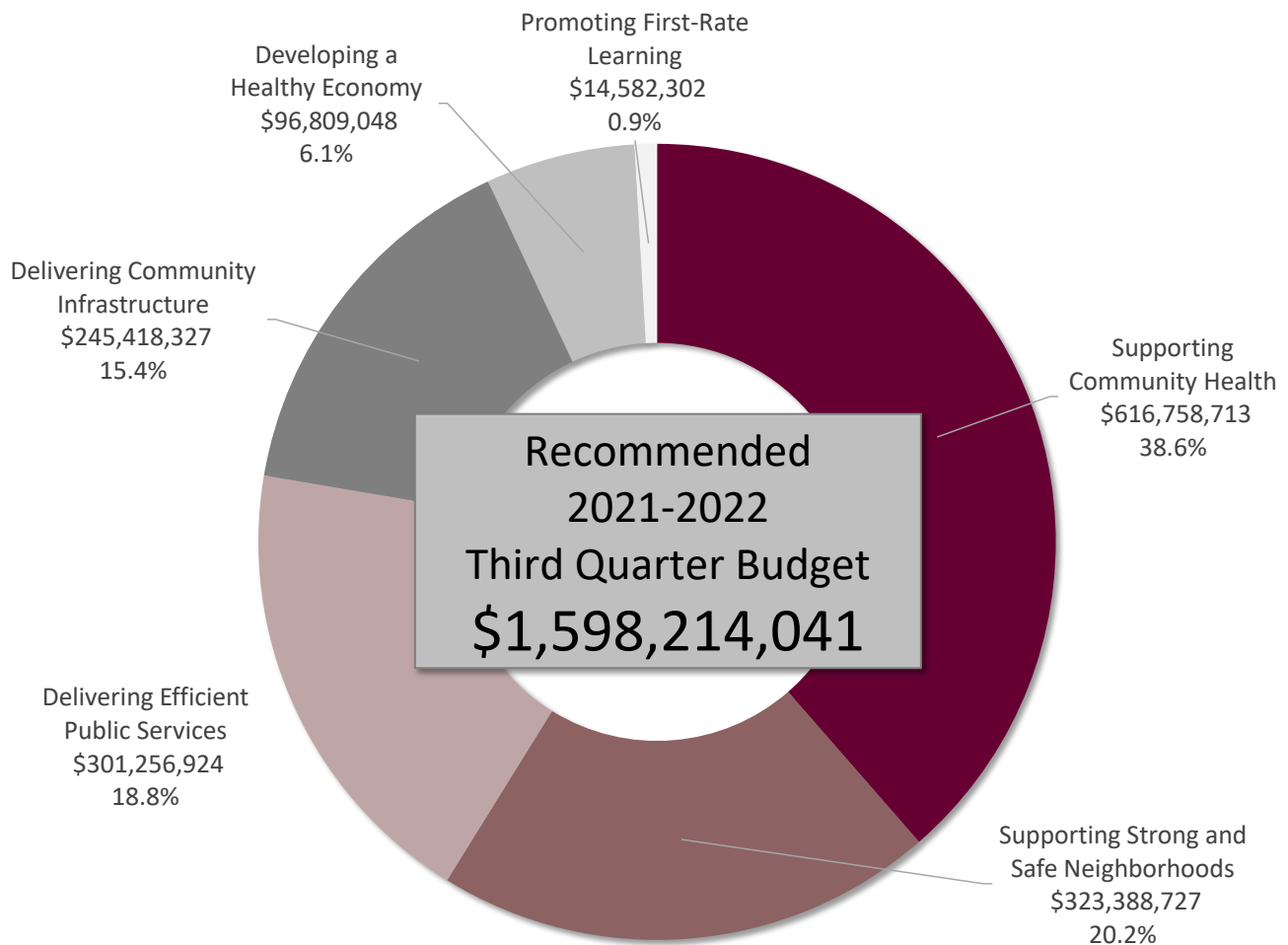
The 2021-2022 Third Quarter Financial Report serves as a fiscal review of departmental programs and includes recommended adjustments to ensure that all departments complete the fiscal year within their approved budgets. The report also includes a brief analysis on multi-year trends for both revenue and expenditures by Board priority area. Updates are also provided on Discretionary Revenue and vacancy rate rebates for General Fund departments experiencing limited vacancies.

The recommendations presented in the Third Quarter Financial Report include a total increase in estimated revenue of \$11.7 million and \$11.2 million in overall appropriations offset using \$1.5 million in transfers from Appropriations for Contingencies for a net \$9.7 million in increased appropriations. These

transfers will provide support to various General Fund departments to cover vacancy rate rebates, termination cash-outs, one-time COVID Recovery Payments, and other unanticipated needs. The transfer of Appropriations for Contingencies requires a four-fifths vote by the Board of Supervisors. If approved, approximately \$5.4 million in available funding will remain in Appropriations for Contingencies for use throughout the remainder of Fiscal Year 2021-2022.

The following chart depicts the recommended \$1.6 billion 2021-2022 Third Quarter Budget, organized by Board of Supervisors’ priority area, inclusive of the recommended budget adjustments that are described in greater detail by department in subsequent sections of the report.

### Fiscal Year 2021-2022 Recommended Third Quarter Budget Expenditures by Board Priority



Consistent with standard accounting practices, the County’s budget is divided into separate financial entities known as “funds”. The following table provides a summary of recommended adjustments

included in the Third Quarter Financial Report by fund type, showing the progression from the 2021-2022 Adopted Final Budget to the Recommended 2021-2022 Third Quarter Budget:

**Summary of Third Quarter Appropriation Adjustments by Fund Type**

<b>Fund Type</b>	<b>2021-2022 Adopted Final Budget</b>	<b>2021-2022 Third Quarter Operating Budget As of 3/31/2022</b>	<b>Recommended 2021-2022 Third Quarter Adjustments</b>	<b>Recommended 2021-2022 Third Quarter Budget</b>
General Fund	\$ 411,779,754	\$ 456,653,845	\$ 6,173,123	\$ 462,826,968
Special Revenue	866,341,731	914,488,173	993,788	915,481,961
Capital Projects	799,692	799,692	13,000	812,692
Enterprise	74,699,763	69,650,508	100,000	69,750,508
Internal Service	136,193,398	146,905,646	2,436,266	149,341,912
<b>Total</b>	<b>\$ 1,489,814,338</b>	<b>\$ 1,588,497,864</b>	<b>\$ 9,716,177</b>	<b>\$ 1,598,214,041</b>

**General Fund**

The General Fund Recommended Third Quarter Budget for Fiscal Year 2021-2022 is \$462.8 million, a net increase of \$6.2 million over the current Operating Budget. This change represents an overall total increase of \$7.7 million in departmental adjustments offset by the transfer of \$1.5 million from Appropriations for Contingencies, for a net increase of \$6.2 million.

The recommended increases include: \$1.4 million for Adult Detention facilities funded by the California Department of Corrections and Rehabilitation, \$2.6 million in rebates to various General Fund departments associated with the vacancy rate deduction included at Final Budget, \$1 million in one-time COVID Recovery Payments for recently approved labor agreements, and \$2.1 million to various departments for updated Cost Allocation Plan (CAP) charge estimates, along with a net increase of \$662,831 for various other General Fund department requests.

**Special Revenue Funds**

The Special Revenue Fund Recommended Third Quarter Budget for Fiscal Year 2021-2022 totals \$915.5 million, an increase of \$993,788 over the current Operating Budget. The recommended

increase is primarily due to \$920,918 in one-time COVID Recovery Payments tied to recently approved labor agreements. Other technical adjustments include those for service needs in DNA Identification Fund Prop 69, Area Agency on Aging, the American Rescue Plan Act (ARPA) State/Local Fiscal Recovery Fund, and the Groundwater Program budgets, making up the remaining \$72,870 increase.

**Capital Projects Funds**

The Capital Projects Fund Recommended Third Quarter Budget for Fiscal Year 2021-2022 totals \$812,692, an increase of \$13,000 from the current Operating Budget. The increase will support the Superior Court’s civil courtroom leases through the Courthouse Construction Fund budget.

**Enterprise Funds**

The Enterprise Fund Recommended Third Quarter Budget for Fiscal Year 2021-2022 totals \$69.8 million, an increase of \$100,000 from the current Operating Budget. The recommended increase supports contracted services in Health Services Agency – Clinics and Ancillary Services that will be used to conduct a Healthcare Study of the west side of the County to assesses existing healthcare access and identify any potential needs not already being met, funded by Net County Cost.

### Internal Service Funds

The Internal Service Fund Recommended Third Quarter Budget for Fiscal Year 2021-2022 is \$149.3 million, an increase of \$2.4 million from the current Operating Budget. The recommended increases include \$2.1 million for Chief Executive Office-Human Relations – Medical Self-Insurance budget to reflect year-to-date actual medical costs, \$1.3 million for Chief Executive Office – General Liability to cover claims expense through the end of the year, and \$650,000 to cover increased costs in General Services Agency-Fleet Services and General Services Agency-Utilities. These increases are offset by a decrease of \$2 million to align with fiscal-year needs in Auditor – Enterprise Resource Planning. Increases are funded using a combination of increased departmental revenue and the use of retained earnings.

### Fund Balance

The beginning fund balance on July 1, 2021, for all funds was \$702.5 million, inclusive of post-closing

adjustments (as footnoted in the table below). The 2021-2022 Adopted Final Budget included the planned use of \$58.1 million in fund balance. Adjusted to include prior year encumbrance carryovers and Board of Supervisors’ actions approved through March 31, 2022, a total of \$95.6 million in the use of fund balance is projected for all departments in the current Operating Budget.

The recommendations contained in the Third Quarter Financial Report include adjustments that will decrease the use of fund balance by an overall \$2 million. This includes a return of \$6.2 million to the General Fund for increases in Discretionary Revenue due primarily to forecasted growth in estimated sales tax.

Inclusive of the budget adjustments identified in this Third Quarter Financial Report, projected fund balance on June 30, 2022, is forecast to be \$608.8 million across all funds. The following chart presents the beginning and projected year-end fund balance by fund type and in total.

### Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund	Operating Budget	Operating Budget	Third Quarter	Projected
	Balance on 7/1/2021*	Revenue on 3/31/22	Appropriations on 3/31/22	Recommended Use of Fund Balance	Fund Balance on 6/30/2022
General Fund	\$ 242,292,425	\$ 424,817,763	\$ 456,653,845	\$ (811,761)	\$ 211,268,104
Special Revenue Funds	287,744,474	878,335,199	914,488,173	(2,220)	251,593,720
Capital Projects Funds	3,554,734	680,000	799,692	13,000	3,422,042
Enterprise Funds	121,279,579	56,106,871	69,650,508	-	107,735,942
Internal Service Funds	47,627,984	132,928,479	146,905,646	(1,169,972)	34,820,789
<b>Total All Funds</b>	<b>\$ 702,499,196</b>	<b>\$ 1,492,868,312</b>	<b>\$ 1,588,497,864</b>	<b>\$ (1,970,953)</b>	<b>\$ 608,840,597</b>

*\*Note: The Final Budget document reported a total beginning fund balance of \$724,131,326. Since that time, post-closing adjustments totaling \$21,632,130 have been posted for all funds which resulted in a revised beginning fund balance of \$702.5 million, as depicted above. Significant post-closing adjustments included interest accruals and fair market value adjustments for all funds, decreased amounts in Health Services Agency Public Health and Behavioral Health and Recovery Services in the Special Revenue Funds, and right-sizing of Auditor-Controller Appropriated Tax Resources Trust Fund, among others.*

## Discretionary Revenue

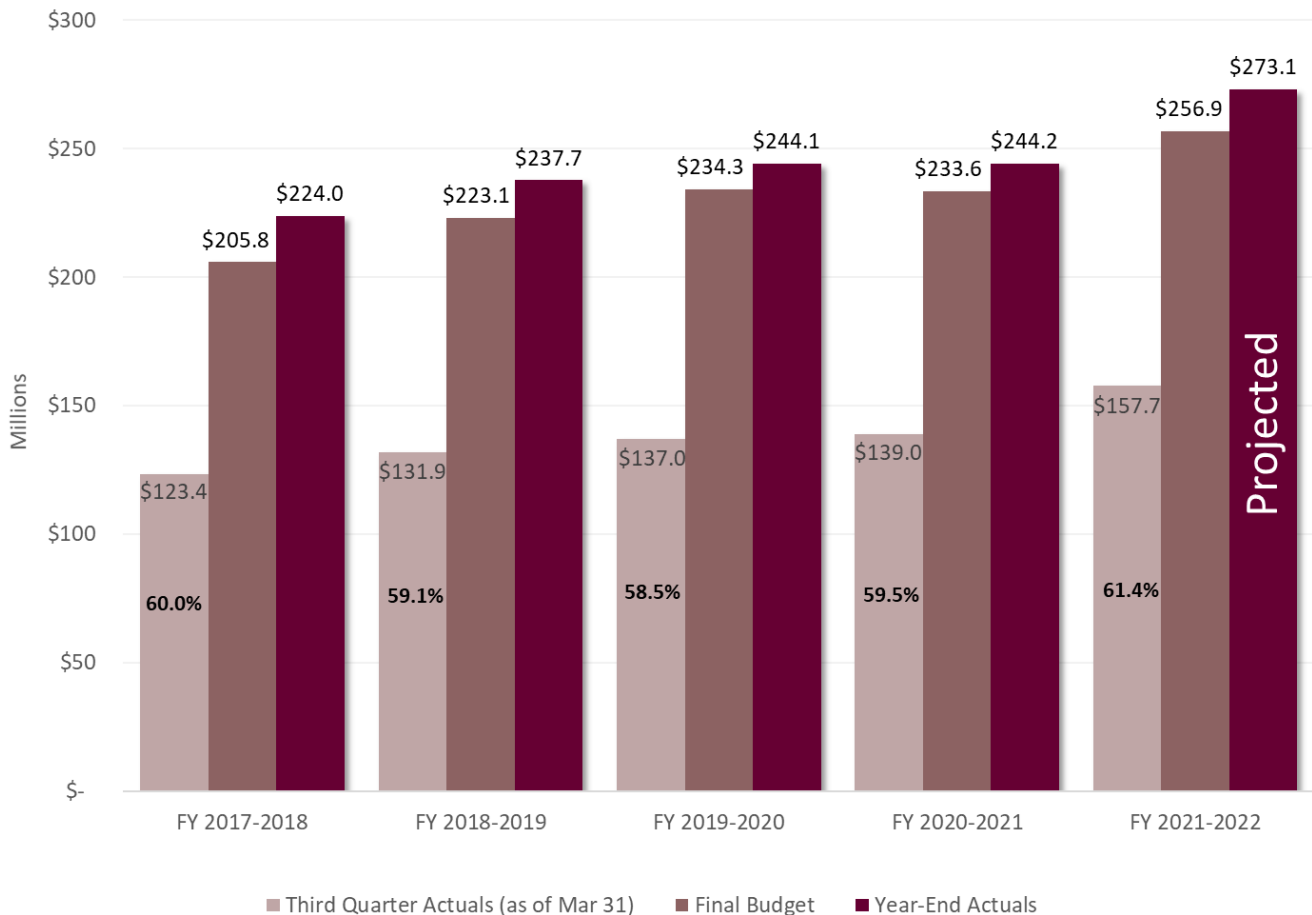
Discretionary Revenue refers to revenue received in the General Fund that is available to fund programs at the Board of Supervisors' discretion. Total Discretionary Revenue included in the 2021-2022 Adopted Final Budget was projected at \$256.9 million and was adjusted using updated projections to \$266.9 million in the 2021-2022 Midyear Financial Report. After review of receipts through March 31, 2022, it is recommended to increase the budget at third quarter by \$6.2 million, bringing total Discretionary Revenue to \$273.1 million.

As of March 31, 2022, approximately \$157.7 million in revenue had been received, representing 61.4% of that projected in the Final Budget. Over the past four years, Discretionary Revenue collected through third

quarter ranged from 58.5% to 60% of the Final Budget projection, placing this year's receipts just over the historical range. Additionally, the four-year history shows that revenue realized through third quarter ranged from 55.1% to 56.9% of actual year-end total receipts. Revenue received through March represents 57.7% of the year-end estimate updated at third quarter.

The following chart provides a five-year comparison of activity noted at third quarter, including current and previous years' data showing nine months of revenue receipts. The Adopted Final Budget estimates and year-end actuals for the previous four years are also identified, with third quarter projections noted for Fiscal Year 2021-2022.

General Fund – Discretionary Revenue Five-Year Comparison





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Third quarter analysis of Discretionary Revenue includes an evaluation of year-to-date data using nine months of receipts along with projections using historical trend data and analysis from expert outside consultants.

### Taxes

The Taxes revenue category identifies revenue provided to governments that is received in support of local services and includes taxes levied upon property, sales and use, and transient occupancy tax. Projections total \$192.7 million, which represents an increase of \$3.9 million, in this category. Overall, current secured property taxes are estimated to be slightly higher than that originally budgeted. An increase of \$808,000 for secured property tax is recommended at third quarter.

Reports for sales and use taxes have been produced by the County's expert consultants and consider potential impacts from COVID-19 emergency orders and legislation on consumer purchases and tax payments to the State. While many pandemic related restrictions have been lifted, pandemic dynamics remain a challenge in some areas. Supply chain, raw material interruptions may disrupt some sales. Current and next year's influences include inflation and interest rate increases by the Federal Reserve. As a result, a conservative increase in this category of \$3.1 million is recommended tied to a stronger local economic forecast and increased receipts projected as well as a desire to remain justifiably optimistic yet fiscally cautious during this

uncertain time. This increase brings the total amount projected for Sales and Use taxes to \$35.7 million.

### Licenses, Permits and Franchises

This category is made up of utility franchise fees. Under franchise agreements, cable and utility companies pay franchise fees to local agencies in return for the commercial use of public streets. Based on updated projections and higher than budgeted franchise fee receipts, an increase of \$240,000 is recommended.

### Intergovernmental Revenue

The Intergovernmental revenue category represents revenue received from other governmental entities. The largest contributor to this category is from Proposition 172 Public Safety sales tax receipts.

Proposition 172 Public Safety sales taxes are projected at \$62.3 million as of March 31, 2022. Year-end projections based on historical trends range from \$58 million to \$63.3 million. The strong growth seen in sales tax in the current fiscal year is related to Legislative changes such as Assembly Bill (AB) 147 which affects the allocation of sales taxes generated from online sales. At the onset of the COVID-19 pandemic, a shift in consumer spending from brick-and-mortar establishments to online purchasing was accelerated. This change has had a significant and positive impact on local sales tax receipts. As a result, an increase in this category of \$2.1 million is recommended.

## Discretionary Revenue Third Quarter Adjustments

Discretionary Revenue Third Quarter Adjustments				
Discretionary Revenue Category	Fiscal Year	Fiscal Year	Third Quarter	Third Quarter
	2020-2021	2021-2022	2021-2022	Recommended
	Actuals	Operating Budget	Projections	Adjustments
Taxes	\$ 186,420,916	\$ 188,794,000	\$ 192,674,000	\$ 3,880,000
Licenses, Permits, and Franchises	1,160,216	1,100,000	1,340,000	240,000
Fines, Forfeitures, and Penalties	1,240,819	1,100,000	1,100,000	-
Revenue from the Use of Money	2,546,280	4,300,000	4,300,000	-
Intergovernmental Revenue	53,877,061	62,982,000	65,086,000	2,104,000
Charges for Services	3,185,009	3,783,949	3,783,949	-
Miscellaneous Revenue	(8,007,510)	980,000	980,000	-
Other Financing Sources	3,730,542	3,824,000	3,824,000	-
<b>Total Discretionary Revenue</b>	<b>\$ 244,153,333</b>	<b>\$ 266,863,949</b>	<b>\$ 273,087,949</b>	<b>\$ 6,224,000</b>

*NOTE: A post close entry was processed in March 2022, which reduced the FY 2020-2021 actuals by \$8.2 million for an auditor defined trust fund correction. This total has previously been reported as \$252.3 million in prior financial reports.*

**Recommendation:** It is recommended to increase Discretionary Revenue by \$6.2 million, which will increase fund balance in the General Fund by the same amount.

## Net County Cost Savings

In year two of the County's two-year budget model, all Net County Cost savings are absorbed by the General Fund at year-end. Projections as of March 31, 2022, have identified potential savings of \$10.7 million, which includes cost savings along with

increased revenue experienced in General Fund and County Match departments, reducing the reliance on Net County Cost. Any savings realized at year end will be returned to the General Fund and available for the Board's consideration in Final Budget balancing.

## Vacancy Rates

All General Fund departments participated in the zero-base budget process at the beginning of Fiscal Year 2020-2021 and developed a Spending Plan for Fiscal Year 2021-2022 based on that year one budget wherein they identified their funded service level for operational costs, including all allocated staffing positions. Final Budget calculations included a salary deduction using a 5% vacancy rate factor applied to all departments containing 30 or more allocated positions. This practice is based on ten-year historical analysis showing that the County experiences an average vacancy rate of 10.2%.

At third quarter, actual fiscal year-to-date vacancy rates for General Fund departments averaged 10.5%,

slightly above the historical average. The table on the following page identifies the nine-month average for General Fund departments, accounting for all allocated positions and the resulting calculated average vacancy rate for each department and division using data from July 1, 2021 through March 1, 2022.

Departments experiencing a vacancy rate over 5% and up to 7.5% are recommended to receive a 50% rebate of their applied vacancy rate deduction while departments experiencing a 5% or lower vacancy rate are recommended to receive a 100% rebate. The resulting rebate amounts by department budget are shown in the table, totaling \$2.6 million.

## Vacancy Rate Rebates

Department	5% Vacancy Rate Deduction Applied in 2021-2022 Final Budget*	Actual Vacancy Rate as of March 2022	Vacancy Rate Rebate Amount
Agricultural Commissioner	\$ 221,771	6.4%	\$ 110,886
Assessor	342,817	8.7%	-
Auditor Controller	240,012	20.9%	-
Chief Executive Office - Human Relations	96,414	8.2%	-
Chief Executive Office - Operations and Services	372,620	13.7%	-
Clerk - Recorder	112,049	17.3%	-
Clerk - Recorder - Elections	69,290	0.8%	69,290
District Attorney - Criminal Division	996,008	10.9%	-
Parks and Recreation	243,069	8.1%	-
Planning and Community Development	120,029	8.2%	-
Probation - Administration	156,065	8.4%	-
Probation - Field Services	628,962	20.9%	-
Probation - Institutional Services	304,356	20.6%	-
Probation - Juvenile Commitment Facility	152,220	30.7%	-
Public Defender	423,944	13.0%	-
Sheriff - Administration**	497,607	7.5%	248,804
Sheriff - Adult Detention Expansion**	572,861	7.5%	286,431
Sheriff - Detention**	1,962,820	7.5%	981,410
Sheriff - OES/Fire Warden**	51,078	7.5%	25,539
Sheriff - Operations**	1,562,052	7.5%	781,026
Treasurer - Administration / Taxes	72,088	3.0%	72,088
<b>Total Base Deduction/Average Rate/Rebate</b>	<b>\$ 9,198,132</b>	<b>10.5%</b>	<b>\$ 2,575,474</b>

\*Departments with fewer than 30 allocated staff were exempt from base deductions and not noted in this table.

\*\*Used average vacancy rate across all Sheriff LBUS that received General Fund

# Supporting Strong and Safe Neighborhoods

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





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## ***Supporting Strong and Safe Neighborhoods for Individuals and Families to Thrive***

### **Priority Overview**

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

Departments assigned to the Board of Supervisors' priority area of *Supporting Strong and Safe*

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

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

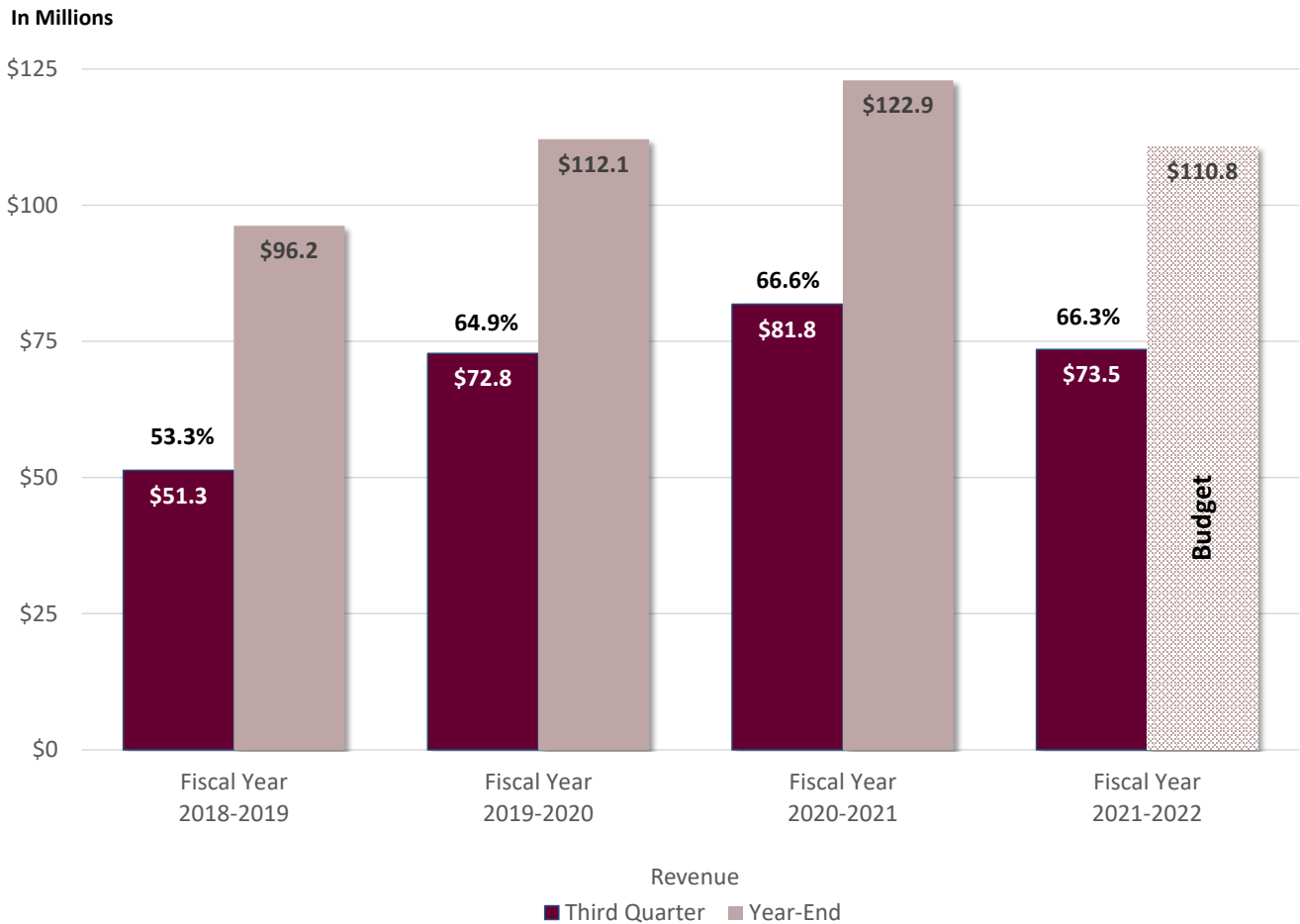


## Departmental Revenue

For the departmental budgets in the *Supporting Strong and Safe Neighborhoods* priority as of March 31, 2022, actual revenue collected totaled \$73.5 million, which represents 66.3% of the estimated

annual revenue. This is within the historical range when compared to the third quarter point of the prior three years when collections ranged from 53.3% to 66.6% of the final actual revenue.

### Supporting Strong and Safe Neighborhoods Four-Year Revenue Comparison



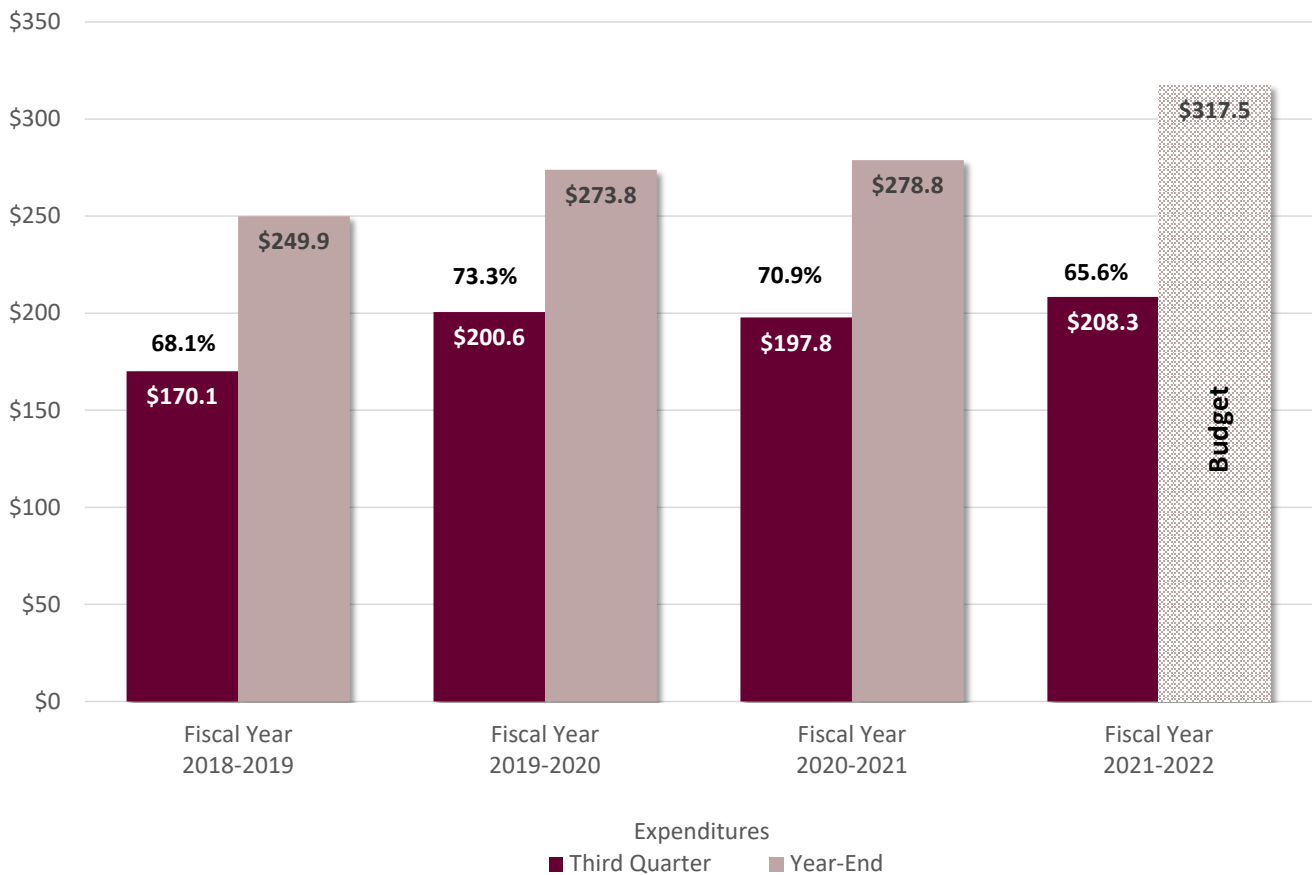
## Departmental Expenditures

As of March 31, 2022, expenditures are \$208.3 million, representing 65.6% of the budgeted appropriations. This is below the range when compared to the third quarter point of the prior three years when expenditures ranged from 68.1% to 73.3% of the final actual expenditures. This lower

expenditure percentage is due to significant salary savings caused by historically high vacancy rates throughout the departments. The departments within the priority *Supporting Strong and Safe Neighborhoods* are currently averaging a vacancy rate of 15.4%.

### Supporting Strong and Safe Neighborhoods Four-Year Expenditures Comparison

In Millions



## Third Quarter Issues and Recommendations

The recommendations contained in this report for *Supporting Strong and Safe Neighborhoods* will increase appropriations by \$5.9 million, of which approximately \$2.4 million is detailed in the Technical Adjustments section of this report, of which \$37,037 is for one-time COVID-19 Recovery Payments and \$2.3 million in vacancy rate rebates. Budget adjustments are funded by \$1.4 million in estimated department revenue and \$4.6 million in General Fund Contribution, resulting in a \$187,000 reduction in the use of fund balance.

### County Capital Projects – Courthouse Construction Fund

The Courthouse Construction Fund currently supports the Stanislaus Superior Court’s leases on the 4<sup>th</sup> and 6<sup>th</sup> floor of the 801 10<sup>th</sup> Street building. The court’s current lease expires at the end of April. The Superior Court is extending their current lease through December 2026, or until the new courthouse is complete. It is recommended to increase appropriations by \$13,000 to support the continued lease through the remainder of the fiscal year, funded by the use of fund balance.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
County Capital Projects - Courthouse Construction Fund	\$ -	\$ 13,000	\$ 13,000	\$ -	Increase appropriations to support lease extension for the Superior Court's civil division, funded with fund balance.
<b>Total</b>	<b>\$0</b>	<b>\$13,000</b>	<b>\$13,000</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase appropriations by \$13,000 in the County Capital Projects – Courthouse Construction Fund budget, funded with Fund Balance.

### County Operations – 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 \$10,000 is recommended to distribute an increase in estimated revenue of the same amount.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
County Operations-DNA Identification Fund Prop 69	\$ 10,000	\$ 10,000	\$ -	\$ -	Increase appropriations and estimated revenue to distribute all revenue equally between the Probation and Sheriff departments per policy.
<b>Total</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase appropriations and estimated revenue by \$10,000 in the County Operations – DNA Identification Fund Prop 69 budget.

### Integrated Criminal Justice Information System (ICJIS)

Appropriations of \$200,000 were added in the 2021-2022 Midyear Financial Report to support a consultant contract to assist with ICJIS strategic planning. Fund Balance was initially identified to fund these appropriations.

As fund balance is generally used to reduce project impact to participating departments, it is recommended to fund these appropriations with \$200,000 in General Fund contributions instead.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Integrated Criminal Justice Information System (ICJIS)	\$ -	\$ -	\$ (200,000)	\$ 200,000	Fund existing appropriations for ICJIS strategic planning with General Fund contributions.
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$200,000)</b>	<b>\$200,000</b>	

**Recommendation:** It is recommended to increase General Fund contributions by \$200,000 in the Integrated Criminal Justice Information System budget, resulting in reduced reliance of fund balance by the same amount.

### Sheriff

**Funding for Extended Sentences** – The California Department of Corrections and Rehabilitation (CDCR) provided the Department with \$1.4 million for costs associated with housing State-sentenced inmates in the County’s local jail facilities for an extended period due to the COVID-19 pandemic emergency. A one-time increase of \$1.4 million in appropriations and revenue is recommended to manage this impact.

**Facilities Repair** – The Adult Detention facility’s sewage system has an integrated machine used to filter trash and debris that flows through the sewer system, which requires repair. An increase in appropriations of \$170,000 is recommended to support this repair, funded by Net County Cost.

**Technical Adjustments** – A one-time technical adjustment of \$1.9 million is required to right size the departments CAP charges, funded by Net County Cost.

**Transferability** – Finally, transferability between the five Sheriff General Fund legal budget units is recommended to ensure that all legal budget units will end the year in a positive position. The budgets include Administration, Adult Detention – Expansion, Detention, Office of Emergency Services/Fire Warden, and Operations.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Sheriff - Administration	\$ -	\$ 108,415	\$ -	\$ 108,415	Increase appropriations to support increased CAP/ISF costs, funded with Net County Cost.
Sheriff - Adult Detention Expansion	\$ -	\$ 24,713	\$ -	\$ 24,713	Increase appropriations to support increased CAP/ISF costs, funded with Net County Cost.
Sheriff - Detention	\$ -	\$ 553,456	\$ -	\$ 553,456	Increase appropriations to support increased CAP/ISF costs, funded with Net County Cost.
Sheriff - Detention	\$ 1,400,000	\$ 1,400,000	\$ -	\$ -	Increase appropriations and estimated revenue from CDCR to support housing State-sentenced inmates for extended periods due
Sheriff - Detention	\$ -	\$ 170,000	\$ -	\$ 170,000	Increase appropriations to support repair and replacement of Muffin Monster sewage grinder equipment, funded with Net County
Sheriff - Office of Emergency Services/Fire	\$ -	\$ 109,409	\$ -	\$ 109,409	Increase appropriations to support increased CAP/ISF costs, funded with Net County Cost.
Sheriff - Operations	\$ -	\$ 1,120,473	\$ -	\$ 1,120,473	Increase appropriations to support increased CAP/ISF costs, funded with Net County Cost.
<b>Total</b>	<b>\$1,400,000</b>	<b>\$3,486,466</b>	<b>\$0</b>	<b>\$2,086,466</b>	

**Recommendation:** It is recommended to increase appropriations by \$3.5 million and estimated revenue by \$1.4 million with the use of Net County Cost of \$2.1 million. It is also recommended to allow transferability between the Sheriff's five general fund budget units to ensure the general fund budgets will end in a positive position.



# Supporting Community Health

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





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

### **Priority Overview**

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

The departments assigned to this priority area include Aging and Veterans Services, Behavioral Health and Recovery Services, Child Support

Services, Community Services Agency, and Health Services Agency. The major funding sources for the programs provided by these departments include Federal and State funding. The County uses local discretionary funds, where required, to match other governmental funding in support of these programs.

Overall, the departments *Supporting Community Health* are on track to end the year within budget and in a positive fiscal position and 1991 and 2011 Realignment revenue projections continue to come in higher than anticipated, as detailed in the Governor's Fiscal Year 2022-2023 Proposed Budget, which provided updated projections for the remainder of Fiscal Year 2021-2022.

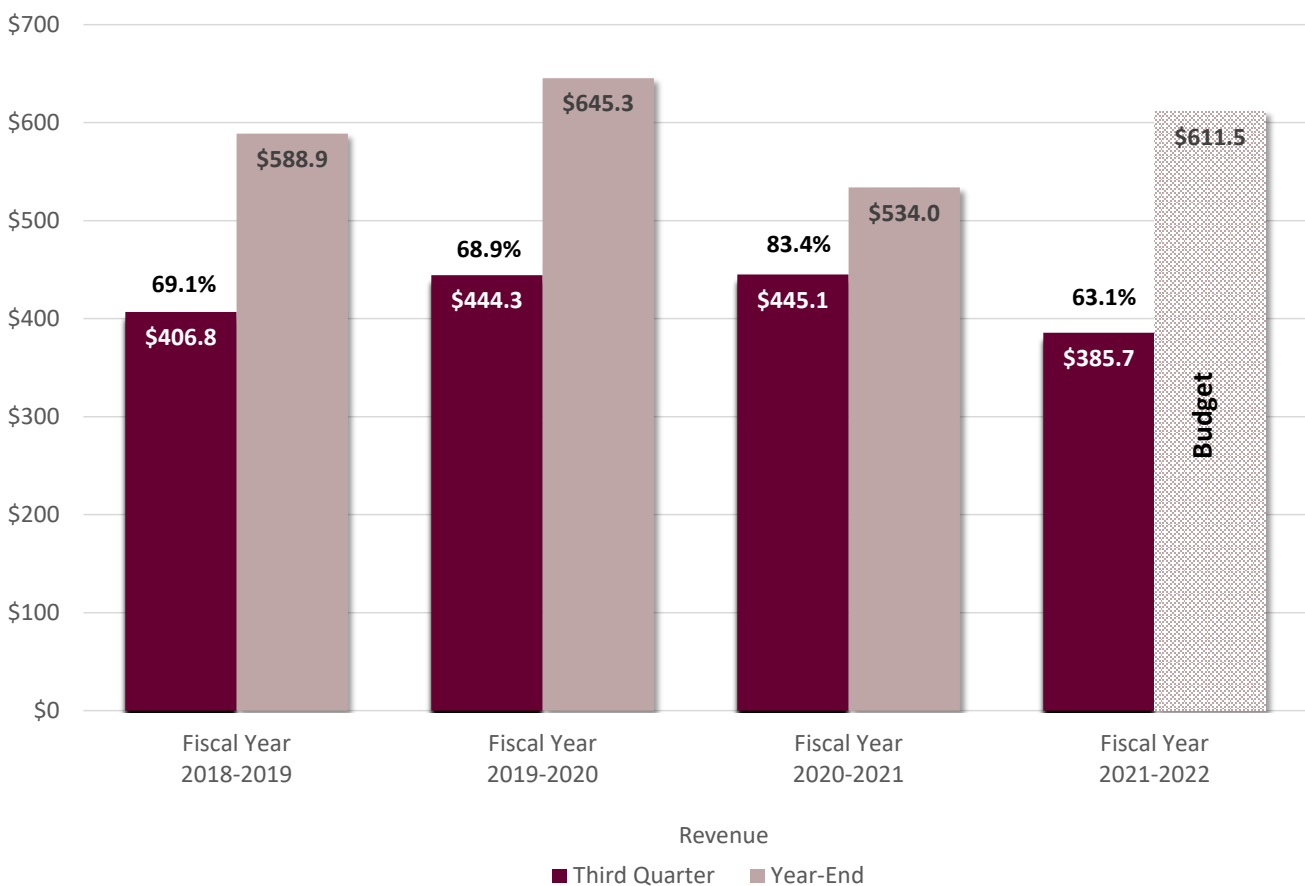
## Departmental Revenue

For departmental budgets *Supporting Community Health*, actual revenue received as of March 31, 2022, totaled \$385.7 million, which represents 63.1% of the estimated annual revenue. This ratio is below the normal range when comparing to revenue received as of third quarter in the previous three years when collections ranged from 68.9% to 83.4% of year-end actual totals. This is primarily due to an accounting adjustment resulting from an audit finding for the Community Services Agency (CSA),

noting that CSA was reporting the full revenue and expenditures for the In-Home Supportive Services (IHSS) Provider Wages, including Federal and State shared, instead of just the County’s share. Effective with the 2021-2022 Adopted Final Budget, CSA decreased budgeted revenue and costs by \$160.1 million, in line with the County’s portion of Provider Wages. This accounting adjustment resulted in a \$82.9 million decrease in revenue received to date when compared to previous years.

### Supporting Community Health Four-Year Revenue Comparison

In Millions



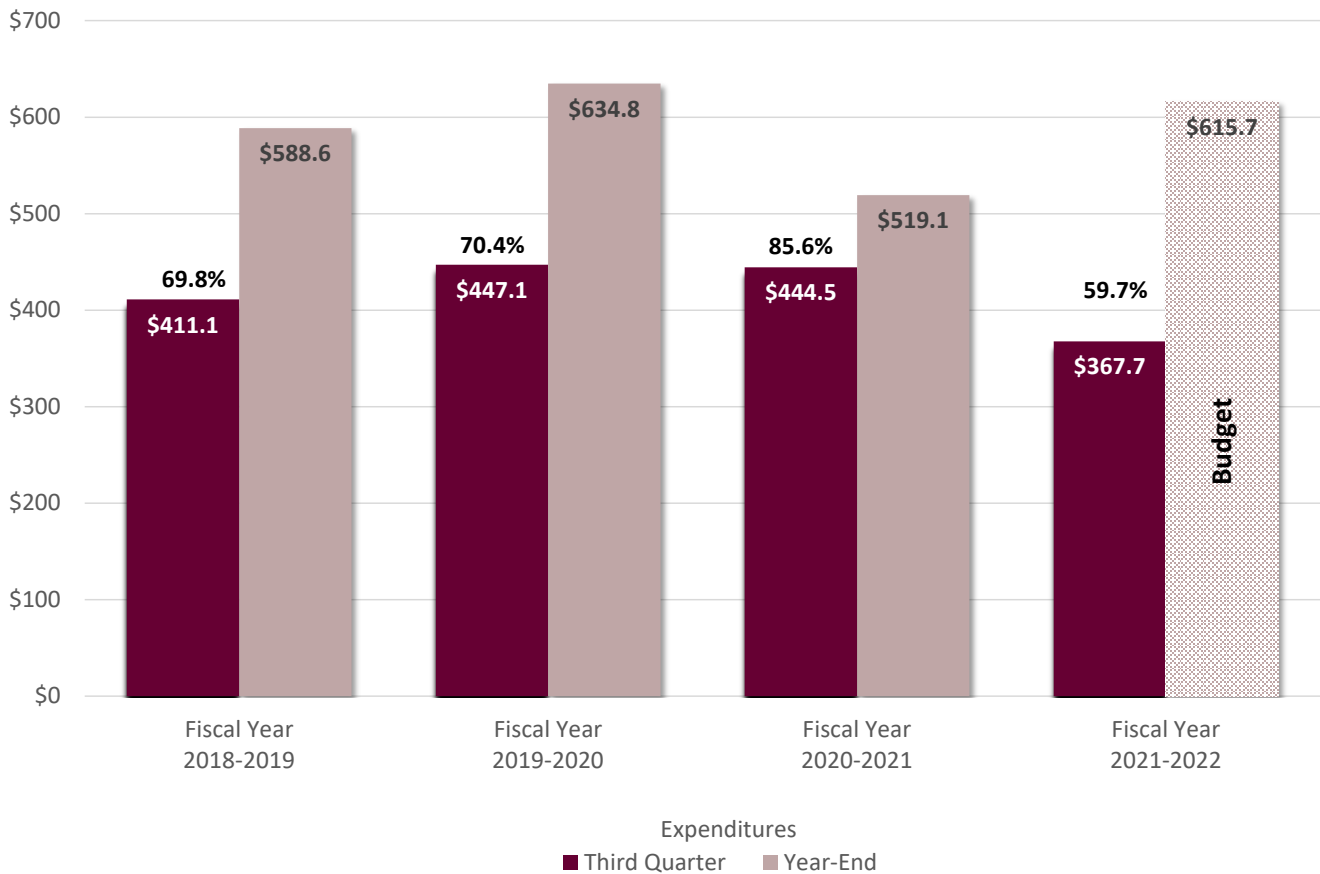
## Departmental Expenditures

As of March 31, 2022, expenditures in this priority area totaled \$367.7 million, representing 59.7% of the budgeted appropriations. Actual expenditures identified in third quarter of the previous three years as a ratio of year-end costs represented a range of 69.8% to 85.6%, placing this year’s expenditures below the historical range. This is attributed to the same issues affecting revenue noted on the previous page. An audit finding for the Community Services

Agency (CSA) found that CSA was reporting the full revenue and expenditures for the In-Home Supportive Services (IHSS) Provider Wages, including Federal and State shares, instead of just the County’s share. Effective with the 2021-2022 Adopted Final Budget, CSA decreased budgeted revenue and costs by \$160.1 million, resulting in an \$81 million decrease in expenses incurred to date when compared to previous years.

### Supporting Community Health Four-Year Expenditures Comparison

In Millions



## Third Quarter Issues and Recommendations

The recommendations contained in this report for *Supporting Community Health* will net for a total increase in appropriations of \$1 million with a \$85,090 increase in estimated revenue, resulting in a \$941,440 increase in Net County Cost, of which \$841,440 is for technical adjustments to reimburse departments for one-time COVID-19 Recovery Payments.

### Aging and Veterans Services

The Area Agency on Aging has received \$85,090 in one-time Federal Older Americans Act (OAA) funding which will allow for the Department to provide additional meals for seniors and additional supportive services by providers such as Homemaker, Disease Prevention, and Legal Assistance services.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
AVS - Area Agency on Aging	\$85,090	\$85,090	\$0	\$0	Increase estimated revenue and appropriations due to one-time Older American Act (OAA) grant funds to support OAA programs.
<b>Total</b>	<b>\$85,090</b>	<b>\$85,090</b>	<b>\$0</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase estimated revenue and appropriations by \$85,090.

### Behavioral Health and Recovery Services

**Cannabis Funding Update** – The Department was allocated \$100,000 of Cannabis Program funding this fiscal year to further expand youth treatment services by aligning cannabis funds with the Youth Opioid Response (YOR) grant program in three specific areas: (1) school-based substance use disorder treatment services, (2) medication-assisted treatment support and consultation services, and (3) youth contingency management, substance use disorder (SUD) treatment that involves providing incentives for behavioral outcomes aligned with treatment goals. The YOR grant proposal was developed in partnership with Modesto City Schools and primarily serves students on their school sites throughout Modesto. The cannabis funds intended to augment these services by providing a Substance Abuse Counselor (SAC) to rotate to the rural areas of the County and provide school-based SUD treatment services to high schools with the greatest treatment needs.

Most of the cannabis funding was allocated for contract services with the Center for Human Services (CHS) to provide rotating school-based SUD treatment services. However, the SAC hired by CHS for this purpose was re-assigned to fill another vacant SAC position funded by the YOR grant; therefore, augmented Countywide school-based SUD treatment services did not commence as planned. Additionally, to support Medication Assisted Treatment (MAT) and improve patient care by offering an opportunity to better meet the biopsychosocial needs of patients with SUD’s, cannabis funding was allocated to provide a stipend for prescribers to obtain a Drug Enforcement Agency (DEA) X-Waiver Certification to increase the number of prescribers who can prescribe MAT medications in Stanislaus County. Only one prescriber took advantage of the X-Waiver stipend opportunity. Lastly, Medication Assisted Treatment consultation/prescribing did not exceed the threshold of existing Behavioral Health and Recovery Services funding in order to be allocated toward cannabis funding, and youth contingency management didn’t fully utilize the allocated budget. The Department is projecting to spend \$2,700 of cannabis funding this fiscal year. The Department has requested that the remaining \$97,300 in cannabis funding be re-allocated in the 2022-2023 Proposed Budget to pursue augmented SUD treatment services for youth.



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## Community Services Agency

Preliminary Midyear projections provided by the Department had reflected a potential year-end deficit. Chief Executive Office and Community Services Agency (CSA) budget staff performed a detailed budget analysis, and the Department will have a positive year-end close due to increased Realignment Revenue and the use of available fund balance. Therefore, ten new positions are being recommended for the Department based on position requests submitted at midyear. No budget adjustments are needed this fiscal year for the new positions due to salary savings resulting from vacancies. Ongoing Federal/State allocations are sufficient to support the staff positions in future fiscal years.

**Staffing Recommendation:** It is recommended to add two new Social Worker Supervisor II positions to the Adult, Child, and Family Welfare Services Division to comply with new mandates in Child Welfare services. Additional Social Worker positions have also been added to the division resulting in the need for these additional Social Worker Supervisor positions. One position will supervise the Quality Assurance and Control unit in the Child Welfare Services Permanent Placement Program. One position will evaluate, develop, update, and write Child Welfare Services policy and procedures, as well as be responsible to develop and track outcomes for policy implementation.

It is also recommended to add eight new positions to support the Adult Protective Services (APS) program to comply with new regulations that lowered the age eligibility of services from 65 to 60. Changes in age eligibility will increase caseload and expand case management requirements. In addition, these positions will support the APS Home Safe Program, a new program to Stanislaus County that began in January 2022 that requires full development and implementation of services to address homelessness of older adults in the County. The new positions are as follows:

- One Administrative Clerk II position to review documents for propriety, explain basic agency policies to applicants, clients, and the public, and perform other clerical duties as assigned.
- One block-budgeted Manager I/II position to support the three primary programs in Adult Services by planning, coordinating, directing, and performing a variety of specialized administrative services in the areas of program performance measurement, data collection, data analysis, and monitor outcomes of program evaluation plans.
- One Manager IV position to serve as the County's representative and subject matter expert on APS and APS Home Safe. This position will lead community engagement, outreach, goal setting, and change efforts to support the older adult population through the development of the Master Plan for Aging and Cal-Aim initiatives.
- Four block-budgeted Social Worker IV/V positions to investigate elder and dependent adult abuse and neglect referrals. These positions will provide ongoing case management and services to this population aimed at ensuring they have a safe place to live.
- One Social Worker Supervisor II position to supervise a unit of social workers dedicated to support elder and dependent adult services.

## Health Services Agency

To identify existing and needed healthcare services on the west side of the County, it is recommended to hire a contract consultant, estimated at \$100,000 to conduct a Westside Healthcare Study to assess current and needed levels of healthcare. This will include critical mass needed to support additional levels of care, necessary licensure, regulatory implications, financial implications, payor implications, resource feasibility, and a potential stakeholder engagement process. Ultimately, this study may support a Request for Information or Request for Proposal to identify a partner to provide additional healthcare on the west side of the County. The study will be funded by a General Fund Contribution to the Health Services Agency – Clinics and Ancillary Services budget.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
HSA - Clinics and Ancillary Services		\$100,000	\$0	\$100,000	Increase appropriations for a Westside Healthcare Study funded by Net County Cost.
<b>Total</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	

**Recommendation:** It is recommended to increase appropriations by \$100,000, funded by Net County Cost.

**Staffing Recommendation:** A request for classification studies was submitted in the 2021-2022 Final Budget. The studies have been completed and it is recommended to reclassify two Staff Services Technician positions to Supervising Account Administrative Clerk II to align current job duties of the positions with the appropriate classification.

# Developing a Healthy Economy

Agricultural Commissioner  
County Operations – ARPA State/Local Fiscal Recovery Fund  
Economic Development Bank  
UC Cooperative Extension  
Workforce Development





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## ***Developing a healthy economy, building upon our strong agricultural foundation***

### **Priority Overview**

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

There are various funding sources for departments in this priority area. The Agricultural Commissioner receives State funding for several programs, charges

for specific services, and receives funding from the General Fund. Cooperative Extension's University of California advisors are funded through the University of California system; however, the County provides funding from the General Fund for support staff and operational expenses. Workforce Development's primarily receive Federal funding through Workforce Innovation and Opportunity Act. The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021, and Stanislaus County has been allocated \$107 million through ARPA and the State and Local Coronavirus Fiscal Recovery Fund (SLCFRF). A portion of ARPA SLCFRF funds is included in this priority area in an administrative budget.

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

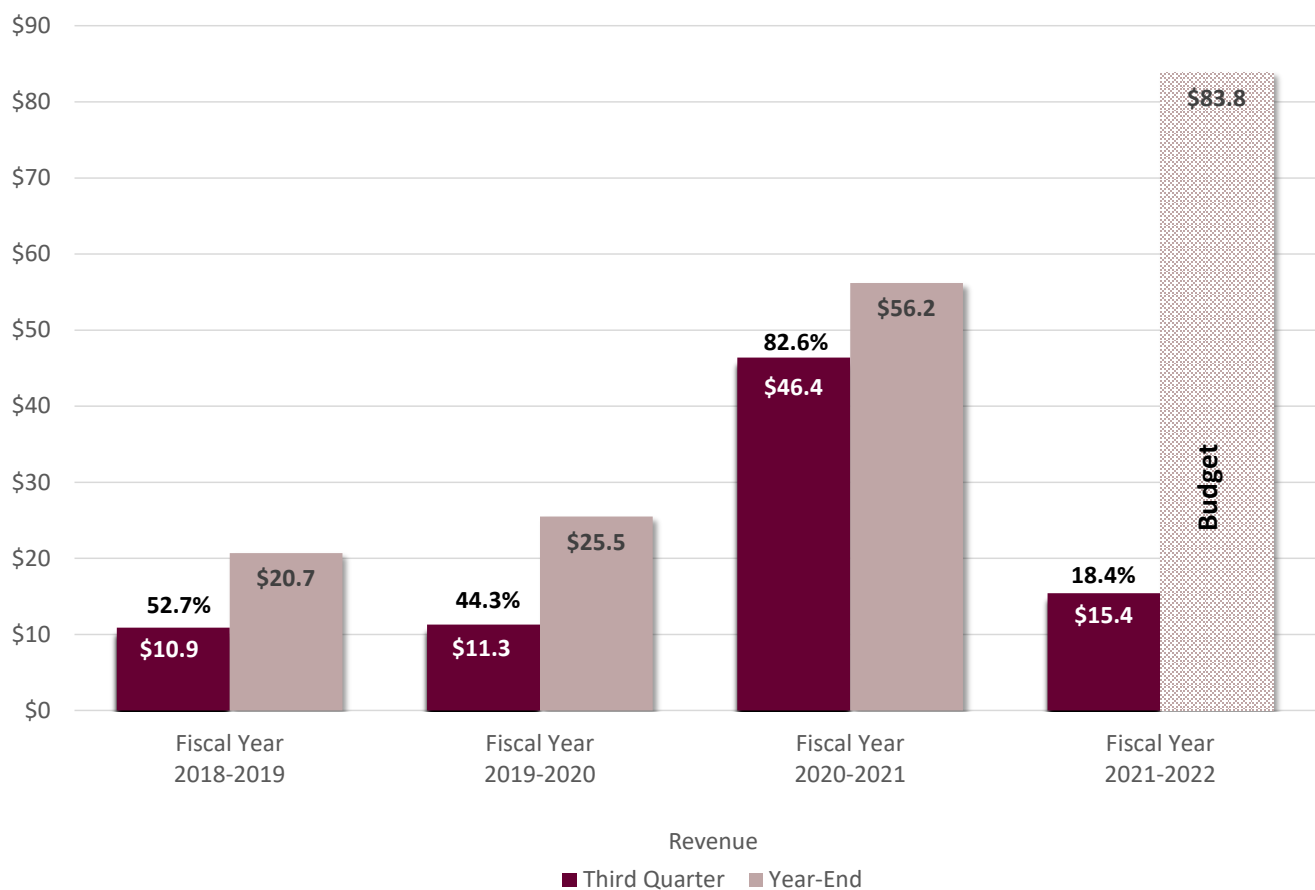
## Departmental Revenue

For the departments contained in the Board of Supervisors’ priority area of *Developing a Healthy Economy*, as of March 31, 2022, actual revenue collected totaled \$15.4 million, which represents 18.4% of the estimated annual revenue. This is below the range when compared to the third quarter point of the prior three years when collections ranged

from 44.3% to 82.6%. Current year budget revenue is significantly greater than prior years due to receipt of CARES Act CRF and ARPA reimbursement funding allocated to Economic Development for community support and business revitalization in response to the COVID-19 pandemic; projects are pending, and reimbursement revenue will flow once claimed.

### Developing a Healthy Economy Four-Year Revenue Comparison

In Millions



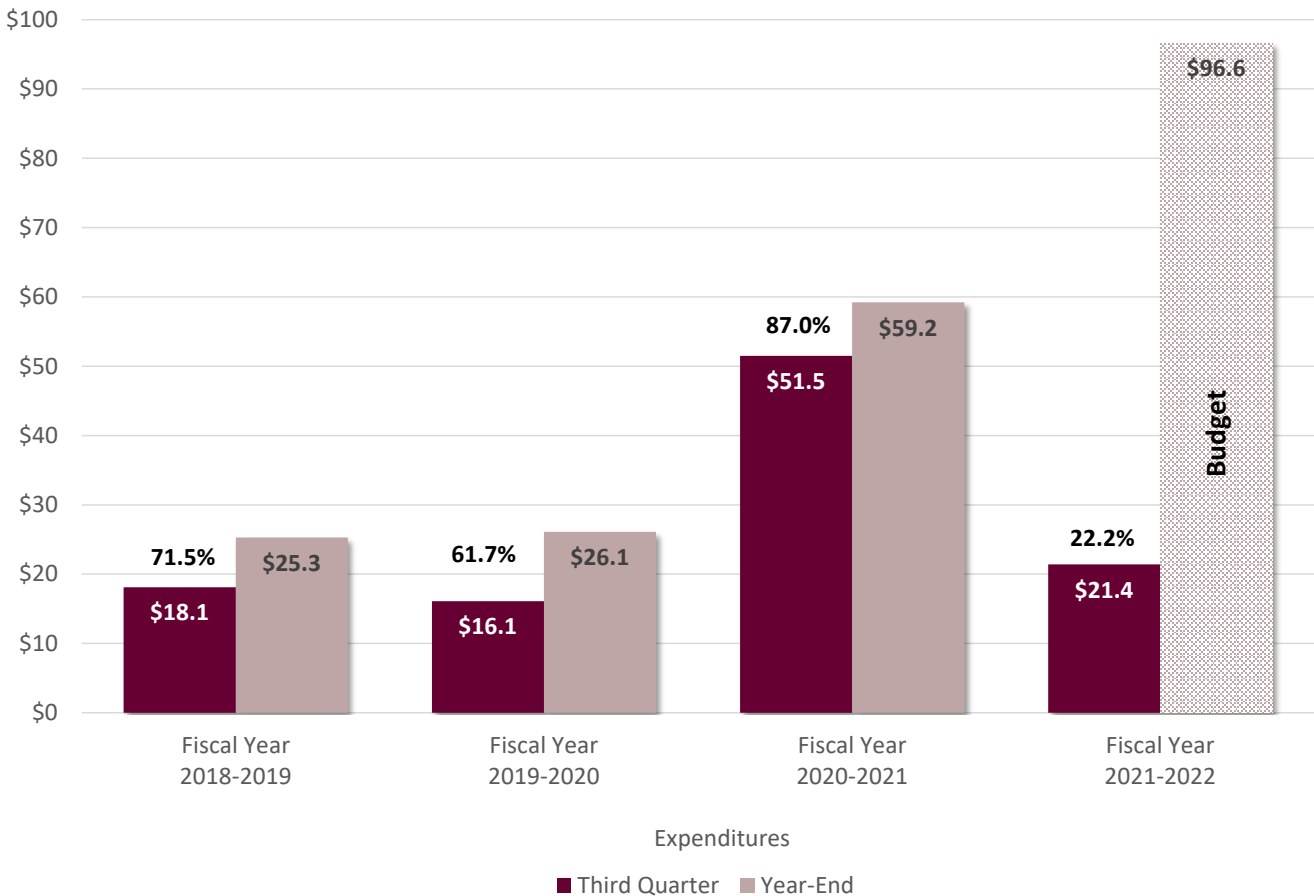
## Departmental Expenditures

As of March 31, 2022, expenditures totaled \$21.4 million for departments *Developing a Healthy Economy*, representing 22.2% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 61.7% to 87% of the final actual expenditures, placing this year

below the three-year range. This is due to a \$37.4 million increase in budgeted expenditures and a decrease of \$30.1 million in year-to-date expenditures for this priority due to CARES Act CRF and ARPA funded projects pending in response to the COVID-19 pandemic.

### Developing a Healthy Economy Four-Year Expenditures Comparison

In Millions





### Third Quarter Issues and Recommendations

The recommendations contained in this report for *Developing a Healthy Economy* will net for a total increase in appropriations of \$191,229 with a \$80,000 increase in estimated revenue and \$113,449 increase in Net County Cost for a Vacancy Rate Rebate, resulting in \$2,220 in savings to departmental fund balance.

#### County Operations – ARPA State/Local Fiscal Recovery Fund

A one-time technical adjustment of \$80,000 in appropriations is recommended to cover Cost Allocation Plan (CAP) charges, funded with increased revenue.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
County Operations - ARPA State/Local Fiscal Recovery Fund	\$ 80,000	\$ 80,000	\$ -	\$ -	Increase revenue and appropriations to cover increased CAP charges.
<b>Total</b>	<b>\$80,000</b>	<b>\$80,000</b>	<b>\$0</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase estimated revenue and appropriations by \$80,000.

#### Community Development Fund

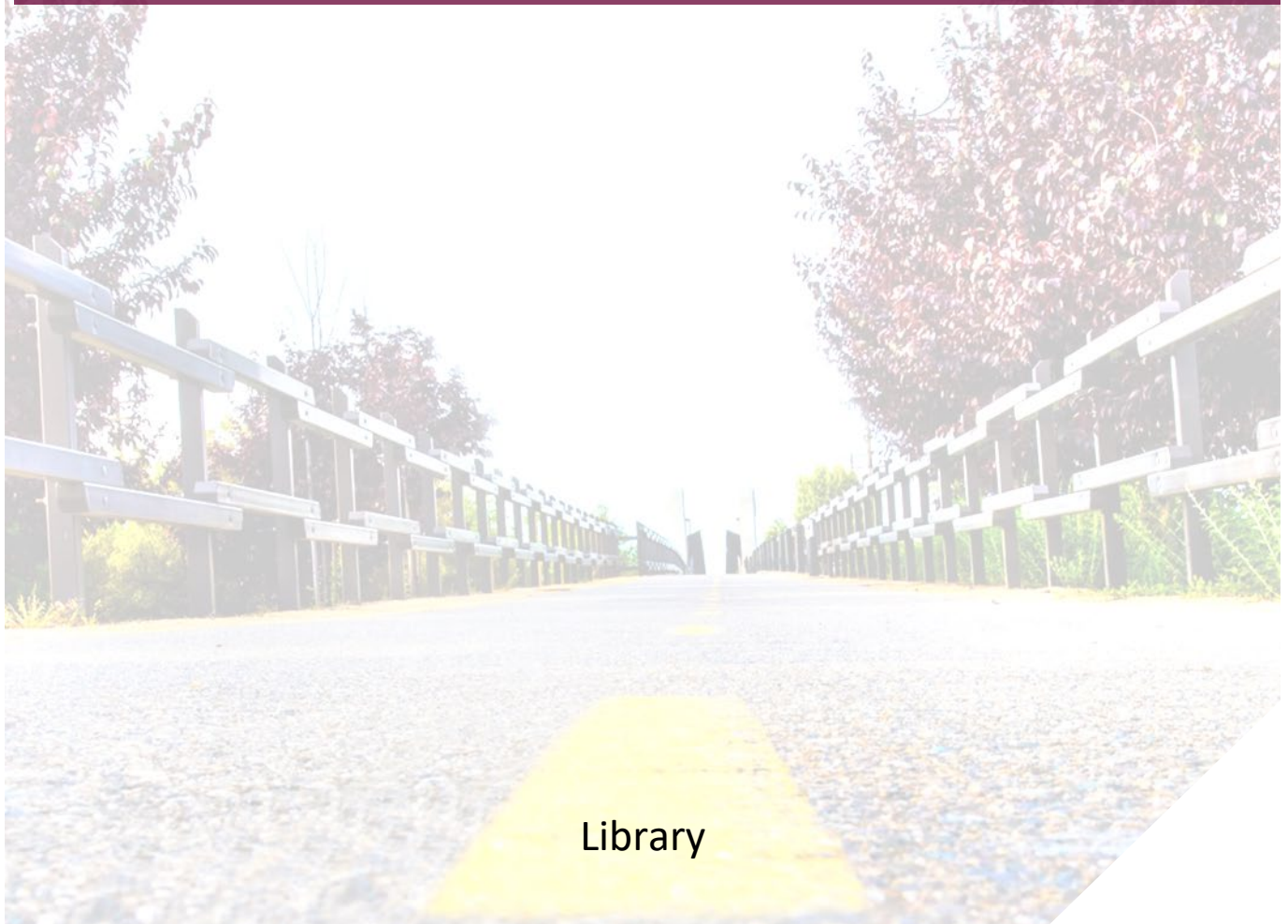
A one-time technical adjustment of \$343 in appropriations is recommended for Board of Supervisors approved use of Community Development Fund balance in District 5 for permit fees for Center Church monthly community events (Board item .

A one-time technical adjustment of a correction to the Midyear Budget item classified as Special Revenue should be General Fund of \$2,220 in District 4 Community Development Fund balance granted to City Ministry Network for community outreach event.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Community Development Fund	\$0	\$343	\$0	\$343	Increase appropriations for Board approved use of funds for permit fees for Center Church community events.
Community Development Fund		(\$2,220)	(\$2,220)	\$0	Technical Adjustment correction to Midyear item classified as a Special Revenue instead of General Fund.
Community Development Fund	\$0	\$2,220	\$0	\$2,220	Technical Adjustment correction to Midyear item classified as a Special Revenue instead of General Fund.
<b>Total</b>	<b>\$0</b>	<b>\$343</b>	<b>(\$2,220)</b>	<b>\$2,563</b>	

**Recommendation:** It is recommend to increase appropriations by \$343, decrease the use of \$2,220 in fund balance erroneously noted previously, funded by Net County Cost.

# Promoting First-Rate Learning



Library





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

### **Priority Overview**

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The Library is the single Department supporting the Board of Supervisors' priority of *Promoting First-Rate Learning*. The Department serves members of the community and provides valuable services to local agencies and other County departments.

The Library is responsible for implementing *Promoting First-Rate Learning* opportunities for all residents to advance community and individual prosperity. The Stanislaus County Library engages members of the community and offers access to information, knowledge, and the tools for innovation and personal development. The Library offers early literacy programs for children, basic literacy services to adults, workforce readiness programs, resources for veterans and their families, and outreach services beyond the physical walls of the libraries including

online e-resources and community outreach activities such as home delivery service for customers who are unable to come to the Library due to advanced age, injury or illness. The Library also offers unique services such as the Veterans Resource Center, passport application processing, and citizenship information sessions.

The Library is primarily funded by a voter approved 1/8-cent sales tax, which represents approximately 90% of the Library's total estimated revenue in support of operations for Fiscal Year 2021-2022. The voter approved 1/8-cent sales tax was extended 12 years with Measure S, passed in November 2017.

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

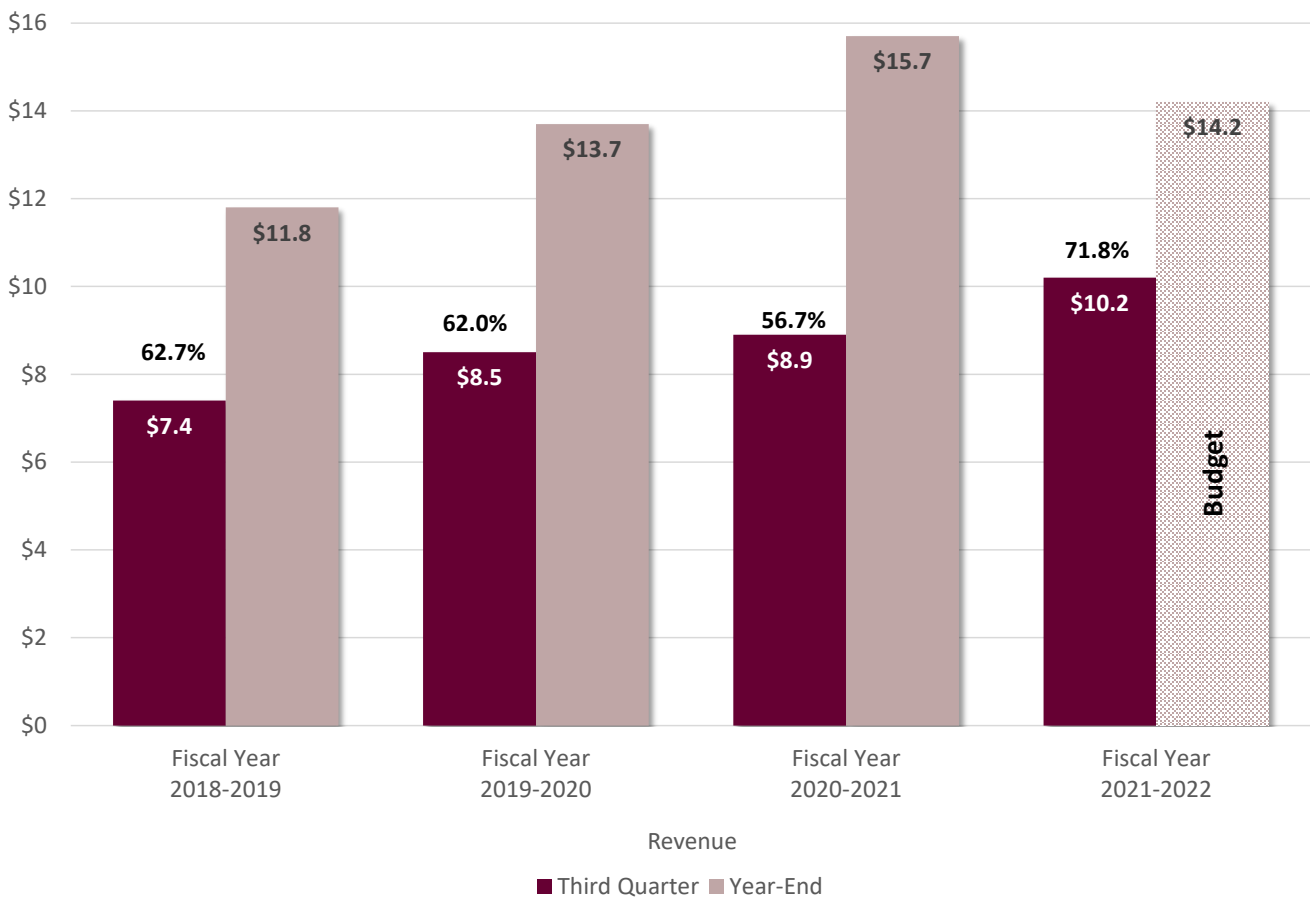
## Departmental Revenue

For the department making up the Board of Supervisors' priority area *Promoting First-Rate Learning* as of March 31, 2022, actual revenue collected was \$10.2 million, which represents 71.8% of the estimated annual revenue. This is above the range when compared to third quarter of the prior three years when collections were 56.7% to 62.7% of final actual revenue received. Actual revenue-to-

date is above the prior three-year range due to higher than anticipated sales tax revenue. The Library budgeted a 9% reduction in estimated sales tax revenue for Fiscal Year 2021-2022 due to impacts from the COVID-19 pandemic that were anticipated to reduce revenue. Actual sales tax revenue received through third quarter is \$1.3 million higher than Fiscal Year 2020-2021 due to a strong economy.

### Promoting First-Rate Learning Four-Year Revenue Comparison

In Millions



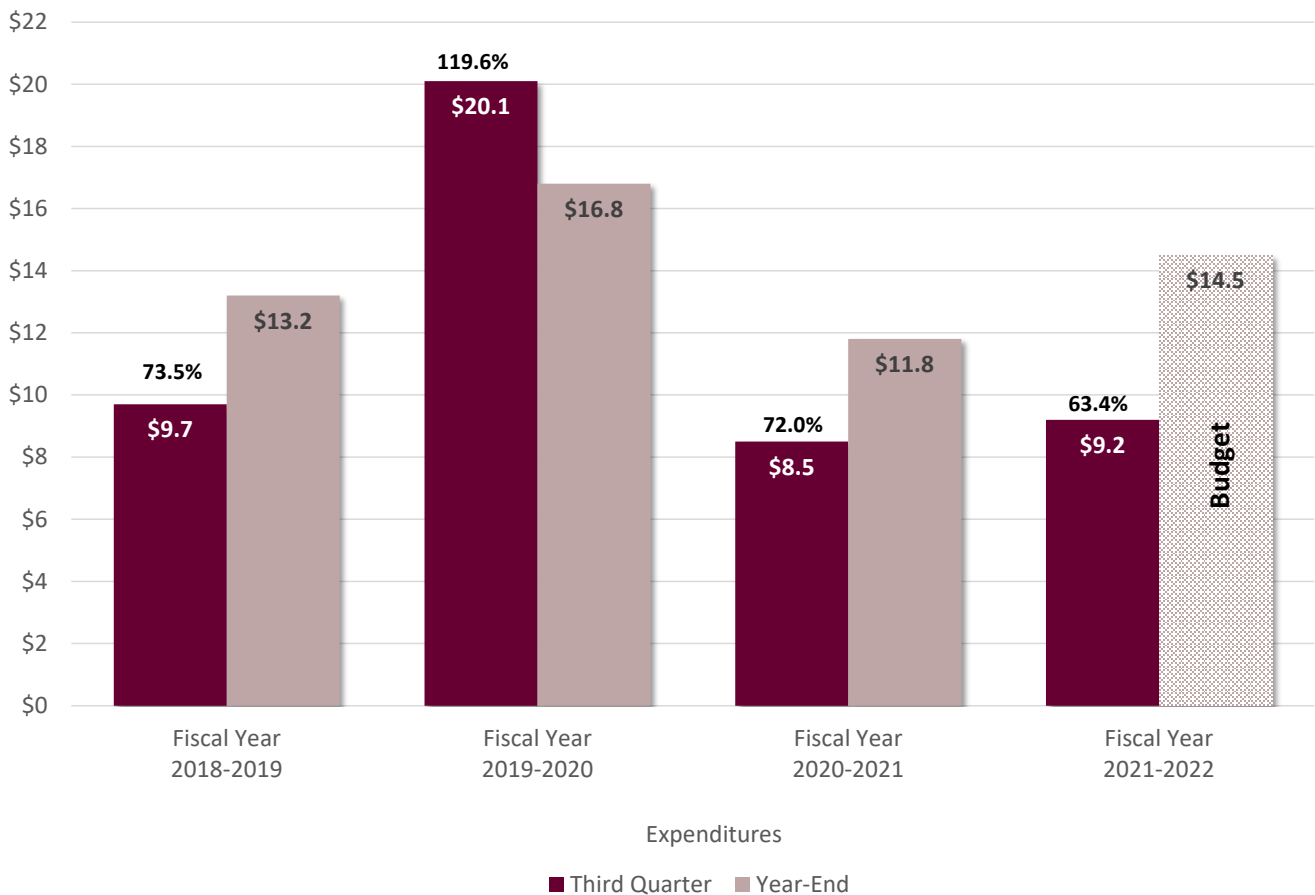
## Departmental Expenditures

As of March 31, 2022, expenditures in this priority area totaled \$9.2 million, representing 63.4% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 72% to 119.6% of the final actual expenditures, placing this year below the historical range. Due to

the COVID-19 pandemic, Library services were significantly decreased. Expenditures in Fiscal Year 2021-2022 are gradually trending toward pre-pandemic levels but are still trailing that budgeted due to the reduction in Library hours and reduced staffing levels experienced to date.

### Promoting First-Rate Learning Four-Year Expenditures Comparison

In Millions



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## **Third Quarter Issues and Recommendations**

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The recommendations contained in this report for *Promoting First-Rate Learning* will net for a total increase in appropriations of \$91,472, funded with Net County Cost for a technical adjustment to reimburse the Library for one-time COVID-19 Recovery Payments.

There are no other recommendations for the priority of *Promoting First-Rate Learning*.



# Delivering Efficient Public Services

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





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## ***Delivering efficient public services to benefit our residents and businesses***

### **Priority Overview**

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

Departments assigned to the Board of Supervisors' priority area of *Delivering Efficient Public Services* include the Assessor, Auditor-Controller, Chief

Executive Office, Clerk-Recorder/Elections, County Counsel, General Services Agency, Information Technology Central, and Treasurer-Tax Collector. These departments serve members of the community while also providing valuable services to local agencies and other County departments, internal customers with unique needs, to ensure the efficient delivery of services. The revenue used to pay for many of these services comes from local taxes such as property tax, sales tax, various fees, franchises, charges for services, and a variety of other discretionary funding sources.

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

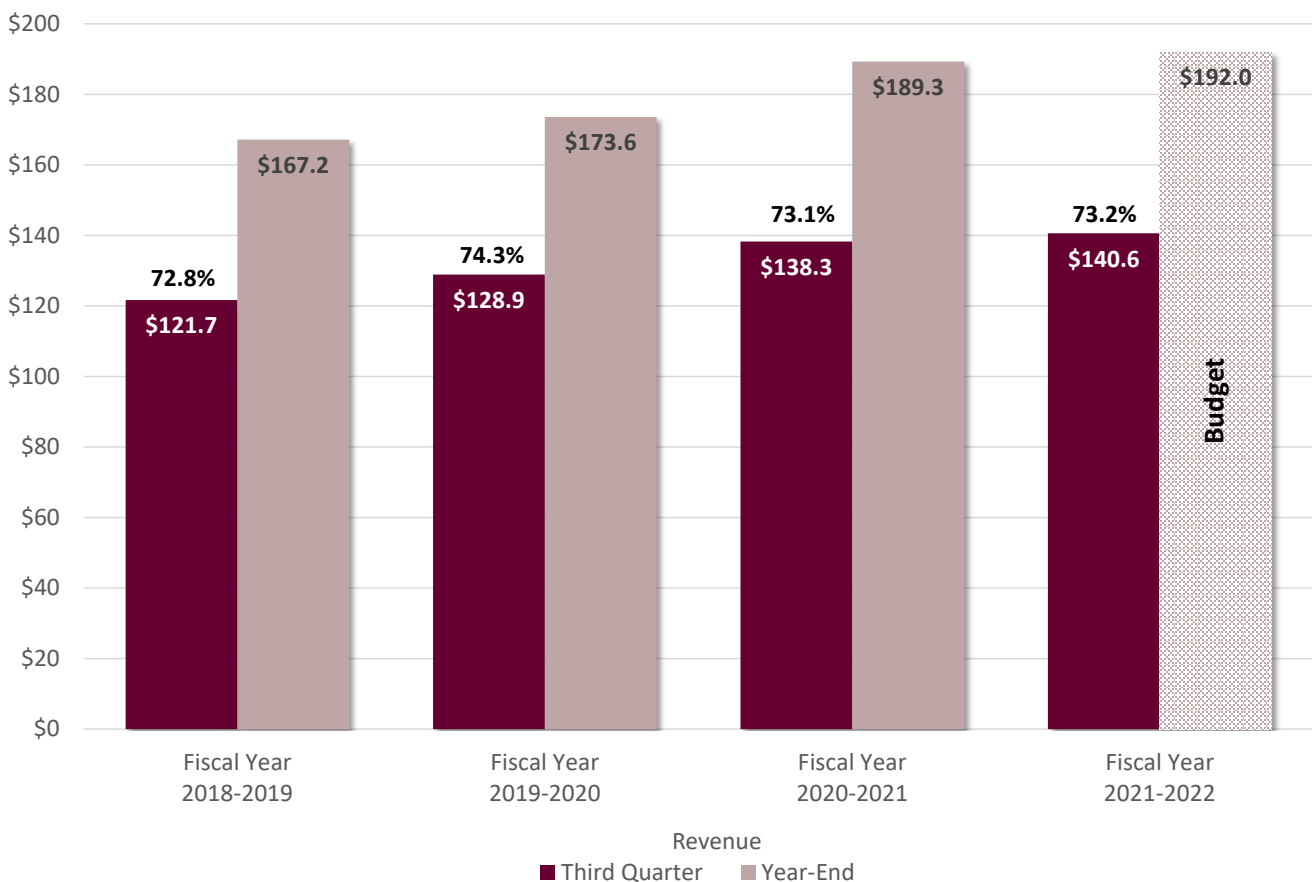
## Departmental Revenue

For the departmental budgets that make up the Board of Supervisors' *Delivering Efficient Public Services* priority area, the actual revenue collected as of March 31, 2022, totaled \$140.6 million, which represents 73.2% of the estimated annual revenue based on budgeted projections. This is within range when compared to the third quarter point of the

previous three years when collections ranged from 72.8% to 74.3% of actual realized revenue received through year end. The slight increase in revenue received this year is largely attributed to Vehicle License Fee annualized receipts and County Operations – Risk Management General Liability Self-Insurance revenue increases.

### Delivering Efficient Public Services Four-Year Revenue Comparison

In Millions



## Departmental Expenditures

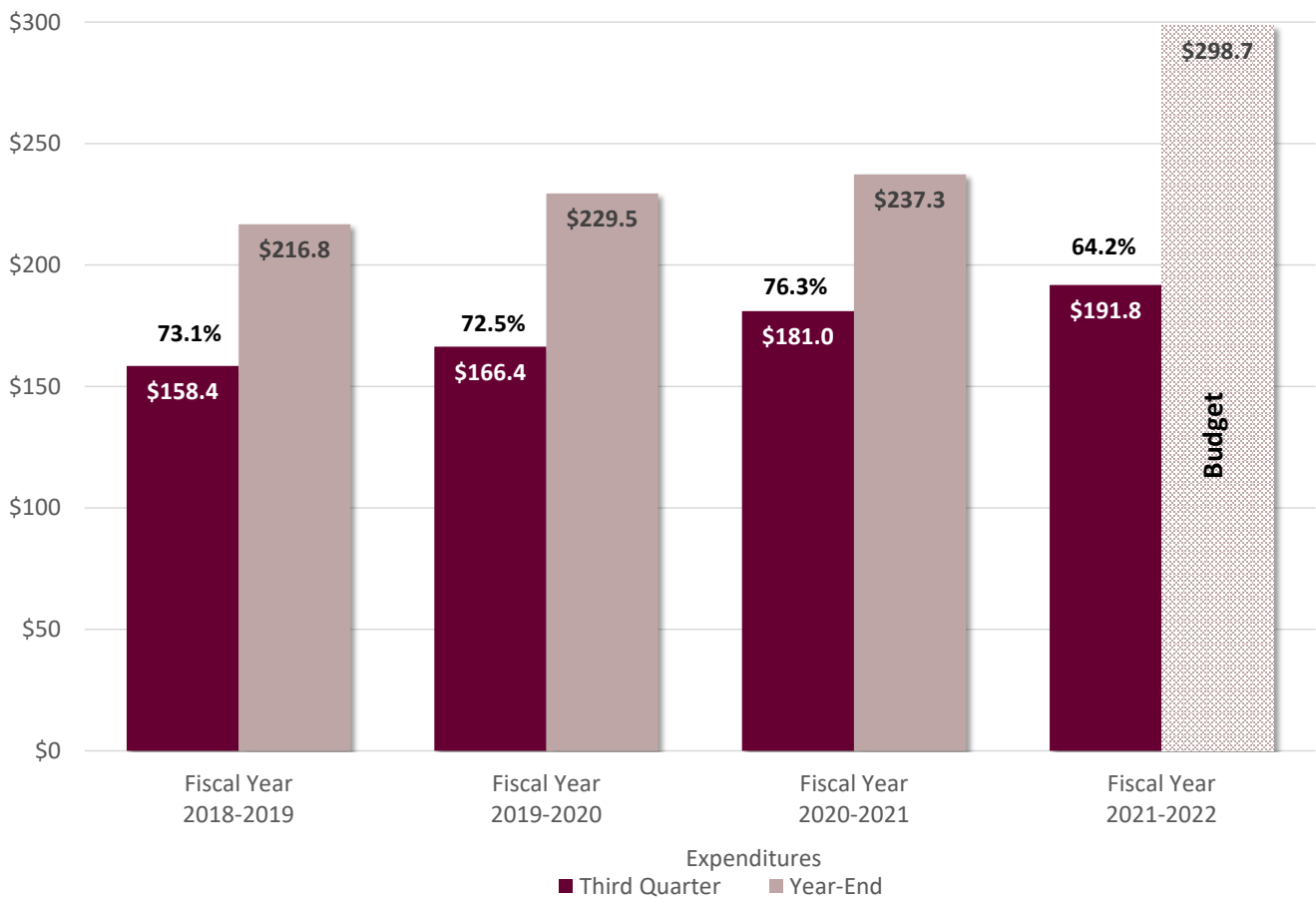
As of March 31, 2022, expenditures in this Board priority area totaled \$191.8 million, representing 64.2% of the appropriations budgeted for the fiscal year. Expenditures at the third quarter point of the previous three fiscal years ranged from a low of 72.5% to a high of 76.3% of actual expenditures, placing this year below the historical range.

Relative decreases in expenditures this year include \$4.3 million in County Operations – Mandated

County Match, \$4.1 million in Information Technology Central, and \$3.5 million in General Services Agency – Administration, largely attributable to the timing of when costs are incurred in the current year. Additionally, this priority contains the County’s contingency budget, Appropriations for Contingencies, which has utilized only \$1.3 million to date of the available \$12 million, widening the gap between actual expenditures and budgeted appropriations.

### Delivering Efficient Public Services Four-Year Expenditures Comparison

In Millions



## Third Quarter Issues and Recommendations

The recommendations contained in this report for *Delivering Efficient Public Services* include a total increase in appropriations of \$2.5 million, funded by an increase in estimated revenue of \$9 million, resulting in a \$969,972 decrease in the use of fund balance and retained earnings and a \$5.5 million reduction in Net County Cost, including the transfer of \$1.5 million from Appropriations for Contingencies. Revenue includes the increase of \$6.2 million in Discretionary Revenue.

### Auditor-Controller

Overall reductions in revenue totaling \$1.2 million and appropriations of \$2.5 million will result in \$1.8 million in decreased fund balance use and require an additional \$420,998 in Net County Cost.

**Auditor-Controller** – Staff vacancies and the redirection of staff to work on the Enterprise Resource Planning project has resulted in cost savings of \$537,860 in this budget unit, impacting costs chargeable to County departments for services. Additionally, costs claimed for Federal Emergency Management Agency (FEMA) reimbursement cannot be recognized in the current fiscal year and will be received in a future budget year. The combined impact results in a loss of estimated revenue totaling \$958,858, with a net \$420,998 impact to the County General Fund.

**Auditor-Controller – Enterprise Resource Planning** – The legal budget includes appropriations for the full length of the 15-month implementation of the Oracle Cloud financial management system along with a portion of revenue originally considered that would flow through the Cost Allocation Plan. However, it was determined that the implementation period would not include charges to departments, instead relying on the General Fund assignments provided for this purpose. A decrease of \$2 million in appropriations and \$194,512 in revenue will align with the anticipated costs associated with nine months of project activity occurring in this fiscal year, reducing the reliance on retained earnings by \$1.8 million.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Auditor-Controller	(\$958,858)	(\$537,860)	\$0	\$420,998	Decrease revenue and appropriations to account for a reduction in chargeable staff time, funded by Net County Cost.
Auditor-Controller - Enterprise Resource Planning	(\$194,512)	(\$1,951,520)	(\$1,757,008)	\$0	Decrease revenue and appropriations to right-size project budget to align with anticipated costs in the current year.
<b>Total</b>	<b>(\$1,153,370)</b>	<b>(\$2,489,380)</b>	<b>(\$1,757,008)</b>	<b>\$420,998</b>	

**Recommendation:** It is recommended to decrease revenue by \$1.2 million, appropriations by \$2.5 million, and the use of retained earnings by \$1.8 million, funded by an increase in Net County Cost of \$420,998.

### CEO – Human Relations

**Human Relations** – The following one-time appropriations are recommended in the CEO-Human Relations budget to support additional expenses not known at the time of the 2021-2022 Midyear Financial Report:

- An increase of \$60,000 in appropriations is recommended for the purchase of furniture for County Center III and for new positions added at Midyear, funded by Net County Cost.

- An increase of \$157,863 in appropriations is recommended to support additional legal services related to arbitration costs, funded by Net County Cost.
- A technical adjustment of \$78,265 in appropriations is recommended to cover unanticipated retirement and vacation cash-outs, to be funded with Cost Allocation Plan (CAP) charges revenue and Net County Cost.
- A technical adjustment of \$140,000 in appropriations is recommended for increased CAP charges in Data Processing and Facility Maintenance services, funded by Net County Cost.

**Medical Self-Insurance** – It is recommended to increase estimated revenue by \$2.7 million for rate revenue to reflect year-to-date projections and increase appropriations for medical costs by \$2.1 million. This will result in a decreased use of retained earnings of \$609,035.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CEO - Human Relations	\$0	\$60,000	\$0	\$60,000	Increase appropriations for purchase of furniture for CCIII and 1st Floor, funded by Net County Cost.
CEO - Human Relations	\$0	\$157,863	\$0	\$157,863	Increase appropriations for legal services related to arbitration costs, funded by Net County Cost.
CEO - Human Relations	\$47,742	\$78,265	\$0	\$30,523	Increase appropriations for retirement and vacation cash-outs, funded with CAP charge revenue and Net County Cost.
CEO - Human Relations	\$0	\$140,000	\$0	\$140,000	Increase appropriations for increased CAP charges, funded by Net County Cost.
CEO - HR Medical Self-Insurance	\$2,690,750	\$2,081,715	\$0	(\$609,035)	Increase estimated revenue for medical rates and increase appropriations for medical costs, reducing the use of fund balance.
<b>Total</b>	<b>\$2,738,492</b>	<b>\$2,517,843</b>	<b>\$0</b>	<b>(\$220,649)</b>	

**Recommendation:** It is recommended to increase appropriations by \$2.5 million, funded by an increase in estimated revenue of \$2.7 million, reducing Net County Cost by \$220,649.

### Clerk-Recorder

The Clerk-Recorder has recommendations with a total increase to appropriations of \$272,000, funded by \$272,000 in additional projected revenue, with no net impact to the General Fund.

**Clerk-Recorder** – Recording fees have increased throughout the current fiscal year and the department anticipates an additional \$272,000 from this revenue source which will support various needs within the department. Assembly Bill (AB) 1466 requires the County Recorder to redact unlawful restrictive covenants from California real property records. First American Data Tree, a document management service, would redact all unlawful restrictive covenants from documents dated from 1980 to present at a cost of \$30,000. Additionally, \$8,000 is needed to cover the cost of repairs to the whole house fan located in the department warehouse that serves to keep the warehouse cool in summer months when division staff are stacking and moving stored materials; internal



temperatures can exceed 100 degrees in the summer without the aid of the fan. The additional revenue in excess of these costs will provide a one-time \$234,00 benefit to the General Fund.

**Clerk-Recorder – Elections** – The Elections Division has been tracking cost increases throughout the fiscal year to ensure sufficient coverage for the June Gubernatorial Primary Election. Updated paper vendor quotes reflect additional cost increases related to the production of ballots and Voter Information Guides, requiring a budget increase of \$234,000, funded by Net County Cost; this impact is neutralized by the benefit realized in the Clerk-Recorder division.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Clerk-Recorder	\$264,000	\$30,000	\$0	(\$234,000)	Increase revenue and appropriations to reflect increased costs associated with compliance with AB 1466, mandating the redaction of unlawful restrictive covenants.
Clerk-Recorder	\$8,000	\$8,000	\$0	\$0	Increase revenue and appropriations to repair whole house fan to cool warehouse to protect Clerk-Recorder historical documents.
Clerk-Recorder - Elections	\$0	\$234,000	\$0	\$234,000	Increase appropriations to cover increased paper costs for the production of ballots and Voter Information Guides for the June Gubernatorial Primary election, funded by Net County Cost.
<b>Total</b>	<b>\$272,000</b>	<b>\$272,000</b>	<b>\$0</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase revenue and appropriations by \$272,000.

### County Operations

A net increase of \$1 million in appropriations, funded by an increase of \$1.4 million in the use of fund balance, and a decrease of \$376,610 in Net County Cost are 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 2021-2022 Adopted Final Budget included a total of \$12,008,510 in appropriations for use during the fiscal year for contingencies related to General Fund cash-outs, health insurance increases, Cost Allocation Plan (CAP) charges, and other miscellaneous unforeseen program or community needs. Transfers of \$1.3 million and \$3.7 million were approved to cover a variety of needs at First Quarter and Midyear, respectively, leaving \$7,101,212 remaining in Appropriations for Contingencies. There have been no other transfers through March 31, 2022.

At this time, it is recommended that Appropriations for Contingencies be decreased by \$1,521,648, transferring funds as follows:

- \$388,386 to Chief Executive Office - Human Relations for retirement and vacation cash outs, increased legal services, increased CAP charges, and purchase of furniture;
- \$420,998 to Auditor-Controller for reduced CAP revenue and delayed FEMA reimbursement;
- \$200,000 to ICJIS for review of Strategic Plan;
- \$100,000 to Health Services Agency – Clinics and Ancillary Services for Westside Healthcare Study;
- \$160,000 to GSA – County Facilities to fully fund estimated project costs for projects approved at midyear and to cover increases to contracted services for security, elevator inspection/repair, pest control, water consultation and treatment, landscaping, electrical, and sweeping services; and
- \$252,264 to fund vacancy rate rebates to Clerk-Recorder – Elections, Agricultural Commissioner, and Treasurer-Tax Collector – Admin Taxes as detailed in the Technical Adjustments section of this report.

If all Third Quarter transfers are approved, \$5,437,017 will remain in Appropriations for Contingencies for use throughout the balance of Fiscal Year 2021-2022.

**General Liability** – An increase in appropriations of \$1.4 million is recommended to provide funding for increased claims costs and to support new contracted services for a third-party administrator for Liability and Medical Malpractice claims. The increase will result in the use of additional retained earnings and will end with a deficit of approximately \$4.6 million at fiscal year-end. This budget unit has been challenged in recent years due to cost increases in insurance premiums; these costs are passed on to customer departments and rate increases will continue to be needed to restore retained earnings in this fund to a positive position in future fiscal years.

**General Fund Contribution to Other Programs** – This budget serves as the conduit to provide General Fund contributions to non-general fund budget units. A net increase in appropriations of \$1.1 million is recommended as follows, funded by Net County Cost:

- Increase appropriations by \$24,120 for one-time COVID Recovery Payments for employees in the Service Employees International Union (SEIU) Bargaining Unit for Animal Services and the Law Library as approved by the Board in Resolution No. 2022-0126;
- Increase appropriations by \$920,918 for one-time COVID Recovery Payments for employees in the SEIU Bargaining Unit for Behavioral Health and Recovery Services, Child Support Services, Community Services Agency, Health Services Agency, and Library as approved by the Board in Resolution No. 2022-0126;
- Decrease appropriations by \$100,000 for a technical adjustment to correct a midyear adjustment for the Environmental Resources – Groundwater Program; the Groundwater Program is a General Fund legal budget unit; therefore, funding did not need to go through Contributions to Other Programs;
- Increase appropriations by \$100,000 to transfer funding to Health Services Agency – Clinics and Ancillary Services to cover costs for a Westside Healthcare Study funded by Appropriations for Contingencies; and
- Increase appropriations by \$200,000 to transfer funding to Integrated Criminal Justice Information System (ICJIS) to support review of the ICJIS program and prepare a Strategic Plan.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Operations - General Liability	\$0	\$1,272,071	\$1,272,071	\$0	Increase appropriations for settlement costs, to be funded with fund balance.
County Operations - General Liability	\$0	\$124,000	\$124,000	\$0	Increase appropriations for contract with George Hills, to be funded with fund balance.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Operations - General Liability	\$0	\$1,272,071	\$1,272,071	\$0	Increase appropriations for settlement costs, to be funded with fund balance.
County Operations - General Liability	\$0	\$124,000	\$124,000	\$0	Increase appropriations for contract with George Hills, to be funded with fund balance.
County Operations - Appropriations for Contingencies		(\$420,998)	\$0	(\$420,998)	Transfer from Auditor-Controller for reduced chargeable staff time and reduced CAP Revenue that will not be realized in Fiscal Year 2021-2022.
County Operations - Appropriations for Contingencies	\$0	(\$388,386)	\$0	(\$388,386)	Transfer to CEO - Human Relations for increased CAP charges, retirements and cash outs, furniture purchases, increased legal services.
County Operations - Appropriations for Contingencies	\$0	(\$100,000)	\$0	(\$100,000)	Transfer to Health Services Agency - Clinics and Ancillary Services for Westside Healthcare Study.
County Operations - Appropriations for Contingencies	\$0	(\$200,000)	\$0	(\$200,000)	Transfer to ICJIS to support review of the ICJIS program and prepare a strategic plan.
County Operations - Appropriations for Contingencies	\$0	(\$160,000)	\$0	(\$160,000)	Transfer to GSA - County Facilities for projects and increases for maintenance.
County Operations - Appropriations for Contingencies	\$0	(\$252,264)	\$0	(\$252,264)	Transfer for vacancy rate rebates for Clerk-Recorder - Elections, Agricultural Commissioner, and Treasurer-Tax Collector - Admin
County Operations - General Fund Contribution to Other Programs	\$0	\$24,120	\$0	\$24,120	One-time COVID Recovery Payments for SEIU employees in Animal Services and Law Library.
County Operations - General Fund Contribution to Other Programs	\$0	\$920,918	\$0	\$920,918	One-time COVID Recovery Payments for SEIU employees in BHRS, Child Support Services, CSA, HSA, and Library.
County Operations - General Fund Contribution to Other Programs	\$0	(\$100,000)	\$0	(\$100,000)	Technical adjustment to correct a Midyear adjustment for Environmental Resources – Groundwater Program.
County Operations - General Fund Contribution to Other Programs	\$0	\$100,000	\$0	\$100,000	Funding to Health Services Agency – Clinics and Ancillary Services for Westside Healthcare Study.
County Operations - General Fund Contribution to Other Programs	\$0	\$200,000	\$0	\$200,000	Funding to ICJIS to support review of the ICJIS program and prepare a Strategic Plan.
<b>Total</b>	<b>\$0</b>	<b>\$1,019,461</b>	<b>\$1,396,071</b>	<b>(\$376,610)</b>	

**Recommendation:** It is recommended to increase appropriations by \$1 million, funded by an increase of \$1.4 million in the use of fund balance, resulting in a decrease to Net County Cost of \$376,610.

## General Services Agency

**County Facilities** – At midyear, General Services Agency (GSA) identified \$245,000 in needed repairs at multiple county facilities. As part of the Midyear Financial Report, GSA received \$195,000 in Net County Cost to fund these repairs, and anticipated the remaining \$50,000 could be absorbed within its current budget. Due to budget constraints, it is recommended to increase appropriations and Net County Cost by \$50,000 to fully fund the repair projects. In addition, GSA is experiencing increases in contracted services for security, elevator inspections, and repairs, pest control, water consultation and treatment, landscaping, electrical, and sweeping services. Due to these increases it is recommended to increase appropriations by \$110,000, funded by Net County Cost.

**Facilities Maintenance** – GSA is experiencing increases in repair projects and janitorial costs. Facilities Maintenance provides repair services based on the needs of customer departments to either maintain facilities or repair components when they break, and the cost for repair and replacement can vary. Contract janitorial costs have increased significantly this fiscal year and the cost of these services is dependent on departments' level of service arrangements with the contracted vendor. To account for these increases, an increase in appropriations and estimate revenue of \$260,000 is recommended.

**Fleet Services** – An increase in appropriations and estimated revenue of \$400,000 is needed to ensure the Fleet Services budget has adequate appropriations to carry the division through the end of the fiscal year. Since midyear, the costs for fuel and vehicle parts have sharply increased.

**Utilities** – An increase in the Utilities budget of \$250,000 is needed to ensure adequate appropriations are available to pay rising utility costs incurred through fiscal year-end. These increases will be funded through charges for service to customer departments.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
General Services Agency - County Facilities	\$0	\$160,000	\$0	\$160,000	Increase appropriations for costs to maintain and repair County-owned facilities, funded by Net County Cost.
General Services Agency - Facilities Maintenance	\$260,000	\$260,000	\$0	\$0	Increase revenue and appropriations for unforeseen repair costs and increase in contract janitorial services, funded by charges for service.
General Services Agency - Fleet Services	\$400,000	\$400,000	\$0	\$0	Increase estimated revenue and appropriations due to continued increases for fuel and cost of materials, funded by charges for services.
General Services Agency - Utilities	\$250,000	\$250,000	\$0	\$0	Increase revenue and appropriations for increasing utility costs, funded by charges for service.
<b>Total</b>	<b>\$910,000</b>	<b>\$1,070,000</b>	<b>\$0</b>	<b>\$160,000</b>	

**Recommendation:** It is recommended to increase estimated revenue by \$910,000 and increase appropriations by \$1.1 million, funded using \$160,000 in retained earnings.

# Delivering Community Infrastructure

Environmental Resources  
Parks and Recreation  
Planning and Community Development  
Public Works





## ***Delivering community infrastructure to benefit our residents and businesses***

### **Priority Overview**

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The Board of Supervisors' priority area of *Delivering Community Infrastructure* is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to community infrastructure. Departments

assigned to this priority area include Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. The major funding sources for these departments include State and Federal funding, fees and charges for services, the General Fund, special revenue grants and a 1/2-cent local transportation sales tax commonly referred to as Measure L.



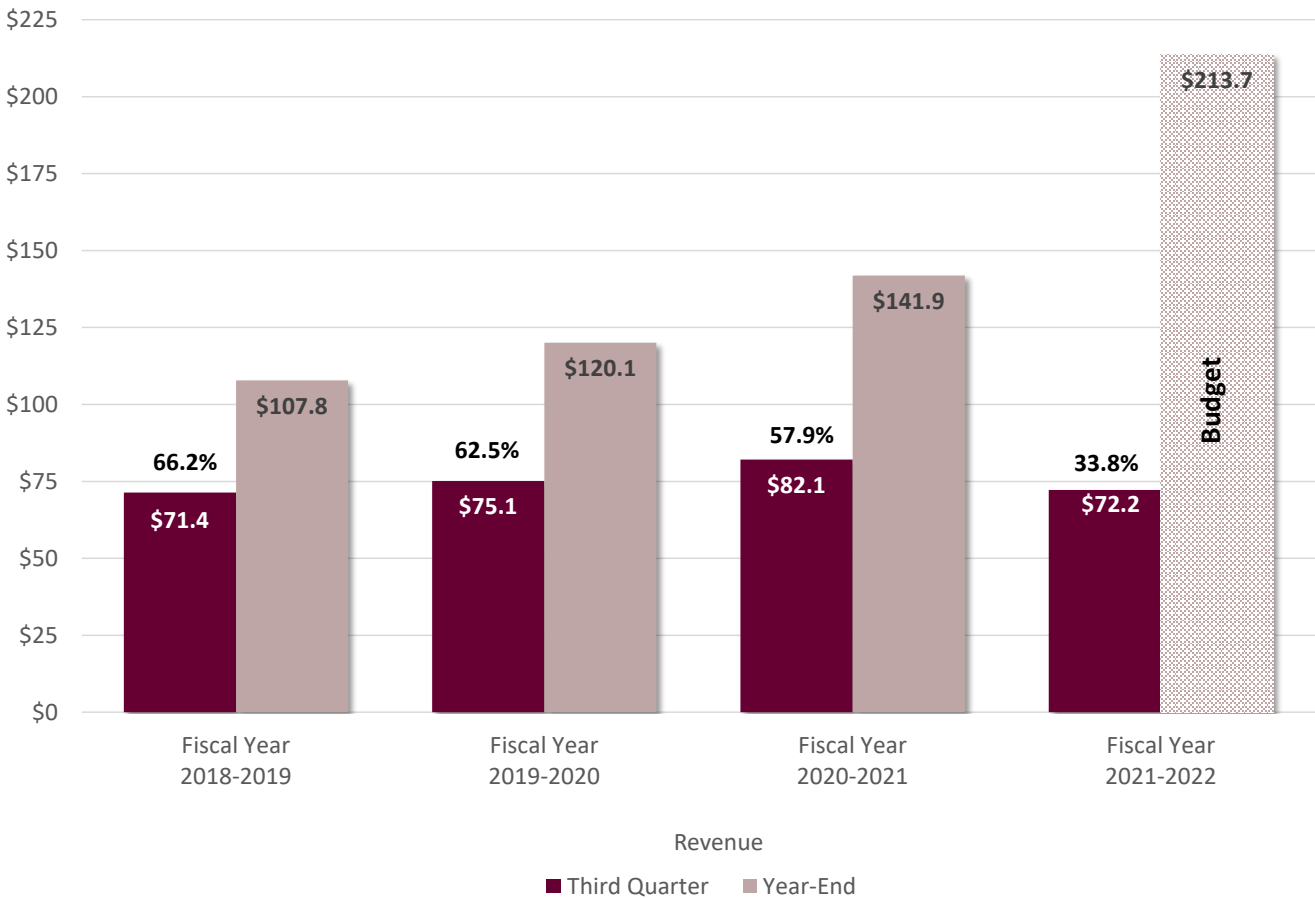
## Departmental Revenue

For the departmental budgets that are part of the Board priority *Delivering Community Infrastructure* as of March 31, 2022, actual revenue collected totaled \$72.2 million, which represents 33.8% of the estimated annual revenue. This is below the range when compared to the third quarter point of the prior three years when collections ranged from 57.9% to 66.2% of the final actual revenue. This

priority typically experiences fluctuations from year-to-year due to various projects and the lower percentage at third quarter compared to the same time last year is primarily due to the timing of road projects in Public Works. Planning and Community Development along with Parks and Recreation have budgeted significant grant funding in the current year that has not yet been received.

### Delivering Community Infrastructure Four-Year Revenue Comparison

In Millions



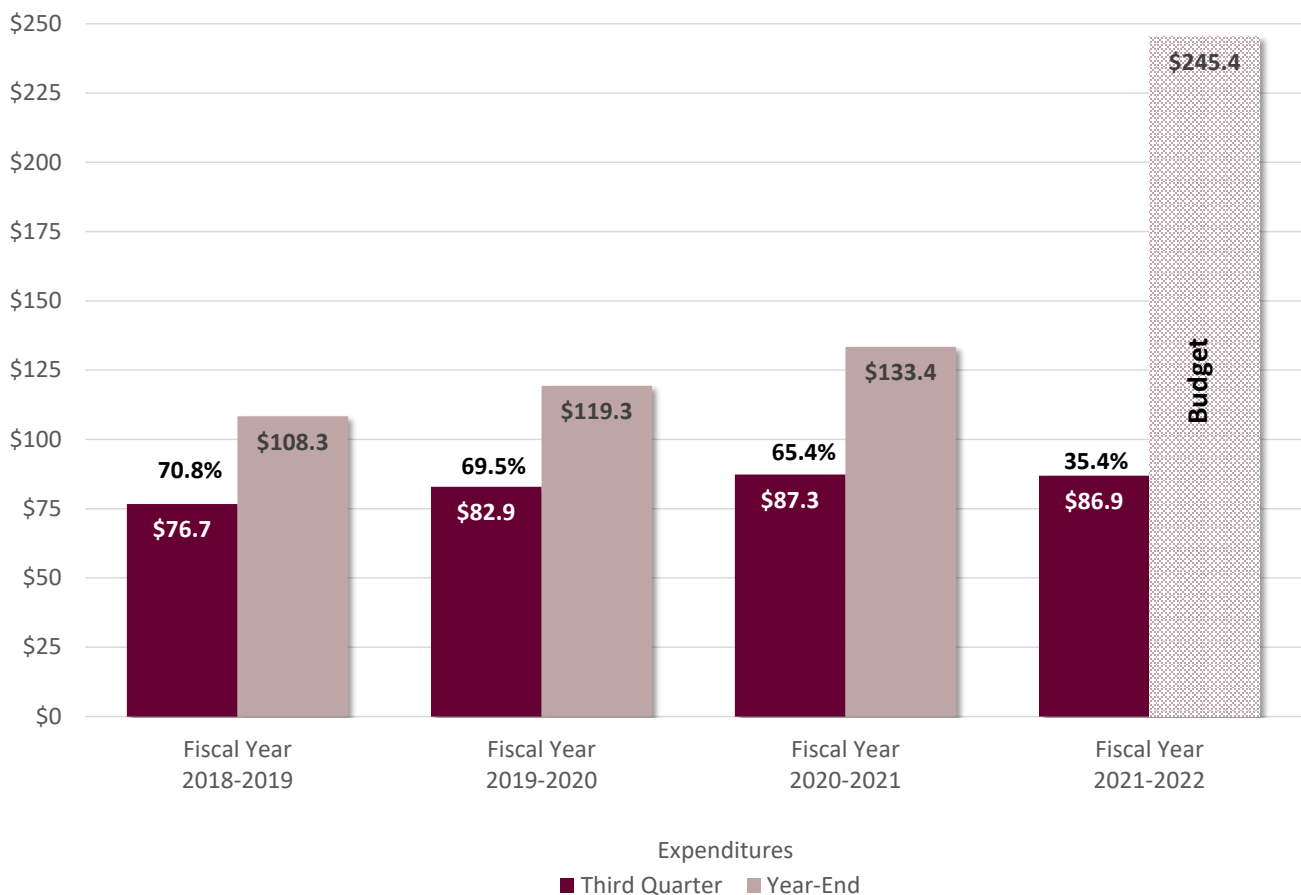
## Departmental Expenditures

As of March 31, 2022, expenditures total \$86.9 million for departments in this priority area, representing 35.4% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 65.4% to 70.8% of the final actual expenditures, placing this year's expenditures below the normal historical range. The lower

percentage compared to the same time last year is primarily due to the timing of road projects, park improvement projects, expenses related to State and Federal grants in Planning and Community Development, and the result of a few large expenses in the Fink Road Landfill that occur at the end of the fiscal year.

### Delivering Community Infrastructure Four-Year Expenditures Comparison

In Millions



## Third Quarter Issues and Recommendation

The recommendations contained in this report for the priority of *Delivering Community Infrastructure* will not adjust appropriations or estimated revenue.

### Environmental Resources

Groundwater Program – At midyear, the Groundwater Program received \$100,000 in appropriations for consulting costs related to Groundwater Sustainability Plans. At the time, the fund-type for this program was misclassified as a Special Revenue budget. The program is a General Fund budget; to correct the adjustment there is a reduction in appropriations classified as Special Revenue with a corresponding increase in General Fund appropriations needed.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Environmental Resources - Groundwater Program	\$0	(\$100,000)	\$0	(\$100,000)	Technical adjustment to reduce County Match to fix Midyear adjustment when this program was misclassified as a Special Revenue.
Environmental Resources - Groundwater Program	\$0	\$100,000	\$0	\$100,000	Technical adjustment to increase Net County Cost to fix Midyear Financial Report adjustment.
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Recommendation:** It is recommended to decrease Special Revenue appropriations by \$100,000 with a corresponding increase in General Fund appropriations.

### Parks and Recreation

At the beginning of Fiscal Year 2021-2022, Parks and Recreation had \$748,518 of Performance Visioning Carryover Savings (PVCS) available for use on parks. In addition, the Fiscal Year 2021-2022 budget includes over \$2 million in Proposition 68 grant funding for restoration projects at Burbank-Paradise and Oregon parks. Costs for these restoration projects have surpassed grant funding, and it is recommended to use \$282,000 of PVCS to close the gap. It is also recommended to transfer \$250,000 of PVCS into Fixed Assets to purchase a floating aqua park for the Modesto Reservoir. If approved, this aqua park will be installed in time for the 2023 summer season.

Requested Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Parks and Recreation	\$0	(\$282,000)	\$0	(\$282,000)	Transfer of PVCS from Salaries and Benefits to Operating Transfers Out to fund the Oregon and Burbank-Paradise Park Restoration projects.
Parks and Recreation	\$0	\$282,000	\$0	\$282,000	Transfer of PVCS from Salaries and Benefits to Operating Transfers Out to fund the Oregon and Burbank-Paradise Park Restoration projects.
Parks and Recreation	\$0	(\$250,000)	\$0	(\$250,000)	Transfer of PVCS from Salaries and Benefits to Fixed Assets to purchase recreation equipment for Modesto Reservoir.
Parks and Recreation	\$0	\$250,000	\$0	\$250,000	Transfer of PVCS from Salaries and Benefits to Fixed Assets to purchase recreation equipment for Modesto Reservoir.
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Recommendation:** It is recommended to transfer Performance Visioning Carryover Savings between cost categories, with no net impact to budget.

## Technical Adjustments

Technical adjustments recommended in the Third Quarter Financial Report include vacancy rate rebates to qualifying General Fund departments and one-time COVID Recovery Payments per recent bargaining unit agreements.

**One-Time COVID Recovery Payments** – Subsequent to adoption of the 2021-2022 Adopted Final Budget, labor agreements with most labor groups were approved by the Board of Supervisors. These agreements included one-time COVID Recovery Payments for full-time County employees required to report to work between April 2020 and June 2021. At First Quarter, a technical adjustment was completed to increase appropriations by \$3.5 million for payments issued on October 6, 2021.

On October 26, 2021, the Board approved the labor agreement with the Deputy Sheriff’s Association which included one-time COVID Recovery Payments. This agreement, in combination with some belated payments to workers in other labor groups, resulted in the issuance of additional payments totaling \$367,735 between October 7, 2021, and January 1, 2022.

On March 29, 2022, the Board approved the labor agreement with the Service Employees International Union (SEIU) which included one-time COVID Recovery Payments. This agreement will result in the issuance of additional payments estimated at \$1 million, to be paid on and after May 18, 2022, of which \$24,120 will be provided to programs and outside agencies for which no State or Federal mandate exists, but where Board of Supervisors’ policy or contractual obligation results in a contribution from the General Fund. The balance of payments, or \$975,880, is estimated to be paid to General Fund and non-General Fund departments.

An increase of an estimated \$1 million in appropriations is recommended to reimburse the costs identified in the table below. This increase is funded by General Fund savings accrued through the presumptive eligible claiming process for CARES Act Coronavirus Relief Funds (CRF). The following table represents estimated amounts to be posted by departments for eligible employees and could vary slightly upon final payment calculations and posting. Authority to transfer funding amounts to support actual expenditures by department to provide adequate appropriation authority in each budget unit as necessary is recommended.

<b>Technical Adjustment for One-Time COVID Recovery Payments</b>	
Aging and Veterans Services	\$ 11,994
CSA - Program Services and Support	332,016
Child Support Services	94,899
HSA - Public Health	91,341
Library	91,472
Behavioral Health and Recovery Services	311,190
Public Defender	6,195
Sheriff - Administration	30,842
Treasurer-Tax Collector - Revenue Recovery	5,931
Outside Agencies	24,120
<b>Total</b>	<b>\$ 1,000,000</b>

**Recommendation:** It is recommended to increase Net County Cost by an estimated \$1 million funded by General Fund savings accrued through the presumptive eligible claiming process for CARES Act Coronavirus Relief Funds (CRF). Authority to transfer among the above figures to support actuals when payment is processed, as needed, is also recommended.

**Vacancy Rate Rebates** – General Fund departments containing 30 or more allocated positions had a deduction to salaries and benefits using a 5% vacancy rate factor applied to Final Budget as part of the zero-base budget process. Departments experiencing a vacancy rate over 5% and up to 7.5% are recommended to receive a 50% rebate of their applied vacancy rate deduction while departments experiencing a 5% or lower vacancy rate are recommended to receive a 100% rebate. The County Operations - Appropriations for Contingencies 2020-2021 Final Budget included appropriations to cover vacancy rebates.

As previously identified on pages 10-11 of this report, a vacancy rate rebate totaling \$2.6 million is recommended for General Fund departments experiencing an average actual vacancy rate below 7.5% as of March 2022. Those departments are Agricultural Commissioner, Clerk-Recorder, Sheriff, and Treasurer-Tax Collector. The increase to appropriations will be funded with \$2.3 million of the Discretionary Revenue increase recommended on page 10 of this report and \$252,264 from Appropriations for Contingencies which is included in the County Operations section of this report.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Agricultural Commissioner	\$0	\$110,886	\$0	\$110,886	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Clerk - Recorder - Elections	\$0	\$69,290	\$0	\$69,290	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff - Administration	\$0	\$248,804	\$0	\$248,804	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff - Adult Detention Expansion	\$0	\$286,431	\$0	\$286,431	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff - Detention	\$0	\$981,410	\$0	\$981,410	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff - OES/Fire Warden	\$0	\$25,539	\$0	\$25,539	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Sheriff - Operations	\$0	\$781,026	\$0	\$781,026	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
Treasurer - Administration/Taxes	\$0	\$72,088	\$0	\$72,088	Increase appropriations for 5% Vacancy Rate Rebate, funded by Net County Cost.
<b>Total</b>	<b>\$0</b>	<b>\$2,575,474</b>	<b>\$0</b>	<b>\$2,575,474</b>	

**Recommendation:** It is recommended to increase appropriations by \$2.6 million, funded by \$2.3 of Discretionary Revenue and a transfer of \$252,264 from County Operations - Appropriations for Contingencies.

## Special Districts

At the time of the 2021-2022 Adopted Final Budget, Spending Plans were estimated, and appropriations and estimated revenues were approved for the dependent special districts governed by the Board of Supervisors to allow them to operate in the fiscal year. Subsequent analysis during the development of the assessment rates and related operations for the eight months of Fiscal Year 2021-2022 resulted in the requested changes to the Adopted Final Budgets for three County Service Areas (CSA).

Special Districts receive revenue from property taxes and/or special assessments. The funds can only be used for the purpose for which they were collected and only those residents who benefit from services provided by a special district pay for them.

## County Service Areas

A net increase of appropriations of \$32,300 is recommended to the following:

- \$30,000 for CSA 4 – Salida Storm Drain to cover the increased cost of maintenance services;
- \$1,000 for CSA 7 – Modesto Auto Center to cover the increased cost of maintenance services; and
- \$1,300 for CSA 27 – Empire to cover the increased costs of maintenance services.

Fund	County Service Area	Estimated Revenue			Appropriations/Expenditures		
		FY 2021-2022 Adopted Final Budget	Recommended Third Quarter Budget Adjustment	Recommended Third Quarter Budget	FY 2021-2022 Adopted Final Budget	Recommended Third Quarter Budget Adjustment	Recommended Third Quarter Budget
1807	County Service Area No. 4 - Salida Storm Drain	\$168,327	\$0	\$168,327	\$263,940	\$30,000	\$293,940
1810	County Service Area No. 7 - Modesto Auto Center	\$1,985	\$0	\$1,985	\$6,945	\$1,000	\$7,945
1834	County Service Area No. 27 - Empire	\$11,410	\$0	\$11,410	\$12,376	\$1,300	\$13,676
<b>Total</b>			<b>\$0</b>			<b>\$32,300</b>	

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

The total budgeted amount for all the CSAs in the 2021-2022 Third Quarter Budget is \$1,296,021, funded by \$921,434 in revenue and \$374,587 in fund balance.

### Third Quarter Financial Report Conclusion

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The Third Quarter Financial Report shows the County budget is balanced inclusive of updated information, and actual performance is tracking well within the 2021-2022 Legal Budget and year-end projections. County staff will continue to monitor the Fiscal Year

2021-2022 budget against operations and be prepared to recommend any necessary and appropriate adjustments prior to year-end, informed by continuous analysis of realized revenue and actual expenditures.

### Budget Schedule

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

	2022-2023 Proposed Budget	2022-2023 Final Budget
Budget Available on County Website	June 3, 2022	September 7, 2022
Board of Supervisors Hearing	June 14, 2022	September 20, 2022