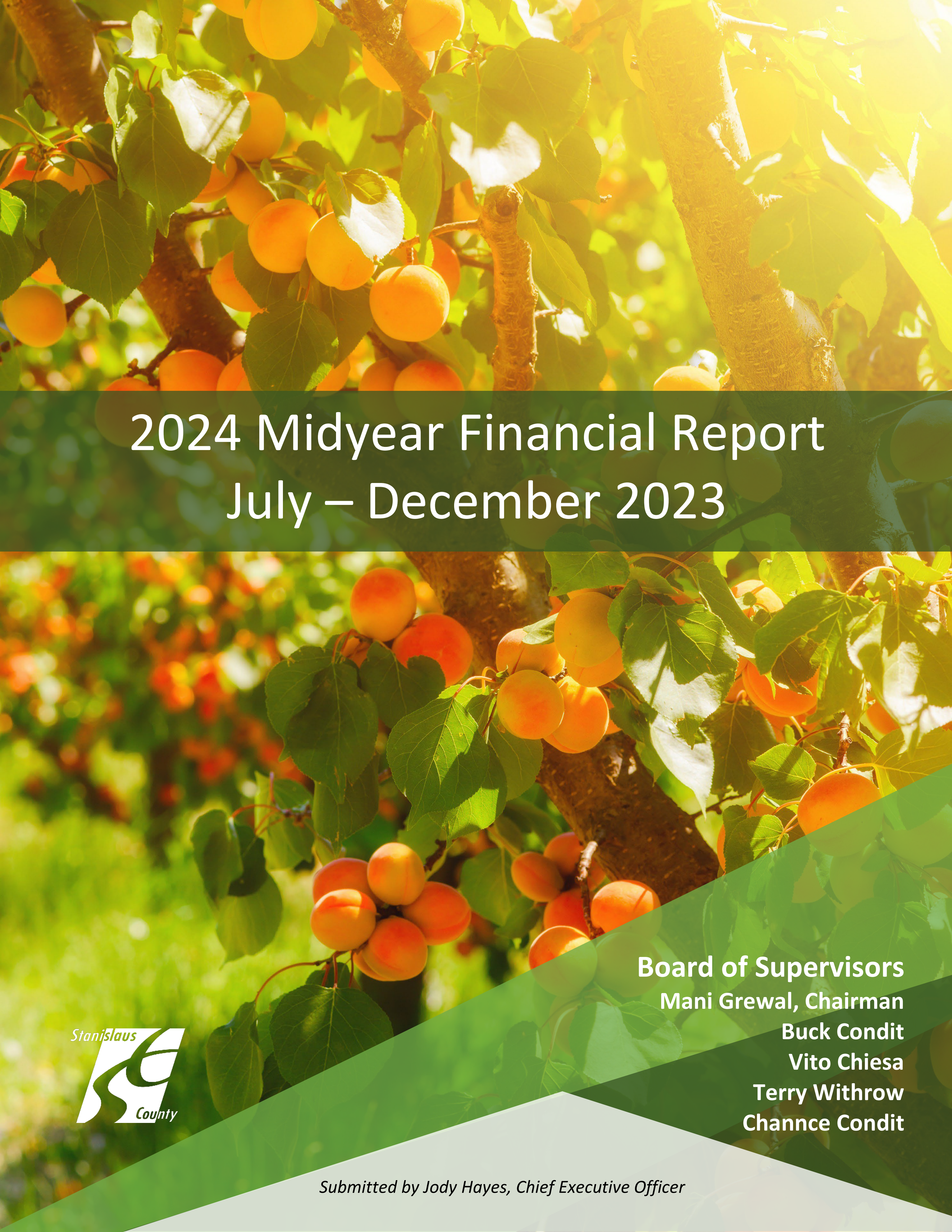

2024 Midyear Financial Report
July – December 2023

Board of Supervisors

Mani Grewal, Chairman
Buck Condit
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Submitted by Jody Hayes, Chief Executive Officer

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Introduction

This is the Stanislaus County 2024 Midyear Financial Report submitted by the Chief Executive Officer for the period of July 1, 2023, through December 31, 2023. It has been prepared to inform the Board of Supervisors, County leadership, and the public on the status of the County budget halfway through the fiscal year. The Report highlights budget adjustments incurred since approval of the 2024 Adopted Budget, with a specific focus on those recommended at midyear, and provides revenue and expenditure summaries and analyses for County programs and services organized by Board of Supervisors' priority area and identifies various challenges and opportunities facing the organization.

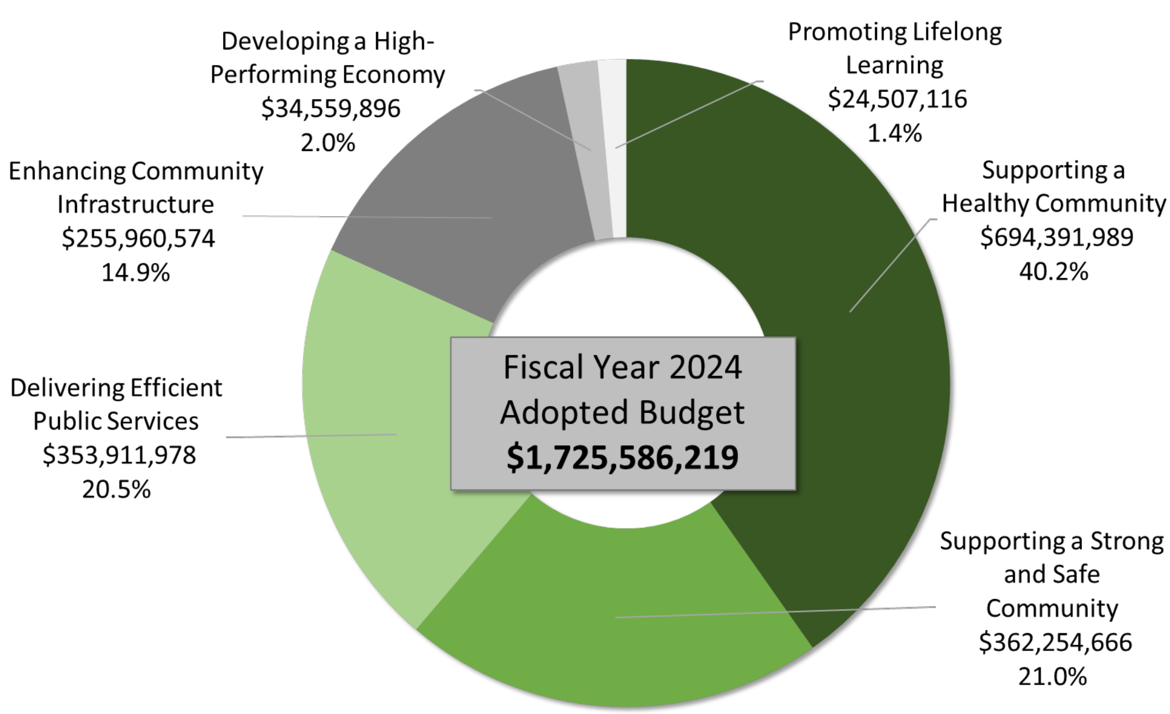
Background

On September 26, 2023, the Board of Supervisors approved the Stanislaus County 2024 Adopted Budget. This $1.73 billion operational plan reflected an increase of $74.9 million, or 4.5%, over the prior fiscal year and was balanced using a combination of $1.58 billion in estimated revenue and the use of $147.2 million in fund balance and retained earnings.

The 2024 Adopted Budget was developed with a primary focus on supporting existing service levels across the organization. This included incorporating the full cost of the Employee Recruitment and Retention Strategy implemented in August 2022 along with updated cost allocation plan charges, previously approved service level changes, and standard cost-of-doing-business increases. The 2024 Adopted Budget included funding to support 4,866 allocated full-time positions. This represents an increase of 120 positions over that supported by the 2023 Adopted Budget.

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

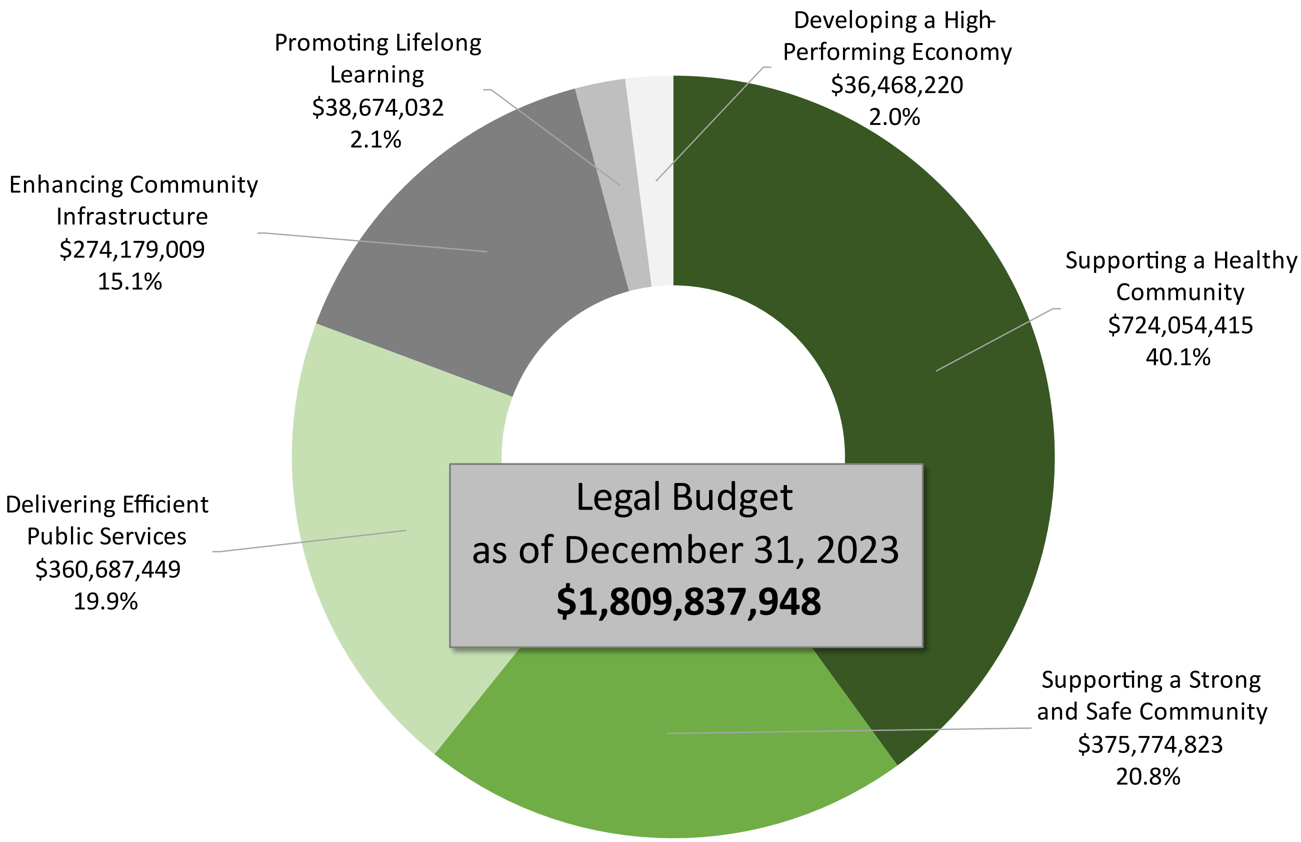
2024 Adopted Budget by Board Priority



The 2024 First Quarter Financial Report, presented to the Board of Supervisors on November 28, 2023, accommodated a $200,000 adjustment to the legal budget and various technical staffing changes. The First Quarter Financial Report primarily focused on the presentation of revenue and expenditure trend analyses.

The Adopted Budget is adjusted each year to include appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors but were not fully completed. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through quarterly financial reports or in separate Board item actions. The sum of all applicable adjustments through December 31, 2023, total $84.3 million. The County's Legal Budget as of December 31, 2023, prior to the inclusion of any recommended budget adjustments identified in this Midyear Financial Report, totaled $1.81 billion, as reflected in the following chart.

Legal Budget as of December 31, 2023, by Board Priority



2024 Midyear Financial Report Overview

The 2024 Midyear Financial Report provides an update on the status of the County budget midway through the fiscal year and projects the overall financial condition of the organization through June 30, 2024. The report is the result of significant analysis performed by staff in all County departments and the Chief Executive Office. This extensive review includes an assessment of revenue received and costs expended through December 2023 for comparison to that experienced halfway through prior fiscal years. Using this data for trend analysis provides the basis for updated projections for the remainder of the fiscal year, with results compared to original year-end estimates.

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

Departments identified Midyear Budget requests totaling $18.1 million; due to limitations on Discretionary Revenue growth, staff prioritized ongoing funding to meet cost-of-doing-business increases and technical adjustments to protect existing service levels. The remainder of the requests not recommended for funding at midyear total approximately $10 million and are identified as Department-Identified Unmet Needs for which departments will have the opportunity to seek funding in the upcoming 2025 Adopted Budget.

Details on Department-Identified Unmet Needs are contained in each respective department section of this report and summarized in the affected priority areas as follows: *Supporting a Strong and Safe Community* at $9.2 million; *Developing a High-Performing Economy* at $110,000; *Delivering Efficient Public Services* at $360,000; *Enhancing Community Infrastructure* at $375,157.

Recommendations included in the 2024 Midyear Financial Report amount to an overall budget increase of $8.1 million. These adjustments are funded by $40.9 million in estimated revenue, resulting in a $32.8 million reduction in the budgeted use of fund balance and retained earnings, including $8.8 million in savings to the County General Fund. If approved, the recommendations contained in this report will result in a 2024 Midyear Budget of $1.82 billion, funded by $1.64 billion in estimated revenue and the use of $180.3 million in fund balance, retained earnings and other one-time funding. Reliance on Net County Cost totals $353.6 million.

The recommended 2024 Midyear Budget contains $17.4 million in funded adjustments in support of existing service levels, including $14.1 million in Community Services Agency (CSA) – Public Economic Assistance for increased caseloads for CalWORKs All Other Families, 2-Parent Families, and Adoptions programs and $1.8 million in CSA – Housing and Homeless Services for the Housing Support Program that provides supportive services to CalWORKs families experiencing homelessness.

Other increases of note include $11.9 million to adjust the budget for items previously approved by the Board. Additionally, a total of $10.9 million supports ongoing funded recommendations, including $6.3 million in County Operations – Medical Self-Insurance for the increase in medical and pharmacy claims costs and a combined $2.8 million in CSA – In-Home Supportive Services Provider Wages and CSA – Public Authority – Benefits Administration to cover United Domestic Workers Association (UDWA) negotiated wage and benefit increases. The midyear recommendations also include updated Realignment revenue projections based on California State Budget estimates and growth revenue received, increasing estimated revenue by approximately $2.8 million overall.

Many departments made technical adjustments at midyear to reduce appropriations for encumbrances carried forward through the Fiscal Year 2023 year-end close process that are not needed in the current year. These budget adjustments, some quite sizable, result in a $29.5 million reduction to appropriations, a $28.8 million reduction in the use of fund balance and retained earnings, and Net County Cost savings of $693,149.

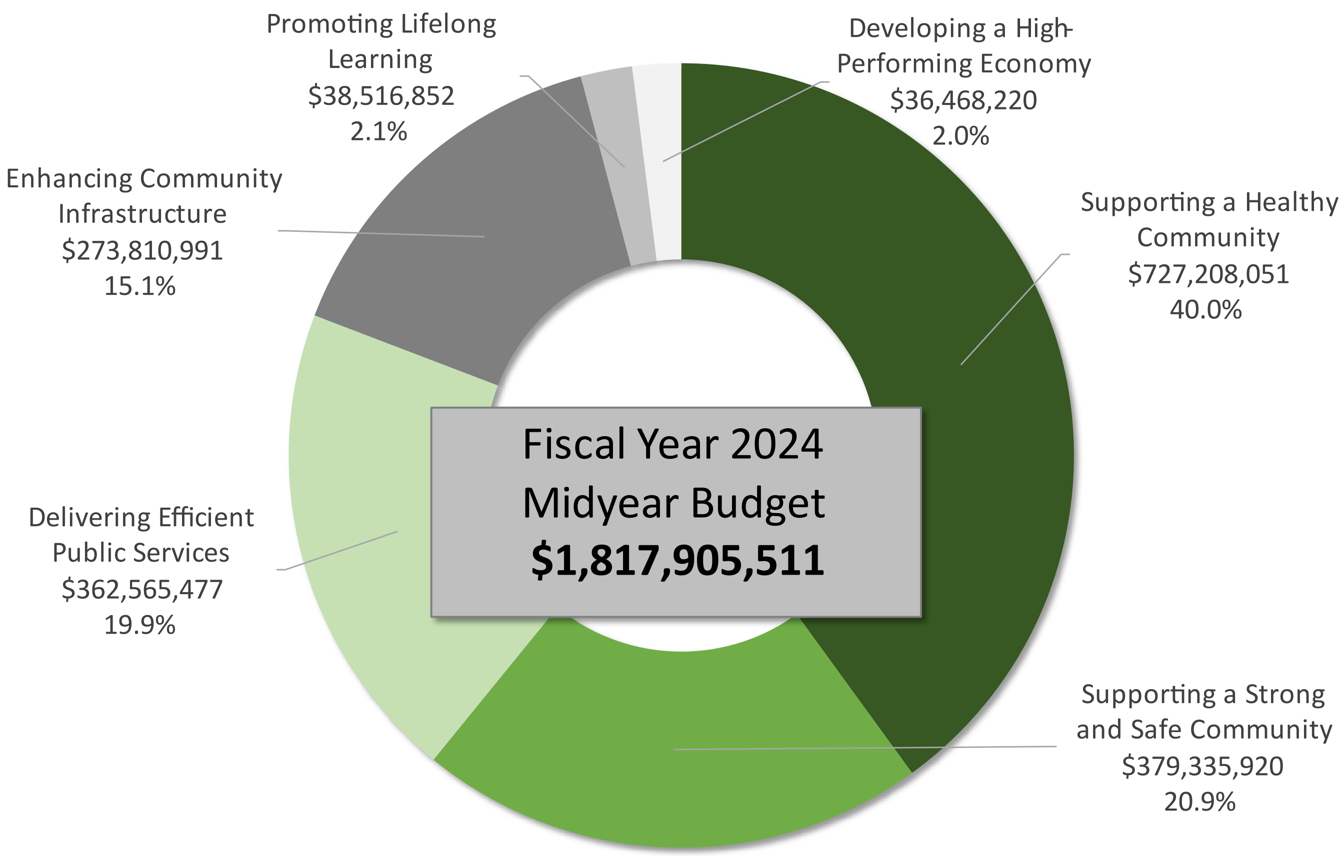
The remaining technical adjustments will decrease appropriations by $2.6 million and are described in detail in the department sections of this report.

Discretionary Revenue is projected at $303.4 million, representing an increase of $4.5 million, or 1.5%, over that included in the 2024 Adopted Budget. This increase is intended to adjust to updated estimates with additional interest earnings, penalties on delinquent taxes, Prop 172 sales tax revenue, and special assessments.

While the net impact to the General fund results in a modest $137,664 increase in the Midyear Budget, additional County General Fund support for various departments is made possible through the midyear transfer of $5 million from Appropriations for Contingencies, the County's contingency funding reserved for use throughout the fiscal year to cover unanticipated needs as they arise.

The following chart depicts the $1.82 billion Midyear Budget, inclusive of the recommended adjustments that are described in greater detail by department in subsequent sections of this report. Consistent with past practice, the budget and financial report are organized by Board priority area.

Recommended 2024 Midyear Budget by Board Priority



Consistent with standard accounting practices, the County's budget is divided into separate financial entities known as "funds". These include three "governmental funds" (General, Special Revenue, and Capital Projects funds) to account for local governmental activities and two proprietary funds to address "business-type" activities (Enterprise and Internal Service funds). The following table reflects the progression of the County's Budget from the 2024 Adopted Budget to the Legal Budget as of December 31, 2023, and finally, the recommended 2024 Midyear Budget.

Development of the Midyear Budget Recommendations

Fund Type		2024 Adopted Budget		Legal Budget as of 12/31/2023		Recommended 2024 Midyear Adjustments		Recommended 2024 Midyear Budget
General Fund	$	503,706,722	$	515,131,050	$	137,664	$	515,268,714
Special Revenue		982,660,925		1,049,577,096		1,061,507		1,050,638,603
Capital Projects		3,149,251		3,291,444		130,572		3,422,016
Enterprise		76,619,569		78,990,478		(20,074)		78,970,404
Internal Service		159,449,752		162,847,880		6,757,894		169,605,774
Total All Funds	**$**	**1,725,586,219**	**$**	**1,809,837,948**	**$**	**8,067,563**	**$**	**1,817,905,511**

General Fund

The recommended 2024 Midyear Budget for the General Fund is $515.3 million, an increase of $137,664 over the Legal Budget as of December 31, 2023. Departmental appropriations increased $5.1 million which was offset with a $5 million transfer from Appropriations for Contingencies. The overall increase represents the net of $774,128 in departmental requests and a decrease of $636,464 in technical adjustments.

Special Revenue Funds

The recommended 2024 Midyear Budget for Special Revenue Funds is $1.1 billion, an increase of $1.1 million from the Legal Budget as of December 31, 2023. The adjustment includes an overall increase in appropriations of $29.5 million that is offset by a decrease of $28.4 million in appropriations resulting from technical reductions to address encumbrance carryover appropriations that were not needed.

The primary contributors to the $29.5 million increase include an increase to the Community Services Agency of $18.7 million consisting of $14.1 million due to expected caseload growth in CalWORKs and adoption programs, an increase of $2.8 million resulting from the In-Home Supportive Services wage and benefit supplements and inflation factor, and a $1.8 million increase in the Housing Support Program allocation to assist with housing the homeless. In addition, Behavioral Health and Recovery Services has an increase of $10.9 million in technical adjustments to appropriate items previously approved by the Board which includes $4.1 million for the Behavioral Health Bridge Housing Program Grant, $2.9 million for Mandated 24/7 Mobile Crisis Services, $1.9 million for an expanded Collaborative Court Assessment and Triage Team, $1.4 million for the Community Care Expansion Preservation Program Grant, and $616,500 for contracted mental health beds.

Capital Projects Funds

The recommended 2024 Midyear Budget for Capital Projects Funds totals $3.4 million, an increase of $130,572 from the Legal Budget as of December 31, 2023. Note that fund balance for Capital Projects Funds contains balances for only three budgets within County Operations. Inclusive of these three project funds, the fiscal year began with $5.9 million in fund balance, with $3.3 million projected to remain at year end. There are, however, various funds that exist within the financial management system for Board-approved projects that maintain a fund balance. Details on the totality of all Capital Projects are available in the Annual Comprehensive Financial Report prepared by the Stanislaus County Auditor-Controller.

Enterprise Funds

The recommended 2024 Midyear Budget for Enterprise Funds totals $79 million, a decrease of $20,074 from the Legal Budget as of December 31, 2023. The adjustment includes an overall increase of appropriations of $145,000 for Jail Commissary costs and Fink Road Landfill General Liability expenses offset by a decrease of $165,074 resulting from technical adjustments to address encumbrance carryover appropriations that were not needed.

Internal Service Funds

The recommended 2024 Midyear Budget for Internal Service Funds is $169.6 million, an increase of $6.8 million over the Legal Budget as of December 31, 2023. The increase is primarily attributed to County Operations – Medical Self-Insurance increased costs for medical and pharmacy claim expenses.

Fund Balance

The beginning fund balance for all funds on July 1, 2023, was $756.7 million. The 2024 Adopted Budget included the planned use of $147.2 million in fund balance. Adjusted to include Board of Supervisors' actions approved through December 31, 2023, a total use of $213.1 million in fund balance was projected for all departments. Recommendations contained in the Midyear Financial Report will decrease the planned use of fund balance by $32.8 million to a projected total of $180.3 million.

The decreased reliance on fund balance is primarily due to a $28.8 million reduction to encumbrances carried forward from Fiscal Year 2023, which are no longer needed. The remaining adjustment is comprised of a $4.5 million increase to Discretionary Revenue, offset by various department requests.

The following chart illustrates the beginning fund balances on July 1, 2023, for the various fund types, as well as the projected year-end balances, inclusive of recommended adjustments contained in this Midyear Financial Report. Overall, Fund Balance projected for the fiscal year ending June 30, 2024, is approximately $576.4 million.

Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund Balance on 7/1/2023*	Legal Budget Revenue on 12/31/2023	Legal Budget Appropriations on 12/31/2023	Midyear Recommended Use of Fund Balance	Projected Fund Balance on 6/30/2024
General Fund	$ 253,595,396	$ 456,058,129	$ 515,131,050	$ (8,803,566)	$ 203,326,041
Special Revenue	377,372,899	927,451,739	1,049,577,096	(27,462,141)	282,709,683
Capital Projects	5,883,730	688,995	3,291,444	30,572	3,250,709
Enterprise	100,000,218	62,675,544	78,990,478	387,525	83,297,759
Internal Service	19,852,627	149,838,551	162,847,880	3,007,894	3,835,404
Total All Funds	**$ 756,704,870**	**$ 1,596,712,958**	**$ 1,809,837,948**	**$ (32,839,716)**	**$ 576,419,596**

*Beginning Fund Balance as of November 30, 2023 is an increase of $20,666,693 compared to the $730,144,688 reported in the 2024 Adopted Budget document (page 66). The difference is due to post-closing journal entries made by the Auditor-Controller's office as part of the Fiscal Year 2023 year-end close process. The Auditor-Controller's office continues to work through the close and will report the final numbers once the financial audit is complete.

General Fund Update

Discretionary Revenue

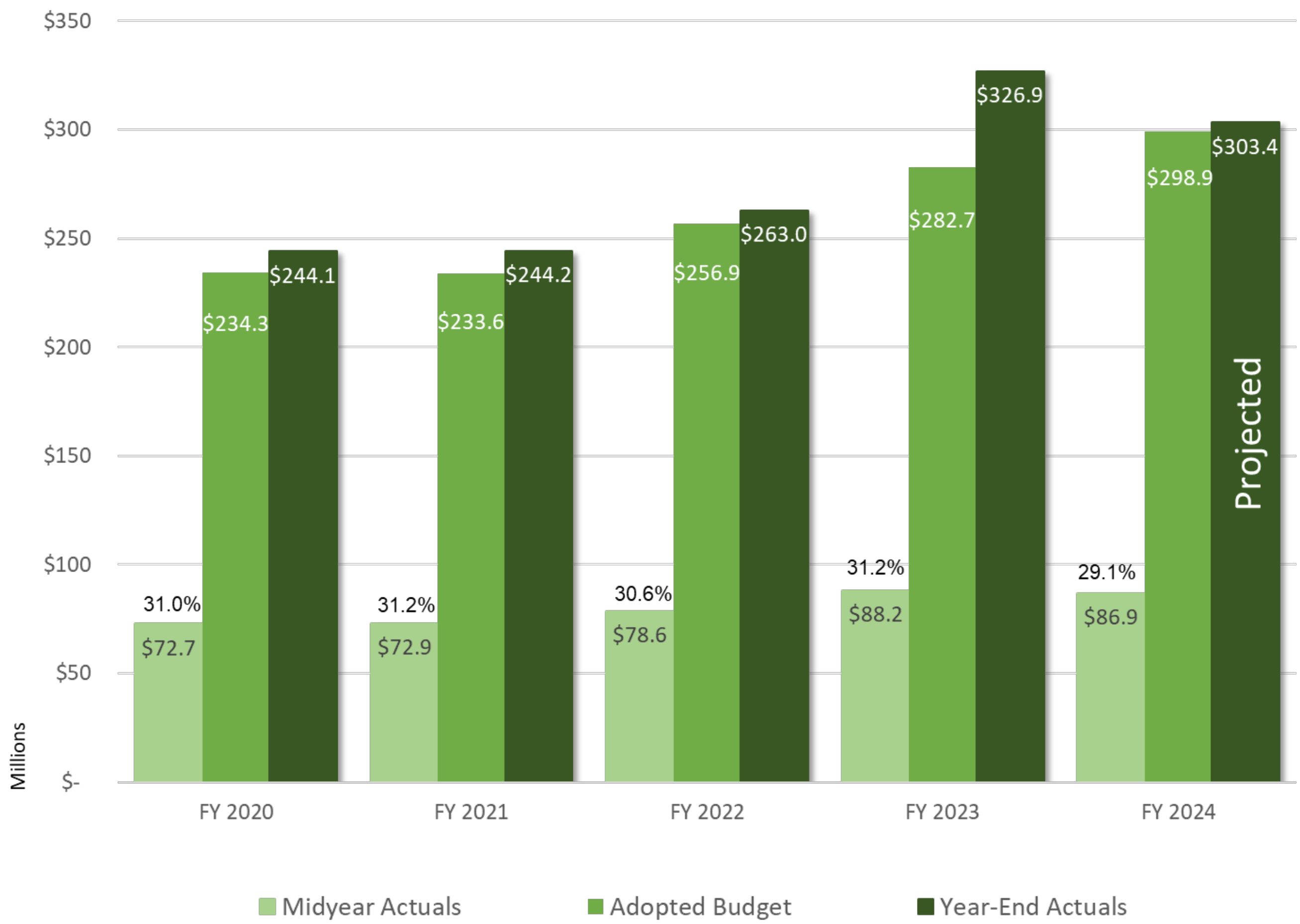
Discretionary Revenue refers to revenue received in the General Fund that is available to fund programs at the Board of Supervisors' discretion. Total Discretionary Revenue included in the 2024 Adopted Budget was projected at $298.9 million. There have been no adjustments to Discretionary Revenue subsequent to the Adopted Budget.

As of December 31, 2023, approximately $86.9 million in revenue had been received, representing 29.1% of Adopted Budget projections. Over the past four years, Discretionary Revenue collected through midyear ranged from 30.6% to 31.2% of the Legal Budget as of December 31, placing this year's receipts below the historical range. Additionally, the four-year history of Discretionary Revenue shows that revenue realized through midyear varied from 27% to 29.9% of actual year-end total receipts.

Using revenue data from the first six months of the fiscal year along with historical trend analysis, the

2024 Midyear Budget reflects Discretionary Revenue estimated at $303.4 million, an increase of $4.5 million over that originally projected in the Adopted Budget. Revenue received through December represents 28.6% of the updated Midyear Budget estimate, firmly within the historical range.

The following chart provides a five-year comparison of midyear activity to show the first six months in revenue receipts alongside each year's Adopted Budget and year-end actuals for the previous four fiscal years, with midyear projections noted for Fiscal Year 2024.



Discretionary Revenue Midyear Projections

Midyear Discretionary Revenue projections, totaling $303.4 million, represent an increase of $4.5 million, or 1.5%, over that estimated in the Adopted Budget. This net adjustment includes a projected increase in the following categories: Taxes; Fines, Forfeitures, and Penalties; Revenue from the Use of Money; Intergovernmental Revenue; Charges for Services; and Other Financing Sources. Approximately $2.9 million of the recommended revenue adjustments represents a one-time benefit, while approximately $1.5 million may be considered ongoing revenue available to support ongoing operations.

Taxes

Included in this category are various property-related taxes (secured, unsecured, supplementals, redevelopment pass-through increment, property tax received in lieu of vehicle license fees, and property transfer tax), 1% sales and use taxes, and transient occupancy taxes. Analysis of receipts through December 2023 shows a potential for a decrease in revenue from property taxes (secured) and occupancy tax, but additional revenue from 1% sales and use taxes through the end of this fiscal year. In total, it is recommended to increase the Taxes by $80,000.

Fines, Forfeitures, and Penalties

This revenue is derived from fines, fees, and penalties collected on delinquent property taxes. This revenue declined during the first year of the COVID-19 pandemic due to tax extensions and moratorium on certain penalties. However, as COVID-19 pandemic related support programs have ended, interest and penalties have resumed closer to their historical receipt patterns.

The 2024 Adopted Budget included $2.3 million based on projections from prior-year actuals. Updated projections show that an additional $635,000 is anticipated in the current year. In total, it is recommended to increase the Fines, Forfeitures, and Penalties category to $2.9 million.

Revenue from the Use of Money

Interest earnings from pooled cash are trending higher than that budgeted in the Legal Budget as of December 31, 2023. In consultation with the County Treasurer-Tax Collector – Treasury division, a $3 million increase is recommended for this category.

Intergovernmental Revenue

Intergovernmental Revenue includes revenue from Federal, State, and other local governmental sources in the form of grants, shared revenues, and payments in lieu of taxes. The main source of revenue in this category is from a one-half cent Sales and Use Tax provided for local public safety services which is also known as Proposition (Prop) 172 revenue. To align with recent sales tax trends and the County's performance in the overall Statewide pool, approximately $400,000 in additional Prop 172 sales tax revenue is anticipated to be received in the current fiscal year.

Charges for Services

This revenue represents special assessments on Williamson Act properties as well as collections from each appropriate jurisdiction for that jurisdiction's share of the cost of assessing, collecting, and apportioning property taxes. The Fiscal Year 2024 Adopted Budget included $3.9 million in Charges for Services. Updated projections at midyear indicate that another $400,000 in receipts is anticipated, bringing the total projected in this category to $4.3 million. In total, it is recommended to increase Charges for Services by $400,000.

Other Financing Sources

Investment income from the 2002 and 2006 Tobacco Endowment Funds, as well as operating transfers for the Library debt payments, represent the revenue sources budgeted in this category. Analysis of receipts through December 2023 and in consultation with the Treasurer-Tax Collector – Treasury division, year-end revenue is estimated at $3.1 million, a decrease of approximately $46,000 from the 2024 Adopted Budget. As a result, Other Financing Sources is recommended to decrease by $46,000.

The following chart summarizes 2024 Midyear Budget projections and recommended adjustments totaling $4.5 million, for a revised Discretionary Revenue budget of $303.4 million. Discretionary Revenue is continuously monitored and analyzed throughout the fiscal year. Any budget adjustments identified through that review process will be addressed at third quarter, if necessary.

Discretionary Revenue Category	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Adopted Budget	2024 Recommended Midyear Budget	Recommended Midyear Adjustments
Taxes	$ 197,150,921	$ 203,831,867	$ 212,200,408	$ 212,280,408	$ 80,000
Licenses, Permits, and Franchises	1,358,327	1,532,236	1,133,000	1,133,000	$ -
Fines, Forfeitures, and Penalties	3,420,437	3,394,339	2,300,000	2,935,000	$ 635,000
Revenue from the Use of Money	11,590,746	7,673,697	10,820,000	13,805,000	$ 2,985,000
Intergovernmental Revenue	65,400,608	78,604,640	65,371,362	65,771,362	$ 400,000
Charges for Services	4,022,961	4,669,950	3,861,113	4,261,113	$ 400,000
Miscellaneous Revenue	1,291,747	(372,999)	-	-	$ -
Other Financing Sources	(21,254,805)	27,580,984	3,231,789	3,185,789	$ (46,000)
Total Discretionary Revenue	**$ 262,980,942**	**$ 326,914,714**	**$ 298,917,672**	**$ 303,371,672**	**$ 4,454,000**

Recommendation: It is recommended to increase estimated Discretionary Revenue by $4,454,000.

General Fund Classification of Fund Balance

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

Within the Non-spendable category, post-closing entries related to Fiscal Year 2023 decreased the fund balance by $161,981, leaving a projected year-end balance of $19.3 million. The Restricted category included planned use of $299,985 in Sheriff Gun Violence Reduction Grant funds as of the 2024 Adopted Budget, leaving a projected year-end balance of $7.5 million. The balance in the Committed category will remain at $1.9 million.

As of December 31, 2023, budgeted use of Assigned Fund Balance included $41.5 million approved during the 2024 Adopted Budget to support the Building and Community Service Investment Strategy (BCSI) and other General Fund budget balancing as well as $8.1 million in prior year encumbrances.

Midyear adjustments to Assigned Fund Balance include the return of $693,149 related to prior year encumbrances in and $2.9 million reserved for Community Services Agency Mandated County Match no longer needed. This brings projected fiscal year-end Assigned fund balance to $154 million.

The Unassigned category includes increases of $2.3 million for post-closing entries. Adjustments at midyear include a net return to Unassigned fund balance of $5.2 million, mainly related to increases in Discretionary Revenue and the receipt of 1991 and 2011 Realignment growth funding which reduced reliance on the General Fund, resulting in a year-end projected Unassigned fund balance of $20.8 million.

The beginning total fund balance of $253.6 million is $2.1 million higher than reported in the 2024 Adopted Budget due to post-close adjustments within the Non-spendable, and Unassigned fund balances. Inclusive of the budgeted use of fund balance and recommended Midyear Budget adjustments, total fund balance is projected at $203.3 million on June 30, 2024.

General Fund	Estimated Fund Balance 7/1/23	Post-Closing Adjustments*	Beginning Fund Balance 7/1/23	Budgeted Use of Fund Balance	Midyear Recommendations	Projected Fund Balance 6/30/24
Fund Balance - Nonspendable						
Imprest Cash	$ 225,681	$ -	$ 225,681	$ -	$ -	$ 225,681
Advances to Other Funds	100,000	-	100,000	-	-	100,000
Economic Development Advances (105)	942,680	-	942,680	-	-	942,680
Teeter Receivable	17,069,104	(161,981)	16,907,123	-	-	16,907,123
Loans Receivable	1,092,816	-	1,092,816	-	-	1,092,816
Total Nonspendable	**$ 19,430,281**	**$ (161,981)**	**$ 19,268,300**	**$ -**	**$ -**	**$ 19,268,300**
Fund Balance - Restricted						
SO Gun Violence Reduction Grant Funds	$ 406,133	$ -	$ 406,133	$ (299,985)	$ -	$ 106,148
Tax Loss Reserve (106)	7,349,324	-	7,349,324	-	-	7,349,324
Total Restricted	**$ 7,755,457**	**$ -**	**$ 7,755,457**	**$ (299,985)**	**$ -**	**$ 7,455,472**
Fund Balance - Committed						
Total Committed - Capital Acquisition	$ 1,869,695	$ -	$ 1,869,695	$ -	$ -	$ 1,869,695
Total Committed	**$ 1,869,695**	**$ -**	**$ 1,869,695**	**$ -**	**$ -**	**$ 1,869,695**
Fund Balance - Assigned						
Contingency (General Fund Reserve Policy)	$ 21,273,000	$ -	$ 21,273,000	$ -	$ -	$ 21,273,000
Teeter Plan	18,134,739	-	18,134,739	-	-	18,134,739
Encumbrances (100)	9,322,749	-	9,322,749	(8,124,626)	693,149	1,891,272
Assigned - ARPA LATCF for Crowslanding	100,000	-	100,000	(100,000)	-	-
Assigned - Community Impact - Housing	10,000,000	-	10,000,000	-	-	10,000,000
Assigned - Community Impact - Jobs/CLIBP	15,800,248	-	15,800,248	-	-	15,800,248
Assigned - Future Budget Balancing	32,956,127	-	32,956,127	(9,651,546)	-	23,304,581
Assigned - Housing and Community Development (Gray)	123,307	-	123,307	(123,307)	-	-
Assigned - Revenue Stabilization	10,000,000	-	10,000,000	(898,421)	-	9,101,579
Total Other Assignments	82,302,699	-	82,302,699	(30,734,888)	2,900,000	54,467,811
Total Assigned	**$ 200,012,869**	**$ -**	**$ 200,012,869**	**$ (49,632,788)**	**$ 3,593,149**	**$ 153,973,230**
Fund Balance - Unassigned						
General Fund (100)	$ 19,684,839	$ (129,319)	$ 19,555,520	$ (8,640,148)	$ 5,291,917	$ 16,207,289
Economic Development Bank (105)	742,217	-	742,217	-	-	742,217
Tax Loss Reserve (106)	(544,143)	-	(544,143)	-	-	(544,143)
Community Development Bank (107)	2,552,495	-	2,552,495	(500,000)	(81,500)	1,970,995
AC Clearing Funds (108) - $1.5M *Local Innovation Fund Balance as of 2023 Year-End*	-	2,382,985	2,382,986	-	-	2,382,986
Total Unassigned	**$ 22,435,408**	**$ 2,253,666**	**$ 24,689,075**	**$ (9,140,148)**	**$ 5,210,417**	**$ 20,759,344**
Total Fund Balance	**$ 251,503,710**	**$ 2,091,685**	**$ 253,595,396**	**$ (59,072,921)**	**$ 8,803,566**	**$ 203,326,041**

Fiscal Year 2024 Classification of Fund Balance

Cash Review

This section provides a review of organization cash balances by fund type. This information is currently being reviewed by the Auditor-Controller, Treasurer Tax Collector, and Chief Executive Office staff; detailed updated analysis will be provided in a future budget cycle.

Long-Range Model

The General Fund Long-Range Model (LRM) has been completed through Budget Year 2028. The model relies on various budget assumptions to determine revenue and expenditures in out years. Discretionary Revenue is forecast to grow an average of 2.8% annually from 2025 to 2028 over the 2024 Adopted Budget Discretionary Revenue estimate. Annual base General Fund costs are projected with growth of 3% for Consumer Price Index (CPI) impacts in Fiscal Year 2025 through Fiscal Year 2028.

The LRM factors significant one-time spending in the current fiscal year and next fiscal year, representative of the second and third year of the three-year Building Community Services Investment (BCSI) strategy to provide budget capacity for responding to aging infrastructure, community needs, and related facility impacts.

One-time funding solutions, including assignments and strategic reserves, would need to be used to balance the budget in future years in the current projected operating environment, which continues to assume fiscal support for approved service levels through Fiscal Year 2024 midyear. The LRM assumes 100% utilization of appropriations, inclusive of a 5% assumed salary vacancy factor deduction.

The following table displays the County's General Fund Long-Range Model, beginning the recommended 2024 Midyear Budget through the 2028 Projected Budget.

100% Expenditures

General Fund Five-Year Long-Range Model Summary					
Item	**2024 Midyear Budget**	**2025 Projected Budget**	**2026 Projected Budget**	**2027 Projected Budget**	**2028 Projected Budget**
Funding Assumptions					
Discretionary Revenue	$ 303,371,672	$ 304,100,000	$ 313,800,000	$ 323,800,000	$ 334,200,000
Departmental Revenue	161,627,687	155,000,000	156,600,000	158,100,000	159,700,000
Unassigned Fund Balance	3,929,731	-	-	-	-
Assigned Fund Balance	46,339,624	-	-	-	-
Total Funding	**$ 515,268,714**	**$ 459,100,000**	**$ 470,400,000**	**$ 481,900,000**	**$ 493,900,000**
Expenditure Assumptions					
Base Budget	$ 394,728,926	$ 390,300,000	$ 402,000,000	$ 414,100,000	$ 426,500,000
5% Vacancy Rate Factor	(12,745,915)	(13,128,000)	(13,522,000)	(13,928,000)	(14,346,000)
Health Insurance and Retirement	70,917,143	78,099,617	83,925,324	88,677,451	93,701,036
Jail Medical	20,842,204	21,571,681	22,326,690	23,108,123	23,916,907
Less CCP Funding/Base Revenue/non CCP Revenue (YOBG, JBCT, STOP)	(7,941,741)	(8,188,061)	(8,443,003)	(8,706,868)	(8,979,969)
Adult Detention Expansion Phase III (12 of 33.8 FTE's funded eff 2023)	1,491,793	1,536,547	1,582,643	1,630,123	1,679,026
Less CCP Funding For Phase III	(372,949)	(384,137)	(395,661)	(407,531)	(419,757)
Contingencies (incl Reserve incr)	11,303,197	13,587,510	13,106,510	11,658,510	12,553,510
One-time Projects and Equipment	14,517,640	15,000,000	15,000,000	15,000,000	15,000,000
One-Time General Fund Strategic Investments	22,528,415	20,000,000	-	-	-
Total Costs	**$ 515,268,714**	**$ 518,395,157**	**$ 515,580,503**	**$ 531,131,807**	**$ 549,604,753**
Total (Deficit in Brackets)	**$ -**	**$ (59,295,157)**	**$ (45,180,503)**	**$ (49,231,807)**	**$ (55,704,753)**

Note: A deficit indicates that additional fund balance or one-time revenue will be needed to balance the budget.

Challenges and Opportunities

The organization regularly evaluates the various challenges and opportunities that can impact intended outcomes. Some require a collaborative approach and are beyond the scope of any one department or agency to resolve. The following are the organization-wide and department-specific challenges and opportunities being tracked at midyear, including local impacts associated with the Governor's 2024-25 Proposed Budget.

Organizational Challenges and Opportunities

County staff continue to monitor information on the California State Budget for future year impacts. Beginning with the Governor's Proposed Budget issued in January, through the May Revision and finally, adoption of the State Budget in June, staff will evaluate and consider how pending challenges at the State level will affect local programs and services in Budget Year 2025. Preliminary information indicates a $37.9 billion State Budget shortfall with plans to balance through the use of reserves, various reductions, internal borrowing, spending delays, fund shifts, and deferrals.

The California State Association of Counties (CSAC) noted in their Budget Action Bulletin on the Governor's Budget Proposal for 2024-25 the importance of the "county voice" in seeking support for many of the programs that would be impacted by the strategies planned to address the budget shortfall, stating that "counties are on the frontlines of meeting the needs of California's communities, and the state will need county expertise and ground truth in making those difficult decisions."

Locally, shifts and delays in funding would impact Behavioral Health Bridge Housing, affecting local projects; reductions would mean less support for Community Assistance, Recovery and Empowerment (CARE) Act activities; and while funding for middle-mile broadband connectivity projects gained support, there were no new appropriations identified for last-mile broadband infrastructure grants or the Broadband Loan Loss Reserve Fund. The budget proposal does maintain the multi-billion-dollar commitment to continue transforming the healthcare delivery system through California Advancing and Innovating Medi-Cal (CalAIM); the latest data indicate that 50.2% of Stanislaus County residents benefit from Medi-Cal support.

The varied impacts anticipated locally align with the overall State economic outlook. The CSAC Bulletin notes that the "Governor's Budget provides mixed signals for the California economy in the near term, with some signs indicating cautious optimism and others that show an uneven economic future." County departments will continue to monitor the situation over the next few months, advocating in support of local programs and looking to the May Revision for definitive changes.

Departmental Challenges and Opportunities

The **District Attorney's** Office is tracking the end of California Governor's Office of Emergency Services' one-time grant provided for domestic and sexual violence prevention services on December 31, 2024, which has provided for a victim advocate, overtime, related training, emergency assistance funds, and support to Court Appointed Special Advocates of Stanislaus County, Healthy Alternatives to Violent Environments, and Family Justice Center of Stanislaus. An additional challenge facing the Department is the decline in Victims of Crime Act Federal funding and anticipated further cuts under State Budget woes. The reduction in funding will affect the District Attorney's Victim/Witness Assistance Grant, Elder Abuse Grant, and Unserved/Underserved Victim Advocacy and Outreach Grants; combined, these grants provide approximately $1.3 million in funding for Fiscal Year 2024, supporting 13 allocated positions, overtime, related training, emergency assistance funds, outreach and awareness material, and support to Senior Advocacy Network and Catholic Charities of the Diocese of Stockton.

Ongoing funding for the Access Center Emergency Shelter (ACES) at the Salvation Army continues to be a challenge for the **Community Services Agency**. The funding plan for the remainder of Fiscal Year 2024 relies on Homeless Housing Assistance and Prevention (HHAP) Round 4, second disbursement funding and grants from Kaiser Permanente and Sutter. However, the HHAP Round 5 funding available to fund ACES operations for Fiscal Year 2025 will not support Fiscal Year 2024 service levels. The County continues to work with the Salvation Army, City of Modesto, and other community partners to determine what service levels can be financially supported by the available funding sources for Fiscal Year 2025.

The **General Services Agency** looks forward to seeking Board of Supervisors' approval in late March 2024 to establish priorities and plans for all organization-wide Capital Projects in the upcoming five-year Capital Improvement Plan. Additionally, the Department continues to partner in utilizing the Building Community Services Investment (BCSI) funding. This funding was approved by the Board of Supervisors in Fiscal Year 2023 as a three-year $60 million strategic commitment utilizing $20 million per year in General Fund support to benefit parks, libraries, and County buildings.

Implementation of the **Information Technology Central** (ITC) Managed Model at the Agricultural Center, benefiting the Agricultural Commissioner, Environmental Resources, and Parks and Recreation, presents a strategic opportunity to enhance IT systems and practices and foster increased overall departmental efficiencies and security. The ITC Managed Model will provide for the centralization of IT services to optimize operations, reduce costs, strengthen security measures, focus staff in areas of expertise, streamline maintenance, and provide scalability and flexibility for organizational growth and innovation.

The **Treasurer-Tax Collector** focus on business process efficiencies has led to notable progress in many areas. Department staff have analyzed existing fee schedules for all divisions and will bring new and revised fees forward in the spring; the Property Tax Division has engaged in a new mail return process provided by the Megabyte Property Tax System (MPTS) using existing QR codes printed on tax bills and compatible scanners, allowing staff to automatically notate mail returns on the associated parcel; and additionally, the Treasury Division has completed the closure of nearly all prior contracted bank accounts and participated with San Joaquin County in a Request for Proposal (RFP) for a new custodial bank.

District Attorney
Grand Jury
Probation
Public Defender
Sheriff

Supporting a Strong and Safe Community

Supporting a Strong and Safe Community

Priority Overview

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

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

Total Department-Identified Unmet Needs in this priority area equate to $9.2 million and are described in the department summary section which follows.

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

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

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

Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors' priority *Supporting a Strong and Safe Community,* as of December 31, 2023, actual revenue collected totaled $44.4 million, which represents 34.9% of the estimated annual revenue. This is within the trend of the prior three-year range where revenue collections ranged from 27.3% to 36.9% of the final actual revenue.

Of note, Fiscal Years 2021 and 2022 reflect the benefit of State pass-through CARES Act Coronavirus Relief Fund (CRF) support of $12.8 million and $22.4 million respectively, which were recognized in the Sheriff's Office budget for presumptive eligible costs that generated Net County Cost savings.

Additionally, County Operations, Capital Projects, and Integrated Criminal Justice Information System, funds traditionally categorized and budgeted within this Board priority, were moved to fall within the *Delivering Efficient Public Services* priority in Fiscal Year 2023.

Supporting a Strong and Safe Community Four-Year Revenue Comparison

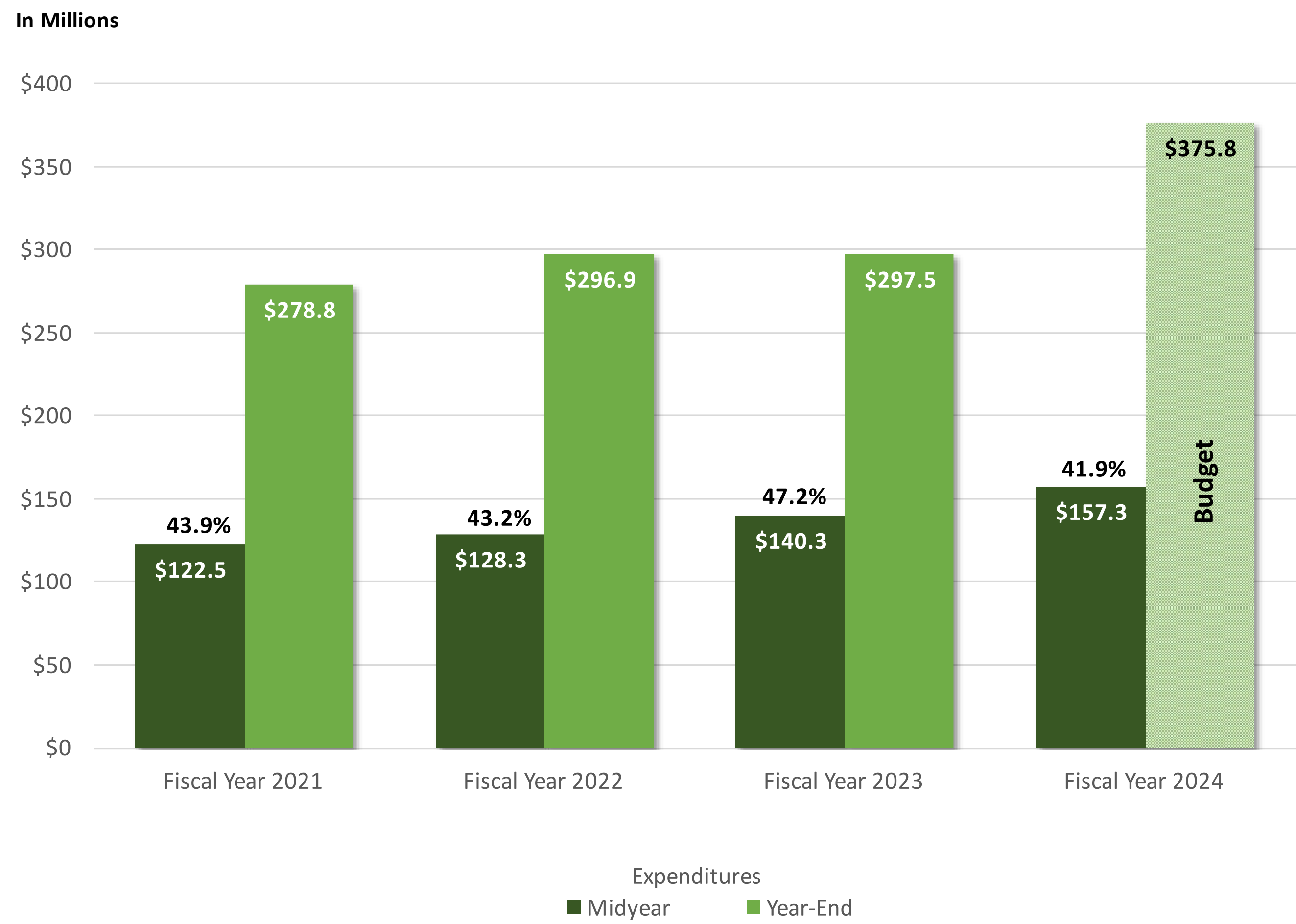
Departmental Expenditures

As of December 31, 2023, expenditures totaled $157.3 million, representing 41.9% of budgeted appropriations. This is below the historical range when compared to the midyear point of the prior three years when expenditures varied from 43.2% to 47.2% of final actual expenditures.

The decrease in spending proportionate to the budget as compared to prior years can be attributed to grant and Community Corrections Partnership (CCP) funded programs in the Public Defender's Office that have yet to materialize in the current year. Spending in the other departments within this priority is within the historical range of the prior three years.

As noted previously regarding revenue, County Operations, Capital Projects, and Integrated Criminal Justice Information System funds traditionally budgeted within this Board priority were moved to fall within the *Delivering Efficient Public Services* priority in Fiscal Year 2023.

Supporting a Strong and Safe Community Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report *Supporting a Strong and Safe Community* will increase appropriations by $3.6 million. Budget adjustments are funded by a $5.7 million increase in estimated revenue, a $3.2 million decrease in the use of departmental fund balance, and a $1.1 million increase in Net County Cost.

District Attorney

Adjustments increasing appropriations by $2.5 million, funded by $365,108 in estimated revenue, the use of $247,286 in fund balance, and Net County Cost of $1.8 million, are recommended for the District Attorney.

Right-Size Costs – An increase of $2.2 million in appropriations, funded by Net County Cost, is recommended to right-size salary and benefit costs that the department did not request within the Adopted Budget process; the department realized this oversight during the Midyear financial review and this adjustment will align budget authority with allocated positions.

Federal Asset Forfeiture – It is recommended to increase appropriations by $158, using fund balance, to purchase law library resources.

Special Operations – It is recommended to increase appropriations by $231,628, using fund balance, to support the purchase of handheld radios for the Criminal Investigators, security cameras for the space leased in Board Resolution 2023-0199, a server with storage to replace failing equipment that is no longer under warranty, and social media services.

Technical Adjustments – It is recommended to increase appropriations by $43,139, funded by $365,108 in estimated revenue, the use of $15,500 in fund balance, and $337,469 savings in Net County Cost, as detailed below.

- An increase of $294,330 in estimated revenue, benefiting Net County Cost, is recommended to right-size 2011 Realignment Base Revenue for Fiscal Year 2024 and to recognize 2011 Realignment Growth Revenue for Fiscal Year 2023.
- An increase of $43,139 in appropriations, funded by $27,639 in estimated revenue and the use of $15,500 in fund balance, is recommended to transfer revenue from the Enforce Consumer Protection Laws budget to the Criminal budget per policy.

Department-Identified Unmet Needs – The Department has identified an additional $31,614 in unmet needs in the Special Operations budget. This is expected to be addressed in the 2024 Third Quarter Financial Report with savings achieved in the Criminal budget.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
District Attorney - Criminal Division	$0	$2,175,214	$0	$2,175,214	Increase appropriations, funded with Net County Cost, to support salary and benefits per salary projections provided at 2024 Adopted Budget.
District Attorney - Criminal Division	$294,330	$0	$0	($294,330)	Increase estimated revenue to recognize 2011 Realignment Base and Fiscal Year 2023 Realignment growth.
District Attorney - Criminal Division	$43,139	$0	$0	($43,139)	Increase revenue for transfer of fines and fees from the Enforce Consumer Protection Laws budget per policy.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
District Attorney - Enforce Consumer Protection Laws	$27,639	$43,139	$15,500	$0	Increase appropriations, estimated revenue and fund balance, to transfer to the Criminal budget per policy.
District Attorney - Federal Asset Forfeiture	$0	$158	$158	$0	Increase appropriations using fund balance to support asset forfeiture resources for Department law library.
District Attorney - Special Operations	$0	$231,628	$231,628	$0	Increase appropriations using fund balance to support purchase of handheld radios, security cameras, a server, and social media services.
Total	**$365,108**	**$2,450,139**	**$247,286**	**$1,837,745**	

Recommendation: It is recommended to increase appropriations by $2.5 million, funded by $365,108 in estimated revenue, the use of $247,286 in fund balance, and $1.8 million in Net County Cost.

Probation

A decrease of $208,254 in appropriations, an increase of $2.7 million in estimated revenue, a decrease in the use of $1.7 million in fund balance, and a decrease in Net County Cost of $1.1 million are recommended for Probation.

Step-Down Programming and Job Training – Senate Bill 92 (2021-2022) amended Section 736.5 of the Welfare and Institution Code to formally establish the closure of the Department of Juvenile Justice (DJJ) on June 30, 2023. It further created Secure Youth Treatment Facilities (SYTF) as a local dispositional option for youth who are adjudicated of an offense that would have resulted in a commitment to the DJJ. An increase in appropriations of $126,000, using fund balance, is recommended to support the purchase of a truck driving simulator and the Skill Boss Smart Factory carpentry program to provide step-down programming and job-training to youth in the SYTF.

Technical Adjustments – A decrease in appropriations of $334,254, funded by $2.7 million in estimated revenue, a decrease in the use of $1.8 million in fund balance, and a $1.1 million decrease in the use of Net County Cost is recommended to adjust appropriations for unintended encumbrances, to recognize a General Services Agency project closure, recognize Realignment revenue, and to recognize Budget Act of 2023 revenue to address the limited-term increase of offenders on post release community supervision as a result of the Public Safety and Rehabilitation Act of 2016.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Probation - Administration	$0	($1,522)	$0	($1,522)	Decrease appropriations, benefiting Net County Cost, to liquidate prior-year encumbrances.
Probation - Community Corrections Partnership Plan	$0	($73,303)	$0	($73,303)	Decrease appropriations, benefiting Net County Cost, to liquidate prior-year encumbrances.

Budget Unit Name	Recommended Budget Adjustment Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Probation - Corrections Performance Incentive Fund	$0	($314)	($314)	$0	Decrease appropriations, benefiting Net County Cost, to liquidate prior-year encumbrances.
Probation - Corrections Performance Incentive Fund	$184,500	$0	($184,500)	$0	Increase estimated revenue, benefiting Net County Cost, to recognize Budget Act of 2023 funds.
Probation - Department of Juvenile Justice Realignment Block Grant	$0	$126,000	$126,000	$0	One-time increase in appropriations, using fund balance, to purchase programs to provide step-down programming/job-training for youth in the Secure Track Unit.
Probation - Department of Juvenile Justice Realignment Block	$0	($62,508)	($62,508)	$0	Decrease appropriations, benefiting Net County Cost, due to the liquidation of prior year encumbrances.
Probation - Field Services	$17,612	$0	$0	($17,612)	Increase revenue to align with actual Realignment revenue growth.
Probation - Field Services	$29,700	$0	$0	($29,700)	Increase estimated revenue, benefiting Net County Cost, tied to closing of a capital project.
Probation - Field Services	$0	($10,995)	$0	($10,995)	Decrease appropriations, benefiting Net County Cost, to liquidate prior-year encumbrances.
Probation - Institutional Services	$690,234	$0	$0	($690,234)	Increase revenue to align with actual Realignment revenue growth.
Probation - Juvenile Commitment Facility	$324,248	$0	$0	($324,248)	Increase Revenue to align with actual Realignment revenue growth.
Probation - Juvenile Commitment Facility	$0	($35)	$0	($35)	Decrease appropriations, benefiting Net County Cost, to liquidate prior-year encumbrances.
Probation - Juvenile Justice Crime	$1,293,907	$0	($1,293,907)	$0	Increase revenue to align with actual Realignment revenue growth.
Probation - Juvenile Justice Crime Prevention Act	$0	($54,770)	($54,770)	$0	Decrease appropriations, benefiting Net County Cost, to liquidate prior-year encumbrances.
Probation - Local Community Corrections	$0	($101,803)	($101,803)	$0	Decrease appropriations, benefiting Net County Cost, to liquidate prior-year encumbrances.
Probation - Youthful Offender Block Grant	$116,249	$0	($116,249)	$0	Increase revenue to align with actual Realignment revenue growth.
Probation - Youthful Offender Block Grant	$0	($29,003)	($29,003)	$0	Decrease appropriations, benefiting Net County Cost, to liquidate prior-year encumbrances.
Total	**$2,656,450**	**($208,254)**	**($1,717,055)**	**($1,147,649)**	

Recommendation: It is recommended to decrease appropriations by $208,254, increase revenue by $2.7 million, decrease the use of fund balance by $1.7 million, and decrease Net County Cost by $1.1 million.

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

Public Defender

Consistent with the County's Realignment policy, a technical adjustment is recommended to increase revenue by $129,286, resulting in an equal decrease in Net County Cost, to recognize 2011 Realignment growth revenue for Fiscal Year 2023 and to right-size the base revenue.

Department-Identified Unmet Needs – The Department has identified an additional $796,340 in unmet needs for which the Department will have the opportunity to seek funding in the upcoming 2025 Adopted Budget. The unmet need cost represents the cost for 15 additional attorneys to address workload issues identified by the Department and only reflects the salary costs for the last three months of the fiscal year. The Chief Executive Office, in coordination with the Department, is working on exploring this need further.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Public Defender	$129,286	$0	$0	($129,286)	Increase revenue to align the budget with actual Realignment base and recognize Fiscal Year 2023 growth.
Total	**$129,286**	**$0**	**$0**	**($129,286)**	

Recommendation: It is recommended to increase estimated revenue and decrease Net County Cost by $129,286.

Sheriff

A net increase in appropriations of $1.3 million is recommended, funded by a $2.5 million in estimated revenue, and $517,957 in Net County Cost, resulting in a $1.7 million decrease in the use of fund balance.

Driver Training Program – An increase in appropriations of $100,000 using fund balance is recommended for additional equipment for the Drivers Training Courses.

Jail Commissary/Inmate Welfare – An increase in appropriations of $100,000, funded by $200,000 in estimated revenue and a $100,000 decrease in the use of fund balance, is recommended to recognize the increased costs and revenues of the Jail Commissary.

Office of Emergency Services/Fire Warden – An increase in appropriations of $207,000, funded with Community Corrections Partnership (CCP) funds revenue, is recommended to support Emergency Medical Technicians (EMT) for community ambulances as part of the County's Crisis Mobile Unit, as approved by the Board of Supervisors on June 6, 2023 (Board Resolution #2023-0277).

High Intensity Drug Trafficking Area (HIDTA) – An increase of $20,000 in appropriations, funded with HIDTA revenue is recommended in the Operations budget to support remote test firing carts to enhance safety. An additional increase of $85,000 in estimated HIDTA revenue, resulting in a decreased need for Net County Cost, is recommended in the Operations budget to support the cost of the Crime Analyst approved in the 2023 Adopted Budget. Appropriations for this position were included in the 2024 Adopted Budget when salaries and benefits were right-sized based on then-current salary projections, but the corresponding revenue was never added. This adjustment corrects for that and reduces the need for Net County Cost.

Cannabis Program – An increase of $309,472 in appropriations is recommended in the Operations budget that were not included in Adopted Budget. This adjustment includes $225,000 for overtime costs associated with enforcement activities, as well as $84,472 to right-size the Department's overhead costs associated with the overtime adjustment and salary adjustments made at Adopted Budget. This adjustment will be funded with $415,864 in estimated revenue, which recognizes the rightsizing of salary costs made with the 2024 Adopted Budget and will result in a decrease of $106,392 in Net County Cost.

Fixed Assets | Vehicles – An increase of $145,000 in appropriations, funded with Net County Cost, is recommended in the Operations budget to support the increased costs of patrol vehicles that are coming in higher than originally estimated.

Drone Replacement – An increase of $24,900 in appropriations, funded with estimated insurance revenue, is recommended in the Operations budget to support the replacement of one drone.

Fiscal Year 2023 Adjustment – With the 2024 Adopted Budget, a one-time adjustment to decrease appropriations by $486,740 in the Operations budget was recommended to account for the Department exceeding appropriations in Fiscal Year 2023. Since the close of the prior fiscal year, the department has liquidated $72,971 in encumbrances which contributed to the Department exceeding established appropriations. A one-time adjustment to increase appropriations by $72,971 in the Operations budget, funded by Net County Cost, is recommended due to the liquidation of the prior year encumbrances, and return appropriations that were decreased with the 2024 Adopted Budget.

Technical adjustments resulting in an increase of $339,869 in appropriations, funded with $1.6 million in estimated revenue, a decrease of $1.7 million in the use of fund balance, and a $491,378 increase in Net County Cost, are recommended, and detailed as follows:

- An increase of $849,195 in estimated revenue, resulting in a $165,294 decrease in the use of fund balance and a $683,901 decrease in Net County Cost, is recommended to recognize additional Senate Bill (SB) 90 revenue, General Services Agency (GSA) capital project closeouts, and 2011 Realignment Trial Court Security Account Growth for Fiscal Year 2023.
- An increase of $164,795 in appropriations, funded with Net County Cost, is recommended to support unanticipated termination cash-outs in the Administration, Detention, and Operations budgets.
- An increase of $1.1 million in appropriations, funded with Net County Cost, is recommended to support the Employee Recruitment and Retention Strategy. Included in this figure is $118,478 for the Administration budget, $536,261 for the Detention budget, $19,587 for the Office of Emergency Services/Fire Warden budget, and $385,912 for the Operations budget.
- An increase of $745,975 in appropriations, funded by estimated revenue, is recommended to establish the following Board of Supervisors' approved grants: California Advancing and Innovating Medi-Cal (CalAIM) Providing Access and Transforming Health (PATH) Justice Involved (JI) Round 2 Grant (Board Resolution #2023-0499), Cal Fire 2021 County Evacuation Grant (Board Resolution #2023-0010), and the Officer Wellness Grant (Board Resolution #2023-0196).
- A decrease of $1.5 million in appropriations is recommended to right-size costs for grants and asset forfeiture to align with fund balances and to adjust grant revenue that should have been removed with the 2024 Adopted Budget due to the end of Office of Emergency Services related grants. This adjustment includes a $44,523 decrease in estimated revenue, a $1.5 million decrease in the use of fund balance, and a $43,260 increase in Net County Cost.
- A decrease of $93,014 in appropriations, resulting in an equal decrease in Net County Cost, is recommended to right-size the Department's appropriations due to encumbrance roll-forward appropriations for which an Accounts Payable accrual was done as part of the Fiscal Year 2023 year-end close.

Department-Identified Unmet Needs - The Department has identified an additional $8.3 million in unmet needs. Of this amount, $6.7 million is attributed to the need for increased costs in Salaries and Benefits. The Chief Executive Office has identified other mitigating strategies in the amount of $6.9 million that will address this need in the 2024 Third Quarter Financial Report. The Department will have the opportunity to seek funding in the upcoming 2025 Adopted Budget for the remaining $1.6 million in increased service levels for the following requests:

- Add one new Assistant Director at $61,130 for the last three months of the fiscal year. As noted in the Staffing Recommendation below, it is recommended to reclassify an existing Manager IV position to an Assistant Director in lieu of adding a new position.
- Delete one Deputy Fire Warden position to offset the increased cost associated with the request to add one new Assistant Director position for a savings of $58,212.
- Add one new block-budgeted Manager I/II position for project management at $106,993. The full cost includes $69,250 in one-time start-up costs as well as $37,743 in salary costs for the last three months of the fiscal year.
- Add three new Maintenance Engineers to provide maintenance support to the Sheriff's campus at $315,958. The full cost includes $235,500 in one-time start-up costs as well as $80,458 in salary costs for the last three months of the fiscal year.
- Add one new Software Administrator II to design, develop, and implement systems and databases to access and store geospatial data at $52,642. The full cost includes $10,000 in one-time start-up costs as well as $42,642 in salary costs for the last three months of the fiscal year.
- Add one new Supervising Crime Analyst to provide supervision to the Department's current Crime Analysts at $47,363. The full cost includes $10,500 in one-time start-up costs as well as $36,863 in salary costs for the last three months of the fiscal year.
- Add one new Crime Analyst to provide support to the Department's Fentanyl Team at $39,037. The full cost includes $10,500 in one-time start-up costs as well as $28,537 in salary costs for the last three months of the fiscal year.
- Purchase new vehicle modems for vehicle connectivity in anticipation of upgrading the Department's public safety software platform at $550,000.
- Cover increased costs for aircraft maintenance at $300,000 due to increased hours flown by the Air Support Unit
- Replace one bomb truck and a single vent trailer at a cost of $225,000.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - Administration	$130,000	$0	$0	($130,000)	Increase estimated revenue for State-mandated cost reimbursement.
Sheriff - Administration	$0	($72,500)	$0	($72,500)	Reduce appropriations, benefitting Net County Cost, due to liquidation of prior year encumbrances.
Sheriff - Administration	$178,575	$0	$0	($178,575)	Increase estimated revenue, benefitting Net County Cost, tied to closing of a capital project.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - Administration	$0	$118,478	$0	$118,478	Increase appropriations in support of the County's Employee Recruitment and Retention Strategy, funded by Net County Cost.
Sheriff - Administration	$0	$18,729	$0	$18,729	Increase appropriations to support termination cash-outs not included in the approved budget, funded with Net County Cost.
Sheriff - Court Security	$165,294	$0	($165,294)	$0	Increase estimated revenue to right-size court security revenue with State projections, benefitting fund balance.
Sheriff - Detention	$503,300	$503,300	$0	$0	Increase appropriations to transfer out to CSA and ITC for Providing Access and Transforming Health Justice Involved Grant Round 2 (Resolution #2023-0499), funded by estimated revenue.
Sheriff - Detention	$0	($4,770)	$0	($4,770)	Reduce appropriations, benefitting Net County Cost, due to liquidation of prior year encumbrances.
Sheriff - Detention	$375,325	$0	$0	($375,325)	Increase estimated revenue, benefitting Net County Cost, to recognize funds returned at the closing of a capital project.
Sheriff - Detention	$0	$536,261	$0	$536,261	Increase appropriations in support of the County's Employee Recruitment and Retention Strategy, funded with Net County Cost.
Sheriff - Detention	$0	$109,878	$0	$109,878	Increase appropriations to support termination cash-outs not included in the approved budget, funded with Net County Cost.
Sheriff - Driver Training Program	$0	$100,000	$100,000	$0	Increase appropriations for additional equipment for Drivers Training Courses, funded with fund balance.
Sheriff - Jail Commissary/Inmate Welfare	$200,000	$100,000	($100,000)	$0	Increase appropriations for increased costs of the jail commissary, funded with estimated revenue, creating a savings to fund balance.
Sheriff - OES Grants	$0	($1,294,600)	($1,294,600)	$0	Decrease appropriations to align with available fund balance.
Sheriff - OES Homeland Security Grants	($1,263)	($144,762)	($143,499)	$0	Decrease appropriations and estimated revenue to align with grant fund balances.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - OES/Fire Warden	$207,000	$207,000	$0	$0	Increase appropriations to support EMTs for the community ambulance as part of the County's Crisis Mobile Unit, funded with CCP funding.
Sheriff - OES/Fire Warden	$115,000	$115,000	$0	$0	Increase appropriations for the Cal Fire 2021 County Evacuation Grant as approved by the Board on January 10, 2023 (Resolution # 2023-0010), funded with estimated revenue.
Sheriff - OES/Fire Warden	($43,260)	$0	$0	$43,260	Decrease estimated revenue for the EMPG-ARPA grant, funded with Net County Cost.
Sheriff - OES/Fire Warden	$0	$19,587	$0	$19,587	Increase appropriations in support of the County's Employee Recruitment and Retention Strategy, funded with Net County Cost.
Sheriff - Operations	$0	$145,000	$0	$145,000	Increase appropriations in Fixed Assets to right-size patrol vehicle costs that are higher than budgeted, funded by Net County Cost.
Sheriff - Operations	$20,000	$20,000	$0	$0	Increase appropriations to support remote test firing carts to enhance safety, funded with estimated HIDTA revenue.
Sheriff - Operations	$24,900	$24,900	$0	$0	Increase appropriations to support the replacement of a drone, funded with insurance revenue.
Sheriff - Operations	$415,864	$309,472	$0	($106,392)	Increase appropriations to support cannabis enforcement, funded with estimated cannabis revenue, benefitting Net County Cost.
Sheriff - Operations	$127,675	$127,675	$0	$0	Increase appropriations for the BSCC Officer Wellness Grant as approved by the Board on May 2, 2023 (Resolution # 2023-0196), funded with estimated revenue.
Sheriff - Operations	$85,000	$0	$0	($85,000)	Increase estimated revenue not included in the 2024 Adopted Budget to support the Crime Analyst position supporting the Central Valley HIDTA approved in 2023 Adopted Budget.
Sheriff - Operations	$0	($15,744)	$0	($15,744)	Reduce appropriations, benefitting Net County Cost, due to liquidation of prior year encumbrances.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - Operations	$0	$72,971	$0	$72,971	Increase appropriations to offset the decrease in appropriations made in the 2024 Adopted Budget equal to the Fiscal Year 2023 purchase orders liquidated in Fiscal Year 2024.
Sheriff - Operations	$0	$385,912	$0	$385,912	Increase appropriations in support of the County's Employee Recruitment and Retention Strategy, funded with Net County Cost.
Sheriff - Operations	$0	$36,188	$0	$36,188	Increase appropriations to support termination cash-outs, funded with Net County Cost.
Sheriff - Special Investigation Unit	$0	($98,763)	($98,763)	$0	Decrease appropriations to align with available fund balance.
Total	**$2,503,411**	**$1,319,212**	**($1,702,156)**	**$517,957**	

Recommendation: It is recommended to increase appropriations by $1.3 million, increase estimated revenue by $2.5 million, decrease the use of fund balance by $1.7 million, and increase Net County Cost by $517,957.

Staffing Recommendation: It is recommended to reclassify one Manager IV position to an Assistant Director. The position will oversee a reorganized Administrative Division, which will include various responsibilities such as budget preparation and control, fiscal analysis, financial management, personnel administration, information technology, facility services, and other administrative support functions.

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

Supporting a Healthy Community

Supporting a Healthy Community

Priority Overview

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

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

Overall, the departments *Supporting a Healthy Community* are on track to end the year within budget and in a positive fiscal position as 1991 and 2011 Realignment revenue projections continue to experience modest growth, as detailed in the Governor's Fiscal Year 2024-25 Proposed Budget.

Departmental Revenue

For departmental budgets *Supporting a Healthy Community*, actual revenue received as of December 31, 2024, totals $226.6 million, which represents 34% of the estimated annual revenue. This ratio is below the normal range when comparing to revenue received as of midyear in the previous three years when collections ranged from 41% to 54.5% of year-end actual totals.

Budgeted revenue for Fiscal Year 2024 increased by $84 million (14.4%) over that realized in Fiscal Year 2023 due to increased allocations of Federal, State, and grant revenue. However, actual revenue received this fiscal year to date is $12.4 million less than last fiscal year.

Behavioral Health and Recovery Services has experienced a decrease of $6.8 million in revenue due to challenges with implementation of California Advancing and Innovating Medi-Cal (CalAIM) payment reform and the timing required to recognize Medi-Cal revenue due to the new Electronic Health Record system.

The Community Services Agency – Public Economic Assistance reflects an $11.2 million decrease in revenue primarily due to a $6.2 million revenue accrual posted that was not reversed until late in the fiscal year overstating Fiscal Year 2023 revenue.

Finally, Child Support Services' revenue is down $2.4 million less than last year due to delays in posting revenue since August as staff have transitioned and revenue reconciliations have been actively underway; the Department anticipates that all revenue will be posted by the end of February.

Supporting a Healthy Community Four-Year Revenue Comparison

Departmental Expenditures

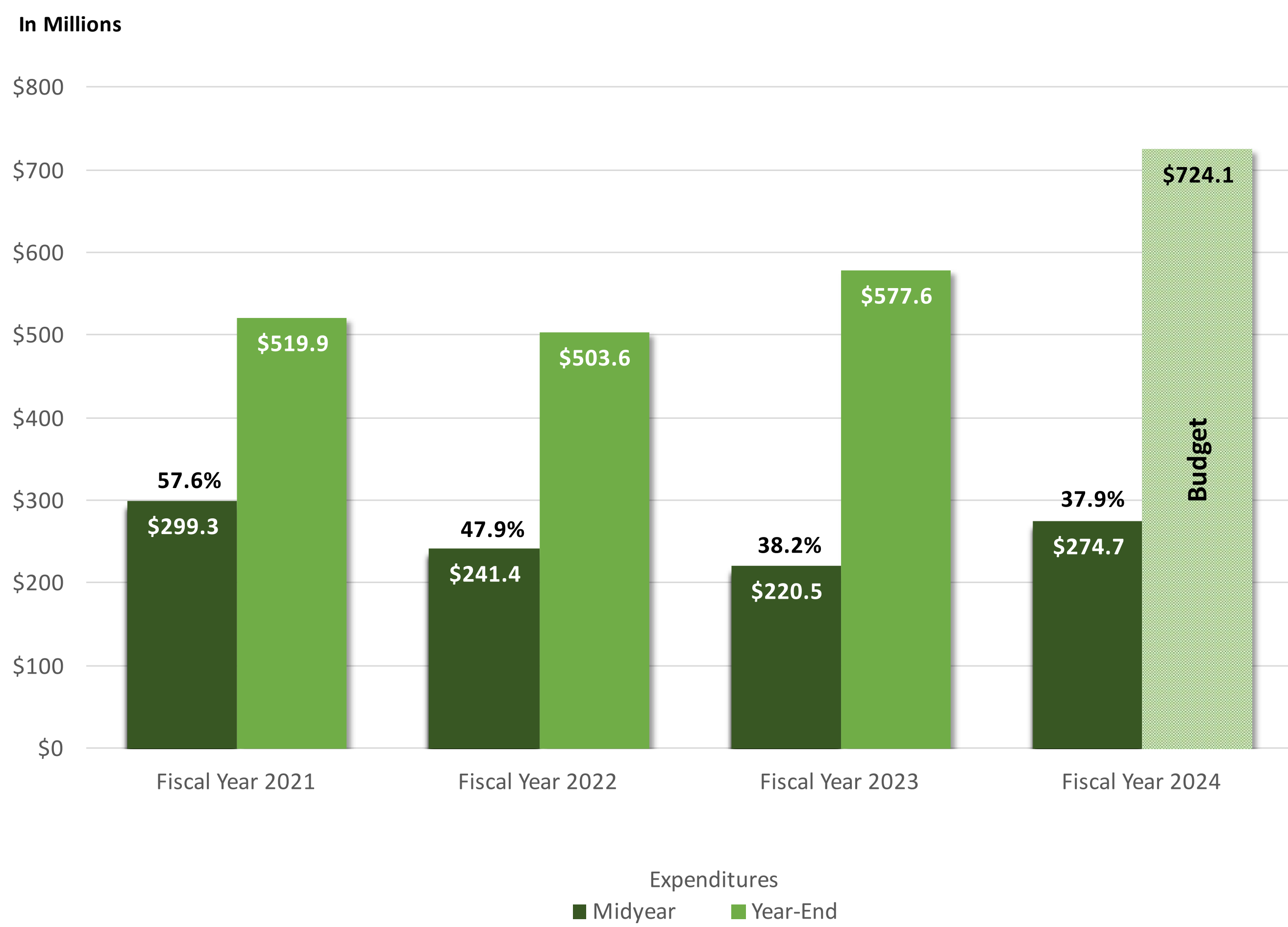
As of December 31, 2024, expenditures in this priority area totaled $274.7 million, representing 37.9% of total budgeted appropriations. Actual expenditures identified at the midpoint of the previous three years as a ratio of year-end costs represented a range of 38.2% to 57.6% of the final annual expenditures, placing this year's rate of expenditures slightly below the historical range.

Related to the note in the revenue section, due to increased Federal, State, and grant revenue, there is an overall corresponding increase in budgeted appropriations, affecting the budget to actual ratio of expenditures to date. Actual expenses are $54.2 million higher year-to-date relative to last fiscal year.

The is primarily due to a $30.5 million increase in the Community Services Agency-Public Economic Assistance due to increased caseloads in CalWORKs All Other Families, Two-Parent Families, and Adoptions programs.

In addition, the Fiscal Year 2024 budget, includes $27.8 million in unneeded encumbrance carryover appropriations that are being reduced with Midyear budget adjustments, as detailed in this report.

Supporting a Healthy Community Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report for *Supporting a Healthy Community* will net for a total increase in appropriations of $3.2 million funded by $26.7 million in estimated revenue, resulting in a $23.5 million decrease in the use of departmental fund balance.

Aging and Veterans Services

Area Agency on Aging – The Area Agency on Aging (AAA) is receiving $282,978 in one-time only Older Americans Act funding for the provision of senior services which will support additional staff time for the meals program, allowing staff to complete data reporting due to turnover in the program requiring additional staff training/learning. These funds may also be used to start additional congregate meal sites.

The AAA is receiving additional one time funding to support existing service levels for several State-funded programs. The Supplemental Nutrition Assistance Program Education (Snap-Ed) is receiving $144,181 in additional one time funding which will be used for a contract amendment with the Healthy Aging Association to provide nutrition services in the amount of $100,000 with the remaining $44,181 supporting direct staff costs to administer program services. The Health Insurance Counseling and Advocacy Program (HICAP) is receiving $12,907 in one-time only funding to support staff costs to provide HICAP services directly to older adults and the Prevention and Early Intervention (PEI) program is receiving $18,720 to provide mental health and socialization PEI services directly.

AAA received American Rescue Plan Act (ARPA) Funding in Fiscal Year 2023 that was not utilized and is in departmental fund balance. It is recommended to reduce Fiscal Year 2024 ARPA revenue and increase the use of fund balance by $307,781 to utilize unused Fiscal Year 2023 ARPA funding for Fiscal Year 2024 services. This will fund Supportive Services, Congregate Nutrition, Home Delivered Meals, Preventive Services, Family Caregiver, and Ombudsman services.

Lastly, it is recommended to increase appropriations by $15,000 funded by the use of fund balance to purchase needed office equipment and supplies.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
AVS - Area Agency on Aging	$282,978	$282,978	$0	$0	Increase appropriations and estimated revenue for one-time Older Americans Act funding for senior services.
AVS - Area Agency on Aging	$144,181	$144,181	$0	$0	Increase appropriations and estimated revenue for a one-time increase in Snap-Ed funding.
AVS - Area Agency on Aging	$12,907	$12,907	$0	$0	Increase appropriations and estimated revenue for a one-time increase in HICAP funding.
AVS - Area Agency on Aging	$18,720	$18,720	$0	$0	Increase appropriations and estimated revenue for an increase in PEI funding.
AVS - Area Agency on Aging	($307,781)	$0	$307,781	$0	Decrease estimated revenue and increase the use of fund balance for the use of prior year ARPA funding.
AVS - Area Agency on Aging	$0	$15,000	$15,000	$0	Increase appropriations and use of fund balance for office equipment/supplies.
Total	**$151,005**	**$473,786**	**$322,781**	**$0**	

Recommendation: It is recommended to increase appropriations by $473,786, funded by $151,005 in estimated revenue, resulting in a $322,781 increase in the use of departmental fund balance.

Behavioral Health and Recovery Services

Behavioral Health and Recovery Services (BHRS) is adding 24 new positions with a total ongoing cost of $3.2 million; the adjustments for Midyear are pro-rated to 30% of the total cost due to time needed to recruit for the positions. Midyear adjustments increase appropriations by $966,474 million and are funded by $528,256 in estimated revenue and the use of $438,218 in fund balance. All staffing requests are funded with a combination of Medi-Cal Administrative Revenue (FFP), 2011 Realignment, and/or use of fund balance.

- **Executive Leadership Structure** – BHRS has had substantial growth over the past decade driven by increased demand for behavioral health services, implementation of new State and Federal mandates and initiatives, regulatory changes, and priorities set by the Board of Supervisors; however, the executive structure has remained unchanged, consisting of one Associate Director and one Assistant Director. It is recommended to add one new Assistant Director position to support clinical operations and to add one block-budgeted Manager I/II/III position to support Fiscal and Administrative Services, increasing appropriations by $111,825. In addition, it is recommended to add two Administrative Clerk III positions to support Senior Management, increasing appropriations by $59,883. This structure will enhance leadership capacity, supporting the implementation of new State and Federal mandates and initiatives. All four positions are funded by 50% revenue and 50% use of fund balance. These positions are in the BHRS legal budget unit and have a combined annual ongoing cost of $572,353.
- **Medical Records** – With the implementation of a new Electronic Health Record system and new mandated data-sharing requirements, such as data interoperability across counties and with Medi-Cal Managed Care Plans (MCP's) as required by the State initiative to reform Medi-Cal, California Advancing and Innovating Medi-Cal (CalAIM), BHRS must comply with increased security safeguards and privacy rules set by the Health Insurance Portability and Accountability Act (HIPPA) and Code of Federal Regulations (CFR) 42 Part 2 regulations to ensure the confidentiality, integrity, and security of protected health information. It is recommended to add one block-budgeted Manager I/II position to serve as the Medical Records Security Manager, increasing appropriations by $54,648. It is also recommended to add one Administrative Clerk III position to ensure medical records requests are processed timely and ensure compliance with increased security safegaurds and privacy rules, increasing appropriations by $42,297. Both positions are funded by 50% estimated revenue and 50% use of fund balance. These positions are in the BHRS legal budget unit and have a combined annual ongoing cost of $281,965.
- **Quality Services and Compliance** – There are various regulatory changes and State initatives underway that require additional support to maintain quality services, ensure regulatory compliance, and manage risk, therefore it is recommended to add the following positions:
    - One block-budgeted Mental Health Clinician I/II to assist the Department in understanding and addressing additional regulatory CalAIM Mental Health and Drug Medi-Cal Drug Delivery System Federal and State requirements and Assembly Bill (AB) 1051. AB 1051 requires the county of original jurisdiction for a foster child or probation-supervised youth to maintain responsibility for the arrangement of specialty mental health services (SMHS) when the youth is placed out of the county in a treatment facility, group home, or short-term residential therapeutic program. AB 1051 imposes various notification and documentation requirements on placing agencies and creates new duties for county organizations. It is recommended to increase appropriations by $50,725, funded by 50% estimated revenue and 50% use of fund balance; this adjustment has an ongoing annual cost of $169,083. This position is in the BHRS legal budget unit.

- One Staff Services Analyst for the Mental Health Plan (MHP) Compliance division is needed to comply with California Department of Health Care Services (DHCS) changes to monitoring of Mental Health Plans (MHP). DHCS is changing from a triennial review and annual attestation process to yearly audits. The yearly MHP audits will have more intensive monitoring following any non-compliance findings. In addition, there are requirements to implement Mobile Crisis programs, Care Court (AB 102), AB 1051, and the Justice Involved Re-Entry Initiative. It is recommended to increase appropriations by $39,924, funded by 50% estimated revenue and 50% use of fund balance, with an ongoing annual cost of $133,082. This position is in the BHRS legal budget unit.
- One Staff Services Technician is recommended to support recent restructuring and process changes within DHCS and additional initiatives and regulations including the CalAIM Section 1915(b) Waiver which authorizes the SMHS program and Drug Medi-Cal Organized Delivery System (DMC-ODS). There are new Special Terms and Conditions addressing the Quarterly Appeals and Grievance Report requirements for SMHS and DMC-ODS, annual update requirements for MHP's and DMC-ODS Beneficiary Handbook Requirements, and to support implementaiton of AB 1051. It is recommended to increase appropriations by $42,297, funded by 50% estimated revenue and 50% use of fund balance, with an ongoing annual cost of $140,991. This position is in the BHRS legal budget unit.

- **Utilization Management Division** – The State monitors the utilization of BHRS services to ensure that the appropriate level of care is being provided to clients. Due to the growth in services provided and new mandates related to the Memorandum of Understanding (MOU) between the MHPs, MCPs and DMC-ODS, it is recommended to add one block-budgeted Manager I/II/III position to serve as the designated liaison officer for MHP MOU compliance, increasing appropriations by $54,648, with an ongoing annual cost of $133,082. In addition, it is recommended to add one Staff Services Analyst position to provide oversight for the highly regulatory nature of DMC-ODS treatment services, functional requirements associated with a new Electronic Health Record system, documentation redesign standards, and provision of services related to AB 1051, increasing appropriations by $39,924, with an ongoing cost of $133,082. Lastly, it is recommended to add one Mental Health Clinician III position to utilize licensure, experience, and practice in the behavioral health setting in an administrative role to support BHRS with Medi-Cal services, increasing appropriations by $52.968, with an ongoing cost of $176,562. These positions are in the BHRS legal budget unit, funded by 50% estimated revenue and 50% fund balance.
- **Childrens System of Care Peer Support** – Certified peer support services are now Medi-Cal eligible and there is a need to provide additional peer support to youth with severe emotional disturbances; therefore, it is recommended to add four block-budgeted Clinical Services Technician I/II positions increasing appropriations by $90,450. These positions are funded by 50% estimated revenue and 50% use of fund balance and have a combined annual ongoing cost of $402,004 ($100,501 each); three positions are in the BHRS legal budget unit, and one is in the Mental Health Services Act (MHSA) legal budget unit.
- **Clerical Support** – Additional administrative and clerical support is needed for the 24/7 Access and Crisis Line division and the Supportive Services and Housing division; therefore, it is recommended to add two Administrative Clerk III positions, increasing appropriations by $59,882 ($29,941 each). These positions are in the MHSA legal budget unit and have a combined annual ongoing cost of $199,610 ($99,805 each), funded by 50% estimated revenue and 50% use of fund balance.
- **Stanislaus Recovery Center** – The Drug Medi-Cal Organized Delivery System (DMC-ODS) provides a continuum of care for Substance Use Disorder (SUD) treatment services and has new mandates and new requirements to align with CalAIM. It is recommended to add two block-budgeted Clinical Services Technician I/II positions to provide peer support services as an adjunct to mandatory treatment services,

increasing appropriations in the BHRS Stanislaus Recovery Center legal budget unit by $30,150, with an annual ongoing cost of $201,000 ($100,500 each), funded by 50% estimated revenue and 50% use of fund balance.

- **DMC-ODS Compliance with CalAIM** – Additional staffing is needed to support organized planning and implementation of new mandates for the Mental Health and DMC-ODS Plans in meeting requirements and to ensure alignment with DHCS CalAIM expectations for integrated delivery of Plan services and to ensure that beneficiaries receive necessary behavioral health services in an easy-to-navigate, integrated manner. It is recommended to add one Mental Health Clinician III position, increasing appropriations by $26,484 ($176,562 annual cost) to ensure DMC-ODS compliance with CalAIM, perform provider monitoring, and on-site review of mandates. It is also recommended to add one block-budgeted Manager I/II/III position, increasing appopriations by $30,318 ($202,118 annual cost), to ensure regulatory compliance, and two new block-budgeted Behavioral Health Specialist I/II positions, increasing appropriations by $75,306 (annual cost of $125,510 each), to implement mandated justice involved Medi-Cal pre-release and re-entry services. These positions are located in the Substanc Use Disorder legal budget unit and are funded by 50% estimated revenue and 50% use of fund balance.

Technical Adjustments

For items previously approved by the Board, there is an increase in appropriations by $10.9 million, funded by $10.3 million in estimated revenue and the use of $616,500 in fund balance, as detailed below:

- $1.4 million for the Community Care Expansion Preservation Program Grant (Res. No. 2023-0297)
- $4.1 million for the Behavioral Health Bridge Housing (BHBH) Program Grant (Res. No. 2023-0599)
- $670,400 for the Substance Abuse and Mental health Services Administration Mobile Crisis Services Grant (Res. No. 2023-0475)
- $2.3 million for the Mandated 24/7 Mobile Crisis Services with Telecare (Res.No. 2023-0631)
- $1.9 million for the Expanded Forensic Services treatment (Res. No. 2023-0374)
- $616,500 for Contracted Institution for Mental Diseases and Skilled Nursing Facility placement services (Res. No. 2023-0477)

Technical Adjustments to address encumbrance carryover appropriations that are not needed will decrease appropriations and the use of fund balance by $19.1 million in multiple legal budget units, as detailed below:

- $3.3 million for Behavioral Health and Recovery Services
- $1.3 million for Managed Care
- $11.3 million for Mental Health Services Act
- $47,415 for Public Guardian
- $102,956 for Behavioral Heatlh Recovery Center
- $3 million for Substance Use Disorder

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Behavioral Health and Recovery Services	$55,913	$111,825	$55,912	$0	Increase appropriations and estimated revenue for one Assistant Director to support clinical operations and one Manager I/II/III to support Fiscal and Administration Services to align Department senior leadership.
Behavioral Health and Recovery Services	$29,942	$59,883	$29,941	$0	Increase appropriations and estimated revenue for two Administrative Clerk III positions to department growth and to support Senior Management.
Behavioral Health and Recovery Services	$27,324	$54,648	$27,324	$0	Increase appropriations and estimated revenue for one block-budgeted Manager I/II position to as the Medical Records Security Manager to ensure compliance with increased standards for health Information.
Behavioral Health and Recovery Services	$14,971	$29,941	$14,970	$0	Increase appropriations and estimated revenue to add one Administrative Clerk III to ensure medical records requests are processed timely and ensure compliance with increased standards for health Information.
Behavioral Health and Recovery Services	$25,363	$50,725	$25,362	$0	Increase appropriations and estimated revenue to add one Mental Health Clinician I/II for Quality Services to address additional regulatory requirements under CalAIM and AB 1051.
Behavioral Health and Recovery Services	$19,962	$39,924	$19,962	$0	Increase appropriations and estimated revenue for one Staff Services Analyst for the Mental Health Plan Compliance division to comply with state changes related to monitoring MHPs.
Behavioral Health and Recovery Services	$21,149	$42,297	$21,148	$0	Increase appropriations and estimated revenue to add one Staff Services Technician for Quality Services to support recent state restructuring and process changes and additional initiatives and regulations.
Behavioral Health and Recovery Services	$27,324	$54,648	$27,324	$0	Increase appropriations and estimated revenue for one block-budgeted Manager I/II/III in the Utilization Management division to support growth in services provided and new mandates.
Behavioral Health and Recovery Services	$19,962	$39,924	$19,962	$0	Increase appropriations and estimated revenue for one Staff Services Analyst in the Utilization Management division to support the state contract as the Drug Medi-Cal Organized Delivery System (DMC-ODS).
Behavioral Health and Recovery Services	$26,484	$52,968	$26,484	$0	Increase appropriations and estimated revenue t for one Mental Health Clinician III to perform Utilization Management functions in relation to the state contract to provide administrative support of Medi-Cal services.
Behavioral Health and Recovery Services	$45,225	$90,450	$45,225	$0	Increase appropriations and estimated revenue for three Clinical Service Technician I/II positions to provide peer support services in the Children's System of Care treatment programs.
Behavioral Health and Recovery Services	$1,410,482	$1,410,482	$0	$0	Increase appropriations and estimated revenue for the provision of the Community Care Expansion Preservation Program Grant (CCE) previously approved by the Board (Res. No. 2023-0297).
Behavioral Health and Recovery Services	$4,050,300	$4,050,300	$0	$0	Increase appropriations and estimated revenue for the provision of the Behavioral Health Bridge Housing Program Grant Previously Approved by the Board (Res. No. 2023-0599).
Behavioral Health and Recovery Services	$670,400	$670,400	$0	$0	Increase appropriations and estimated revenue for the provision of Mobile Crisis Services previously approved by the Board (Res. No. 2023-0475)

Budget Unit Name	Recommended Budget Adjustment Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Behavioral Health and Recovery Services	$2,257,533	$2,257,533	$0	$0	Increase appropriations and estimated revenue for the provision of mandated 24/7 Mobile Crisis Services previously approved by the Board (Res. No. 2023-0631).
Behavioral Health and Recovery Services	$1,888,625	$1,888,625	$0	$0	Increase appropriations and estimated revenue for the provision of expanded Forensic Services treatment including 14 positions for Collaborative Court previously approved by the Board (Res. No. 2023-0374).
Behavioral Health and Recovery Services	$0	$616,500	$616,500	$0	Increase appropriations and estimated revenue for the provision of contracted Institution for Mental Disease and Skilled Nursing Facility placement services previously approved by the Board (Res. No. 2023-0477).
Behavioral Health and Recovery Services	$0	($3,334,441)	($3,334,441)	$0	Adjustment to address encumbrance carryover appropriations not needed.
Managed Care	$0	($1,345,969)	($1,345,969)	$0	Adjustment to address encumbrance carryover appropriations not needed.
Mental Health Services Act	$30,150	$30,150	$0	$0	Increase appropriations and estimated revenue for one Clinical Service Technician I/II for peer support services in the Children's System of Care treatment programs.
Mental Health Services Act	$29,941	$29,941	$0	$0	Increase appropriations and estimated revenue for one Administrative Clerk III for administrative clerical needs in the Supportive Services and Housing division.
Mental Health Services Act	$29,941	$29,941	$0	$0	Increase appropriations and estimated revenue for one Administrative Clerk III for administrative and clerical needs of the 24/7 Access and Crisis Line division.
Mental Health Services Act	$0	($11,281,232)	($11,281,232)	$0	Adjustment to address encumbrance carryover appropriations not needed.
Public Guardian	$0	($47,415)	($47,415)	$0	Adjustment to address encumbrance carryover appropriations not needed.
Stanislaus Recovery Center	$30,150	$60,300	$30,150	$0	Increase appropriations and estimated revenue two Clinical Service Technician I/II positions for DMC-ODS peer support services as an adjunct to mandatory treatment services within the Stanislaus Recovery Center.
Stanislaus Recovery Center	$0	($102,956)	($102,956)	$0	Adjustment to address encumbrance carryover appropriations not needed.
Substance Use Disorder	$26,484	$52,968	$26,484	$0	Increase appropriations and estimated revenue for one Mental Health Clinician III to support compliance requirements, provider monitoring, and on-site review
Substance Use Disorder	$30,318	$60,635	$30,317	$0	Increase appropriations and estimated revenue for one block-budgeted Manager I/II/III for planning and implementation of new DMC-ODS mandates that align
Substance Use Disorder	$37,653	$75,306	$37,653	$0	Increase appropriations and estimated revenue for two Behavioral Health Specialist I/II to implement Medi-Cal pre-release and re-entry services to incarcerated individuals.
Substance Use Disorder	$0	($2,957,552)	($2,957,552)	$0	Adjustment to address encumbrance carryover appropriations not needed.
Total	**$10,805,596**	**($7,209,251)**	**($18,014,847)**	**$0**	

Recommendation: It is recommended to decrease appropriations by $7.2 million, decrease estimated revenue by $10.8 million, and decrease the use of fund balance by $18 million.

Staffing Recommendation: It is recommended to add four new positions to the Substance Use Disorder legal budget unit to comply with the new Drug Medi-Cal Organized Delivery System (DMC-ODS) mandates and requirements to align with CalAIM as follows: one block-budgeted Manager I/II/III position and one Mental Health Clinician III position to support organized planning and implementation of new mandates to ensure regulatory compliance, and two block-budgeted Behavioral Health Specialist I/II positions to support the Re-entry and Justice-Involved Initiative with the coordination of services for eligible inmates upon re-entry into the community. It is also recommended to add the following 15 new positions to the Behavioral Health and Recovery Services legal budget unit:

- Four positions to support the executive leadership structure: one Assistant Director position to support the clinical programs and operations, one block-budgeted Manager I/II/III position in the Fiscal and Administrative Services division to oversee the Accounting and Business office unit, and two Administrative Clerk III positions to support the Systems of Care Chiefs.
- Two positions to support the Medical Records unit to comply with security protocols and privacy standards set by Health Insurance Portability and Accountability (HIPAA) and CFR 42 Part II. One Administrative Clerk III position to ensure medical records requests are processed timely and one block-budgeted Manager I/II position to serve as the Medical Records Security Manager to strategically monitor security risks and prevent breaches and exposure of client information as interoperability across counties increases.
- One Staff Services Technician position to support the Quality Services and Risk Management (QS and RM) program with various analytical and technical administrative functions due to recent restructuring and process changes within the Department of Health Care Services (DHCS), as well as additional initiatives and regulations.
- Two positions to support the Mental Health Plan (MHP) and Drug Medi-Cal Organized Delivery System (DMC-ODS) compliance as follows: one block-budgeted Mental Health Clinician I/II position to support the Children's System of Care with the implementation of AB 1051 requirement, and one Staff Services Analyst position to collaborate with Compliance staff to identify trends and assist in developing trainings to ensure compliance with DHCS.
- Three positions to support the Utilization Management unit as follows: one Mental Health Clinician III position to monitor the unit's delegated activities, one Staff Services Analyst position to support contracts with DHCS to comply with new requirements, and one block-budgeted Manager I/II/III position to serve as the liaison officer between BHRS and Managed Care Plans, support implementation, compliance, and oversight of Memorandum of Understanding (MOU) engagements.
- Three block-budgeted Clinical Services Technician I/II positions to provide youth peer support in the Children's System of Care. Two positions for the Intensive Community Support team and one position for Pathways to Wellbeing treatment team.

In addition, it is recommended to add three new positions in the Mental Health Services Act legal budget unit as follows: one block-budgeted Clinical Services Technician I/II position to provide peer support services at the Children's Early Intervention program and two Administrative Clerk III positions to provide clerical support to the 24/7 Access and Crisis Line unit and Housing Support Services.

It is further recommended to add two new positions in the Stanislaus Recovery Center (SRC) as follows: two Clinical Services Technician I/II positions to provide DMC-ODS peer support services as an adjunct to mandatory treatment services within SRC.

Lastly, it is recommended to transfer one block-budgeted Behavioral Health Specialist I/II position from the Substance Use Disorder to the Stanislaus Recovery Center (SRC) to support the Residential Program, approved by Board Resolution No. 2023-0040. It is also recommended to reallocate three positions within the same legal budget unit (two block-budgeted Clinical Services Technician I/II positions to support SUD Outpatient, approved by Board Resolution No 2023-0040, and one block-budgeted Stock/Delivery Clerk I/II position to support the General Services unit, approved by Board Resolution No. 2022-0326).

Child Support Services

There are two technical adjustments recommended at Midyear.

- Decrease appropriations and use of fund balance by $184,006 due to salary savings resulting from vacant positions.
- Decrease appropriations and use of fund balance by $26,362 due to encumbrance carryover appropriations that are not needed.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Child Support Services	$0	($184,006)	($184,006)	$0	Decrease appropriations and use of fund balance due to salary savings.
Child Support Services	$0	($26,362)	($26,362)	$0	Adjustment to address encumbrance carryover appropriations not needed.
Total	**$0**	**($210,368)**	**($210,368)**	**$0**	

Recommendation: It is recommended to decrease appropriations and use of fund balance by $210,368.

Community Services Agency

Child Abuse Prevention – The Child Abuse Prevention Council approved hosting a 2024 Awareness event; therefore, it is recommended to increase appropriations and use of fund balance by $9,920 in the County Children's fund to finance the event.

Reallocation of Realignment Revenue – It is recommended to decrease 1991 and 2011 Realignment revenue and increase use of fund balance by $3 million in Program Services and Support to mitigate costs in other funds, including the In-Home Supportive Services (IHSS) funds for the 4% inflation factor and wage and benefit supplements approved by the Board (Res. No 2023-0068).

In-Home Supportive Services – An increase in appropriations and estimated revenue by a total of $2.8 million is recommended due to the 4% inflation factor and wage and benefit supplements approved by the Board in the United Domestic Workers Association Memorandum of Understanding (Res. No. 2023-0068), funded by 1991 and 2011 Realignment revenues.

- IHSS Provider Wages expenditures will increase by $1.7 million due the wage supplement of $0.75 per hour ($989,275) and the 4% ongoing inflation factor ($724,760).
- IHSS Public Authority Benefits Administration will increase by $1.1 million due to a provider insurance premium increase of $0.11 per paid provider hour ($1.1 million) and 4% ongoing inflation factor ($17,160).

Technical Budget Adjustments

- **Housing Support Program** – A $1.8 million increase in appropriations and estimated revenue is recommended in the Housing and Homeless Services budget due to unanticipated two-year Housing Support Program allocation per All County Welfare Directors Letter dated September 27, 2023; this allocation is in addition to the multiple three-year allocations currently budgeted for the program. The

Housing Support Program provides supportive services to CalWORKs families experiencing homelessness, including rental subsidies, security deposits, utility payments, temporary housing, and move in costs.

- **Public Economic Assistance** – A $14.1 million increase in appropriations and estimated revenue in Public Economic Assistance is recommended for increased caseloads for CalWORKs All Other Families, 2-Parent Families and Adoptions programs.
- **Encumbrance Carryover Appropriations** - To address encumbrance carryover appropriations that are not needed, it is recommended to decrease appropriations and use of fund balance by $8.7 million in the following budget units:
  - Decrease by $2,734 in Public Economic Assistance
  - Decrease by $103,862 in Public Authority - Benefits Administration
  - Decrease by $2.3 million in Housing and Homeless Services
  - Decrease by $6.3 million in Program Services and Support

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CSA - Program Services and Support	($3,036,701)	$0	$3,036,701	$0	Decrease 1991 and 2011 Realignment revenue and increase use of Fund Balance to mitigate costs in other funds.
CSA - Program Services and Support	$0	($6,253,230)	($6,253,230)	$0	Adjustment to address encumbrance carryover appropriations not needed.
CSA - County Children's Fund	$0	$9,920	$9,920	$0	Increase appropriations and use of fund balance to host an awareness event in Fiscal Year 2024.
CSA - IHSS Provider Wages	$1,714,035	$1,714,035	$0	$0	Increase appropriations and estimated revenue to cover wage supplement of $0.75 per hour and the 4% ongoing inflation factor (Res. No. 2023-0068).
CSA - Public Authority - Benefits Administration	$1,111,286	$1,111,286	$0	$0	Increase appropriations and estimated revenue to cover provider insurance premium of $0.11 per paid provider hour and the 4% ongoing inflation factor (Res. No. 2023-0068).
CSA - Public Authority - Benefits	$0	($103,862)	($103,862)	$0	Adjustment to address encumbrance carryover appropriations not needed.
CSA - Housing and Homeless Services	$1,807,714	$1,807,714	$0	$0	Increase appropriations and estimated revenue for the Housing Support Program.
CSA - Housing and Homeless Services	$0	($2,299,660)	($2,299,660)	$0	Adjustment to address encumbrance carryover appropriations not needed.
CSA - Public Economic Assistance	$0	($2,734)	($2,734)	$0	Adjustment to address encumbrance carryover appropriations not needed.
CSA - Public Economic Assistance	$14,116,000	$14,116,000	$0	$0	Increase appropriations and estimated revenue for CalWORKs All Other Families, 2-Parent Families and Adoptions programs caseload growth.
Total	**$15,712,334**	**$10,099,469**	**($5,612,865)**	**$0**	

Recommendation: It is recommended to increase appropriations by $10.1 million, funded by $15.7 million in estimated revenue, resulting in a $5.6 million contribution to departmental fund balance.

Staffing Recommendation: A request to study one Technology Specialist III position was submitted by the Department and recommended to study in the 2024 First Quarter Financial Report. The study has been completed, concluding with a recommendation to reclassify the position to Staff Services Coordinator to align the job duties and responsibilities with the position.

It is also recommended to reclassify one Administrative Clerk II position in Adult Services to an Administrative Clerk III to provide administrative support for the Home Safe and Adult Protective Services division.

Health Services Agency

Administration – It is recommended to delete one Staff Services Coordinator and to add one Staff Services Analyst in Administration to support the Central Billing Office and allow the Department to maintain internal audits for the purpose of compliance, coding, and revenue. The Staff Services Analyst has an annual ongoing cost of $127,867; however, a budget adjustment is not needed at midyear due to salary savings resulting from vacant positions.

Public Health – It is recommended to delete eight vacant positions in Public Health; one block-budgeted Community Health Worker I/II position, one Manager II position, four block-budgeted Public Health Nurse I/II positions, one Staff Services Technician position, and one block-budgeted Social Worker IV/V position. No budget adjustment is needed as the fiscal impact of the deletions is less than 3% of the Public Health budget.

Staffing Recommendation: It is recommended to add one Staff Services Analyst position in Administration to support the Central Billing Office and allow the Department to maintain internal audits for the purpose of compliance, coding, and revenue.

It is also recommended to delete one Staff Services Coordinator position in Administration, and eight vacant positions in Public Health (one block-budgeted Community Health Worker I/II position, one Manager II position, four block-budgeted Public Health Nurse I/II positions, one Staff Services Technician position, and one block-budgeted Social Worker IV/V position.)

In addition, it is recommended to reclassify one Accounting Supervisor to a Supervising Account Administrative Clerk II to align the position with current duties and responsibilities.

It is further recommended to block-budget one Supervising Account Administrative Clerk II position to Supervising Account Administrative Clerk I/II to provide the Department more flexibility to recruit and fill vacant positions.

Lastly, it is recommended to study one Account Clerk II position and three Administrative Clerk III positions to determine if their current duties and responsibilities are in alignment with the current classification designations.

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Agricultural Commissioner
UC Cooperative Extension
Workforce Development

Developing a High-Performing Economy

Developing a High-Performing Economy

Priority Overview

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

Various funding sources support these departments. The Agricultural Commissioner receives State funding for several programs, charges for specific services, and General Fund support. UC Cooperative Extension's University of California advisors are funded through the UC system, with the County providing local funds for support staff and operational expenses. Workforce Development receives Federal, State, and local funding for several programs.

The County's number one industry, agriculture, generates $3.73 billion in gross value of agricultural commodities, an increase of 5% from 2021, per the 2022 Stanislaus County Crop Report. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply and water quality, and preservation of the County's unique agricultural heritage are key to this priority area.

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

Total Department-Identified Unmet Needs in this priority area equate to $110,000 and are described in the department summary section which follows.

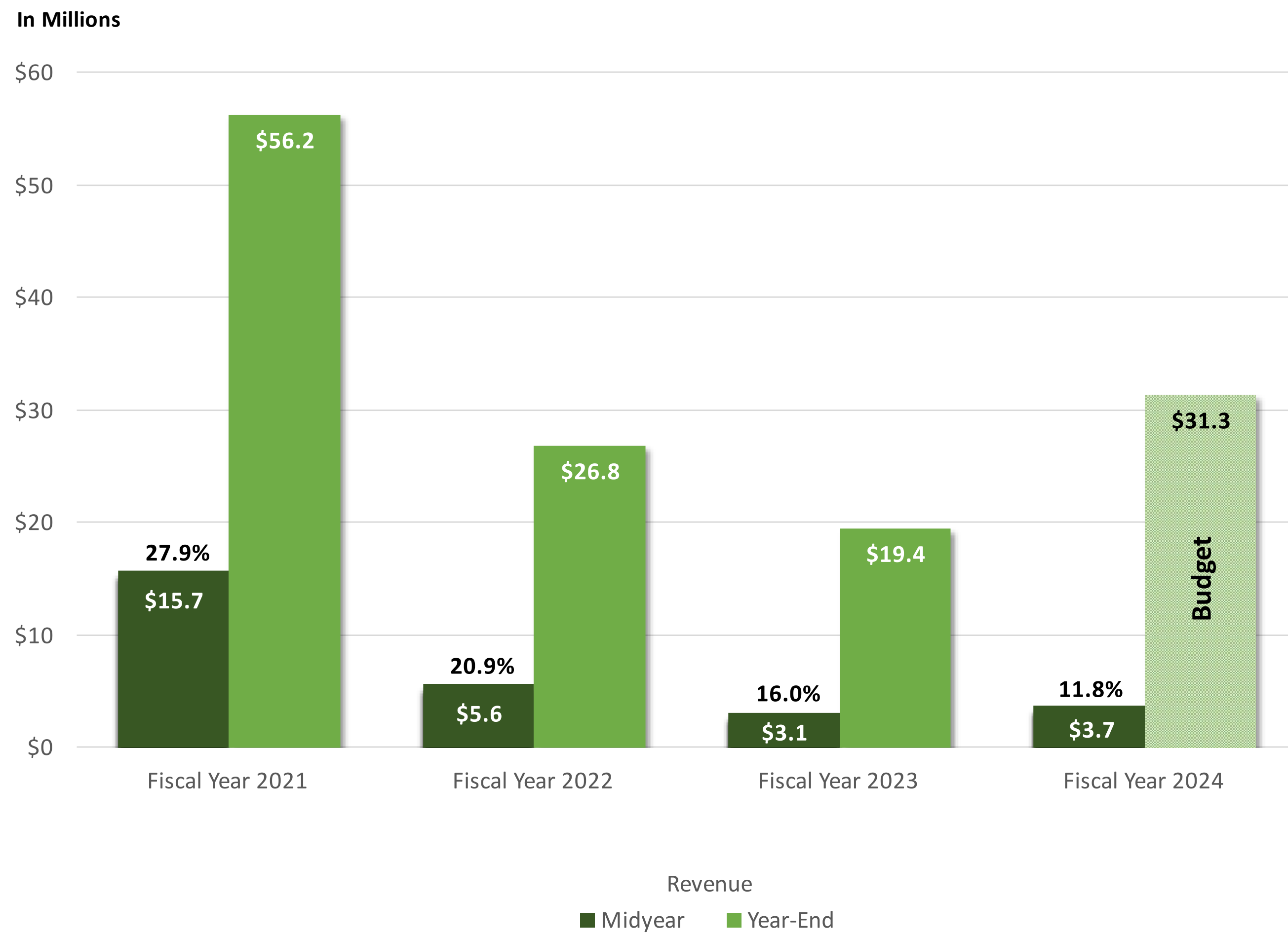
Overall, the departments within the Board priority *Developing a High-Performing Economy* are on track to end the year within budgeted appropriations and in a positive fiscal position.

Departmental Revenue

For the departments contained in the Board priority area *Developing a High-Performing Economy,* actual revenue collected as of December 31, 2023, totaled $3.7 million, which represents 11.8% of the estimated annual revenue. This is below the historical range when compared to the midyear point of the prior three years, when collections were 16% to 27.9% of the final actual revenue. Workforce Development has been awarded additional grants in the current year, increasing budgeted revenue by $10 million. However, the grant revenue is reimbursement-based and the timing for drawdown of this funding this year has delayed reimbursement, with receipts coming in lower than anticipated.

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

Developing a High-Performing Economy Four-Year Revenue Comparison

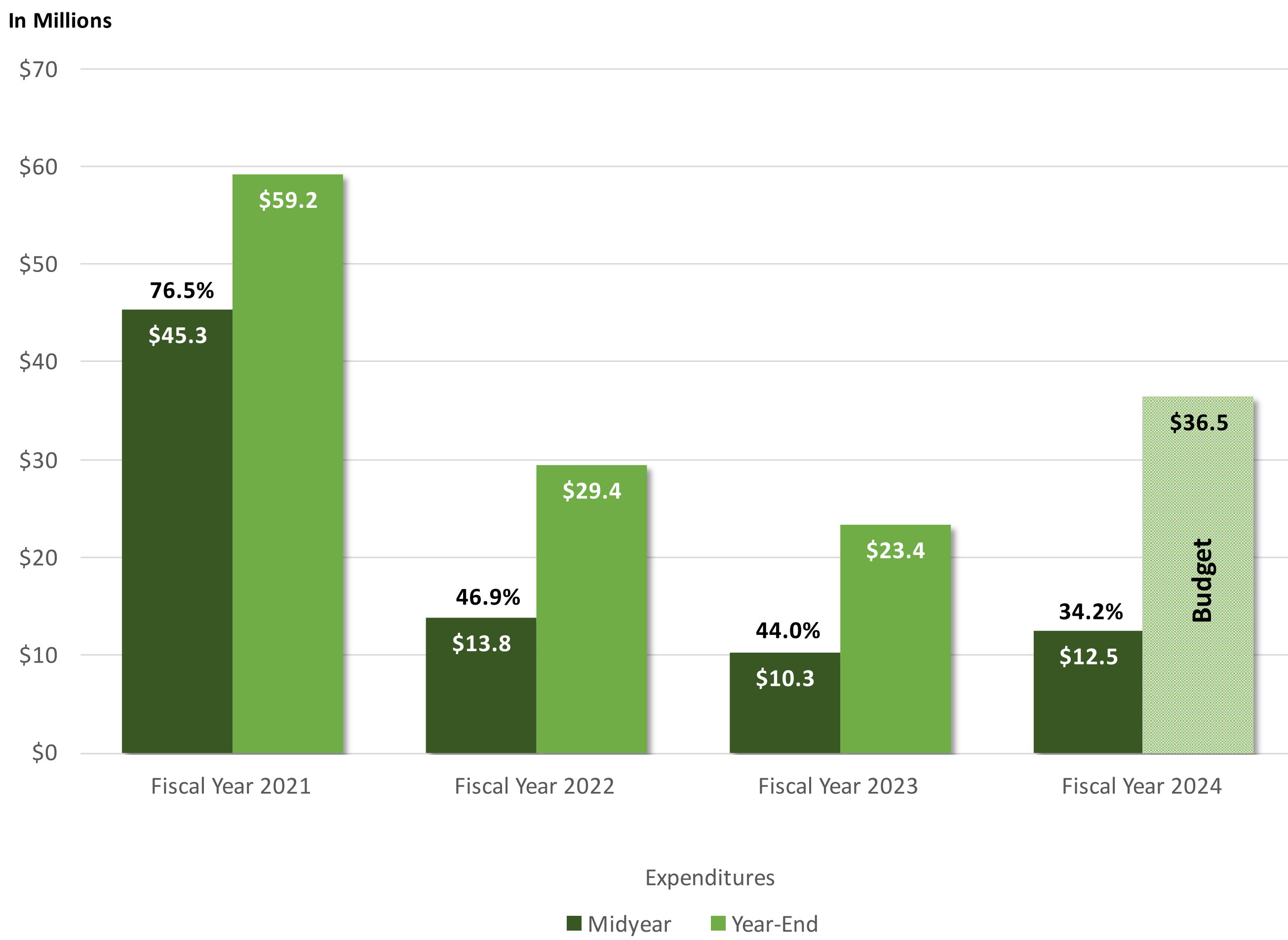


Departmental Expenditures

As of December 31, 2023, expenditures for this priority totaled $12.5 million, representing 34.2% of budgeted appropriations. Expenditures at the midyear point of the prior three years ranged from 44% to 76.5% of the final actual expenditures, placing this year below the three-year historical range. This is mostly due to an increase in the Workforce Development budget by $10 million due to the award of grants, including California for All Youth, a Youth Digital Program and a Regional Apprenticeship grant. While expenditures to date for this priority are similar to those of the prior two fiscal years, those associated with new grants have been minimal to date, impacting the ratio of expended costs to budgeted appropriations. The performance period for the grant funding has been extended into Budget Year 2025, providing additional time to utilize grant funds.

As noted in the revenue description, the significant variance shown in Fiscal Year 2021 is primarily due to CARES Act funding allocated to the Economic Development Bank budget that has since moved into another priority area.

Developing a High-Performing Economy Four-Year Expenditures Comparison



Midyear Issues and Recommendations

There are no recommended budget adjustments for the priority *Developing a High-Performing Economy*.

Agricultural Commissioner

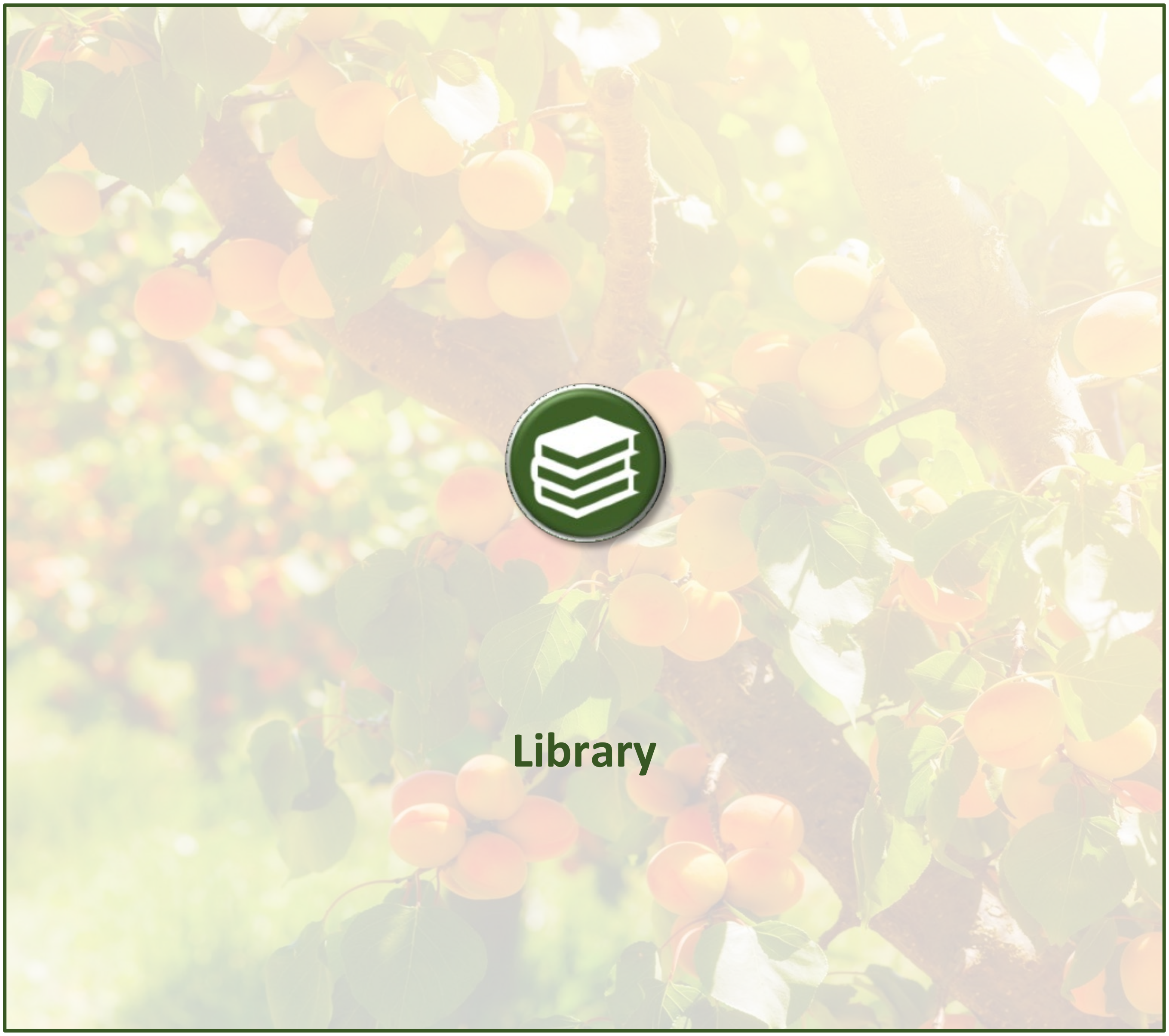
Department-Identified Unmet Needs – The Agricultural Commissioner requested a $110,000 increase to Salaries and Benefits due to the application of the 5% vacancy rate reduction applied at the beginning of the fiscal year, to be funded by Net County Cost. Adjustments related to such requests are evaluated as part of the Third Quarter Financial Report when the nine-month average actual vacancy rate is known. If the department meets a specific threshold based on the actual vacancy rate experienced, a technical adjustment will be made at third quarter to rebate all, or a portion of the deduction originally applied.

Staffing Recommendation: It is recommended to conduct an organizational study.

Workforce Development

The addition of one Manager I/II position will manage and oversee community outreach activities, marketing, and branding for the Department and regional programs and services. The annual cost is estimated at $151,686 and will be funded by Workforce Innovation and Opportunity Act, Welfare to Work, and other grant funds. Existing revenue and appropriations are sufficient in the current year.

Staffing Recommendation: It is recommended to add one block-budgeted Manager I/II position to serve as the Community Outreach and Marketing Manager. The position will oversee the addition of a new unit to develop and execute strategic planning for communication, marketing, and branding for the Department and regional programs and services.



Library

Promoting
Lifelong
Learning

Promoting Lifelong Learning

Priority Overview

The single Department contained within this section supports the Board of Supervisors' priority *Promoting Lifelong Learning*, with the primary focus on providing resources, services and programs empowering individuals and families to develop skills and knowledge at every stage of life. The Library serves members of the community and provides valuable services to local agencies and other County departments.

The Library is responsible for implementing the Board of Supervisors' priority of *Promoting Lifelong Learning* opportunities for all residents to advance community and individual prosperity. The Stanislaus County Library engages members of the community and offers access to information, knowledge, and the tools for innovation and personal development. The Library offers a wide range of services, including early literacy programs and resources, basic literacy services for adults and families, resources for veterans and their families, and STEAM (Science, Technology, Engineering, Arts and Mathematics) programs and resources for all ages.

Outreach beyond the physical walls of library branches include online and e-resources, including tutoring and other academic supports; library services and programming at the Juvenile Justice Center; and home delivery services 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, bilingual story time, passport application processing, and citizenship information sessions.

The Library is primarily funded by a voter-approved 1/8-cent sales tax, which represents approximately 94% of the Library's total estimated revenue approved in the 2024 Adopted Budget to support Library operations. The 1/8-cent sales tax was extended for 12 years when Measure S passed on November 7, 2017.

In Fiscal Year 2024, the Library will receive $3.5 million in Building Community Services Investment (BCSI) General Fund and has received $3.5 million in carryover BCSI support from Fiscal Year 2023 to address various needs in the library system as part of an organization-wide three-year strategic initiative totaling $10 million for libraries. The investment will support targeted projects which will directly contribute to the local quality of life, community wellness, and strategic facility planning.

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

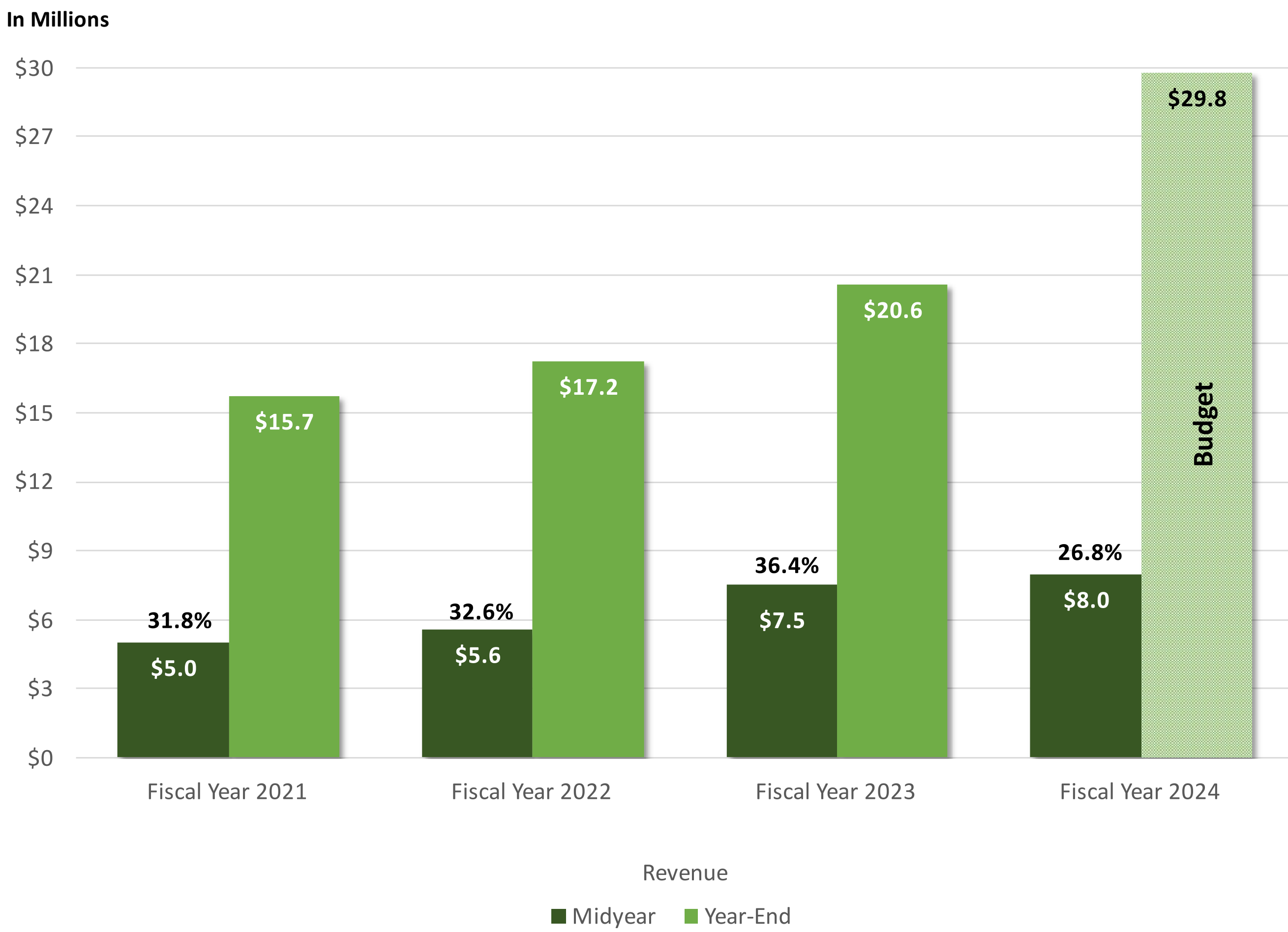
Departmental Revenue

For the department budget that makes up the Board of Supervisors' priority *Promoting Lifelong Learning*, actual revenue collected as of December 31, 2023, totaled $8 million, which represents 26.8% of estimated annual revenue. This is below the range when compared to midyear of the prior three years when collections were 31.8% to 36.4% of the final actual revenue. The noticeable increase in budgeted revenue from $20.6 million in 2023 to $29.8 million in Fiscal Year 2024 is due to the addition of the $10 million Building Forward Grant awarded by the California State Library.

The Board approved acceptance of the grant on October 31, 2023, through Resolution No. 2023-0564. The Building Forward Grant is intended to help public libraries pay for capital projects that address critical maintenance needs, energy efficiency improvements, and expansion of physical and digital access to library facilities.

The grant revenue will be paid to the Library over three installments. The first installment, equivalent to roughly half of the amount, will be received in the third quarter of this fiscal year. The second installment is anticipated to occur in January 2025, and the third installment will be received upon project completion, explaining why the increase to budgeted revenue is not fully in line with revenue received to date.

Promoting Lifelong Learning Four-Year Revenue Comparison



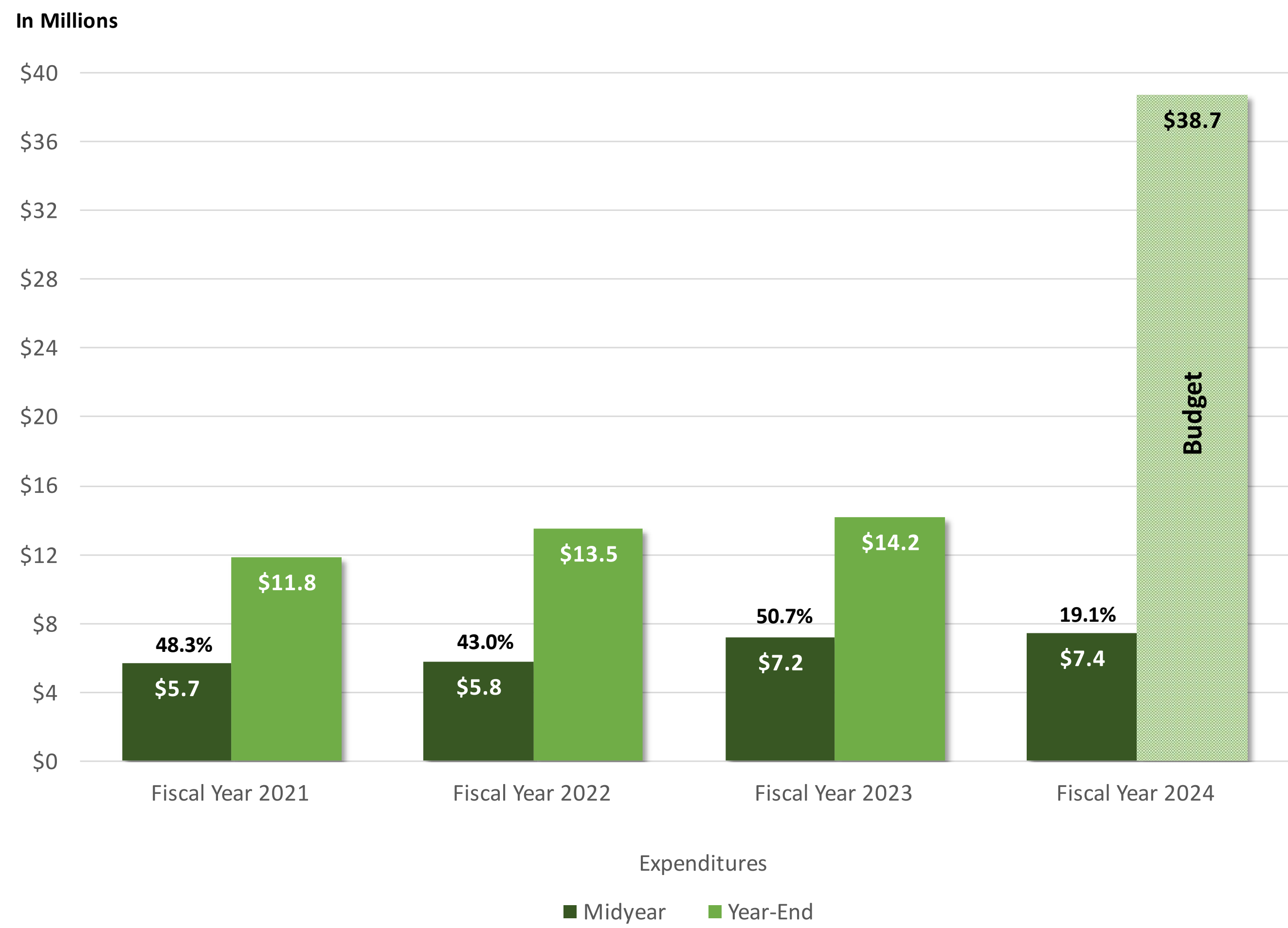
Departmental Expenditures

As of December 31, 2023, expenditures totaled $7.4 million for this priority, representing 19.1% of total budgeted appropriations. Expenditures at the midyear point of the prior three years ranged from 43% to 50.7% of the final actual expenditures, placing this year significantly below the historical range. While year-to-date expenditures are largely in line with previous years, budgeted appropriations increased notably in Fiscal Year 2024 for project-related expenses that have not yet occurred, lowering the expenditure-to-budget ratio.

The Fiscal Year 2024 budget includes $3.5 million in Building Community Services Investment (BCSI) appropriations from Fiscal Year 2023 that were re-budgeted this year along with the Fiscal Year 2024 allotment of an another $3.5 million. Additionally, the Library's budget was increased by $14 million on October 31, 2023, through Resolution No. 2023-0564 to fully cover the costs of the Modesto Library Project.

The remaining $3 million in additional appropriations were budgeted to support expanded office hours and equipment purchases along with technical increases related to salary and benefit and Cost Allocation Plan (CAP) charges required to support Department operations.

Promoting Lifelong Learning Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report for the priority of *Promoting Lifelong Learning* will decrease appropriations and the use of department fund balance by $157,180.

Library

The Library requests a technical adjustment of a $157,180 reduction in appropriations to reduce prior year accrual encumbrances, reducing reliance on fund balance by the same amount.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Library	$0	($157,180)	($157,180)	$0	Decrease appropriations and fund balance for encumbrance carryover not needed.
Total	**$0**	**($157,180)**	**($157,180)**	**$0**	

Recommendation: It is recommended to decrease appropriations and use of fund balance by $157,180.

Staffing Recommendation: It is recommended to study one block-budgeted Librarian I/II position, one Librarian III position and one block-budgeted Library Assistant I/II position to determine if their current duties and responsibilities are in alignment with the current classification designations.

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

Delivering
Efficient
Public Services

Delivering Efficient Public Services

Priority Overview

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

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

Total Department-Identified Unmet Needs in this priority area equate to $360,000 and are described in the department summary section which follows.

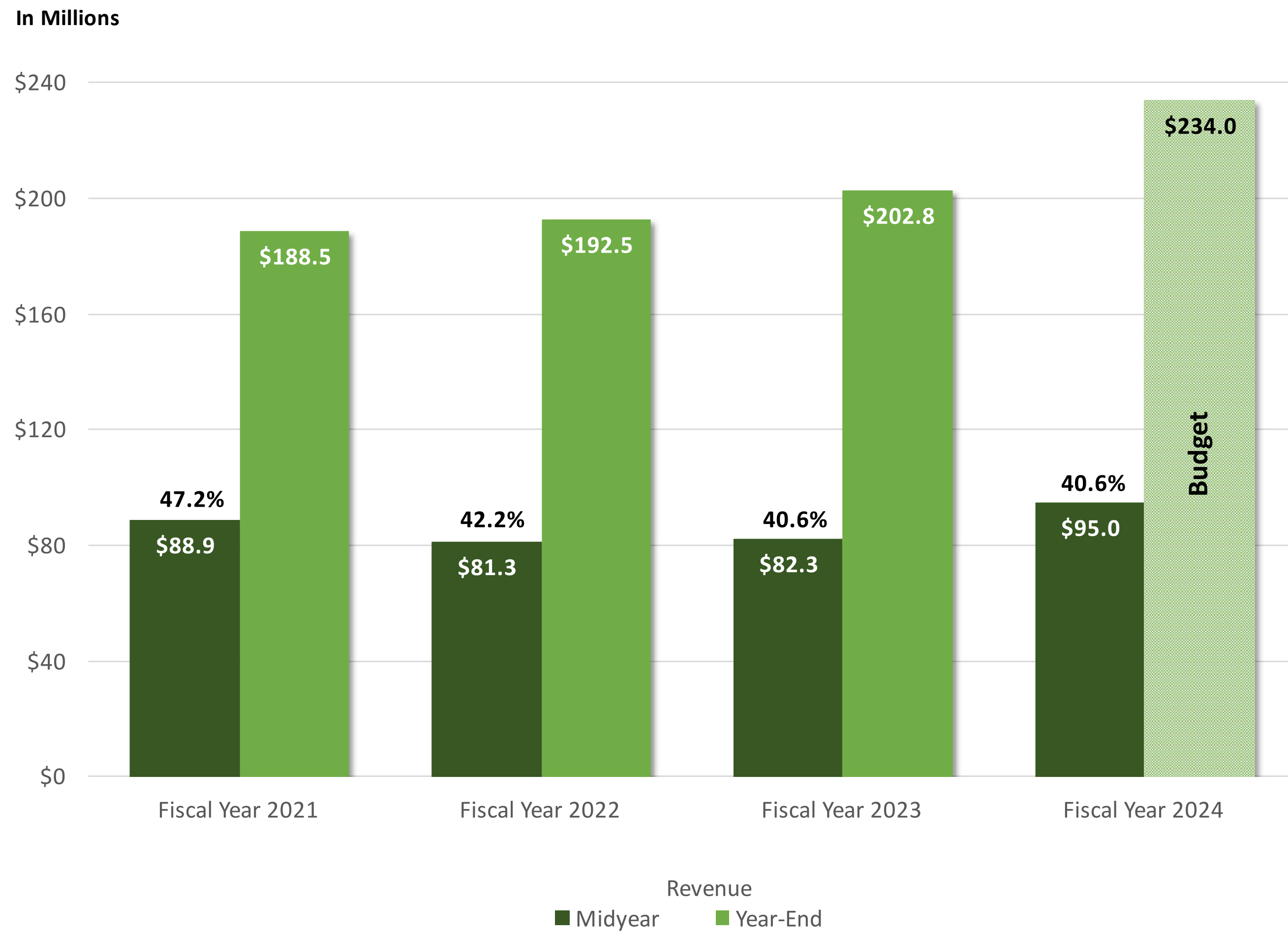
Departments within the priority *Delivering Efficient Public Services* are on track to end the year within budget and in a positive fiscal position pending standard third quarter technical adjustments.

Departmental Revenue

For the department budgets that make up the Board of Supervisors' *Delivering Efficient Public Services* priority area, the actual revenue collected as of December 31, 2023, totaled $95 million, which represents 40.6% of the estimated annual revenue. This is within range when compared to the midyear point for the prior three years when collections ranged from 40.6% to 47.2% of the final actual revenue received.

While revenue to date is within historical range, budgeted revenue has increased this fiscal year by 15.4% over prior-year actuals. This is primarily attributable to additional funding budgeted in County Operations budgets, including increases to American Rescue Plan Act (ARPA) funding in ARPA State and Local Fiscal Recovery Fund, higher revenue anticipated in line with medical rate increases in Medical Self-Insurance, and projected General Fund Match Vehicle License Fee revenue that must be budgeted higher than actual revenue to ensure equal spending authority exists so that expenditures may occur in this pure pass-through account to receiving departments.

Delivering Efficient Public Services Four-Year Revenue Comparison



Departmental Expenditures

As of December 31, 2023, expenditures for departments *Delivering Efficient Public Services* totaled $146.2 million, representing 40.5% of the appropriations budgeted for the year. This is slightly below the normal range when comparing to the midyear point for the previous three fiscal years which ranged from 42.1% to 53.5% of final actual expenditures. While budgeted expenditures have increased 13.3%, the real impact affecting the expenditures-to-budget ratio is the reduced spending to date of 7.9%.

Delays in expenditures out of County Operations – General Fund Contributions to Other Programs represent the largest contributor to this year's reduced expended costs to date. It is anticipated that these expenditures will be more in alignment at third quarter.

Delivering Efficient Public Services Four-Year Expenditures Comparison

Midyear Issues and Recommendations

The recommendations contained in this report for *Delivering Efficient Public Services* include an increase in appropriations by $1.9 million, funded by $8.1 million in estimated revenue and the use of $3.5 million in fund balance, reducing Net County Cost by $9.8. Revenue adjustments include the increase of $4.5 million in Discretionary Revenue.

Assessor

An increase in appropriations of $80,000 is recommended for the Assessor to cover the health care rate increases of approximately 13% effective January 2024, funded by Net County Cost.

Department-Identified Unmet Needs – The Assessor requested a $333,000 increase to Salaries and Benefits due to the application of the 5% vacancy rate deduction applied at the beginning of the fiscal year, to be funded by Net County Cost. Adjustments related to such requests are evaluated as part of the Third Quarter Financial Report when the nine-month average actual vacancy rate is known. If the Department meets a specific threshold based on the actual vacancy rate experienced, a technical adjustment will be made at third quarter to rebate all, or a portion of the deduction originally applied. The Department also requested a $27,000 increase for Fiscal Year 2024 to add one Appraiser Technician position. The estimated ongoing annual cost for this position is $82,000, to be funded by Net County Cost. The Department will have the opportunity to seek funding for this position in the upcoming 2025 Adopted Budget.

Recommended Budget Adjustment					
Budget Unit Name	**Revenue**	**Appropriations**	**Fund Balance/ Retained Earnings**	**Net County Cost/ General Fund Contribution**	**Description**
Assessor	$0	$80,000	$0	$80,000	Increase appropriations to support health rate increases effective January 2024, funded by Net County Cost.
Total	**$0**	**$80,000**	**$0**	**$80,000**	

Recommendation: It is recommended to increase appropriations by $80,000, funded by Net County Cost.

Auditor-Controller

Staffing Recommendation: It is recommended to block-budget three Manager II positions to Manager I/II to provide the Department more flexibility to recruit and fill vacant positions.

Clerk-Recorder

Clerk-Recorder – The Clerk-Recorder Division has faced an average 27% decline in recording fees revenue from Fiscal Year 2021 to Fiscal Year 2023, with a projected $380,315 shortfall expected in Fiscal Year 2024. A budget adjustment to decrease estimated revenue is recommended to ensure the division ends the fiscal year positively, drawing funds from the Net County Cost to cover the anticipated deficit.

Elections –The Elections Division anticipates $14,000 in additional revenue from the City of Patterson Special Election. Additionally, savings of $366,315 in salaries and election costs have been identified, leading to a recommendation to increase estimated revenue for the recoverable costs from the Special Election and to decrease appropriations by $366,315 for the anticipated savings in this division. These budget adjustments result in savings to Net County Cost of $380,315, offsetting the additional support needed in the Clerk-Recorder division.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Clerk-Recorder	($380,315)	$0	$0	$380,315	Decrease revenue due to reduction experienced in recording fees revenue, incurring Net County Cost.
Elections	$0	($366,315)	$0	($366,315)	Decrease appropriations for salaries and elections costs savings, benefitting Net County Cost.
Elections	$14,000	$0	$0	($14,000)	Increase revenue for City of Patterson Special Election recoverable costs, benefitting Net County Cost.
Total	**($366,315)**	**($366,315)**	**$0**	**$0**	

Recommendation: It is recommended to decrease estimated revenue by $366,315 and to decrease appropriations by the same amount, requiring no support by Net County Cost.

Chief Executive Office – Human Relations

Human Relations – It is recommended to increase appropriations by $46,000 due to the impact of the 15% increased Medical Rates effective January 2024. This increase is funded by $27,600 (60%) in Cost Allocation Plan (CAP) revenue and $18,400 (40%) in Net County Cost.

Technical adjustments will result in a net appropriations' increase of $88,989, funded with $103,960 in estimated revenue, reducing Net County Cost by $14,971, detailed as follows:

- An increase of $173,265 in appropriations will support retirement cash-outs set to occur in March 2024. The increase is funded by $103,960 (60%) in CAP revenue and $69,305 (40%) in Net County Cost.
- A decrease of $84,276 in appropriations, resulting in an equal decrease in Net County Cost, is recommended to right-size the Department's appropriations due to the liquidation of encumbrances.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CEO-Human Relations	$27,600	$46,000	$0	$18,400	Increase appropriations for the 15% increased Medical rates effective January 2024, funded by 60% CAP revenue and 40% Net County Cost.
CEO-Human Relations	$103,960	$173,265	$0	$69,305	Increase appropriations to support retirement cash-outs as of March 2024, funded by 60% CAP revenue and 40% Net County Cost.
CEO-Human Relations	$0	($84,276)	$0	($84,276)	Decrease appropriations for prior-year encumbrances.
Total	**$131,560**	**$134,989**	**$0**	**$3,429**	

Recommendation: It is recommended to increase appropriations by $134,989, funded by $131,560 in estimated revenue and $3,429 in Net County Cost.

County Operations

A net increase of $1.2 million in appropriations is recommended for County Operations, funded by $3.2 million in estimated revenue and the use of $3.4 million in fund balance/retained earnings, resulting in a decrease of $5.4 million in Net County Cost.

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 2024 Adopted Budget included appropriations of $12,843,245 for use during the fiscal year for General Fund cash-outs, health insurance increases, Cost Allocation Plan (CAP) charges, and other miscellaneous unforeseen program or community needs.

A transfer of $4,981,758 out of Appropriations for Contingencies is recommended to meet department Net County Cost needs recommended at midyear, transferring funds as follows:

- Transfer $2,175,214 to the District Attorney to support salary and benefit increases per projections provided during the 2024 Adopted Budget;
- Transfer $1,443,004 to the Sheriff's Office to cover retirement and termination cash-outs, vehicle costs, and Employee Recruitment and Retention Plan costs;
- Transfer $834,735 to fund balance to return funds appropriated during the 2024 Adopted Budget for a potential need in the In-Home Supportive Services program at Community Services Agency, which did not materialize;
- Transfer $361,100 to Environmental Resources to support General Liability and CAP charges;
- Transfer $87,705 to CEO-Human Relations to support retirement cash-outs and health rate increases; and
- Transfer $80,000 to Assessor for health rate increases.

After midyear adjustments, a total of $7,854,807 will remain in Appropriations for Contingencies for use throughout the remainder of Fiscal Year 2024.

ARPA State and Local Fiscal Recovery Fund – A technical adjustment to decrease appropriations by $103,210 is recommended to reduce prior year accrual encumbrances.

Cannabis Program – A $607,559 reduction to estimated revenue is necessary to align the budget with anticipated revenue collections. The updated revenue projections factor in non- or reduced payments for several cannabis operators. The reduction in estimated revenue will be offset by an equal increased use of retained earnings.

Community Development Fund – The 2024 Adopted Budget included $500,000 of appropriations for the Community Development Fund. Additionally, the Community Development Fund Policy states, "Staff will request additional appropriation authority, as needed, in future budget cycles to retain a minimum appropriations level of $250,000." Several projects have been approved throughout the year dropping the available appropriations balance below the $250,000 minimum threshold. An increase in appropriations by $81,500 is required to ensure compliance with the policy.

County Court Funding – A $520,000 increase in estimated revenue is recommended to align with anticipated increases in court fees and fines. Court fines are trending to end the year at $160,000 over budget and an additional $360,000 in bail bond summary judgements have already been collected that were not previously budgeted. Bail Bond summary judgments are collected from surety companies who have posted a Bail Bond on behalf of a defendant to secure their release from jail, guaranteeing the defendant's appearance at a subsequent court date. If a defendant fails to appear, the Court orders a bail forfeiture, and the Surety companies have 180 days to return the defendant to jail or court before the Court orders a summary judgment and sends it the County to collect. The surety companies can file motions to oppose the summary judgement and file appeals if the rulings are unfavorable for them. Because of the volatility of the funds, collections of the summary judgements are posted to a trust account until the County is sure the funds will remain with the County. Summary judgement collections are not budgeted because they are unpredictable and take a long time to materialize.

Courthouse Construction Fund – It is recommended to increase estimated revenue by $100,000 and increase appropriations by a net of $22,572. The $100,000 increase in revenue will align the budget with the current trend in collections of forfeitures and penalties. The recommended increase in appropriations includes an increase of $56,667 for a lease payment that became effective in Fiscal Year 2022 after an amendment to a memorandum of understanding (MOU) and a technical decrease of $34,095 to reduce prior-year accrual encumbrances.

Crows Landing Industrial Business Park – On August 16, 2022, the Board of Supervisors approved plans and specifications for the Crows Landing Industrial Business Park (CLIBP) Well No. 1 Project and awarded a construction contract to conduct well drilling and construction of what will be known as CLIBP Well No. 1 and perform well rehabilitation of an existing well for the Crows Landing Community Services District. The project's timeline extended into Fiscal Year 2024; however, the CLIBP budget does not have adequate appropriation authority in Capital Outlays (Fixed Assets). Therefore, a $108,000 increase in Capital Outlays is recommened to cover costs associated with this project. This increase will be funded using fund balance.

Deferred Compensation - A technical adjustment to decrease appropriations by $15,608 is recommended to reduce prior-year accrual encumbrances.

General Fund Contributions to Other Programs – An increase to the contribution to the Law Library of $2,448 is recommended to account for lease increases. This will be funded using existing appropriations with no overall change to the budget.

General Liability - A technical adjustment to decrease appropriations by $176,498 is recommended to reduce prior-year accrual encumbrances.

Medical Self-Insurance – A net increase in appropriations of $6.3 million is recommended, funded with $3.2 million in estimated revenue and the use of $3.1 million in retained earnings:

- Decrease appropriations by $800,000 to reflect savings in the Stop Loss insurance premium from the deductible (Self-Insured Retention) increase, reducing the use of retained earnings.
- Increase appropriations by $6.3 million for an increase in Medical and Pharmacy claims cost, using retained earnings.
- Increase appropriations by $800,000 for increased contracted services costs, using retained earnings.
- Increase estimated revenue by $3.2 million to reflect a 15% premium rate increase in Medical Self-Insurance effective January 2024.

Vision Care - A decrease of $50,000 in appropriations is recommended, resulting in an equal decrease to retained earnings, due to trends reflecting low vision service utilization.

Budget Unit Name	Recommended Budget Adjustment Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Operations - Appropriations for Contingencies	$0	($2,175,214)	$0	($2,175,214)	Transfer appropriations to District Attorney for salary and benefits adjustments.
County Operations - Appropriations for Contingencies	$0	($1,443,004)	$0	($1,443,004)	Transfer appropriations to Sheriff for salary and benefit, cash-out, and vehicle costs.
County Operations - Appropriations for Contingencies	$0	($834,735)	$0	($834,735)	Decrease appropriations previously held for IHSS Maintenance of Effort.
County Operations - Appropriations for Contingencies	$0	($361,100)	$0	($361,100)	Transfer appropriations to Environmental Resources for CAP and General Liability Charges.
County Operations - Appropriations for Contingencies	$0	($87,705)	$0	($87,705)	Transfer appropriations to CEO-Human Relations for cash-outs and health rate increases.
County Operations - Appropriations for Contingencies	$0	($80,000)	$0	($80,000)	Transfer appropriations to Assessor for health rate increases.
County Operations - ARPA State and Local Fiscal Recovery Fund	$0	($103,210)	($103,210)	$0	Decrease appropriations for rollover encumbrances that were accrued in Fiscal Year 2023.
County Operations - Cannabis Program	($607,599)	$0	$607,599	$0	Decrease estimated revenue to align with anticipated collections using fund balance.
County Operations - Community Development Fund	$0	$81,500	$0	$81,500	Increase appropriations to meet the minimum appropriations level per policy.
County Operations - County Court Funding	$520,000	$0	$0	($520,000)	Increase revenue based on updated estimates, benefitting Net County Cost.
County Operations - Courthouse Construction Fund	$100,000	$56,667	($43,333)	$0	Increase revenue for additional fees and appropriations for additional lease payment.
County Operations - Courthouse Construction Fund	$0	($34,095)	($34,095)	$0	Decrease appropriations for prior-year encumbrance/PO reduction.
County Operations - Crows Landing Industrial Business Park Project	$0	$108,000	$108,000	$0	Increase Fixed Assets by $108,000 for costs associated with the drilling of the potable water well using fund balance.
County Operations - Deferred Compensation	$0	($15,608)	($15,608)	$0	Decrease appropriations for prior-year encumbrance/PO reduction.
County Operations - General Liability	$0	($176,498)	($176,498)	$0	Decrease appropriations for prior-year encumbrance/PO reduction.

	Recommended Budget Adjustment				
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Operations - Medical Self-Insurance	$0	($800,000)	($800,000)	$0	Decrease appropriations to reflect Stop Loss savings, reducing the use of retained earnings.
County Operations - Medical Self-Insurance	$0	$6,300,000	$6,300,000	$0	Increase appropriations for Medical and Pharmacy claims cost using retained earnings.
County Operations - Medical Self-Insurance	$0	$800,000	$800,000	$0	Increase appropriations for increased costs for contracted services using retained earnings.
County Operations - Medical Self-Insurance	$3,200,000	$0	($3,200,000)	$0	Increase revenue to reflect the 15% increase in Medical rates effective January 2024.
County Operations - Vision Care	$0	($50,000)	($50,000)	$0	Decrease appropriations to reflect decrease in total cost of vision benefits.
Total	**$3,212,401**	**$1,184,998**	**$3,392,855**	**($5,420,258)**	

Recommendation: It is recommended to increase appropriations by $1.2 million, funded by $3.2 million in estimated revenue and the use of $3.4 million in fund balance/retained earnings, resulting in a $5.4 million decrease in Net County Cost.

General Services Agency

A net increase of $844,356 in appropriations is recommended, funded by $694,356 in estimated revenue and the use of $150,000 in retained earnings.

Administration – A $50,000 increase in revenue and appropriations is recommended to account for the retirement cash-out of a long-standing employee as this type of expense is not budgeted at the beginning of the year.

Capital Facilities – A $94,356 increase appropriations is recommended to continue deferred maintenance projects, funded by miscellaneous revenues returned at the completion of two separate capital projects.

Facilities Maintenance – To enhance accurate budgeting, it is recommended to increase appropriations by $150,000, supported by an equal corresponding rise in the use of retained earnings. This adjustment accounts for a correction to account for the increase in the Cost Allocation Plan (CAP) changes related to Facilities Maintenance services, covering County-owned and leased facilities, as well as partner agencies like the Gallo Center for the Arts.

Fleet Services – It is recommended to increase appropriations by $250,000, funded with an equal increase in estimated revenue to account for an increase in fuel and cost of materials as fuel prices continue to fluctuate unpredictably while vehicle parts continue to increase in cost.

Facility Utilities – It is recommended to increase revenue and appropriations by $300,000 to account for an increase in utility costs.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
General Services Agency - Administration	$50,000	$50,000	$0	$0	Increase appropriations for retirement cash-out of long standing employee, funded by charges for services and intrafund transfers.
General Services Agency - Capital Facilities	$94,356	$94,356	$0	$0	Increase appropriations to continue deferred maintenance projects, funded by miscellaneous revenues.
General Services Agency - Facilities Maintenance	$0	$150,000	$150,000	$0	Increase appropriations for cost allocation charges, using retained earnings.
General Services Agency - Fleet Services	$250,000	$250,000	$0	$0	Increase appropriations for increases in fuel and cost of materials, funded by charges for services.
General Services Agency - Facility Utilities	$300,000	$300,000	$0	$0	Increase appropriations for increases in utility costs, funded by charges for services.
Total	**$694,356**	**$844,356**	**$150,000**	**$0**	

Recommendation: It is recommended to increase appropriations by $844,356, funded by $694,356 in estimated revenue and the use of $150,000 in retained earnings.

Information Technology Central (ITC)

It is recommended to transfer $20,000 in Integrated Criminal Justice Information System (ICJIS) appropriations from Services and Supplies to facilitate the corresponding increase in Fixed Assets to support the purchase of a server for the Probation Department.

Budget Unit Name	Recommended Budget Adjustment: Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Information Technology Central	$0	($20,000)	($20,000)	$0	Transfer ICJIS funds from Services and Supplies to Fixed Assets for Probation server.
Information Technology Central	$0	$20,000	$20,000	$0	Transfer ICJIS funds to Fixed Assets from Services and Supplies for Probation server.
Total	**$0**	**$0**	**$0**	**$0**	

Recommendation: It is recommended to transfer $20,000 within the ICJIS fund from Services and Supplies into Fixed Assets.

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

Enhancing Community Infrastructure

Enhancing Community Infrastructure

Priority Overview

The Board of Supervisors' priority area of *Enhancing Community Infrastructure* is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to community infrastructure. Departments in this priority area include Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. The major funding sources for these departments include State and Federal funding, fees and charges for services, the General Fund, special revenue grants and a 1/2-cent sales tax commonly referred to as Measure L.

In Fiscal Year 2024, key initiatives such as the Building Community Services Investment (BCSI) were continued, with Parks and Recreation receiving its year-two $3.5 million allocation along with $2.8 million remaining from year one. BSCI provided additional General Fund support to address various needs in the community as part of an organization-wide three-year strategic initiative. This funding will continue to go toward targeted one-time investments which will directly contribute to the local quality of life, community wellness, and strategic facility planning.

Total Unmet Needs in this priority area equate to $375,157 and are described in the department summary section which follows.

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

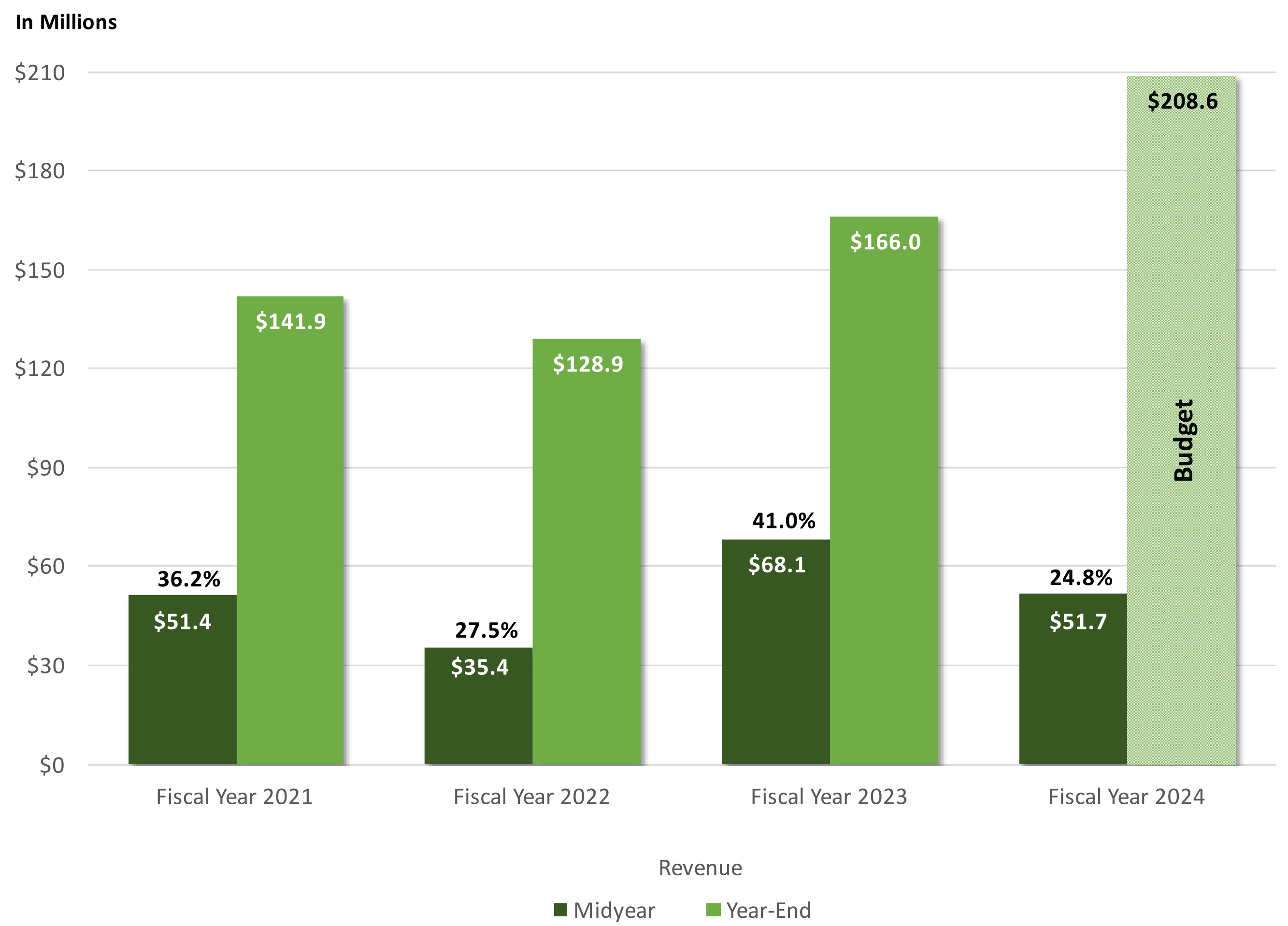
Departmental Revenue

For the budgets representing the Board's priority *Enhancing Community Infrastructure* actual revenue collected as of December 31, 2023, totaled $51.7 million, which represents 24.8% of the estimated annual revenue. This is below the range when compared to the midyear point for the prior three years when collections ranged from 27.5% to 41% of final actual revenue.

While year-to-date revenue for this priority area is largely in line with previous years, estimated revenue includes project and other reimbursement-based revenue for current-year projects that have not yet materialized. Estimated revenue for this priority area includes over $150 million in reimbursement-based revenue for current-year projects, largely within Public Works. Many of Public Works' over 90 projects have experienced schedule changes impacting revenue collected to date.

Of note, Public Works' Fiscal Year 2022 actuals were impacted by the transfer of local transit activities to a separate regional transit authority, including an accounting entry tied to the transfer of fixed assets, decreasing revenue by $9.2 million at the midyear point and $27 million by year-end.

Enhancing Community Infrastructure Four-Year Revenue Comparison



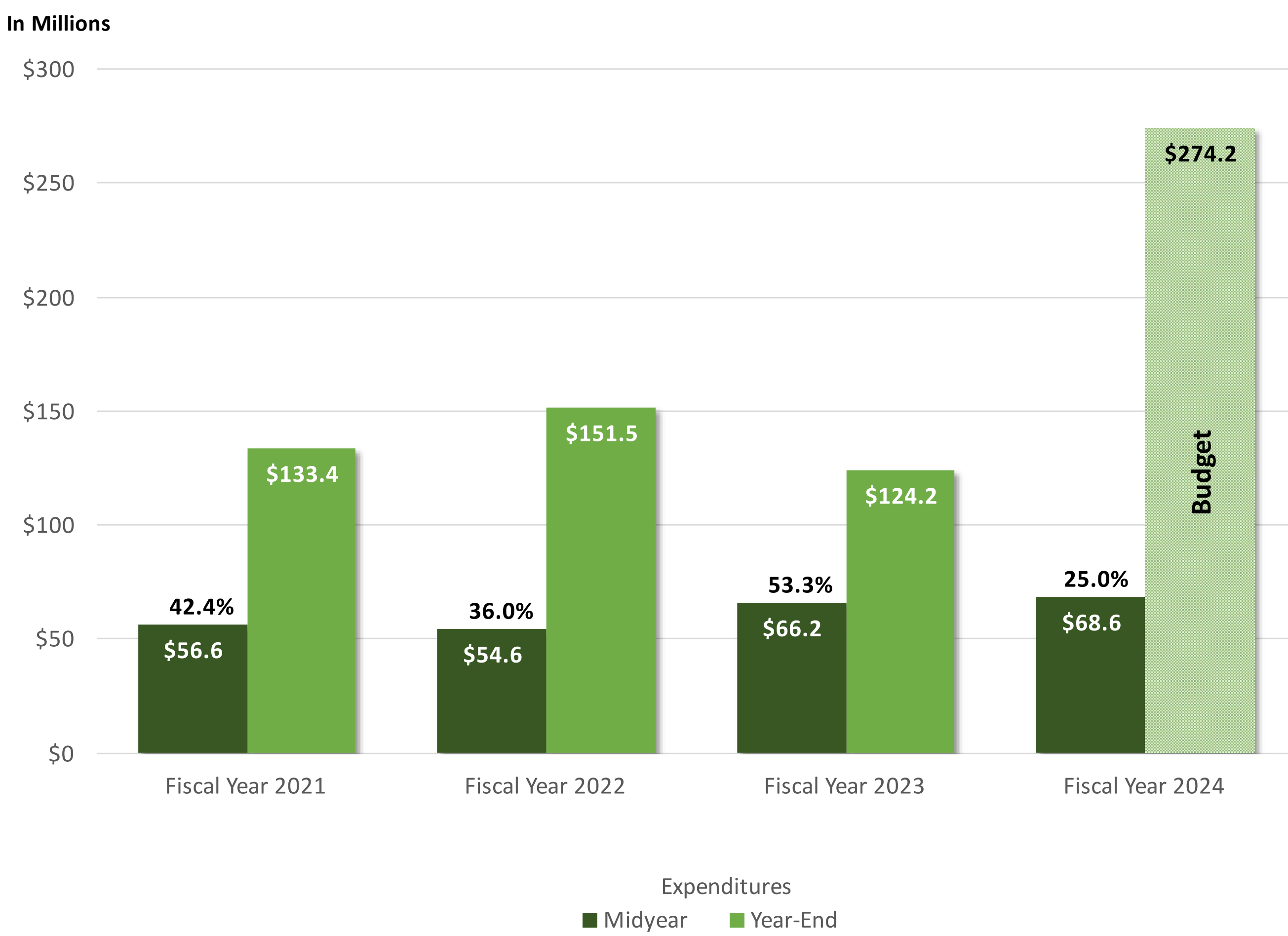
Departmental Expenditures

As of December 31, 2023, expenditures in this priority totaled $68.6 million, representing 25% of the budgeted appropriations. Expenditures at the midyear point of the prior three years ranged from 36% to 53.3% of the final actual expenditures, placing this year's expenditures below the historical range.

This shift is primarily due to the increase in overall budget compared to that realized in prior years' actual expenditures. While Fiscal Year 2024 year-to-date actual expenditures are higher than prior years, departments in this priority have budgeted for expenses associated with various projects that have not yet materialized. Environmental Resources – Fink Road Landfill has planned several large one-time expenses such as heavy equipment purchases, flare replacement, and site improvements that have not yet occurred. Parks and Recreation's budget includes $6.3 million in Building Community Services Investment funding, Planning and Community Development has funded appropriations related to housing programs, and Public Works costs include provisions for over 90 projects.

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

Enhancing Community Infrastructure Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report for the priority *Enhancing Community Infrastructure* result in a net $368,018 decrease in appropriations. Budget adjustments are funded by $458,087 in estimated revenue, resulting in a $734,607 decrease in the use of department fund balance and a $91,504 decrease in Net County Cost.

Environmental Resources

The 2024 Midyear Financial Report includes the following adjustments for the Environmental Resources budget:

General Liability – A review of General Liability determined that $395,000 of charges need to be reallocated among three different budget units. The recommended reallocation will reduce appropriations by $395,000 in the Environmental Resources main Legal Budget Unit, increase appropriations by $45,000 in Geer Road Landfill, and increase appropriations by $350,000 in the Groundwater Program. The increase in Geer Road Landfill will be funded by retained earnings. The increase in the Groundwater Program is related to General Liability charges and will be funded by Net County Cost. Note the department cost plan alignment with the County cost allocation plan is currently being reviewed in partnership with the Chief Executive Office and additional adjustment may be factored in a future budget cycle.

Code Enforcement – Recommended adjustments for Code Enforcement will increase appropriations by $378,200, funded by $389,700 in estimated revenue, reducing Net County Cost by $11,500.

- A $367,100 increase in appropriations is recommended to right-size the budget for cannabis enforcement. The increase will go toward covering additional staffing approved for the Marijuana Enforcement Team approved in June 2023 (Board Resolution No. 2023-0288). In addition, the increase will fund the purchase of radios, drones, computers, and supplies for the Cannabis Program. The increase will be funded by $389,700 in estimated revenue, which is made up of increased reimbursement revenue from the Cannabis Program, Proposition 64 Grant, and civil citation fines.
- An $11,100 increase is recommended to fund increased expenditures for fuel and car maintenance, funded by Net County Cost.

Technical Adjustments – Several technical adjustments are recommended that will decrease appropriations by $147,243 and increase estimated revenue by $17,831, resulting in $165,074 in savings to fund balance/retained earnings.

- Reduce appropriations and the use of retained earnings by $34,458 in Fink Road Landfill to address encumbrance carryover appropriations that are not needed.
- Reduce appropriations and the use of retained earnings by $130,616 in Geer Road Landfill to address encumbrance carryover appropriations that are not needed.
- Increase appropriations and estimated revenue by $873 in the Used Oil Recycling budget to align with final grant awards.
- Increase appropriations and estimated revenue by $16,958 in the Waste Tire Enforcement Grant to align with final grant awards.

Department-Identified Unmet Needs – The Department requested adjustments relying upon additional Net County Cost totaling $375,157 which are note recommended. For Code Enforcement, a $351,000 increase was requested to cover administration support and overhead costs. Additional evaluation of the request is required before a recommendation to fund can be made. In addition, a $24,175 increase for the Groundwater Program was recommended to cover additional health care increases. An evaluation of the Groundwater Program's budget determined the budget has capacity to absorb the increased costs.

Budget Unit Name	Recommended Budget Adjustment Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Environmental Resources	$0	($395,000)	($395,000)	$0	Decrease appropriations related to General Liability Insurance Charges to correctly allocate appropriations in other units.
Environmental Resources - Code Enforcement	$389,700	$367,100	$0	($22,600)	Increase estimated revenue and appropriations for Cannabis and reimbursable expenditures associated from the Prop 64 Grant for the Marijuana Enforcement Team.
Environmental Resources - Code Enforcement	$0	$11,100	$0	$11,100	Increase appropriations in Intercounty Expenditures (CAP) to cover additional fuel, maintenance and repair on County Vehicles.
Environmental Resources - Fink Road Landfill	$0	($34,458)	($34,458)	$0	Decrease appropriations for prior-year accrual encumbrance/PO reduction.
Environmental Resources - Geer Road Landfill	$0	$45,000	$45,000	$0	Increase appropriations to cover General Liability expenses that were incorrectly allocated to the Environmental Resources LBU.
Environmental Resources - Geer Road Landfill	$0	($130,616)	($130,616)	$0	Decrease appropriations for prior-year accrual encumbrance/PO reduction.
Environmental Resources - Groundwater Program	$0	$350,000	$0	$350,000	Increase appropriations to cover General Liability expenses that were incorrectly allocated to the Environmental Resources LBU.
Environmental Resources - Used Oil Recycling	$873	$873	$0	$0	Increase estimated revenue and appropriations to align with final grant award amounts.
Environmental Resources - Waste Tire Enforcement Grant	$16,958	$16,958	$0	$0	Increase estimated revenue and appropriations to align with final grant award amounts.
Total	**$407,531**	**$230,957**	**($515,074)**	**$338,500**	

Recommendation: It is recommended to increase appropriations by $230,957, funded by $407,531 in estimated and $338,500 in Net County Cost, resulting in a $515,074 decrease in the use of fund balance/retained earnings.

Parks and Recreation

The 2024 Midyear Financial Report includes the following adjustments for the Parks and Recreation budget:

Technical Adjustments – Several technical adjustments are recommended which will decrease appropriations by $463,154 and increase estimated revenue by $50,566, resulting in a $86,731 savings to fund balance and a $426,979 savings in Net County Cost.

- Reduce appropriations and the use of Net County Cost by $426,979 to address encumbrance carryover appropriations that are not needed. Of this amount, $54,773 is in Capital Outlays (Fixed Assets).
- Reduce appropriations by $36,175 and increase estimated revenue by $50,556 in the Off-Highway Vehicle budget to align with final grant awards.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
Parks and Recreation	$0	($426,979)	$0	($426,979)	Decrease appropriations for prior-year accrual encumbrance/PO reduction.
Parks and Recreation - Off-Highway Vehicle	$50,556	($36,175)	($86,731)	$0	Increase revenue and decrease appropriations per new grant agreement.
Total	**$50,556**	**($463,154)**	**($86,731)**	**($426,979)**	

Recommendation: It is recommended to decrease appropriations by $463,154 and increase estimated revenue by $50,556, resulting in a $86,731 decrease in the use of fund balance and $426,979 decrease in Net County Cost.

Planning and Community Development

Planning and Community Development – A technical adjustment is recommended to address encumbrance carryover appropriations that are not needed, decreasing appropriations and Net County Cost by $3,025.

Building Permits – A technical adjustment is recommended to address encumbrance carryover appropriations that are not needed, decreasing appropriations and use of Fund Balance by $1,571.

Special Revenue Grants – A technical adjustment is recommended to address encumbrance carryover appropriations that are not needed, decreasing appropriations and use of Fund Balance by $131,225.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	
Planning and Community Development	$0	($3,025)	$0	($3,025)	Prior-year accrual encumbrance appropriations reduction.
Building Permits	$0	($1,571)	($1,571)	$0	Prior-year accrual encumbrance appropriations reduction.
Special Revenue Grants	$0	($131,225)	($131,225)	$0	Prior-year accrual encumbrance appropriations reduction.
Total	**$0**	**($135,821)**	**($132,796)**	**($3,025)**	

Recommendation: It is recommended to decrease appropriations by $135,821, decrease the use of fund balance by $132,796, and decrease Net County Cost by $3,025.

Staffing Recommendation: It is recommended to reclassify one block-budgeted Building Inspector I/II position to a Staff Services Technician to align the job duties and responsibilities with the position. It is also recommended to block-budget two Manager III positions and one block-budgeted Manager II/III position to a Manager I/II/III to provide the Department more flexibility to recruit and fill vacant positions.

Public Works

Staffing Recommendation: It is recommended to reclassify one Deputy Director of Public Works position to an Assistant Director to oversee the Morgan Shop and Road and Bridges divisions. The effective date for this reclassification will be March 30, 2024. No budget adjustment is required.

Special Districts

At the time of the 2024 Adopted 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. 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

Subsequent analysis during the development of the assessment rates and related operations for the first five months of Fiscal Year 2024 resulted in the recommended changes to the Adopted Budgets for Eight County Service Areas (CSA). Recommended adjustments will increase appropriations by $151,000 for the following CSAs, funded by district fund balance:

- CSA 4 - Salida Storm Drain – Increase $23,000 for stormwater pump rebuild/repair.
- CSA 5 - Starlite Place – Increase $20,000 for stormwater pump rebuild/repair.
- CSA 7 - Modesto Auto Center – Increase $4,000 for stormwater pump rebuild/repair.
- CSA 9 - River/Souza – Increase $1,500 to cover increased costs for street sweeping and maintenance services.
- CSA 10 - Salida – Increase $62,500 to cover the cost of vandalized irrigation and playground equipment.
- CSA 19 - Sterling/Runyan – Increase $30,000 for increased costs in landscaping services.
- CSA 21 - Riopel – Increase $8,000 for increased costs in landscaping services.
- CSA 23 - Hillsborough Shutz – Increase $2,000 to cover increased costs for street sweeping and maintenance services.

County Service Area

		Estimated Revenue			Appropriations/Expenditures		
Fund	**County Service Area**	**FY 2023-2024 Adopted Final Budget**	**Recommended Mid-Year Budget Adjustment**	**Recommended Mid-Year Budget**	**FY 2023-2024 Adopted Final Budget**	**Recommended Mid-Year Budget Adjustment**	**Recommended Mid-Year Budget**
1807	County Service Area No. 4 - Salida Storm Drain	$100,812	$0	$100,812	$100,812	$23,000	$123,812
1808	County Service Area No. 5 - Starlite Place	$14,444	$0	$14,444	$14,444	$20,000	$34,444
1810	County Service Area No. 7 - Mdesto Aut Center	$1,985	$0	$1,985	$1,985	$4,000	$5,985
1812	County Service Area No. 9 - River / Souza	$1,462	$0	$1,462	$1,462	$1,500	$2,962
1814	County Service Area No. 10 - Salida	$410,033	$0	$410,033	$410,033	$62,500	$472,533
1826	County Service Area No. 19 - Sterling / Runyan	$52,363	$0	$52,363	$52,363	$30,000	$82,363
1828	County Service Area No. 21 - Riopel	$24,299	$0	$24,299	$24,299	$8,000	$32,299
1830	County Service Area No. 23 - Hillsborough Shutz	$5,325	$0	$5,325	$5,325	$2,000	$7,325
Total		**$610,723**	**$0**	**$610,723**	**$610,723**	**$151,000**	**$761,723**

Inclusive of the adjustments noted above, the total budgeted amount for all CSAs in the 2024 Midyear Budget is $1,209,007. The Midyear Budget is funded by $969,367 in estimated revenue and the use of $239,640 in fund balance.

Lighting and/or Landscape Districts

Subsequent analysis during the development of the assessment rates and related operations for the first five months of Fiscal Year 2024 resulted in the requested changes to the Adopted Budget for one Lighting District (LD). A recommended adjustment increasing appropriations by $600 for the Schwartz-Baize Lighting District is for increased maintenance services. The recommended adjustment will be funded by district fund balance.

Lighting & Landscape Maintenance Districts

Fund	Lighting and Landscape Maintenance District	Estimated Revenue: FY 2023-2024 Adopted Final Budget	Estimated Revenue: Recommended Mid-Year Budget Adjustment	Estimated Revenue: Recommended Mid-Year Budget	Appropriations/Expenditures: FY 2023-2024 Adopted Final Budget	Appropriations/Expenditures: Recommended Mid-Year Budget Adjustment	Appropriations/Expenditures: Recommended Mid-Year Budget
1876	Schwartz - Baize Lighting District	$976	$0	$976	$976	$600	$1,576
Total		**$976**	**$0**	**$976**	**$976**	**$600**	**$1,576**

The total budgeted amount for all Lighting and/or Landscape Districts in the 2024 Midyear Budget is $720,911. The Midyear Budget is funded by $574,301 in estimated revenue and $146,610 in fund balance.

Midyear Financial Report Conclusion

The Midyear Financial Report presents the County's budget midway through the current fiscal year and shows that the budget is balanced inclusive of updated information. The Report also demonstrates that actual budget performance is tracking well within the Legal Budget as of December 31, 2023, and year-end projections, pending additional technical adjustments anticipated at third quarter. County staff will continue to track Fiscal Year 2024 budget operations through the coming months and be prepared to recommend any necessary and appropriate adjustments prior to fiscal year end, informed by continuous analysis of realized revenue and actual expenditures. Staff will also monitor the monthly cash report issued by the California State Controller to evaluate State inflows of revenue to ensure funding streams materialize as anticipated.

Staff will return to the Board of Supervisors on May 14, 2024, to present the 2024 Third Quarter Financial Report for consideration, inclusive of any budget adjustments needed to end the year positively.

Budget Schedule

For planning purposes, the following schedule for upcoming reports to the Board of Supervisors is recommended:

Budget Cycle Activity	2024 Third Quarter Financial Report	2025 Proposed Budget	2025 Adopted Budget
Budget Instructions Issued	March 4, 2024	January 8, 2024	June 17, 2024
Budget Submissions Due	March 22, 2024	March 12, 2024	July 10, 2024
Board Briefings	N/A	April 23-25, 2024	August 6-8, 2024
Document Published for the Public	May 10, 2024	May 24, 2024	September 6, 2024
Presentation to the Board of Supervisors	May 14, 2024 *Consent*	June 4, 2024 *Public Hearing*	September 17, 2024 *Public Hearing*