

First Quarter Financial Report July – September 2021

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Table of Contents

Introduction.....	3
Background.....	3
Adopted Final Budget Overview.....	3
2021-2022 Operating Budget.....	5
2021-2022 First Quarter Financial Report Overview.....	6
Discretionary Revenue.....	9
Supporting Strong and Safe Neighborhoods.....	10
Priority Overview.....	11
Departmental Revenue.....	12
Departmental Expenditures.....	13
First Quarter Issues and Recommendations.....	14
Supporting Community Health.....	18
Priority Overview.....	19
Departmental Revenue.....	20
Departmental Expenditures.....	21
First Quarter Issues and Recommendations.....	22
Developing a Healthy Economy.....	26
Priority Overview.....	27
Departmental Revenue.....	28
Departmental Expenditures.....	29
First Quarter Issues and Recommendations.....	29
Promoting First-Rate Learning.....	31
Priority Overview.....	32
Departmental Revenue.....	33
Departmental Expenditures.....	34
First Quarter Issues and Recommendations.....	34
Delivering Efficient Public Services.....	35
Priority Overview.....	36
Departmental Revenue.....	37
Departmental Expenditures.....	38
First Quarter Issues and Recommendations.....	39
Delivering Community Infrastructure.....	44
Priority Overview.....	45
Departmental Revenue.....	46
Departmental Expenditures.....	47
First Quarter Issues and Recommendations.....	48
Technical Adjustments.....	50
First Quarter Financial Report Conclusion.....	52
Budget Schedule.....	52

Introduction

This is the First Quarter Financial Report for Stanislaus County submitted by the Chief Executive Office for the period of July 1, 2021 to September 30, 2021, for Fiscal Year 2021-2022. It has been prepared to inform the Board of Supervisors, County leadership, and the public of the County's fiscal

status. The report provides revenue and expenditure summaries for County programs organized by Board of Supervisors' priority area and highlights adjustments to County budgets since the adoption of the Final Budget in September 2021.

Background

On September 21, 2021, the Board of Supervisors adopted the Fiscal Year 2021-2022 Final Budget for Stanislaus County. This \$1.5 billion operational plan reflected a decrease of \$36.6 million from the 2020-2021 Adopted Final Budget.

The overall decrease of \$36.6 million between the 2020-2021 and 2021-2022 Adopted Final Budgets was mainly attributable to a net decrease of \$47.5 million in the Special Revenue Funds, which are budget units with external resources beyond the County General Fund. The decrease was largely due to a technical accounting adjustment to remove appropriations and estimated revenue of \$160.1 million from the Community Services Agency (CSA) related to the Federal/State funded In-Home Supportive Services program for costs paid directly to providers by the State. This adjustment has no effect to actual payments to providers nor to Net County Cost. The decrease in the CSA budget was offset by increases of \$112.6 million across several

other areas including Public Works, Planning and Community Development, and Health Services Agency.

Adjustments in the General Fund totaled \$15.5 million and included a decrease of \$19.8 million for base funding adjustments offset by increases of \$15.6 million for Performance Visioning Carryover Savings (PVCS) generated and set aside at the end of Fiscal Year 2020-2021, \$16.1 million for technical adjustments for items previously approved by the Board, and \$3.6 million for support to various departments. The remaining \$4.6 million decrease is the net of adjustments in the Enterprise and Internal Service Funds.

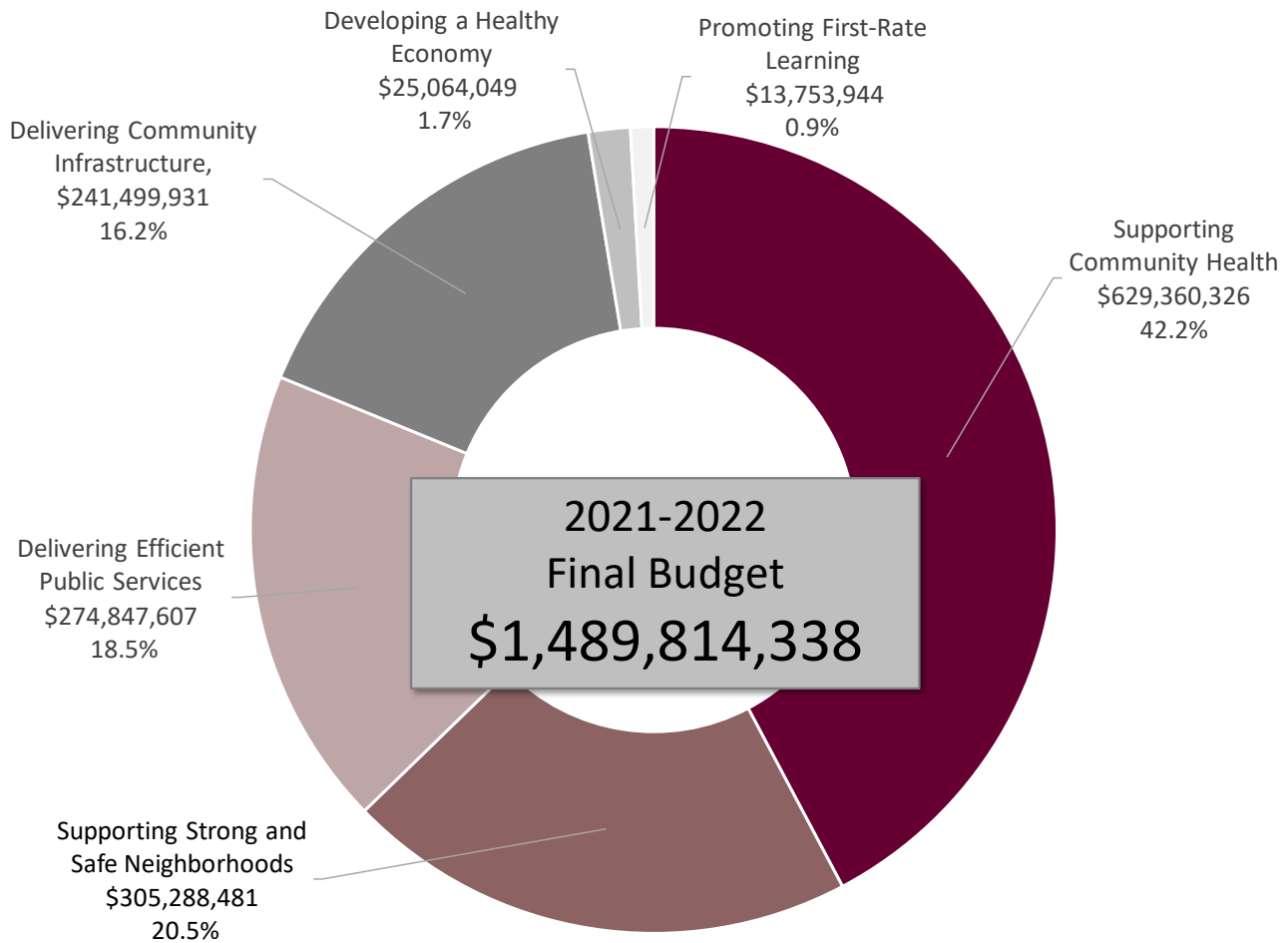
The 2021-2022 Adopted Final budget also included funding for 4,587 allocated full-time positions, an increase of 58 positions from the 2021-2022 Adopted Proposed Budget.

Adopted Final Budget Overview

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

and reflects the total spending authority approved by the Board in the Fiscal Year 2021-2022 Adopted Final Budget, approved on September 21, 2021.

2021-2022 Adopted Final Budget by Board Priority



Consistent with standard accounting practices, the County’s budget is divided into separate financial entities known as “funds.” These fund types are used to segregate financial resources and demonstrate legal compliance. The following table reflects the total 2021-2022 Adopted Final Budget spending

authority, also referred to as budgeted appropriations, identified by the appropriate governmental or business-type fund. These are provided alongside the 2020-2021 Adopted Final Budget for comparison purposes.

Comparison of 2021-2022 Adopted Final Budget by Fund Type

Budget by Fund Type	2020-2021 Adopted Final Budget	2021-2022 Adopted Final Budget	\$ Variance 2021-2022 Final to 2020-2021 Final	% Variance 2021-2022 Final to 2020-2021 Final
General Fund	\$ 396,287,342	\$ 411,779,754	\$ 15,492,412	3.9%
Special Revenue Fund	913,839,462	866,341,731	(47,497,731)	-5.2%
Capital Projects Fund	799,692	799,692	-	0.0%
Enterprise Fund	83,718,878	74,699,763	(9,019,115)	-10.8%
Internal Service Fund	131,726,613	136,193,398	4,466,785	3.4%
Total	\$ 1,526,371,987	\$ 1,489,814,338	\$ (36,557,649)	-2.4%

The following table identifies total appropriations in the 2021-2022 Adopted Final Budget along with the respective funding sources, organized by fund type.

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

Funding Sources for 2021-2022 Adopted Final Budget by Fund Type

Fund Type	2021-2022 Adopted Final Budget	Funding Sources		
		Department Revenue	Departmental Fund Balance	General Fund Contribution
General Fund	\$ 411,779,754	\$ 149,623,880	\$ -	\$ 262,155,874
Special Revenue	866,341,731	800,875,148	41,157,062	24,309,521
Capital Projects	799,692	680,000	119,692	-
Enterprise	74,699,763	63,019,886	9,429,877	2,250,000
Internal Service	136,193,398	133,902,199	2,114,620	176,579
Total	\$ 1,489,814,338	\$ 1,148,101,113	\$ 52,821,251	\$ 288,891,974

For the General Fund budgets, the General Fund Contribution consists of \$256.9 million in estimated Discretionary Revenue and \$5.3 million in a combination of assigned and unassigned fund balance, for a total of \$262.2 million. The General Fund Contribution for non-General Fund types represents mandated match and contributions provided at the Board’s discretion.

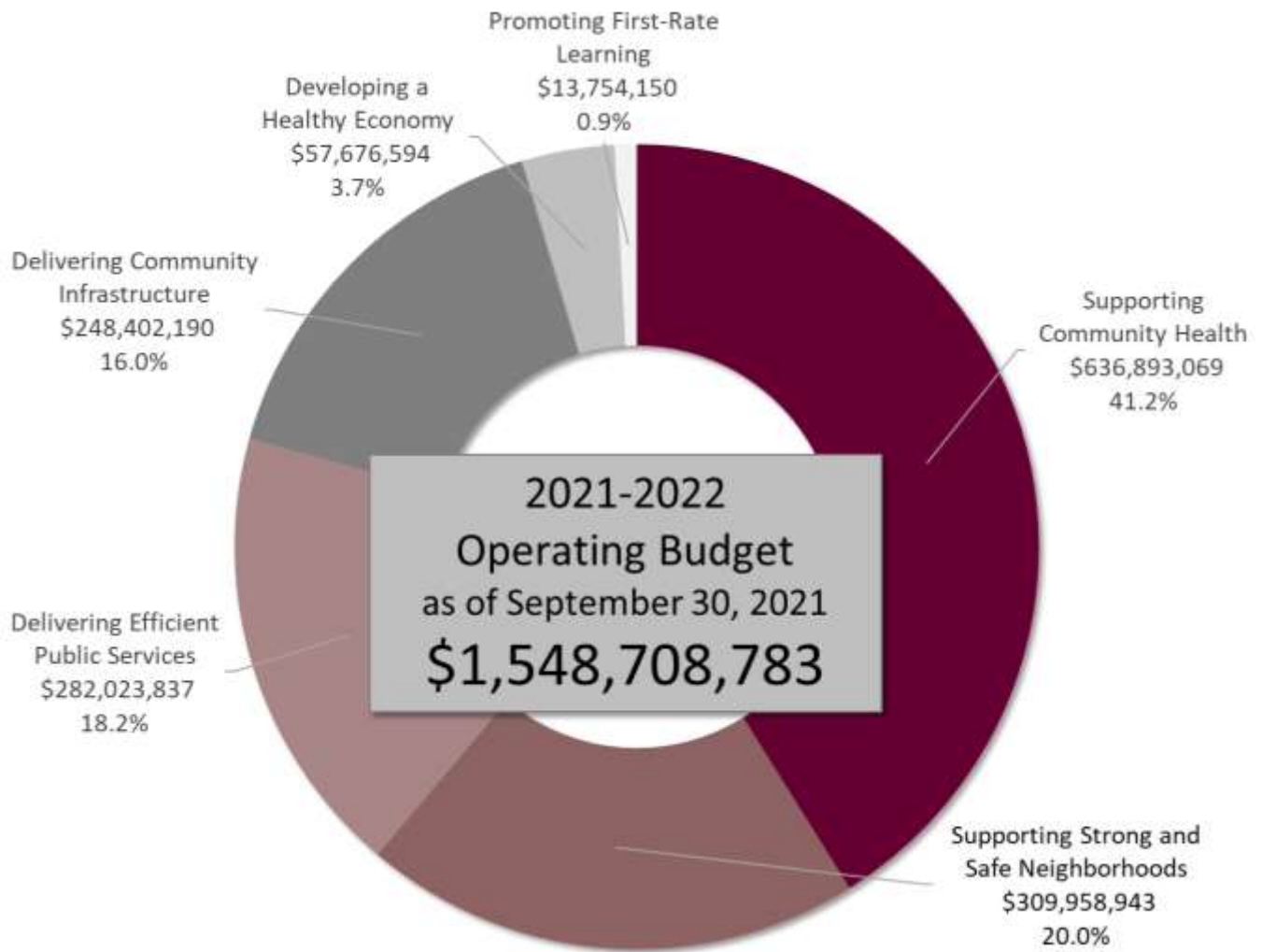
Note, the contributions from the General Fund for match to other funds are shown here for transparency in allocation of Net County Cost. For Financial Statement reporting, this match is reflected in accordance with accounting principles as Department Revenue.

2021-2022 Operating Budget

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

during the quarterly financial reporting process, as needed, based on updated projections. The Adopted Final Budget and these various adjustments combine to form the Operating Budget, or Legal Budget, identified at a specific point in time. The County’s Operating Budget as of September 30, 2021, prior to the inclusion of any recommended budget adjustments identified in this 2021-2022 First Quarter Financial Report, totals \$1.5 billion.

2021-2022 Operating Budget as of September 30, 2021 by Board Priority



2021-2022 First Quarter Financial Report Overview

The primary focus of the First Quarter Financial Report is to provide an update on the status of the County budget, correct any errors or omissions that may have occurred in the Final Budget process, and make any necessary adjustments resulting from State Budget actions or shifts in economic conditions. Current revenue and expenditure patterns are also reviewed to ensure that budgets are on track to end the year in a positive fiscal position and are also compared to those of prior fiscal years to identify any changes in trends.

The First Quarter recommendations of the Chief Executive Officer include a total increase in

estimated revenue of \$9.9 million and appropriations of \$14.7 million for a 2021-2022 First Quarter Budget totaling \$1.6 billion. If approved, the recommendations contained in this report will result in an overall \$4.8 million increase in the use of fund balance and retained earnings.

First Quarter recommendations are largely technical or administrative in nature, either adjusting to accommodate items previously approved by the Board of Supervisors, to appropriately right-size appropriations and/or revenues already contained within the budget, or to integrate updated costs and/or revenues related to existing service levels.

Significant technical adjustments include \$6.1 million to accommodate the transfer of designated General Fund assignment funding to the Auditor’s Office for the Countywide Enterprise Resource Planning (ERP) project, as approved by the Board of Supervisors in October; \$3.5 million to reimburse departments for one-time COVID-19 payments issued in October, using savings generated through the presumptively eligible (PE) claiming process for CARES Coronavirus Relief Funds (CRF) from Fiscal Year 2020-2021; and \$1.2 million to appropriately align contracted services funding for Behavioral Health and Recovery Services (BHRS), using PE funding as identified and approved by the Board in June.

Recommended adjustments will also support maintenance and repair costs in Probation, a Special Investigator I/II position for the Public Defender in follow up to staffing needs discussed in the previous

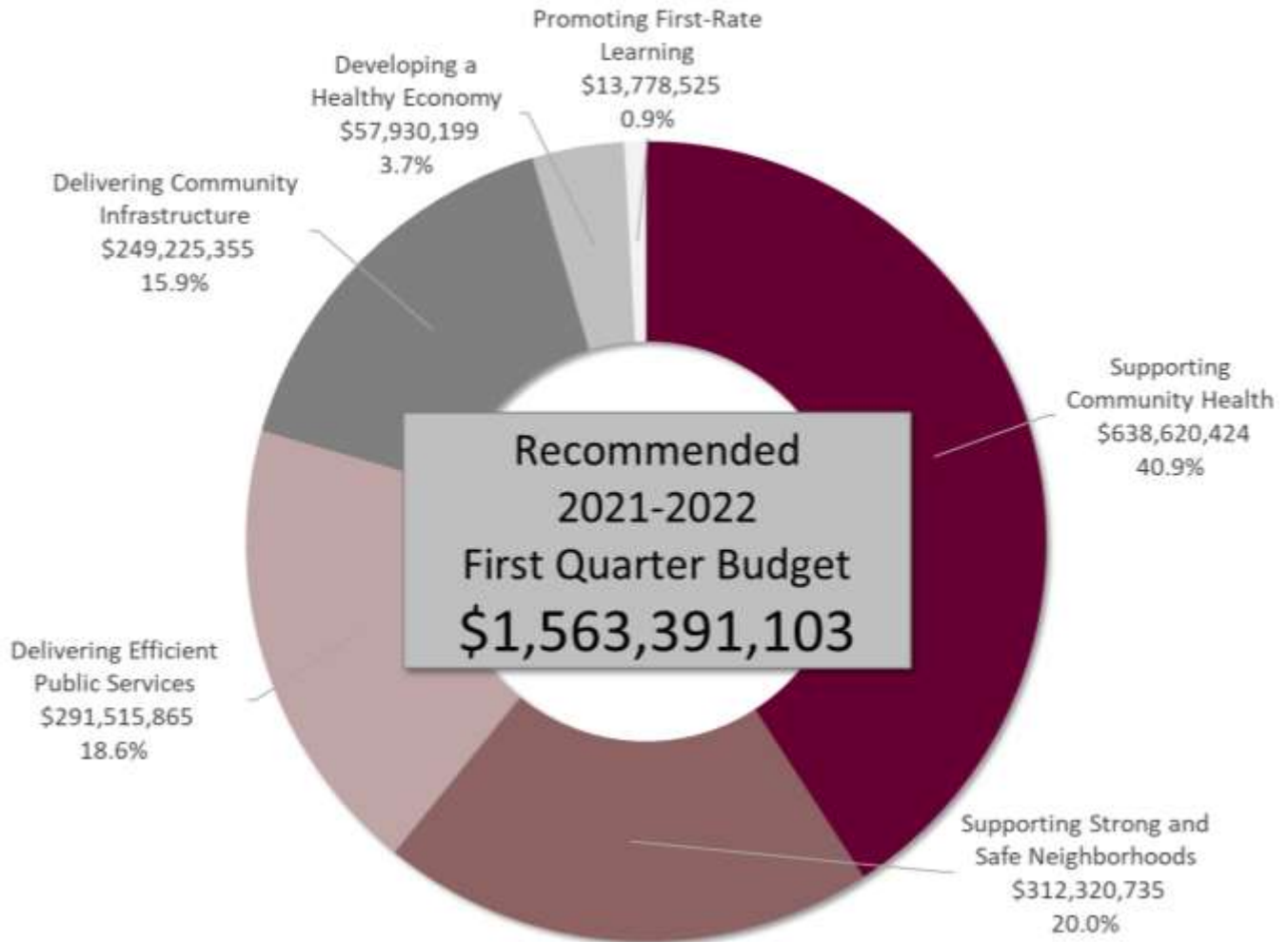
budget cycle, the time-sensitive addition of one Manager I/II to BHRS to implement the CalAIM program, COVID-19 related impacts in BHRS using CARES CRF funding, employee antigen rapid testing capability funded by CARES CRF, the replacement of Telecom VoIP routers for Information Technology Central (IT Central), and the purchase of an excavator at Environmental Resources.

The following table shows how the 2021-2022 First Quarter Budget was developed, from the Adopted Final Budget, the incorporation of prior year appropriations and separate Board agenda item adjustments that comprise the First Quarter Operating Budget as of September 30, 2021, and the recommended First Quarter Adjustments, detailed by fund type. A chart on the following page depicts the recommended 2021-2022 First Quarter Budget displayed by Board priority area.

Development of the First Quarter Budget Recommendations

Fund Type	2021-2022		Recommended	
	2021-2022 Adopted Final Budget	First Quarter Operating Budget As of 9/30/2021	2021-2022 First Quarter Adjustments	Recommended 2021-2022 First Quarter Budget
General Fund	\$ 411,779,754	\$ 441,677,934	\$ 11,307,787	\$ 452,985,721
Special Revenue	866,341,731	890,269,336	2,673,839	892,943,175
Capital Projects	799,692	799,692	-	799,692
Enterprise	74,699,763	77,556,203	256,532	77,812,735
Internal Service	136,193,398	138,405,618	444,162	138,849,780
Total	\$ 1,489,814,338	\$ 1,548,708,783	\$ 14,682,320	\$ 1,563,391,103

2021-2022 Recommended First Quarter Budget by Board Priority



The following chart illustrates the beginning fund balances on July 1, 2021, for the various fund types,

as well as the projected year-end balances adjusted for the recommendations contained in this report.

Summary of Fund Balance by Fund Type

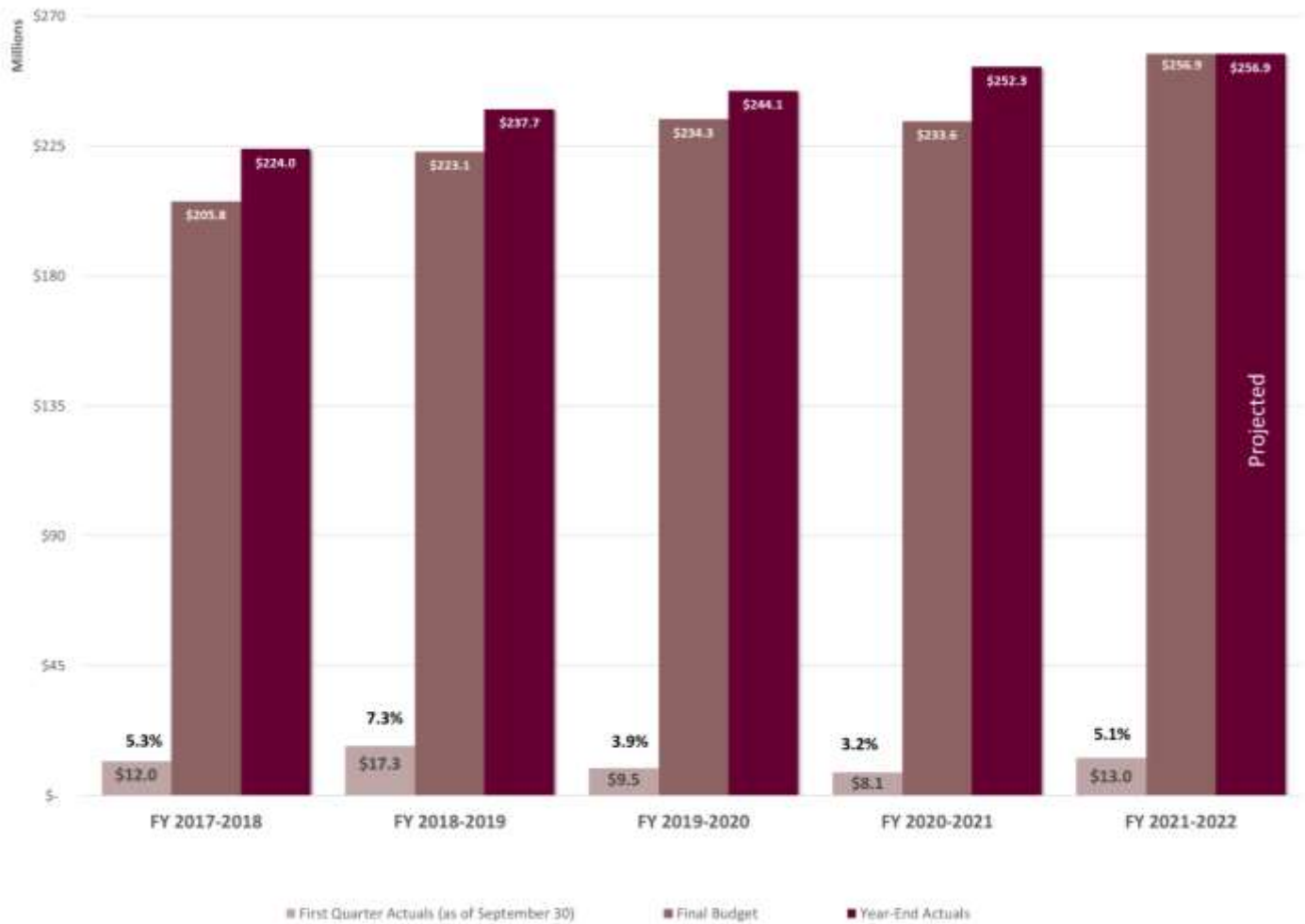
Fund Type	Beginning Fund Balance on 7/1/2021*	Operating Budget Revenue on 9/30/2021	Operating Budget Appropriations on 9/30/2021	First Quarter Recommended Use of Fund Balance	Projected Fund Balance on 6/30/2021
General Fund	\$ 250,480,805	\$ 407,761,310	\$ 441,677,934	\$ 10,782,192	\$ 205,781,989
Special Revenue Funds	287,744,474	827,006,977	890,269,336	53,962	224,428,153
Capital Projects Funds	3,554,734	680,000	799,692	-	3,435,042
Enterprise Funds	121,330,262	65,269,886	77,556,203	100,000	108,943,945
Internal Service Funds	47,627,984	134,078,778	138,405,618	(6,183,997)	49,485,141
Total All Funds	\$ 710,738,259	\$ 1,434,796,951	\$ 1,548,708,783	\$ 4,752,157	\$ 592,074,270

*Note: The Final Budget document reported a total beginning fund balance of \$724,131,326. Since that time, post-closing adjustments totaling \$13,393,067 have been posted for all funds which resulted in a revised beginning fund balance of \$710.7 million, as depicted above. Significant post-closing adjustments included interest accruals and fair market value adjustments for all funds and decreased amounts in Health Services Agency Public Health and Behavioral Health and Recovery Services in the Special Revenue Funds, among others.

Discretionary Revenue

As of September 30, 2021, approximately \$13 million in Discretionary Revenue has been received, representing 5.1% of the 2021-2022 Adopted Final Budget of \$256.9 million. For the last four years, Discretionary Revenue collected by the end of the first quarter ranged from 3.4% to 7.8% of the Final Budget and from 3.2% to 7.3% of the year-end actual totals. Current year Discretionary Revenue received during the first quarter is within both ranges identified in the most recent four years.

The following chart provides a five-year comparison of first quarter activity, including current year data, to show the first three months in revenue receipts, each year's Adopted Final Budget, and year-end actuals for the previous four years, with first quarter projections noted for Fiscal Year 2021-2022 equal to that of Final Budget.



Supporting Strong and Safe Neighborhoods

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





Supporting Strong and Safe Neighborhoods for Individuals and Families to Thrive

Priority Overview

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

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

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

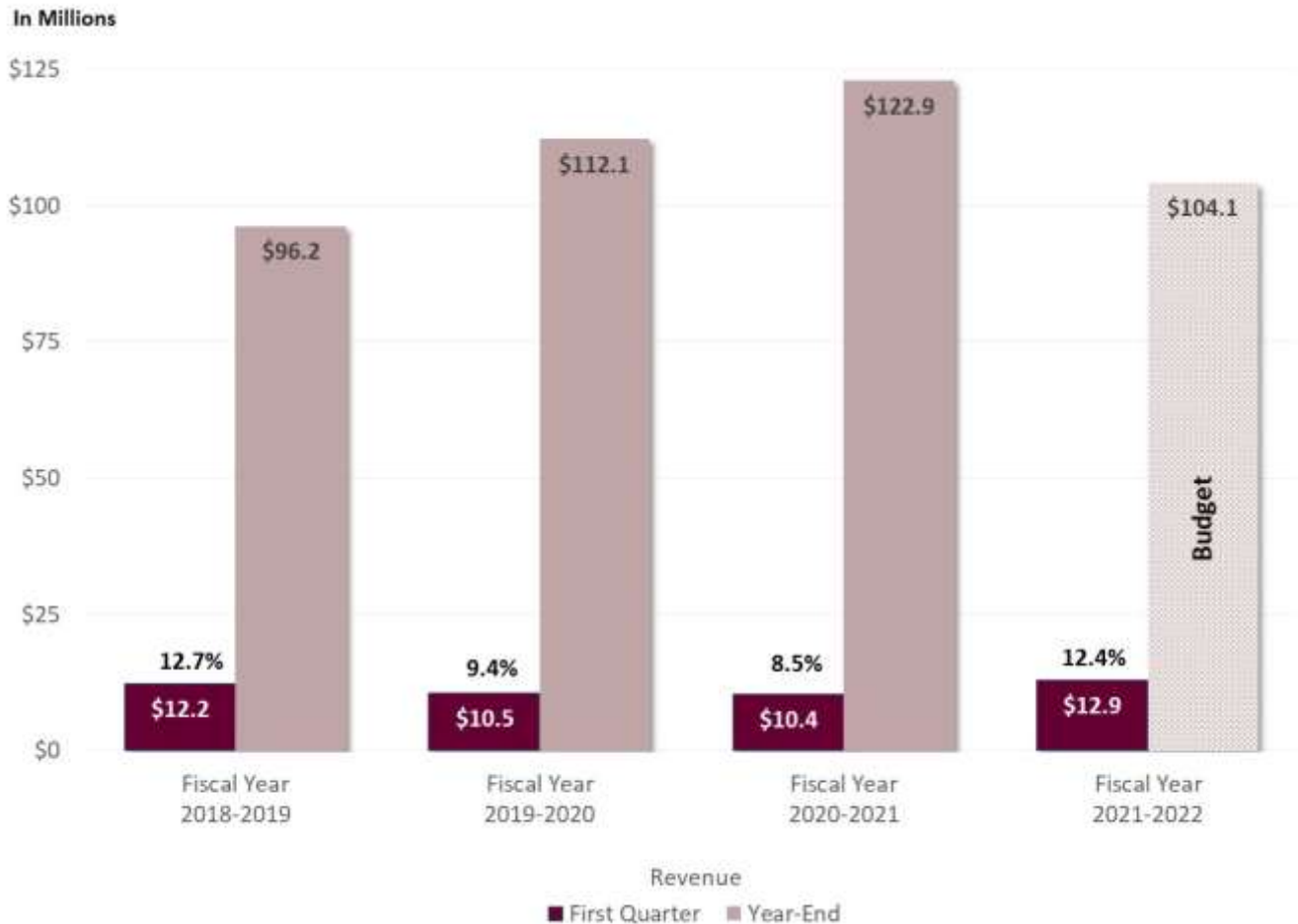
Overall, the departments within the priority of *Supporting Strong and Safe Neighborhoods* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors priority area of *Supporting Strong and Safe Neighborhoods* as of September 30, 2021, actual revenue collected totals \$12.9 million, which represents 12.4% of the estimated annual

revenue. This is within the historical range when compared to the first quarter point of the prior three years when collections ranged from 8.5% to 12.7% of the final actual revenue.

Supporting Strong and Safe Neighborhoods Four-Year Revenue Comparison

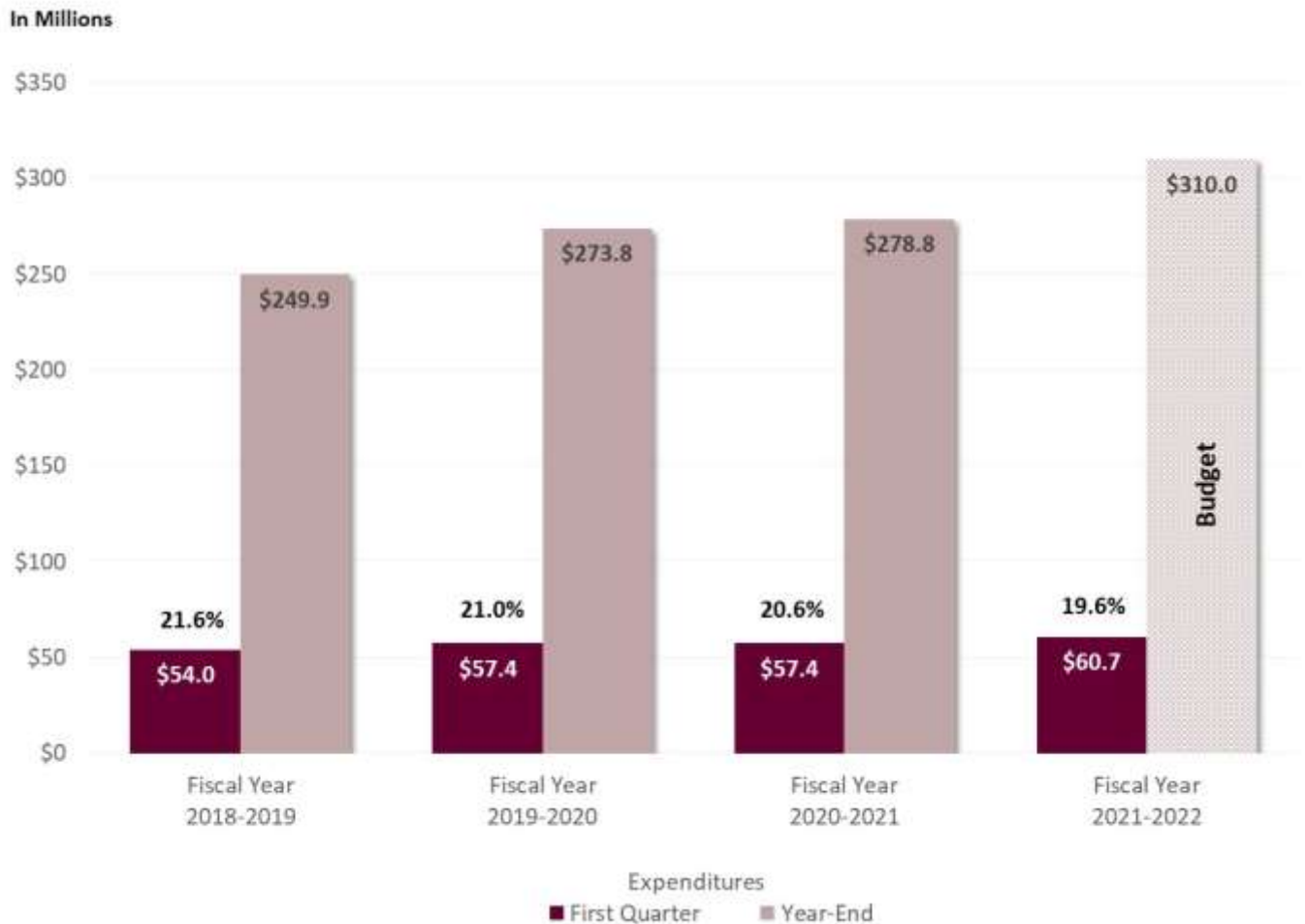


Departmental Expenditures

As of September 30, 2021, expenditures totaled \$60.7 million, representing 19.6% of the budgeted appropriations. This is below the range when compared to the first quarter point of the prior three years when expenditures ranged from 20.6% to 21.6% of the final actual expenditures.

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

Supporting Strong and Safe Neighborhoods Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for *Strong and Safe Neighborhoods* will increase appropriations by \$2.4 million. The budget adjustments are funded by \$10,950 in department revenue, \$234,502 in fund balance, and \$2.1 million in Net County Cost, of which \$920,300 is for technical adjustments to reimburse departments for COVID-19 Recovery one-time payment costs.

Integrated Criminal Justice Information System

ICJIS - The method of depreciating new software development has adjusted, and these changes were not reflected in the rollover budget for ICJIS. It is recommended to increase appropriations and the use of retained earnings by \$250,000 to allow the Auditor's office to post the expense.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	
Integrated Criminal Justice Information System	\$0	\$250,000	\$250,000	\$0	Increase appropriations in the Depreciation Expense account using retained earnings.
Total	\$0	\$250,000	\$250,000	\$0	

Recommendation: It is recommended to increase appropriations and use of retained earnings by \$250,000.

Probation

Administration – It is recommended to transfer appropriations of \$88,484 identified for Performance Visioning Carryover Savings (PVCS) to Institutions for the replacement of two generators.

Community Corrections Partnership – It is recommended to decrease revenue by \$32,050 in CCP. Revenue was inadvertently posted twice into this budget, once through a journal voucher to reimburse the CCP budget for Fiscal Year 2019-2020 expenditures. Thereafter, the Auditor's office posted the Federal Emergency Management Agency funds which caused this budget to show more revenue than expenditures, therefore rolling surplus revenue into the General Fund. This technical adjustment will be a reimbursement from the General Fund.

Institutions – It is recommended to increase appropriations for \$300,000 to replace two generators that are passed their useful life. The total costs of the generators is \$600,000 and PVCS transferred from Administration and Juvenile Commitment Facility will cover the other \$300,000. It is also recommended to increase appropriations by \$600,000, funded by \$557,000 in Net County Cost and \$43,000 in Department of Juvenile Justice (DJJ) grant revenue to replace six rooftop HVAC systems at Juvenile Hall. These HVAC systems are past their useful life and parts are no longer available to keep maintaining these old units.

Juvenile Commitment Facility - It is recommended to transfer appropriations of \$219,060 identified for PVCS to Institutions for the replacement of two generators.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Probation - Administration		(\$88,484)		(\$88,484)	Technical adjustment to transfer appropriations identified for PVCS to Institutions to apply PVCS towards the replacement of two generators.
Probation - Community Corrections Partnership	(\$32,050)	\$0	\$0	\$32,050	Technical adjustment to reduce revenue in the CCP budget because revenue posted twice.
Probation - Institutions	\$43,000	\$600,000	\$0	\$557,000	Increase appropriations to replace six roof-top HVAC systems that have passed their useful life. This will be funded by DJJ Realignment grant funding and Net County Cost.
Probation - Institutions	\$0	\$300,000	\$0	\$300,000	Increase appropriations to replace two generators that have passed their useful life. Total cost is \$600,000 and PVCS transferred in from Administration and Juvenile Commitment Facility will cover the additional \$300,000.
Probation - Institutions	\$0	\$307,544	\$0	\$307,544	Technical adjustment to increase appropriations transferred in from Administration and Juvenile Commitment Facility that was designated as PVCS to apply the PVCS towards the replacement of two generators in Institutions.
Probation - Juvenile Commitment Facility	\$0	(\$219,060)	\$0	(\$219,060)	Technical adjustment to transfer appropriations identified for PVCS and move to Institutions to apply PVCS towards the replacement of two generators.
Total	\$10,950	\$900,000	\$0	\$889,050	

Recommendation:

It is recommended to increase appropriations by \$900,000, funded by net estimated revenue of \$10,950, and \$889,050 in Net County Cost.

Public Defender

Public Defender - It is recommended to increase appropriations by \$76,000 to add one new block-budgeted Special Investigator I/II position to increase staffing levels to address the continuous high volume of cases. This position will be funded with Net County Cost. Estimated on-going cost is approximately \$113,000 annually.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Public Defender	\$0	\$76,000	\$0	\$76,000	Increase appropriations to add one new Special Investigator I/II position to support increased caseloads, funded by Net County Cost.
Total	\$0	\$76,000	\$0	\$76,000	

Recommendation: It is recommended to increase appropriations by \$76,000, funded by Net County Cost.

Staffing Recommendation: It is recommended to add one new block-budgeted Special Investigator I/II position to address high caseload of misdemeanor and felony cases as well as complex homicide and life cases. Current staffing levels cannot accommodate the workload and the Department is experiencing long delay periods in cases from arraignment to final disposition through settlement or trial.

Sheriff

Court Security – It is recommended to increase General Fund Contribution by \$30,498 due to additional Cost Allocation Plan (CAP) costs charged to the Department in Fiscal Year 2020-2021 that were not reflected in the original CAP budget issued by the Internal Service Departments. It is also recommended to increase appropriations by \$80,248 and estimated revenue in General Fund Contribution to reflect changes in the Court Security CAP charges for Fiscal Year 2021-2022.

Federal Asset Forfeiture – It is recommended to increase appropriations and use of fund balance by \$15,000 to support youth sports programs with the Policy Activities League (PAL). Crime prevention through sports is used to help our youth make better decisions and gives children safe alternatives to the drugs, gangs and other illegal activities that are available to them. Stanislaus County PAL provides those safe alternatives through after school programs, community center programs and youth sports. PAL youth sports leagues are co-ed recreational leagues that give young children the opportunity to be involved with and learn the values of hard work, teamwork and conflict resolution. The asset forfeiture funds are used to keep PAL's youth sports league at a low cost and are designed to help those less fortunate by keeping the fees lower than normal youth sports leagues.

Office of Emergency Services/Fire Warden – It is recommended to increase appropriations by \$120,244 funded with Net County Cost to fund volunteer fire districts to benefit the Countywide fire response system, as approved by the Board of Supervisors in the Fiscal Year 2021-2022 Final Budget. Due to some fire districts being negatively impacted by the State's Educational Revenue Augmentation Fund (ERAF) shift, the County will provide relief, with the support of Proposition 172 funding, to the negatively impacted fire agencies in a proportionate amount equal to the ERAF impact. This adjustment is specific to the volunteer fire agencies which will be paid through the Fire Warden's Office.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Sheriff - Court Security	\$0	\$0	(\$30,498)	\$30,498	Increase General Fund Contribution for CAP overage in FY 2020-2021 in the Court Security budget.
Sheriff - Court Security	\$0	\$80,248	\$0	\$80,248	Increase appropriations in CAP and increase estimated revenue in General Fund Contribution to reflect changes in the County Security CAP charges.
Sheriff - Federal Asset Forfeiture	\$0	\$15,000	\$15,000	\$0	Increase appropriations and use of Fund Balance in the Sheriff Asset Forfeiture's LBU for a Contribution to the Police Activity League to fund youth sports programs.
Sheriff - OES/Fire Warden	\$0	\$120,244	\$0	\$120,244	Increase appropriations to fund volunteer fire districts to benefit the Countywide fire response system as approved in FY 2021-2022 Final Budget.
Total	\$0	\$215,492	(\$15,498)	\$230,990	

Recommendation: It is recommended to increase appropriations by \$215,492 with a \$15,498 decrease in the use of fund balance and increase of \$230,990 in Net County Cost.

Supporting Community Health

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





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

Priority Overview

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

The departments assigned to this priority area include Aging and Veterans Services, Behavioral

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

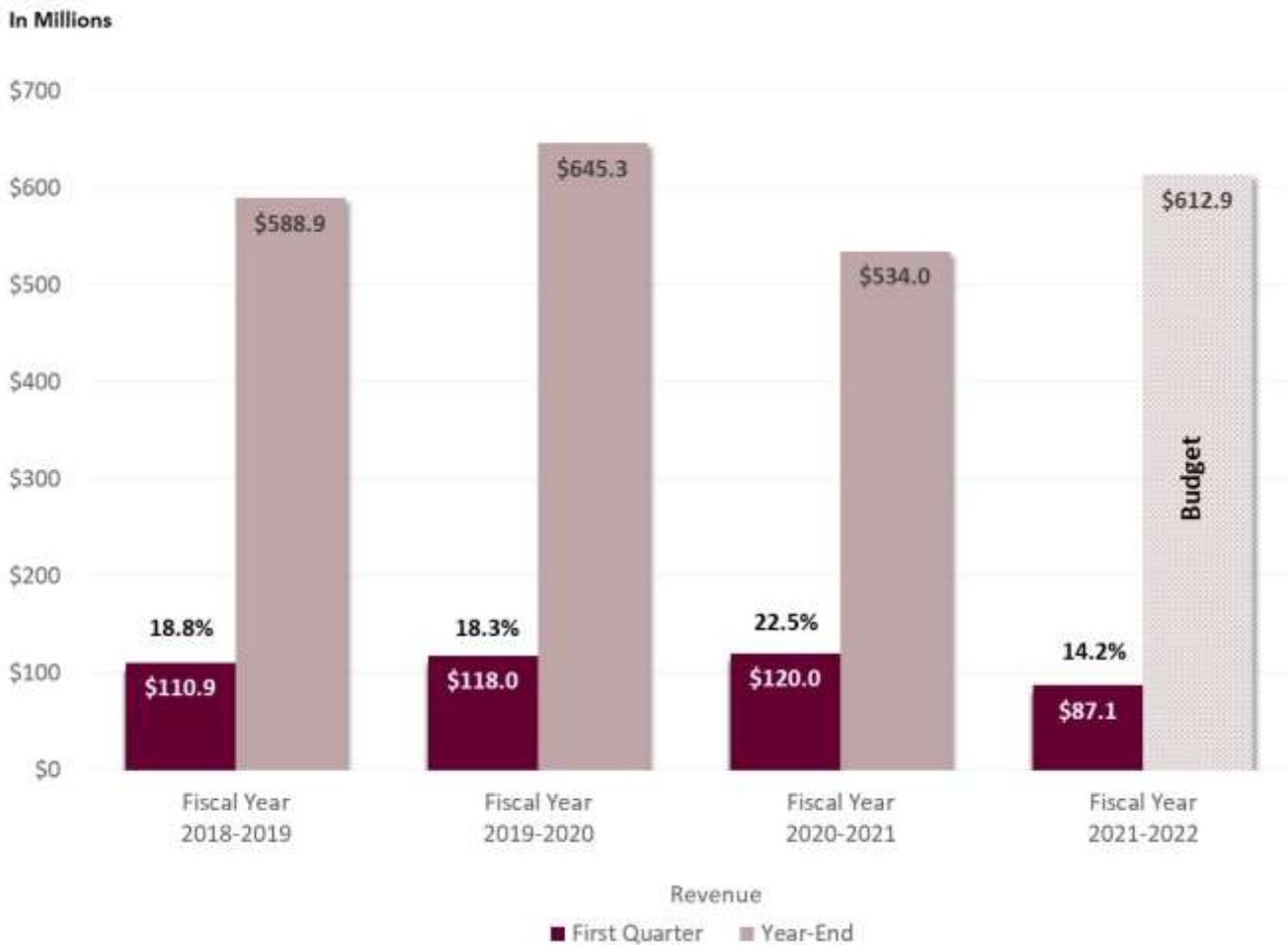
Overall, the departments within the priority *Supporting Community Health* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departmental budgets that are part of the priority *Supporting Community Health*, actual revenue received as of September 30, 2021 totals \$87.1 million, which represents 14.2% of the estimated annual revenue. This ratio is below the range when comparing to revenue received in the first quarter of the previous three years when collections ranged from 18.3% to 22.5% of year-end actual totals. This variance is primarily due to an accounting adjustment resulting from an audit

finding for the Community Services Agency (CSA). The audit found that CSA was reporting the full revenue and expenditures for the In-Home Supporting Services (IHSS) Provider Wages, including the Federal and State share, instead of just the County’s share. Effective with the 2021-2022 Adopted Final Budget, CSA decreased budgeted revenue and costs by \$160.1 million. This accounting adjustment resulted in a \$29.1 million decrease in revenue when compared to the previous year.

Supporting Community Health Four-Year Revenue Comparison

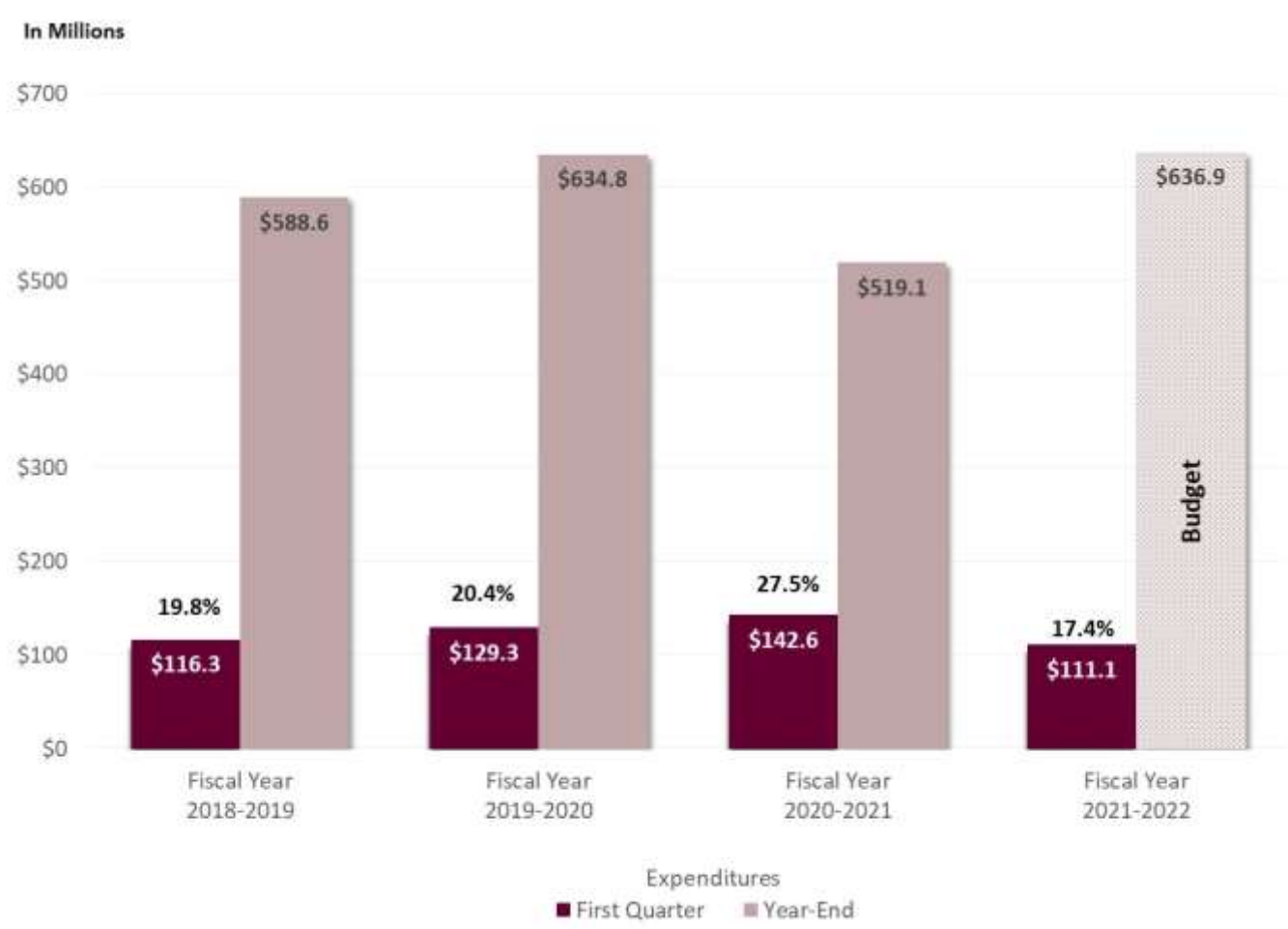


Departmental Expenditures

As of September 30, 2021, expenditures in this priority area totaled \$111.1 million, representing 17.4% of the budgeted appropriations. Actual expenditures identified at the first quarter point of the previous three years as a ratio of year-end costs represented a range of 19.8% to 27.5% of the final annual expenditures, placing this year's rate of expenditures below the historical range. This variance is primarily due to an accounting adjustment resulting from an audit finding for the

Community Services Agency (CSA). The audit found that CSA was reporting the full revenue and expenditures for the In-Home Supporting Services (IHSS) Provider Wages, including the Federal and State share, instead of just the County's share. Effective with the 2021-2022 Adopted Final Budget, CSA decreased budgeted revenue and costs by \$160.1 million. This accounting adjustment resulted in a \$30.1 million decrease in costs when compared to the previous year.

Supporting Community Health Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for *Supporting Community Health* will net for a total increase in appropriations of \$1.7 million with a \$1 million decrease in estimated revenue, resulting in a \$2.7 increase in Net County Cost, of which \$1.6 million is for technical adjustments to reimburse departments for COVID recovery one-time payment costs.

Aging and Veterans Services

Stanislaus Veterans Center – A technical adjustment is recommended to move the Stanislaus Veterans Center Legal Budget Unit (LBU) from the General Services Agency (GSA) to Aging and Veterans Services and for administration and operations to transition no later than December 31, 2021.

Transferring the Stanislaus Veterans Center budget and operations to the Department of Aging and Veterans Services best aligns with the mission and purpose of both the Department and the Veterans Advisory Commission (VAC), a separate entity that advises the Board of Supervisors on all matters pertaining to Veterans, and is supported by the Department. When the VAC was established in 2012, a needs assessment was performed with the number one need identified as a “One-Stop Shop” location for coordination and provision of Veterans services and assistance. Based on the need identified, the County, City of Modesto and the Veterans Foundation of Stanislaus County entered into a Memorandum of Understanding (MOU) for the Stanislaus Veterans Center and in 2016, the Board of Supervisors approved the 10-year lease of the facility located at 3500 Coffee Road in Modesto, California to be the “One-Stop Shop”. The facility houses a banquet hall and conference center (Veterans Hall), office space for the Department of Aging and Veterans Services, and for select programs for the Community Services Agency. The Board also approved a sublease with the Foundation to operate the Veterans Hall. Administration of the facility was originally managed by the Chief Executive Office.

The Board of Supervisors approved the transfer of the operation of the Veterans Hall from the Foundation to the Chief Executive Office Capital Projects Division in December of 2018 and the Foundation agreed to retain and rent a small office space and the facility’s bar. In September 2019, the Chief Executive Office Capital Projects Division and the administration of the Stanislaus Veterans Center was transferred to GSA as part of the reorganization approved by the Board of Supervisors.

The Department of Aging and Veterans Services is assessing opportunities to operate and manage the Stanislaus Veterans Center to augment services, programs and assistance to veterans. The Department will provide details of their assessment and any potential resource needs at Midyear.

Behavioral Health and Recovery Services

Behavioral Health and Recovery Services – A technical adjustment of \$1.2 million is needed to appropriately align contracted services funding for Behavioral Health and Recovery Services, using General Fund savings accrued through the presumptive eligible claiming for CARES Coronavirus Relief Funds (CRF) in the prior year as identified and approved by the Board in June (originally approved via BOS No. 2021-0300) rather than current year CRF revenue. It is also recommended to increase appropriations and revenue by \$10,000 for onsite COVID-19 testing for staff due to the State Public Health Order issued August 5, 2021 funded by CRF.

It is recommended to add one new block-budgeted Manager I/II position to support the time-sensitive implementation of California Advancing and Innovation Medi-Cal (CalAIM), a multi-year initiative by the Department of Health Care Services. There is an immediate need for a Manager I/II to lead and facilitate the implementation of CalAIM as it relates to all provisions of Medi-Cal services to Stanislaus County beneficiaries. This position will result in an annual cost of \$162,508 prorated to \$108,340 for this fiscal year. The position will

be funded by Department of Health Care Services Behavioral Health Quality Improvement Program Start-Up Funds, Medi-Cal Federal Financial Participation (FFP), and 2011 Realignment Revenue.

Stanislaus Recovery Center – The Stanislaus Recovery Center (SRC), which provides residential treatment services for individuals with substance use disorders and mental health issues, experienced a COVID-19 outbreak in August. Per Public Health direction, clients at SRC were quarantined in their patient rooms to prevent the virus from spreading throughout the facility. It is recommended to increase appropriations by \$38,890 for the resulting residential expenses, funded by Coronavirus Relief Funds (CRF).

Substance Use Disorder – Stanislaus County has recorded 132 total deaths due to overdose in calendar year 2020, of which 78 of the 132 deaths were opioid related; a 59% increase over 2019. Most adults with Opioid Use Disorders (OUDs) started using opioids before the age of 25, with one-third of them before the age of 18, and in California, nearly 22% of youth have misused opioid pain relievers at least once by the 11th grade.

The Board approved the Youth Opioid Response (YOR) grant (Resolution No. 2021-0304) for \$582,838 in June of 2021 to add capacity to the Department’s core substance use disorder (SUD) youth prevention and treatment services. BHRS will further expand youth prevention and treatment services by aligning \$100,000 of Cannabis Program funds with the YOR program in three specific areas: (1) school-based substance use disorder treatment services, (2) medication assisted treatment support and consultation, and (3) youth contingency management.

Below is a chart of the Cannabis Program Funds and their alignment with the existing YOR grant objectives. Revenue and appropriations for the expanded services were included in the 2021-2022 Adopted Final Budget as authorized by the Board (Resolution No. 2021-0098).

Cannabis Program Funding			
Cannabis Program Funding		Youth Opioid Response (YOR) Grant	
		<i>Leveraged Funding</i>	
School-based SUD Treatment Services			
Substance Abuse Counselor (1)	\$ 51,417	Substance Abuse Counselors (8)	\$ 405,274
Operating Expenses	\$ 6,164	Operating Expenses	\$ 26,960
Indirect Expenses	\$ 9,213	Indirect Expenses	\$ 69,157
	Subtotal \$ 66,794		Subtotal \$ 501,391
Medication Assisted Treatment Support and Consultation			
Medication Assisted Treatment Support and Consultation	\$ 13,206	Medication Assisted Treatment Consultation	\$ 14,175
Medication Assisted Treatment in Primary Care Settings	\$ 12,500	Outreach Materials/Learning Collaborative	\$ 17,844
Youth Contingency Management	\$ 7,500	BHRS Indirect Expenses	\$ 5,702
	Subtotal \$ 33,206		Subtotal \$ 37,720
Total Treatment Expansion \$ 100,000		Total YOR Grant FY 21/22 \$ 539,111	

The YOR grant proposal was developed in partnership with Modesto City Schools and will primarily serve students at school sites throughout Modesto. The YOR program brings substance use disorder services to youth (i.e., into schools), as opposed to youth coming to treatment facilities, by embedding Substance Use Counselors (SAC) on school sites. The Cannabis Program funds will enhance school-based SUD treatment services by increasing the existing Center for Human Services Treatment contract to add an additional SAC to serve under/unserved rural communities. The SAC will rotate to the rural areas of the County and provide services to high schools with the greatest treatment needs; rural areas are disproportionately disadvantaged due to a lack of specialized treatment services.

Cannabis Program funds will also be used to enhance medication assisted treatment (MAT) support and consultation by expanding the Addiction Consultation Warmline created through YOR funding to support

prescribers to treat patients struggling with opioid use disorder. Through support and consultation, a prescriber on contract with the Scenic Faculty Medical Group, will consult with prescribers in primary care settings to identify the barriers to MAT and provide targeted mentorships, training and technical assistance to address those barriers with a focus on the needs of youth. Consultation services include but are not limited to: inquiries related to medication selection, dosing, side effect management, adherence, multi-drug interactions, or level of care considerations. Consultation services will be made available Monday-Friday through the newly established Addiction Consultation Warmline.

Medication Assisted Treatment (MAT) is evidence-based and improves patient care by offering an opportunity to better meet the biopsychosocial needs of patients with substance use disorders. MAT services can only be prescribed by providers who obtain a Drug Enforcement Agency X-Waiver Certification (DEA X-Waiver). Building on the investments of the YOR grant to develop the Addiction Consultation Warmline, BHRS will provide a \$500 stipend for prescribers to attend the DEA X-Waiver Certification Training to increase the number of prescribers who can prescribe MAT medications in Stanislaus County. Currently, there are no prescribers who prescribe MAT medication in primary care settings beyond the BHRS funded MAT programs. BHRS currently contracts with Scenic Faculty Medical Group for a prescriber who provides MAT services for BHRS clients. The Incentive is limited to the first 25 Stanislaus County prescribers.

Youth Contingency Management (CM) is a highly effective model of substance use disorder (SUD) treatment that involves providing incentives for behavioral outcomes aligned with treatment goals. CM provides positive reinforcement/rewards to increase the likelihood that an individual will develop healthy behaviors and encourages drug abstinence. Cannabis Program funding will be used to add CM services to 100 youth in SUD Outpatient and YOR treatment programs. The following are targeted behaviors of CM; attend scheduled individual and family counseling sessions, attend group counseling sessions, complete tasks related to academic goals, complete tasks related to treatment plan goals, and negative drug screen results. CM incentives include drawings, and vouchers with a \$15 limit and a cap of \$75 per patient per year.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Behavioral Health and Recovery Services	(\$1,174,248)	\$0	\$0	\$1,174,248	Technical adjustment to appropriately align contracted services using PE funding as identified and approved by the Board in June (originally approved via BOS No. 2021-0300) rather than CRF Revenue.
Behavioral Health and Recovery Services	\$10,000	\$10,000	\$0	\$0	Increase revenue and appropriations for onsite COVID-19 testing due to the California State Public Health Order issued on August 5, 2021 funded by CRF.
Behavioral Health and Recovery Services	\$108,340	\$108,340	\$0	\$0	Increase revenue and appropriations to add one Manager I/II for CalAIM implementation (ongoing annual cost is \$162,508).
Behavioral Health and Recovery Services - Stanislaus Recovery Center	\$38,890	\$38,890	\$0	\$0	Increase revenue and appropriations due to COVID-19 outbreak expenses incurred at the Stanislaus Recovery Center funded by CRF.
Total	(\$1,017,018)	\$157,230	\$0	\$1,174,248	

Recommendation: It is recommended to increase appropriations by \$157,230 and decrease revenue by \$1 million, resulting in an increase of \$1.2 million in Net County Cost.

Staffing Recommendation: It is recommended to add one new block-budgeted Manager I/II position to lead and support the implementation of California Advancing and Innovation Medi-Cal (CalAIM), a multi-year initiative by DHCS to improve the quality of life and health outcomes of the population by implementing broad delivery system, program and payment reform across the Medi-Cal program. It is also recommended to delete one vacant Manager I position.

In addition, it is recommended to study the request to add one new classification of Deputy Public Guardian III, as well as the request to add one new Deputy Public Guardian III position.

Developing a Healthy Economy

Agricultural Commissioner
Economic Development Bank
UC Cooperative Extension
Workforce Development





Developing a healthy economy, building upon our strong agricultural foundation

Priority Overview

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

The Board of Supervisors' priority area of *Developing a Healthy Economy*, building upon our strong agricultural foundation, recognizes the vital role of the County's number one industry, agriculture, that generates \$3.5 billion in value of agricultural commodities per year. Farmland conversion, air pollution mitigation, soil salinity and drainage, agricultural water supply and water quality, and preservation of the County's unique agriculture heritage are key aspects of *Developing a Healthy Economy*.

Stanislaus County is an international agri-business powerhouse. In 2020, 10,884 Export Certificates were issued to 108 countries. The County agricultural production value ranks higher than 20 states in agricultural income. Departments assigned to this priority area focused on agri-business include: Agricultural Commissioner Office and UC Cooperative Extension.

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

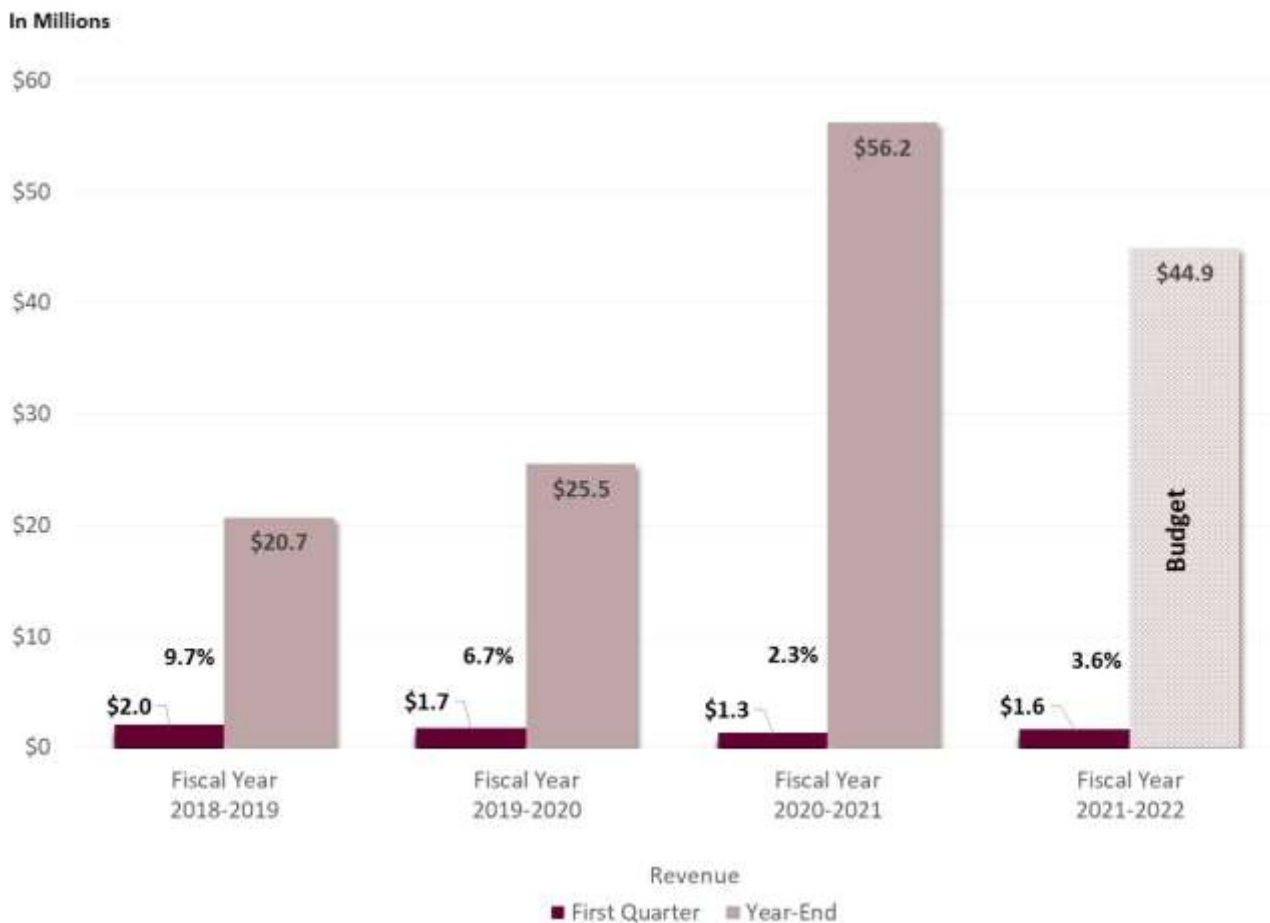
While the agricultural industry is a significant economic driver in the County, regional economic development strategies are in place to increase economic diversity. Initiatives include job creation, business assistance and retention, demand-driven workforce readiness and innovation. Overall, the departments within the priority *Developing a Healthy Economy* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departments contained in the Board of Supervisors' priority area of *Developing a Healthy Economy* as of September 30, 2021, actual revenue collected is \$1.6 million, which represents 3.6% of the estimated annual revenue. This is within the lower range when compared to the first quarter of the prior three years when collections were 2.3% to 9.7% of the final actual revenue. Revenue increased

by \$30.7 million in Fiscal Year 2020-2021 to a four-year high of \$56.2 million. Budgeted revenue of \$44.9 million Fiscal Year 2021-2022 is \$11.3 million lower than prior year, and \$19.4 million higher than in Fiscal Year 2019-2020. Revenue fluctuations for this priority are primarily due the Coronavirus Relief Fund (CRF) funding allocated to the CEO Economic Development Bank.

Developing a Healthy Economy Four-Year Revenue Comparison

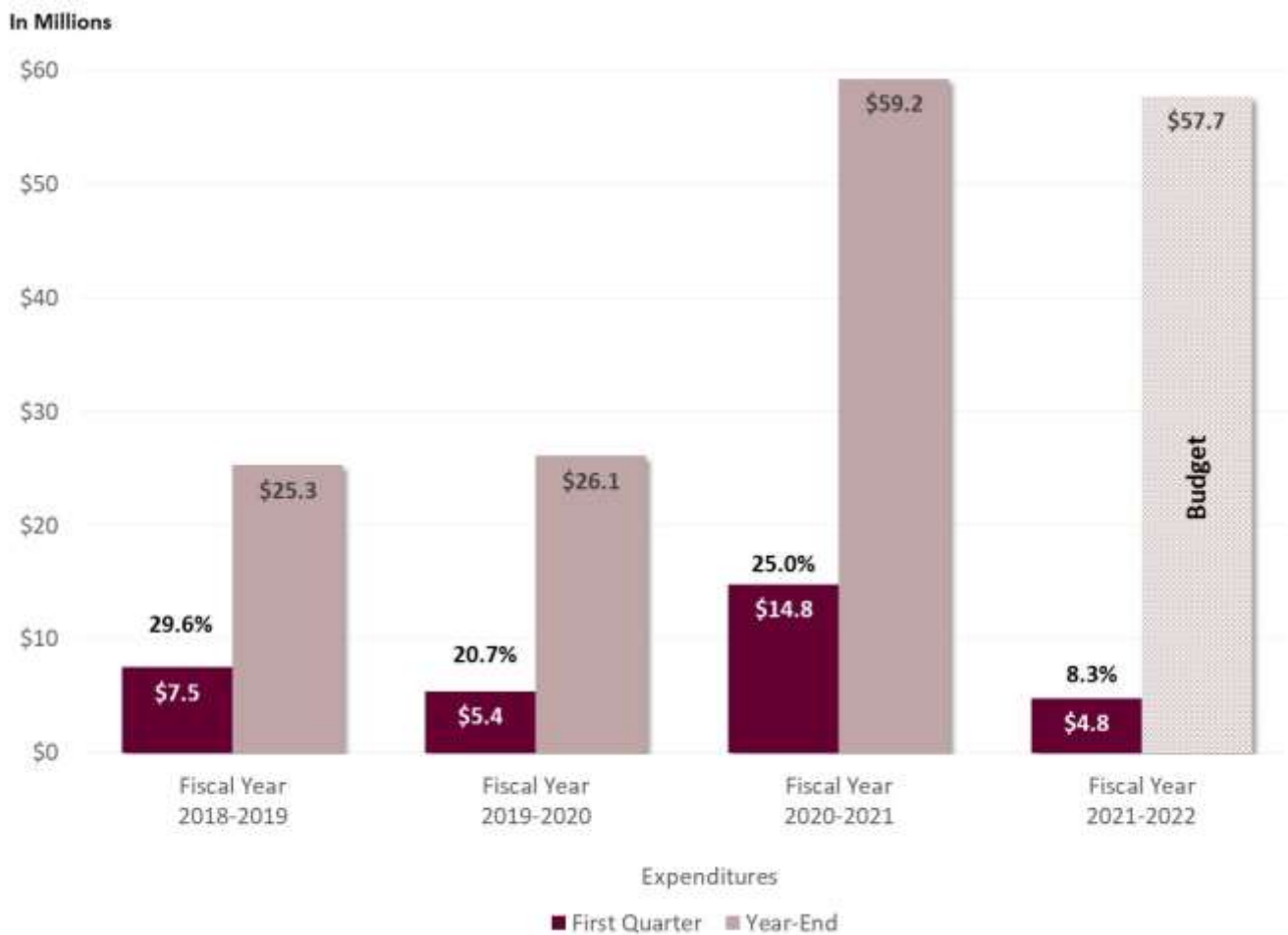


Departmental Expenditures

As of September 30, 2021, expenditures are \$4.8 million, representing 8.3% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 20.7% to 29.6% of the final actual expenditures, placing this year below the three-year range. This is primarily due to activity in the CEO-Economic Development Bank budget. There was a significant increase in appropriations in the CEO-Economic Development

Bank in Fiscal Year 2020-2021 due to CARES Act CRF funding of \$30 million for Community Support in response to the COVID-19 pandemic. As of September 30, 2020, there was \$10.4 million in expenditures, primarily to support Stanislaus County’s nine cities, versus \$202,736 this fiscal year to date. In addition, the Fiscal Year 2021-2022 budget for the CEO-Economic Development Bank is \$23 million.

Developing a Healthy Economy Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for the priority of *Developing a Healthy Economy* net for a total increase in appropriations of \$253,605 funded by estimated revenue of \$116,405 and Net County Cost to support \$137,200 in technical adjustments to reimburse departments for COVID Recovery one-time payment costs.

County Operations – ARPA State/Local Fiscal Recovery Fund

The American Rescue Plan Act (ARPA) was signed into law by President Biden on March 11, 2021 and totals \$1.9 trillion. The State and Local Coronavirus Fiscal Recovery Fund (SLCFRF) was created in the ARPA, through which various local governments were allocated funds. Stanislaus County has been allocated \$106,959,250 through ARPA SLCFRF.

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

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

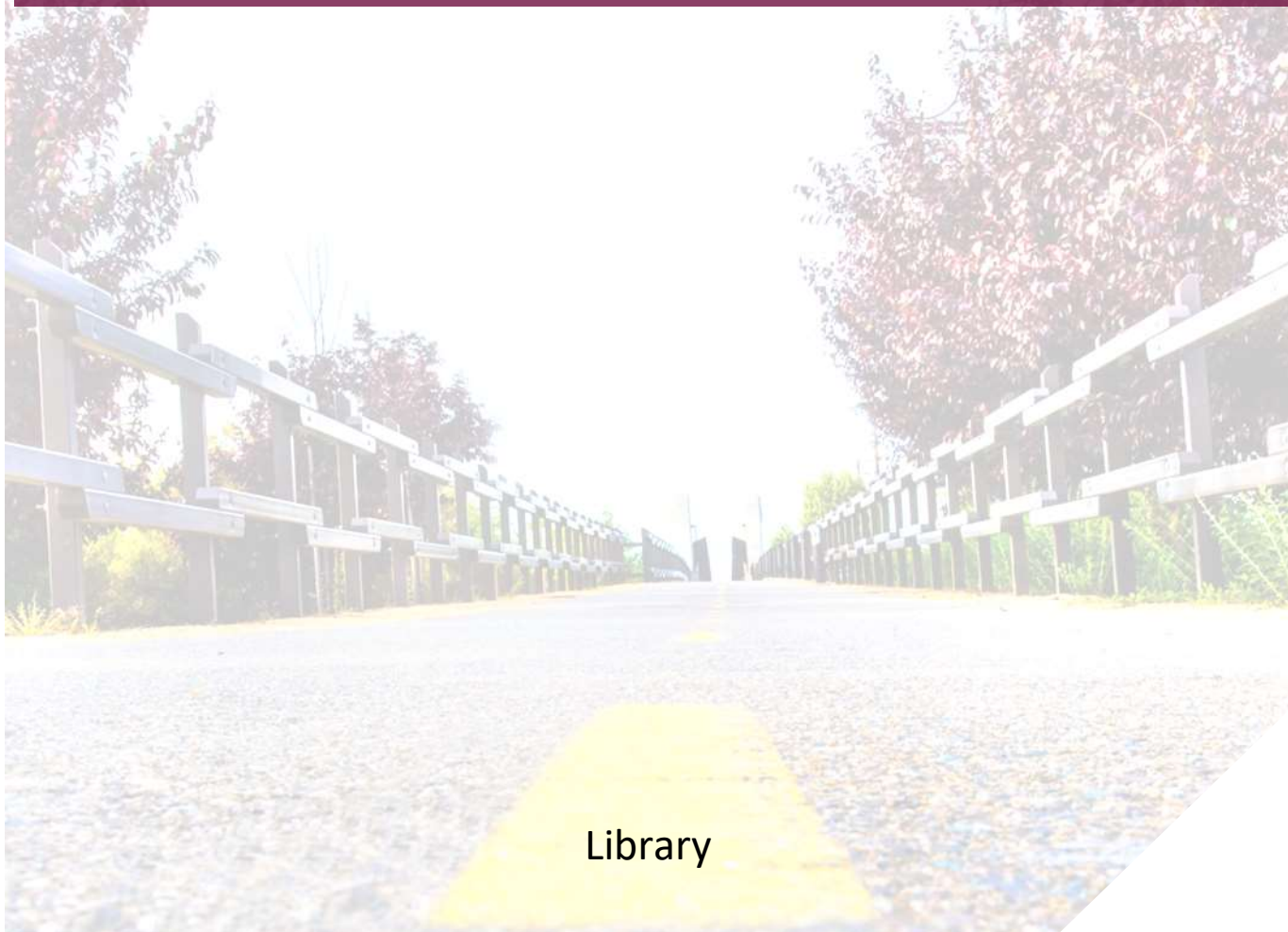
The remaining \$17 million in ARPA balance is reserved for additional consideration after the initial development of the core funding priorities.

The 2021-2022 Adopted Final Budget approved one block-budgeted Manager I/II/III position to assist with the ARPA SLCFRF workload; however, appropriations for the ARPA fund were not included in the budget. A \$116,405 increase in appropriations in government fund interfund charges and revenue is recommended using ARPA SLCFRF funds to reimburse the CEO budget for the ARPA manager.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
County Operations - ARPA - State and Local Fiscal Recovery	\$116,405	\$116,405	\$0	\$0	Technical adjustment to reimburse CEO for ARPA manager position.
Total	\$116,405	\$116,405	\$0	\$0	

Recommendation: It is recommended to increase appropriations and revenue by \$116,405, funded by ARPA SLCFRF funds.

Promoting First-Rate Learning



Library





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

Priority Overview

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

In *Promoting first-rate learning opportunities for all residents in support of 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 Stanislaus County Library System includes 13 community libraries providing educational and recreational services that enlighten and empower residents. The Library offers early literacy programs for children, basic literacy services to adults, workforce readiness programs, resources for veterans and their families, and

outreach services beyond the physical walls of the libraries, including online e-resources and community outreach activities such as home delivery service for customers who are unable to come to the Library due to advanced age, injury or illness. The Library also offers unique services such as the Veterans Resource Center, passport application processing, and programs for job seekers.

The Library is primarily funded by a voter-approved 1/8-cent sales tax, which represents approximately 91% of the Library's total estimated revenue to support the Library operations in Fiscal Year 2021-2022. The voter-approved 1/8-cent sales tax was extended for 12 years when Measure S passed in the November 7, 2017 election.

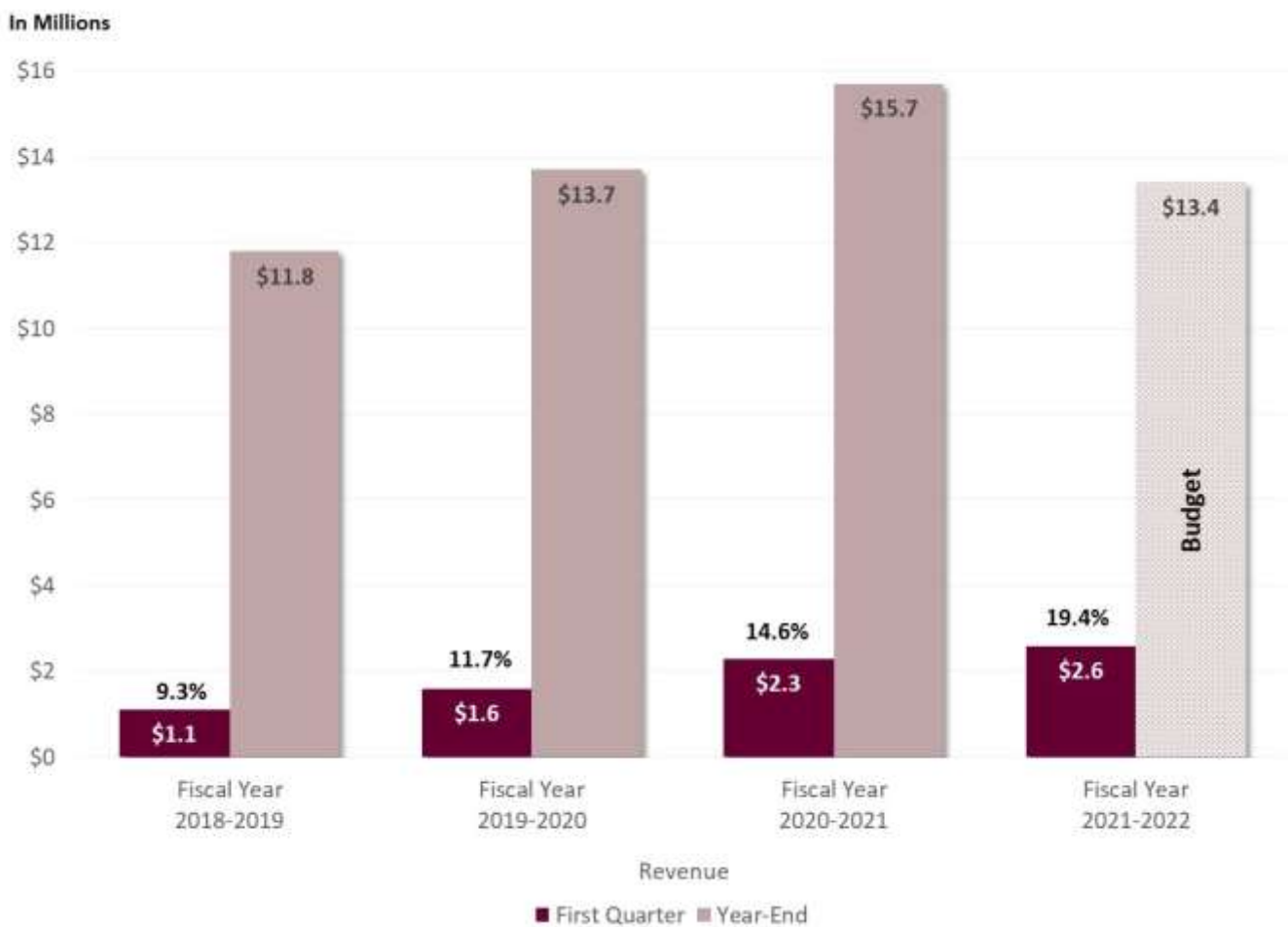
The Library is on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the department budget that makes up the Board of Supervisors' priority area of *Promoting First-Rate Learning* as of September 30, 2021, actual revenue collected is \$2.6 million, which represents 19.4% of the estimated annual revenue. This is above the range when compared to the first quarter of the prior three years when collections were 9.3% to 14.6% of the final actual revenue. Fiscal Year 2021-

2022 estimated revenue of \$13.4 million is \$2.3 million less than in the prior year. The Library saw a substantial increase in sales tax revenue in Fiscal Year 2020-2021 as a result of federal stimulus monies issued throughout the community to combat the economic impact of the COVID-19 pandemic. It is uncertain how long the rise in sales tax revenue will last.

Promoting First-Rate Learning Four-Year Revenue Comparison

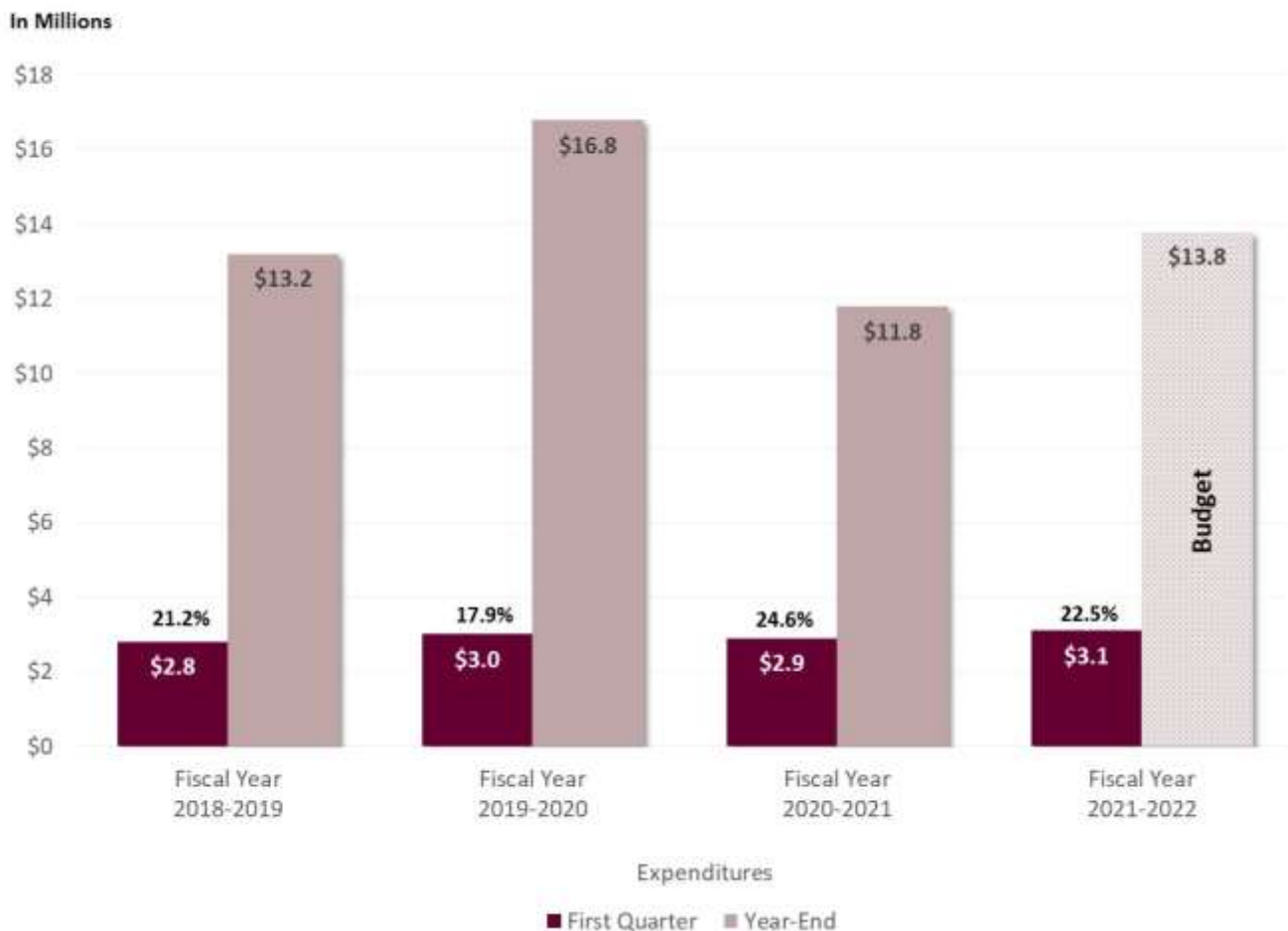


Departmental Expenditures

As of September 30, 2021, expenditures total \$3.1 million, representing 22.5% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 17.9% to 24.6% of the final actual expenditures, placing this year within the range. This is primarily the result of an increase in overall budget for Fiscal Year 2021-

2022 relative to the previous Fiscal Year 2020-2021. Fiscal Year 2019-2020 included expenditures to fund the Empire and Turlock Library projects decreasing the percentage of budgeted appropriations used at first quarter and significantly lowering the range of the three-year trend.

Promoting First-Rate Learning Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

Beyond the technical adjustment to reimburse the department for \$24,375 in COVID-19 Recovery one-time payment costs, there are no other issues or recommendations contained in this report for the priority of *Promoting First-Rate Learning*.

Delivering Efficient Public Services

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





Delivering efficient public services to benefit our residents and businesses

Priority Overview

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

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

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

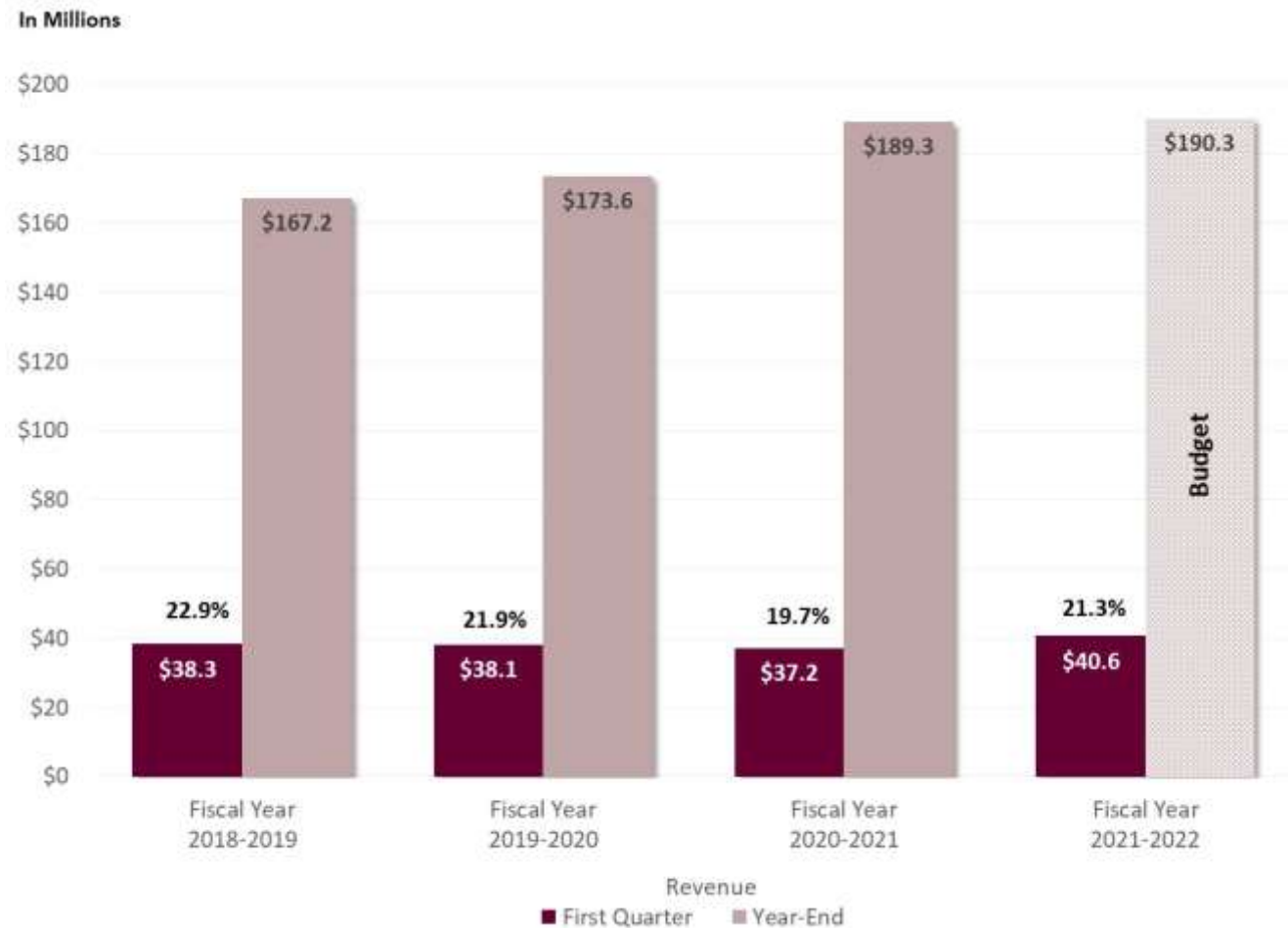
Overall, departments within the priority *Delivering Efficient Public Services* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departmental budgets that make up the Board of Supervisors' *Delivering Efficient Public Services* priority area, the actual revenue collected as of September 30, 2021, totaled \$40.6 million, which represents 21.3% of the estimated annual revenue. This is within the range of revenue received in the first quarter point of the previous three years when

collections ranged from 19.7% to 22.9% of the final actual revenue. The increase in revenue of 8.1% over 2020-2021 is due to Coronavirus Relief Funds (CRF) funding to support the continued COVID-19 response and reimbursement revenue in Clerk-Recorder Elections for elections costs.

Delivering Efficient Public Services Four-Year Revenue Comparison



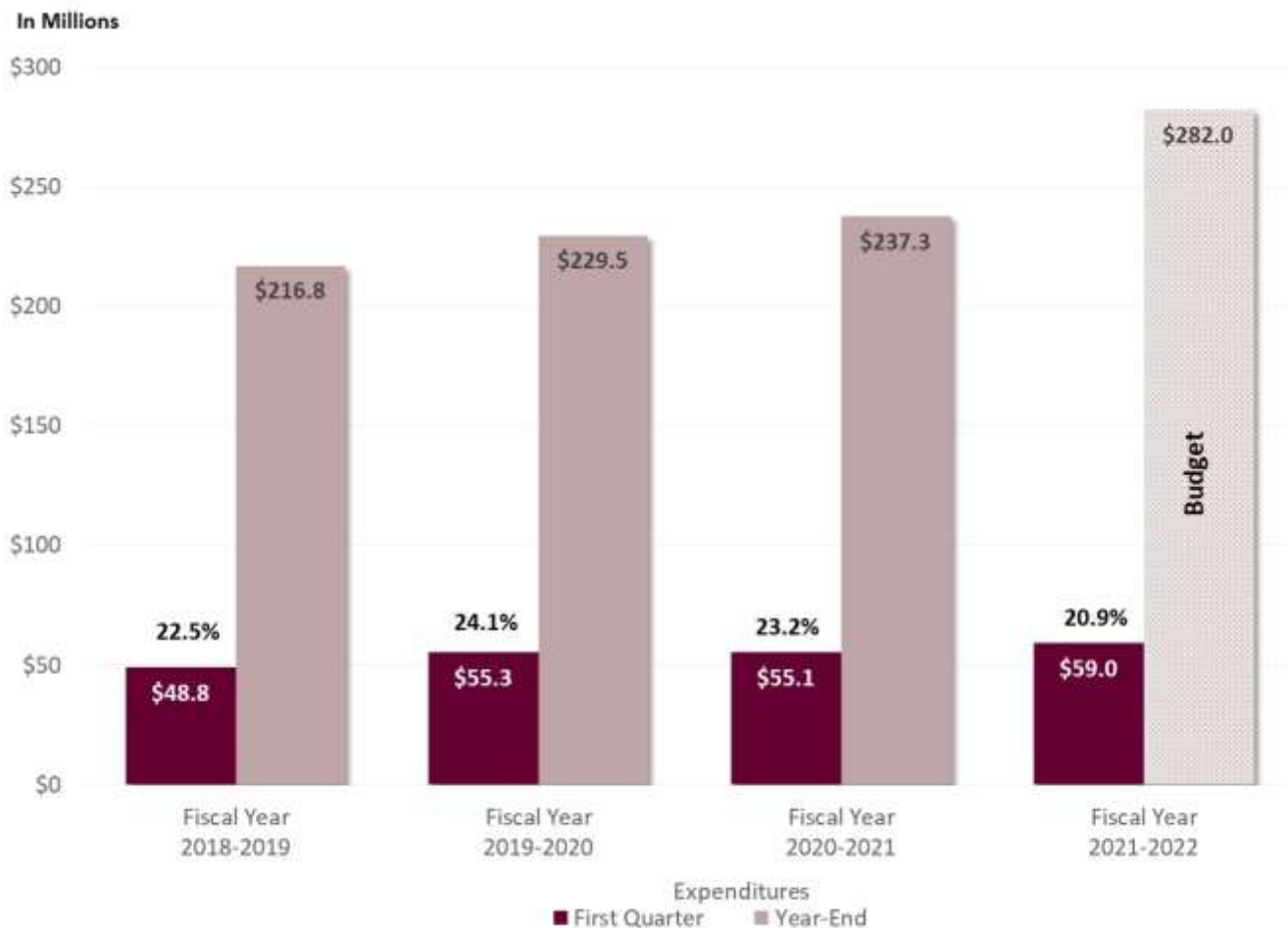
Departmental Expenditures

As of September 30, 2021, expenditures in this Board priority area totaled \$59 million, representing 20.9% of the appropriations budgeted for the year. Expenditures at the first quarter point of the previous three fiscal years ranged from a low of 22.5% to a high of 24.1% of the final actual expenditures, placing this year below the historical range.

Both actual expenditures and budgeted appropriations have increased over the prior year, but the increase in budgeted appropriations has outpaced the increase in actual expenditures,

resulting in a lower percent of budget utilization when compared to the previous three years. This is primarily due to new funding for projects and services that were included in the 2021-2022 Adopted Final Budget or through subsequent Board action in the first quarter of the fiscal year, for which expenditures have not yet materialized. In addition, departments were able to carry forward savings from the prior year as part of the Performance Visioning Carryover Savings (PVCS) program for multi-year projects, funding which was just added in mid-September and has not yet been spent.

Delivering Efficient Public Services Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for *Delivering Efficient Public Services* include an increase in appropriations of \$9.5 million, an increase in estimated revenue of \$864,645, a total decrease of \$6.3 million in the use of fund balance, and an increase of \$15 million in Net County Cost of which \$422,500 is for technical adjustments to reimburse departments for COVID-19 Recovery one-time payment costs. Finally, Net County Cost includes a transfer of \$138,074 from Appropriations for Contingencies.

Auditor-Controller

Enterprise Resource Planning – On October 5, 2021, the Board of Supervisors approved appropriations for costs associated with the implementation of the Financial Management System and System Integrator agreement (Board Agenda No. 2021-0492). The funding was not identified at that time and appropriations will draw on the budget unit’s fund balance. However, \$6 million has been set aside for the total costs of implementation and software in an assignment in the General Fund to support the Enterprise Resource Planning (ERP) Project, with another \$1.1 million assigned for enterprise and technology upgrades. After implementation, future system operating costs will be distributed to departments based on standard allocation methodology and these costs can be qualified for reimbursement through department claims. An increase of \$6.1 million in Net County Cost, funded by ERP assigned fund balance in the General Fund, is recommended to appropriately support implementation costs of the ERP project.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Auditor-Controller - Enterprise Resource Planning	\$0	\$0	(\$6,111,669)	\$6,111,669	Increase Net County Cost set aside in an assignment in General Fund Contribution to Other Programs for ERP Project.
Total	\$0	\$0	(\$6,111,669)	\$6,111,669	

Recommendation: It is recommended to increase Net County Cost by \$6.1 million, equally reducing reliance on fund balance.

Chief Executive Office

It is recommended that the Department use Coronavirus Relief Funds (CRF) in the amount of \$25,000 to support rapid COVID-19 testing for employees. Rapid testing will allow the County to remain in compliance with President Biden's COVID-19 plan to federally require any employer with 100 or more employees to ensure employees are vaccinated or tested weekly. It will minimize impacts of taking time away from work for testing which supports County departments in achieving their missions. This is especially important with the current workload levels among staff and the significant number of vacancies across most departments. Coronavirus Relief Funds federal revenue will provide support through December 2021, after which either CRF Presumptive Eligible General Fund or American Rescue Plan Act (ARPA) funds will provide support.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Chief Executive Office	\$25,000	\$25,000	\$0	\$0	Antigen Rapid Testing for County Staff
Total	\$25,000	\$25,000	\$0	\$0	

Recommendation: It is recommended to increase appropriations and estimated revenue by \$25,000, funded by CARES CRF revenue.

Chief Executive Office – Human Relations

Unemployment Insurance – It is recommended that the Department use Coronavirus Relief Funds (CRF) in the amount of \$350,000 to replenish the Unemployment Insurance Fund for unreimbursed Employment Development Department (EDD) claims related to the COVID-19 pandemic. Due to the COVID-19 pandemic, the number and amount of unemployment claims for eligible current and former County employees has grown substantially, resulting in a negative fund balance. This request is net of the CARES Act credits provided as a pass through from EDD for claims paid since March 2020 through June 2021.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
CEO-Human Relations Unemployment Insurance	\$350,000	\$0	(\$350,000)	\$0	Increase revenue for the reimbursement of COVID-19 Unemployment claims funded by CARES CRF.
Total	\$350,000	\$0	(\$350,000)	\$0	

Recommendation: It is recommended to increase estimated revenue by \$350,000, funded by CARES CRF.

Clerk-Recorder

Elections – On August 10, 2021, the Board of Supervisors approved \$1.2 million for costs to support the California Gubernatorial Recall Election funded by State reimbursement revenue (Board Agenda No. 2021-0367). Subsequently, the total reimbursement revenue received was \$1.7 million. An increase in revenue and appropriations of \$456,612 for the additional revenue is recommended. Additionally, an increase in revenue and appropriations of \$33,033 is recommended for reimbursable costs associated with conducting the Ceres Special Election.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Clerk Recorder - Elections	\$456,612	\$456,612	\$0	\$0	Increase revenue and appropriations funded by State reimbursement revenue for costs to conduct the California Gubernatorial Recall Election.
Clerk Recorder - Elections	\$33,033	\$33,033	\$0	\$0	Increase revenue and appropriations funded by reimbursement revenue for costs to conduct the Ceres Special Election.
Total	\$489,645	\$489,645	\$0	\$0	

Recommendation: It is recommended to increase revenue and appropriations by \$489,645 funded by reimbursement revenue.

County Operations

A net increase of \$8,499,883 in appropriations is recommended for County Operations in the following budgets.

Appropriations for Contingencies – This budget serves as the contingency fund for Stanislaus County to provide funds to meet unexpected and emergency financial exposures which may arise during the fiscal year. The transfer of funds from Appropriations for Contingencies to departmental operating budgets requires a four-fifths vote by the Board of Supervisors. The 2021-2022 Adopted Final Budget included a total of \$12,008,510 in appropriations for use during the fiscal year as a result of reductions to Federal and/or State revenue, a sudden downturn in the economy, or other unforeseen program and community needs.

At this time, it is requested to decrease appropriations for County Operations-Appropriations for Contingencies and Net County Cost by a total of \$1,269,423, transferring funds as follows:

- \$27,328 to County Operations-General Fund Contribution to Other Programs for General Services Agency Facilities Maintenance adjustment;
- \$110,746 to County Operations-General Fund Contribution to Other Programs for Sheriff-Court Security CAP charges;
- \$46,055 to Environmental Resources - Groundwater Program for additional staffing costs;
- \$32,050 to Probation-CCP for revenue decrease to correct for a revenue posted twice;
- \$557,000 for Probation-Institutions for HVAC units;
- \$300,000 to Probation-Institutions for two generators;
- \$76,000 to Public Defender for additional position; and
- \$120,244 to Sheriff-OES/Fire Warden for volunteer fire districts.

If all First Quarter transfers are approved, \$10,739,087 will remain in Appropriations for Contingencies for use throughout the balance of Fiscal Year 2021-2022.

Cannabis Program – An increase in appropriations of \$100,000, funded by retained earnings, is recommended to provide funding to Behavioral Health and Recovery Services (BHRS) core substance use disorder youth prevention and treatment services. BHRS will further expand youth prevention and treatment services by aligning Cannabis Program funds with the Youth Opioid Response program. Additional details of these services can be found in the BHRS section of this report.

General Fund Contribution to Other Programs – This budget provides funds for programs and outside agencies for which no State or Federal mandate exists, but where Board of Supervisors’ policy or contractual obligation results in a contribution from the General Fund. A net increase in appropriations of \$9,669,306 is recommended to transfer funding from the General Fund to the following departments and programs as detailed in the department and technical adjustment sections of this report:

- \$6,111,669 for Auditor Controller-Enterprise Resource Planning (ERP) project funded by the ERP General Fund assignment;
- \$1,174,248 for Behavioral Health and Recovery Services safety net services funded by General Fund savings accrued through the presumptive eligible claiming for CARES Coronavirus Relief Funds (CRF) in the prior year;
- \$2,131,190 for technical adjustment in support of COVID one-time payment costs to non-general fund departments: Aging and Veterans Services, Behavioral Health and Recovery Services, Community Services Agency, Child Support Services, Environmental Resources, Health Services Agency,

COVID Recovery One-Time Payments for External Agencies	
Stanislaus Animal Services Agency	\$ 21,300
SR 911	61,475
First Five Stanislaus	7,125
Law Library	1,125
Local Agency Formation Commission (LAFCO)	4,875
StanCERA	18,225
Grand Total	\$114,125

Information Technology Central, Library, Public Works, and Workforce Development funded by General Fund savings accrued through the presumptive eligible claiming for CARES Coronavirus Relief Funds (CRF) in the prior year;

- \$114,125 for technical adjustment in support of COVID one-time payment costs to external agencies (see detailed table at right): Stanislaus Animal Services Agency, Emergency Dispatch, First Five Stanislaus, Law Library, LAFCO, and StanCERA funded by General Fund savings accrued through the presumptive eligible claiming for CARES Coronavirus Relief Funds (CRF) in the prior year;
- \$27,328 to General Services Agency-Facility Maintenance for 2020-2021 Court Appointed Special Advocates (CASA) payment reimbursement; and
- \$110,746 to Sheriff-Court Security for Cost Allocation Plan increases.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Operations - Appropriations for Contingencies	\$0	(\$110,746)	\$0	(\$110,746)	Transfer to support Sheriff-Court Security CAP charges.
County Operations - Appropriations for Contingencies	\$0	(\$32,050)	\$0	(\$32,050)	Transfer to support Probation - CCP revenue decrease.
County Operations - Appropriations for Contingencies	\$0	(\$300,000)	\$0	(\$300,000)	Transfer to Probation - Institutions for two generators.
County Operations - Appropriations for Contingencies	\$0	(\$557,000)	\$0	(\$557,000)	Transfer to Probation - Institutions for HVAC units.
County Operations - Appropriations for Contingencies	\$0	(\$76,000)	\$0	(\$76,000)	Transfer to Public Defender for additional position.
County Operations - Appropriations for Contingencies	\$0	(\$120,244)	\$0	(\$120,244)	Transfer to Sheriff-OES/Fire Warden for volunteer fire districts.
County Operations - Appropriations for Contingencies	\$0	(\$46,055)	\$0	(\$46,055)	Transfer to Environmental Resources - Groundwater Program for staffing costs.
County Operations - Appropriations for Contingencies	\$0	(\$27,328)	\$0	(\$27,328)	Transfer to support GSA Facilities Maintenance Division adjustment.
County Operations - Cannabis Program	\$0	\$100,000	\$100,000	\$0	Increase contribution to Behavioral Health and Recovery Services for Substance Use
County Operations - General Fund Contribution to Other Programs	\$0	\$1,174,248	\$0	\$1,174,248	Increase contribution to Behavioral Health and Recovery Services for safety net services.
County Operations - General Fund Contribution to Other Programs	\$0	\$6,111,669	\$0	\$6,111,669	Increase contribution to Auditor Controller - Enterprise Resource Planning Project per Board Resolution #2021-0492 approved on October 5, 2021 funded by a General Fund Assignment for this project.
County Operations - General Fund Contribution to Other Programs	\$0	\$27,328	\$0	\$27,328	Increase contribution to General Services Agency-Facilities Maintenance Division for reimbursement of 2020-2021 CASA payment.
County Operations - General Fund Contribution to Other Programs	\$0	\$110,746	\$0	\$110,746	Increase Contribution to Sheriff-Court Security for CAP increase.
County Operations - General Fund Contribution to Other Programs	\$0	\$2,131,190	\$0	\$2,131,190	Technical adjustment in support of COVID one-time payments to non-general fund departments: AAA, BHRS, CSA, Child Support, Environmental Resources, HSA, ITC, Library, Public Works, and Workforce Development.
County Operations - General Fund Contribution to Other Programs	\$0	\$114,125	\$0	\$114,125	Technical adjustment in support COVID one-time payments to External Departments: Animal Services, Emergency Dispatch, First Five, Law Library, LAFCO, and StanCERA.
Total	\$0	\$8,499,883	\$100,000	\$8,399,883	

Recommendation: It is recommended to increase appropriations by \$8.5 million supported by \$100,000 in retained earnings, and \$8.4 million in Net County Cost.

General Services Agency

Facilities Maintenance – A technical adjustment is recommended to reflect a reimbursement to the General Services Agency in the amount of \$27,238 for services it provided to the Court Appointed Special Advocates of Stanislaus County (CASA) that were forgiven by the Board of Supervisors on June 15, 2021.

Stanislaus Veterans Center - A technical adjustment is recommended to move the Stanislaus Veterans Center Legal Budget Unit (LBU) from the General Services Agency (GSA) to Aging and Veterans Services and for administration and operations to transition no later than December 31, 2021 as described within the Aging and Veterans Services section.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
General Services Agency - Facilities Maintenance	\$0	\$0	(\$27,328)	\$27,328	Increase General Fund Contribution by \$27,328 for reimbursement of services provided to Court Appointed Special Advocates of Stanislaus County.
Total	\$0	\$0	(\$27,328)	\$27,328	

Recommendation: It is recommended to increase the General Fund contribution by \$27,328, contributing \$27,328 to Department retained earnings. It is further recommended to move the Stanislaus Veterans Center Legal Budget Unit from the General Services Agency to Aging and Veterans Services.

Information Technology Central

Telecommunications – The Department has identified the need to purchase replacement routers for the Telecom Voice Over Internet Protocol (VoIP) system. A \$55,000 increase in Fixed Assets funded with Department retained earnings is recommended to facilitate this purchase.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Information Technology Central - Telecommunications	\$0	\$55,000	\$55,000	\$0	Increase Fixed Assets by \$55,000, funded with retained earnings.
Total	\$0	\$55,000	\$55,000	\$0	

Recommendation: It is recommended to increase appropriations by \$55,000, funded with Department retained earnings.

Treasurer-Tax Collector

Staffing Recommendation: It is recommended to conduct a classification study of one block-budgeted Manager II/III and one Manager IV positions to determine if they are the correct classifications for the current job duties and responsibilities assigned to these positions.

Delivering Community Infrastructure

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works





Delivering community infrastructure to benefit our residents and businesses

Priority Overview

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

Community Development, and Public Works. The major funding sources for these departments include State and Federal funding, fees and charges for services, the General Fund, special revenue grants and 1/2-cent sales tax commonly referred to as Measure L.

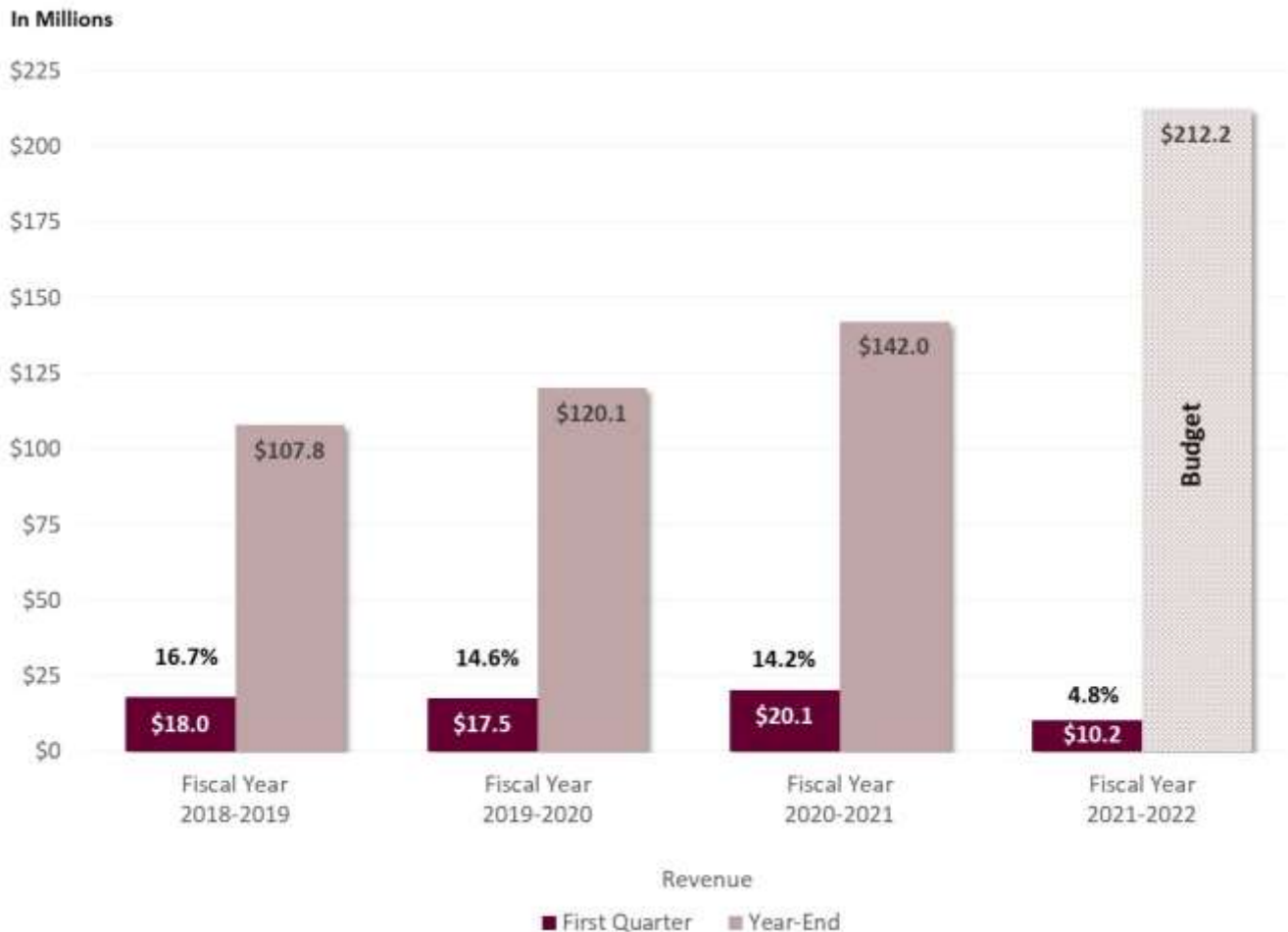
Overall, the departments *Delivering Community Infrastructure* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors' priority *Delivering Community Infrastructure* as of September 30, 2021, actual revenue collected totals \$10.2 million, which represents 4.8% of the estimated annual revenue. This is below the range when compared to the first quarter of the prior three years when collections ranged from 14.2% to 16.7% of the final actual revenue. As with previous years, this is a result of the timing of Road and Bridge projects. Additionally, at the beginning of Fiscal Year 2021-2022, local transit activities were transferred to a

separate regional transit authority. Related to this transition was an accounting entry associated with the transfer of fixed assets, which decreased revenue in this priority by nearly \$10 million. In this fiscal year, Planning and Community Development budgeted \$34.9 million in federal and state grants, which is over \$27 million more than what was received all last fiscal year. Revenue related to these grants is received on a reimbursement basis and is historically very low in the first quarter of the fiscal year.

Delivering Community Infrastructure Four-Year Revenue Comparison

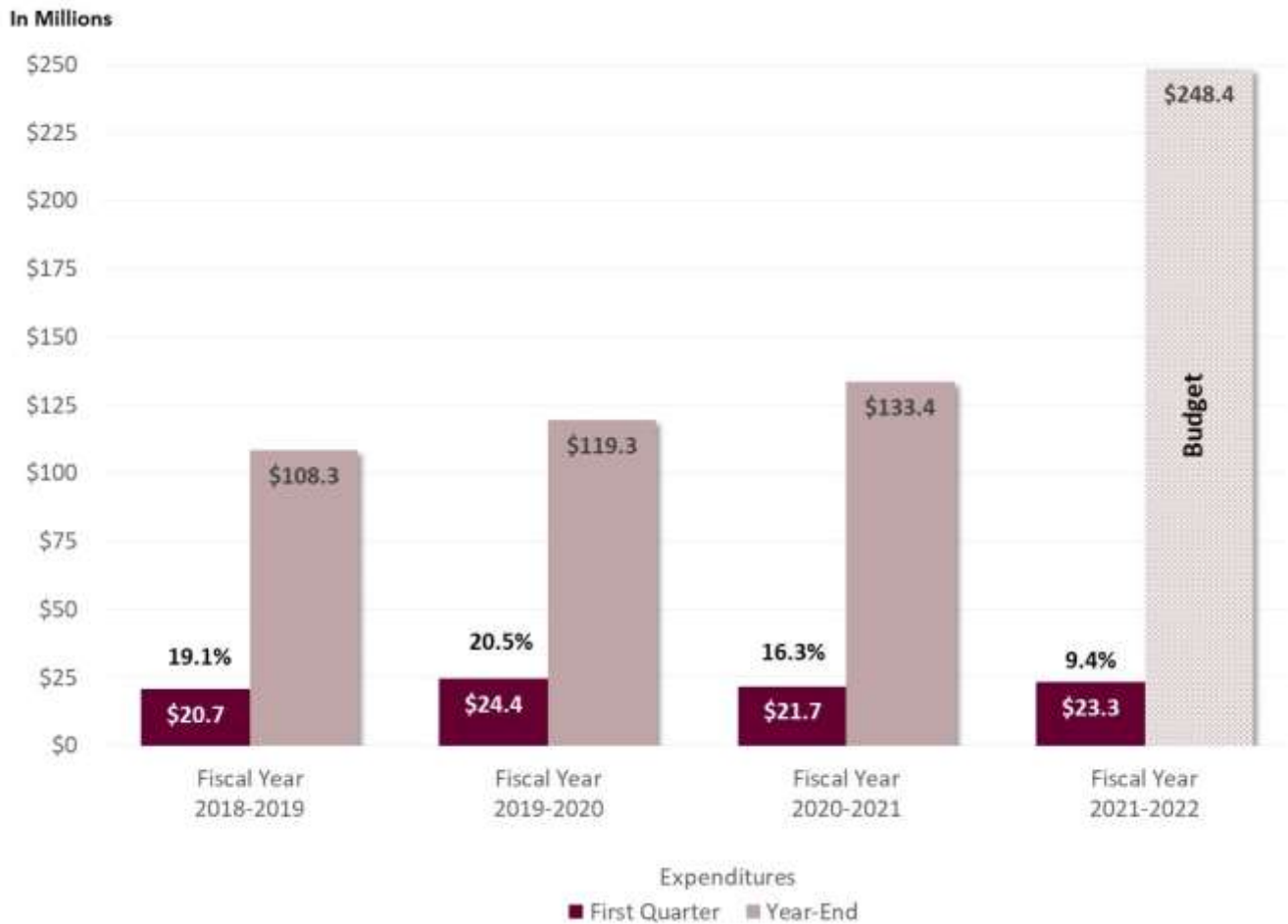


Departmental Expenditures

As of September 30, 2021, expenditures total \$23.3 million, representing 9.4% of the budgeted appropriations. Expenditures at the first quarter of the prior three years ranged from 16.3% to 20.5% of the final actual expenditures, placing this year's expenditures below the range. The lower percentage

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

Delivering Community Infrastructure Four-Year Expenditures Comparison



First Quarter Issues and Recommendations

The recommendations contained in this report for the priority of *Delivering Community Infrastructure* will increase appropriations in the amount of \$823,165. The budget adjustments are funded by \$400,000 in department revenue, \$69,460 in the use of department fund balance and \$353,705 in General Fund Contribution, of which \$307,650 is for a technical adjustment to reimburse departments for COVID-19 Recovery one-time payment costs.

Environmental Resources

Environmental Resources – A \$69,460 increase in appropriations, funded with departmental fund balance, is needed to cover consulting costs related to the implementation of organics collection and recycling services mandated by Senate Bill (SB) 1383. The consultants will confirm accuracy, reasonableness and completeness of SB 1383 cost applications and determine final rate adjustments. Engaging with independent subject-matter experts will provide greater assurance to the Department on the accuracy of the methodology and rate adjustments.

Fink Road Landfill – The Department has realized savings within Fixed Assets and requested to use this savings to purchase an excavator for the Fink Road Landfill. This piece of equipment will allow the Department to streamline processes to efficiently remove metal, electronic waste, and white waste out of the waste stream which leads to increased capacity at the Landfill. Since the Department will be using existing budget savings no adjustment is needed with this request.

Groundwater Program – The Department requires an increase of \$46,055 in appropriations funded by additional Net County Cost to cover costs associated with an employee retirement.

Budget Unit Name	Recommended Budget Adjustment				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	
Environmental Resources - Environmental Resources	\$0	\$69,460	\$69,460	\$0	Increase appropriations in Services and Supplies to cover contract expenditures, using departmental fund balance.
Environmental Resources - Groundwater Program	\$0	\$46,055	\$0	\$46,055	Increase appropriations in Salaries and Benefits to cover costs associated with a term/retirement cash-out, funded with Net County Cost.
Total	\$0	\$115,515	\$69,460	\$46,055	

Recommendation: It is recommended to increase appropriations by \$115,515, funded by \$69,460 in Department fund balance and \$46,055 of Net County Cost.

Public Works

Administration – An increase in estimated revenue and appropriations of \$400,000 is required to continue using grant funding obtained by the Public Works Transit division. This funding is for the Employee Ridershare Program and the Commuter Bus Program. Since these grants were provided to the County they cannot be transferred to the Stanislaus Regional Transit Authority.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/General Fund Contribution	Description
Public Works - Administration	\$400,000	\$400,000	\$0	\$0	Increase estimated revenue and appropriations for transit-related grants.
Total	\$400,000	\$400,000	\$0	\$0	

Recommendation: It is recommended to increase appropriations by \$400,000, funded by \$400,000 in estimated revenue.

Technical Adjustments

Subsequent to adoption of the Final Budget, labor agreements with most labor groups were approved by the Board of Supervisors. These agreements included COVID Recovery one-time payments for essential workers, full-time County employees required to report to work between April 2020 and June 2021. Increases in appropriations of \$3.4 million are recommended to reimburse the costs identified in the following table. An additional \$114,125 in reimbursement is also being issued through County Operations – General Fund Contribution to Other Programs to external agencies that employ County staff (see notation and tables on pages 41-42) for a total of \$3.5 million in reimbursements, funded by General Fund savings accrued through the presumptive eligible claiming process for CARES Coronavirus Relief Funds (CRF) in the prior year.

Technical Adjustment for COVID Recovery One-Time Payments	
Agricultural Commissioner	\$ 41,625
Area Agency on Aging	14,611
Assessor	64,025
Auditor Controller	\$37,853
Auditor Controller - Enterprise Resource Planning	1,847
Behavioral Health and Recovery Services (BHRS)	131,325
BHRS - Mental Health Services Act	53,240
BHRS - Public Guardian	11,155
BHRS - Stanislaus Recovery Center	16,226
BHRS - Substance Use Disorder	18,254
Board of Supervisors	5,475
Chief Executive Office - Human Relations	32,926
Chief Executive Office - Operations and Services	39,299
Child Support Services	91,275
Clerk-Recorder - Elections Division	12,505
Clerk-Recorder - Recorder Division	30,370
Community Services Agency - Program Services and Support	884,775
Cooperative Extension	4,525
County Counsel	20,550
District Attorney - Automobile Insurance Fraud Prosecution	920
District Attorney - Criminal Division	122,308
District Attorney - Elder Abuse Advocacy and Outreach	920
District Attorney - Real Estate Fraud Prosecution	1,839
District Attorney - Unserved/Underserved Victims Advocacy & Outreach	1,839
District Attorney - Victim Services Program	11,035
District Attorney - Violence Against Women	1,839
Environmental Resources	70,834
Environmental Resources - Fink Road Landfill	18,333
Environmental Resources - Groundwater Program	833
General Services Agency - Administration	18,068
General Services Agency - Central Services	14,879
General Services Agency - Facilities Maintenance	40,387
General Services Agency - Fleet Services	11,691

Technical Adjustment for COVID Recovery One-Time Payments (Continued)	
Health Services Agency - Administration	63,488
Health Services Agency - Clinics and Ancillary Services	\$134,534
Health Services Agency - Public Health	146,628
Information Technology Central	57,190
Information Technology Central - Telecommunications	2,660
Library	24,375
Parks and Recreation	52,675
Planning and Community Development - Building Permits	17,862
Planning and Community Development - Planning	19,963
Probation - Administration	19,967
Probation - Community Corrections Partnership	29,950
Probation - Corrections Performance Incentive Fund	3,630
Probation - Field Services	100,740
Probation - Institutional Services	49,009
Probation - Juvenile Commitment Facility	26,320
Probation - Juvenile Justice Crime Prevention Act	13,613
Probation - Youthful Offender Block Grant	14,521
Public Defender	41,675
Public Works - Administration	8,407
Public Works - Morgan Shop	10,508
Public Works - Road and Bridge	108,235
Sheriff - Administration	53,760
Sheriff - Adult Detention Expansion	48,873
Sheriff - Cal ID Program	1,222
Sheriff - CAL-MMET	2,444
Sheriff - Contract Cities	43,985
Sheriff - County Fire Service Fund	5,498
Sheriff - Court Security	23,825
Sheriff - Detention	172,277
Sheriff - Jail Commissary/Inmate Welfare	\$3,665
Sheriff - Office of Emergency Serv/Fire Warden	6,109
Sheriff - Operations	117,906
Sheriff - Vehicle Theft Unit	611
Treasurer - Admin/Taxes	10,925
Treasurer - Revenue Recovery	17,877
Treasurer - Treasury	3,973
Veterans' Services	4,614
Workforce Development	91,050
Grand Total	\$3,382,150

Recommendation: It is recommended to increase appropriations and Net County Cost by \$3,382,150, distributed according to the table above.

First Quarter Financial Report Conclusion

The 2021-2022 First Quarter Financial Report shows the County budget is balanced, inclusive of updated information, and actual performance is tracking well within the 2021-2022 Operating Budget and year-end projections. County staff will continue to monitor current fiscal year budget operations and be prepared to make appropriate recommendations and changes, informed by substantial analysis, in the Midyear Financial Report planned for presentation

to the Board of Supervisors on March 15, 2022. Staff will also closely watch the monthly cash report issued by the State Controller to monitor State inflows of revenue. If more urgent budget adjustments are required prior to the Midyear Financial Report, staff will bring appropriate and timely recommendations to the Board of Supervisors for consideration through separate Board action; no such urgent needs are anticipated at this time.

Budget Schedule

The following schedule for the 2021-2022 Midyear Financial Report is recommended:

2021-2022 Midyear Financial Report	
Issue Instructions to Departments	December 6, 2021
Department Submittals Due	January 10, 2022
Board of Supervisors Public Hearing	March 15, 2022