

2026

Midyear Financial Report

July - December 2025



Submitted by
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Chief Executive Officer



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Introduction

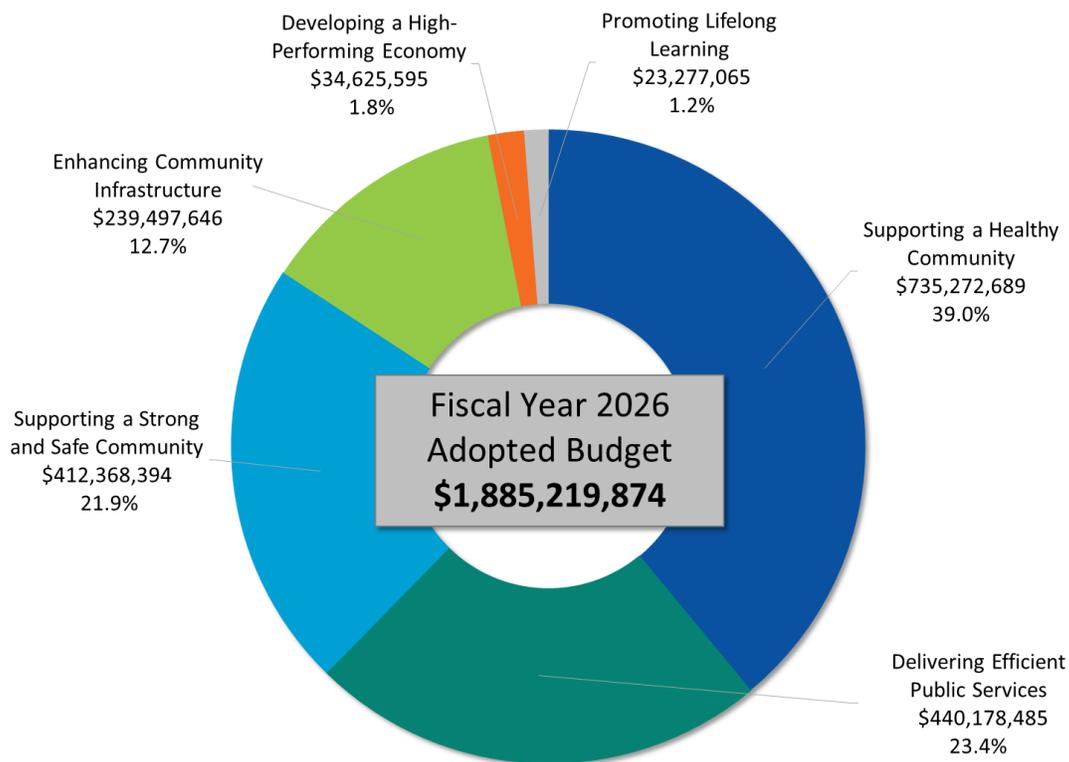
This is the Stanislaus County 2026 Midyear Financial Report, submitted by the Chief Executive Officer for the period of July 1, 2025, through December 31, 2025. This report aims to provide the Board of Supervisors, County leadership, and the public with an update on the County’s financial status midway through the fiscal year. It outlines budget adjustments made since the approval of the 2026 Adopted Budget, with particular emphasis on those recommended during the midyear review. The report also includes summaries and analyses of revenues and expenditures across County programs and services, organized by the Board of Supervisors’ priority areas, and highlights the key challenges and opportunities currently facing the organization.

Background

The 2026 Adopted Budget was approved by the Board of Supervisors on September 30, 2025, and totaled \$1.89 billion for all funds, representing an increase of \$32.3 million, or 1.7%, over the prior fiscal year. It was balanced using a combination of \$1.68 billion in estimated revenue and the use of \$208.3 million in fund balance and retained earnings. The 2026 Adopted Budget included funding to support 4,904 allocated full-time positions, a decrease of 22 positions over that supported by the 2025 Adopted Budget.

The 2026 Adopted Budget was developed with a primary focus on supporting existing service levels across the organization. This included support for services previously authorized by the Board of Supervisors, the re-appropriation of costs from the prior fiscal year for multi-year projects approved in the past, and standard cost-of-doing-business increases. In addition, a net increase of \$15.7 million was approved to align services and staffing costs with available funding in the 2026 Adopted Budget. The following chart is organized by Board of Supervisors’ priorities and reflects the total spending authority approved by the Board of Supervisors in the 2026 Adopted Budget.

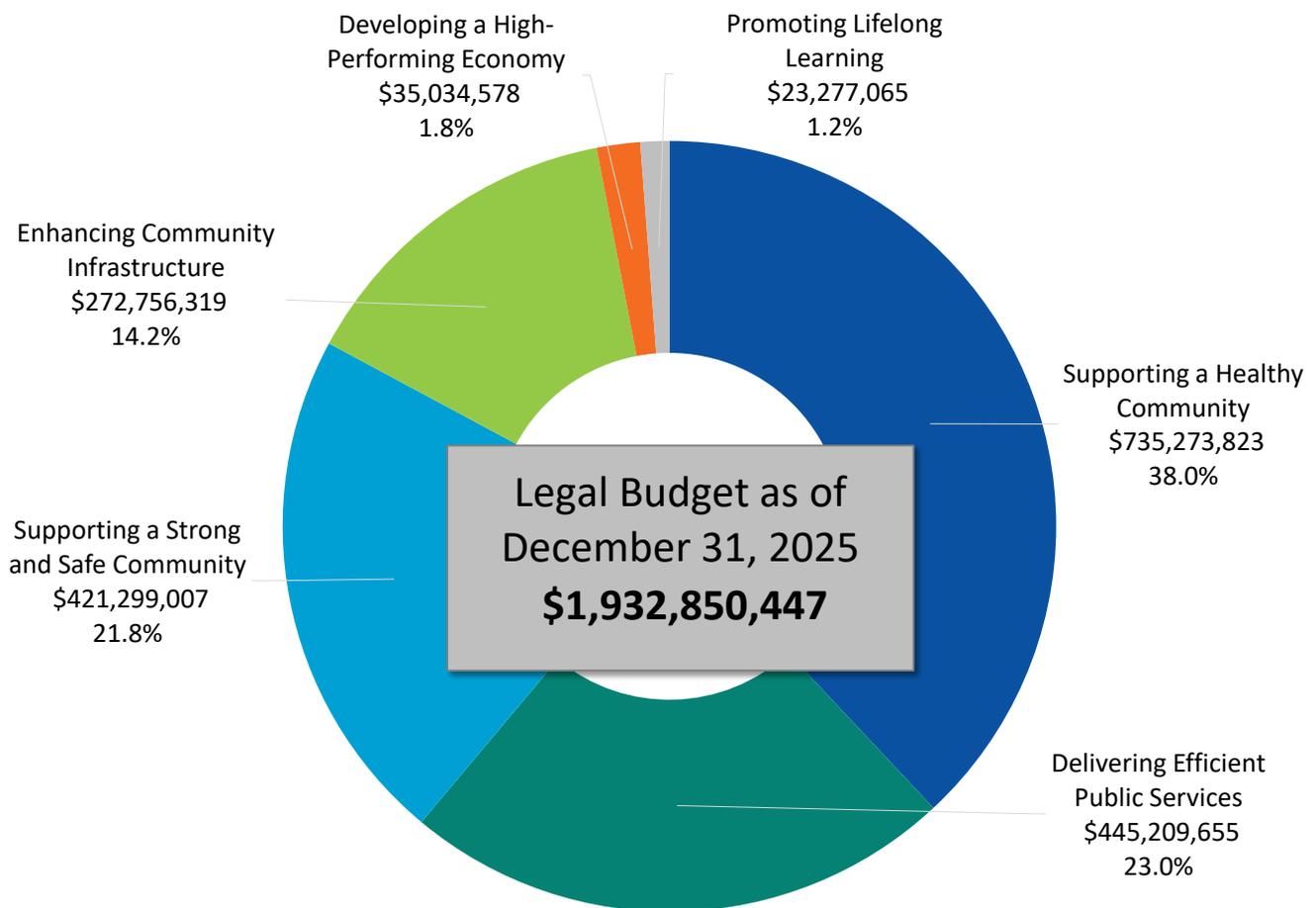
2026 Adopted Budget by Board Priority



Legal Budget as of December 31, 2025

The Adopted Budget is modified throughout the fiscal year to meet the evolving needs and activities of the County and its departments. Adjustments include those approved through agenda items presented to the Board of Supervisors outside the formal budget process. Additionally, the budget may be revised during quarterly financial reporting cycles, based on updated projections and changing requirements. Together, the Adopted Budget and these adjustments create the Legal Budget, which is defined at a specific point in time. As of December 31, 2025, the legal budget totaled \$1.93 billion.

Legal Budget as of December 31, 2025, by Board Priority



2026 Midyear Financial Report Overview

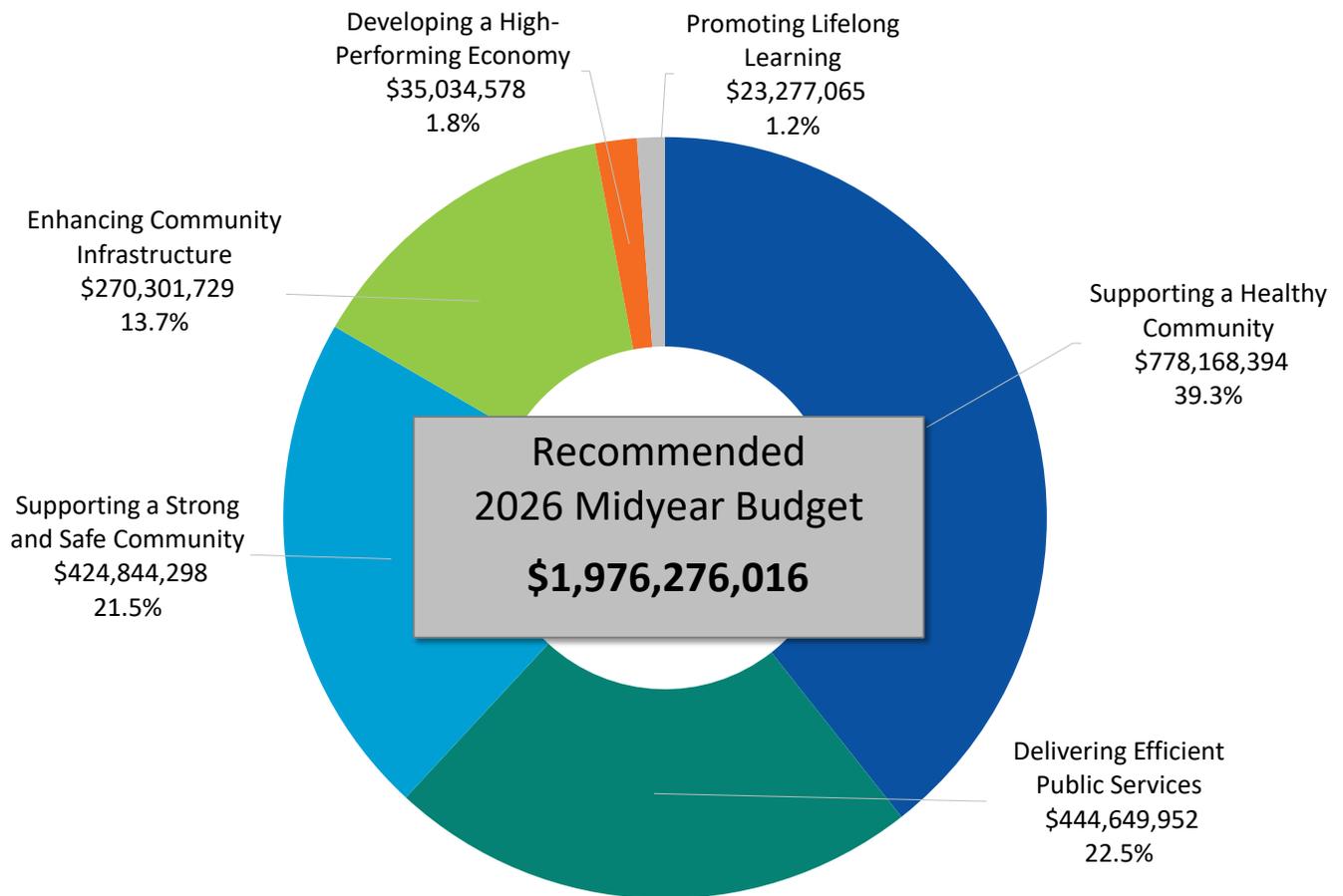
The 2026 Midyear Financial Report provides an update on the status of the County budget midway through the fiscal year and projects the overall financial condition of the organization through June 30, 2026. The report is the result of significant analysis performed by staff in all County departments and the Chief Executive Office. This extensive review includes an assessment of revenue received and costs expended through December 2025 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. In response to ongoing volatility in state and federal funding, the County has adopted a conservative budgeting approach. Staff prioritized funding for essential needs, including adjustments driven by State Budget actions or shifts in economic conditions, adjustments related to recently approved labor agreements to align with previously approved Board items, and technical adjustments to maintain existing service levels.

Recommendations included in the 2026 Midyear Financial Report amount to an overall budget increase of \$43.4 million. These adjustments are funded by \$51.2 million in estimated department revenue, \$3.8 million in additional discretionary revenue and \$14.5 million of department fund balance, and results in net savings to the County General Fund of \$26.1 million. If approved, the recommendations contained in this report will result in a 2026 Midyear Budget of \$1.98 billion, funded by \$1.38 billion in estimated department revenue and the use of \$208.6 million in fund balance, retained earnings and other one-time funding. Reliance on Net County Cost totals \$391.8 million.

The following chart depicts the \$1.98 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.

2026 Recommended Midyear Budget by Board Priority



The recommended Midyear Budget includes several adjustments based on updated cost estimates that do not impact existing service levels. These adjustments address previously approved Board actions, corrections from earlier budget cycles, increases in health and labor rates, Realignment revenue growth, and termination cash-outs which could not otherwise be absorbed within departmental budgets. Additionally, the Midyear Budget incorporates adjustments to align resources with anticipated activities for the remainder of the year.

Key adjustments include the return of \$20.5 million from the Health Services Agency to the General Fund and an increase of \$7.6 million to support Behavioral Health and Recovery Services contract costs with Doctor’s Behavioral Health Center. Detailed descriptions of all recommended adjustments are provided within the department sections of this report.

County General Fund support for various departments is made possible through the transfer of \$3.9 million from Appropriations for Contingencies, the County’s reserve for unanticipated needs throughout the fiscal year. A balance of \$3.9 million will remain available in Appropriations for Contingencies to address unanticipated needs of the organization in the second half of Fiscal Year 2026.

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 2026 Adopted Budget to the Legal Budget as of December 31, 2025, and finally, the recommended 2026 Midyear Budget.

Development of the Midyear Budget Recommendations

Fund Type	2026 Adopted Budget	Legal Budget as of 12/31/2025	Recommended 2026 Midyear Adjustments	Recommended 2026 Midyear Budget
General Fund	\$ 538,737,944	\$ 545,372,554	\$ 943,896	\$ 546,316,450
Special Revenue	1,062,248,819	\$ 1,090,301,930	\$ 20,351,152	1,110,653,082
Capital Projects	28,015,312	\$ 34,195,192	\$ -	34,195,192
Enterprise	74,936,811	\$ 79,974,842	\$ 20,534,561	100,509,403
Internal Service	181,280,988	\$ 183,005,929	\$ 1,595,960	184,601,889
Total All Funds	\$ 1,885,219,874	\$ 1,932,850,447	\$ 43,425,569	\$ 1,976,276,016

General Fund

The recommended 2026 Midyear Budget for the General Fund totals \$546.3 million, reflecting an increase of \$943,896 from the legal Budget as of December 31, 2025. The net increase includes \$4.8 million in additional appropriations to support departmental requests, offset by a \$3.9 million transfer from Appropriations for Contingencies. Overall, the change represents a net increase of \$1.1 million in departmental requests, partially offset by a decrease of \$182,894 in technical adjustments.

Special Revenue Funds

The recommended 2026 Midyear Budget for Special Revenue Funds is \$1.11 billion, an increase of \$20.4 million from the Legal Budget as of December 31, 2025. \$15.1 million of the increase is to support Behavioral Health and Recovery Services (BHRS) to cover the difference between the contracted reimbursement rate and actual Medical rates, along with the transfer of funds between budgets to support the payment. Approximately \$4 million of

the increase is to support increased contract needs to ensure uninterrupted services to BHRS clients. \$1 million of the increase is related to BHRS transferring cash to the Public Guardian budget to reduce reliance on fund balance that is not available in Public Guardian and does not exist. A \$4 million decrease in Planning and Community Development is needed to right-size the Department's budget related to the technical accounting of grant revenue and its use. The balance of adjustments total to approximately \$4.3 million. The \$20.4 million total adjustment for Special Revenue budgets is funded with \$27.1 million in revenue and \$381,318 in Net County Cost, benefitting departmental fund balance by \$7.1 million.

Capital Projects Funds

The recommended 2026 Midyear Budget for Capital Projects totals \$34.2 million, consistent with the legal Budget as of December 31, 2025. No adjustments are recommended at midyear. Note that fund balance for Capital Projects Funds includes balances for only five budgets: three within County Operations and two within the General Services Agency. Collectively, these five project funds began the fiscal year with \$18.1 million in fund balance and are projected to end the year with \$2.9 million. There are, however, various funds that exist within the financial management system for multi-year Board-approved projects that maintain a fund balance. Comprehensive information on all Capital Projects is available in the Stanislaus County Annual Comprehensive Financial Report prepared by the Auditor-Controller.

Enterprise Funds

The recommended 2026 Midyear Budget for Enterprise Funds is \$100.5 million, an increase of \$20.5 million from the Legal Budget as of December 31, 2025. The primary contributor to the increase is a \$20.5 million increase in Health Services Agency – Clinics and Ancillary Services to return Net County Cost to the General Fund, which is described in further detail in the Health Services Agency's section of the report. Additional adjustments include a \$60,222 decrease in Clinics and Ancillary Services to delete one Administrative Clerk II position and a \$89,380 increase in Environmental Resources – Fink Road Landfill to transfer in one Account Clerk III position.

Internal Service Funds

The recommended 2026 Midyear Budget for Internal Service Funds is \$184.6 million, an increase of \$1.6 million from the Legal Budget as of December 31, 2025.

The primary contributors to this increase are adjustments within Information Technology Central, including a \$750,000 increase to address higher software licensing costs driven by increased demand and vendor price increases, as well as a \$125,000 increase to cover higher facility and internal service costs resulting from the addition of office space. A \$500,000 increase in the General Services Agency Fleet Services Division budget unit is recommended to support the purchase of vehicle upfitting parts. In addition, a combined increase of \$220,960 in the Public Works Morgan Shop budget will address a \$195,960 rise in operational costs and a \$25,000 increase to support ongoing Morgan Shop improvements aimed at enhancing operational efficiency.

Fund Balance

The 2026 Adopted Budget initially reported a total beginning fund balance as \$809.7 million. However, following the Midyear Budget review, this balance has been adjusted by \$14.6 million, resulting in a revised beginning fund balance of \$795.1 million. This adjustment aligns with budget policy, which stipulates that Proprietary Funds, including Internal Service Funds and Enterprise Funds utilize the full accrual basis of accounting and post-closing adjustments. These post-closing adjustments are a longstanding element of the County's year-end process and continue until the completion of the Annual Comprehensive Financial Report for that fiscal year.

The recommendations presented in the Midyear Financial Report include a plan to allocate \$229 million of the fund balance across all departments.

The table below outlines the updated beginning fund balances on July 1, 2025, for the various fund types, as well as the projected year-end balances, which reflect the actions approved by the Board of Supervisors through December 31, 2025, and the Midyear Financial Report. Overall, the projected fund balance for the fiscal year ending June 30, 2026, is approximately \$566.1 million.

Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund Balance on 7/1/25*	Recommended Midyear Budget Revenue	Recommended Midyear Budget Appropriations	Recommended Midyear Use of Fund Balance	Projected Fund Balance on 6/30/2026
General Fund	\$ 214,493,000	\$ 525,889,602	\$ 546,316,450	\$ 20,426,848	\$ 194,066,152
Special Revenue	401,832,075	974,845,332	1,110,653,082	135,807,750	266,024,325
Capital Projects	18,070,200	19,064,693	34,195,192	15,130,499	2,939,701
Enterprise	123,337,510	51,783,541	100,509,403	48,725,862	74,611,648
Internal Service	37,385,818	175,685,573	184,601,889	8,916,316	28,469,502
Total All Funds	\$ 795,118,603	\$ 1,747,268,741	\$ 1,976,276,016	\$ 229,007,275	\$ 566,111,328

*The beginning Fund Balance as of December 31, 2025 is a decrease of \$14.6 million compared to the \$809.7 million reported in the 2026 Adopted Budget document (page 72). The difference is due to post-closing journal entries made by the Auditor-Controller's office as part of the Fiscal Year 2025 year-end close process.

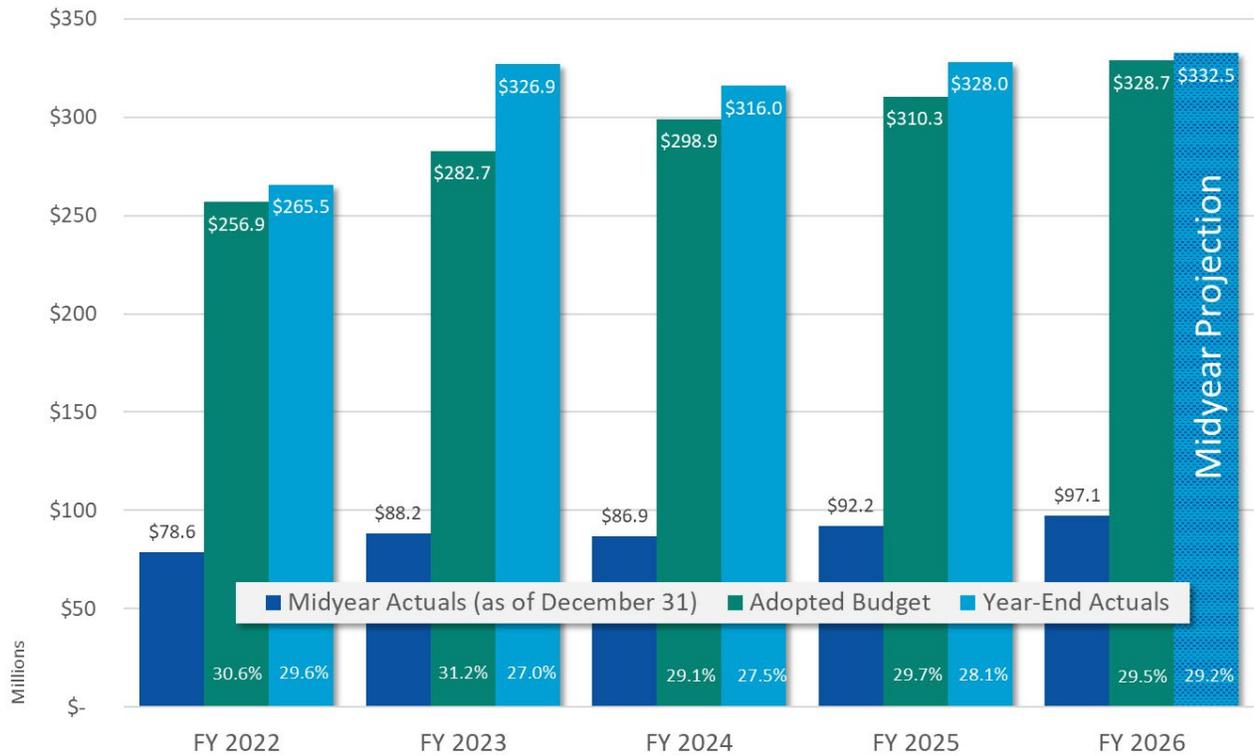
General Fund Update

Discretionary Revenue

As of December 31, 2025, approximately \$97.1 million in Discretionary Revenue has been collected, representing 29.5% of the \$328.7 million projected in the 2026 Adopted Budget. Over the past four fiscal years, collections have ranged from 29.1% to 31.2% of the Adopted Budget and 27% to 29.6% of actual year-end totals. The Fiscal Year 2026 midyear performance is consistent with these historical trends.

The following chart provides a five-year comparison of midyear performance, including the current fiscal year. It displays revenue collected during the first six months of each fiscal year alongside the Adopted Budget and prior year-end actuals.

Discretionary Revenue Five-Year Historical Chart



Discretionary Revenue will continue to be monitored throughout the fiscal year. Adjustments will be incorporated, as necessary, in future budget cycles to maintain alignment with actual performance and economic conditions.

Discretionary Revenue Midyear Projections

Midyear Discretionary Revenue projections total \$332.5 million, reflecting an increase of \$3.8 million, or 1.1%, above the Adopted Budget estimate. The net adjustment includes projected increases in Taxes; Fines, Forfeitures, and Penalties; Revenue from the Use of Money; Intergovernmental Revenue; and Miscellaneous Revenue, partially offset by a decrease in Licenses, Permits, and Franchises. Of the recommended adjustments, approximately \$1.5 million represents one-time revenue, while approximately \$2.3 million is considered ongoing and available to support continuing operations.

The following summarizes the recommended changes by category:

Taxes

This category includes 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. Based on receipts through December 2025, property-related taxes are projected to exceed budget by approximately \$728,299, reflecting historical trends and stronger-than-anticipated first and second quarter receipts. In addition, Other Taxes related to the dissolution of redevelopment/successor agency pass-through increments are projected to exceed budget by \$531,961. In total, it is recommended to increase Taxes by \$1.3 million.

Licenses, Permits, and Franchises

This category consists of utility franchise fees. Under franchise agreements, cable and utility companies pay fees to local agencies for the commercial use of public streets. Most revenue is received annually from a utility provider with the remainder received quarterly from cable companies. Based on updated projections and lower-than-anticipated receipts, a decrease of \$67,000 is recommended.

Fines, Forfeitures, Penalties

This category reflects fines, fees, and penalties collected on delinquent property taxes. Revenues declined during the initial year of the COVID-19 pandemic due to tax extensions and temporary penalty moratoriums. With the expiration of pandemic-related programs, collections have returned closer to historical patterns. The 2026 Adopted Budget included \$3.2 million based on projections from prior-year actuals. Updated projections indicate an additional \$340,000 is anticipated, for a revised total of approximately \$3.6 million.

Revenues from the Use of Money

This category primarily reflects interest earnings on pooled Treasury cash. As the General Fund cash balance and interest rates have increased, interest earnings have trended above the Adopted Budget estimate. In consultation with the County Treasurer-Tax Collector – Treasury division, an increase of \$69,000 is recommended.

Intergovernmental Revenue

Intergovernmental Revenue includes revenue from Federal, State, and other local funding sources such as grants, shared revenues, and payments in lieu of taxes. The primary revenue source within this category is the one-half cent public safety sales and use tax also known as Proposition (Prop) 172. Updated projections indicate an additional \$675,000 is anticipated in the current year, primarily attributable to excess Vehicle License Fee (VLF) revenue pursuant to Revenue and Taxation Code Section 11001.5(b), which requires that 50% of statewide VLF revenues exceeding \$14 million be allocated to cities and counties.

Miscellaneous Revenue

In Fiscal Year 2025, the City of Riverbank, acting as the Designated Legal Authority (DLA), notified the County that all statutory requirements for dissolution of the former Riverbank Redevelopment Agency (RDA)/Successor Agency (SA) had been satisfied. In April 2025, the City remitted approximately \$1.4 million in cash surplus to the County Auditor-Controller, with compliance formally reported to the Oversight Board in June. Upon final Oversight Board approval, the County will remit approximately \$15 million in excess currently held in trust. In the current fiscal year, the County is projected to receive approximately \$1.5 million or roughly ten percent of the excess funds. It is therefore recommended to increase Miscellaneous Revenue by \$1.5 million.

The following chart summarizes the 2026 Midyear Budget projections and recommended adjustments totaling \$3.8 million, resulting in a revised Discretionary Revenue budget of \$332.5 million. Discretionary Revenue will continue to be monitored and analyzed throughout the fiscal year. Any additional adjustments identified through ongoing review will be addressed at third quarter, if necessary.

Discretionary Revenue Category	FY 2024	FY 2025	2026	2026	Recommended
	Actuals	Actuals	Adopted Budget	Recommended Midyear Budget	Midyear Adjustments
Taxes	\$ 216,366,882	\$ 224,639,163	\$ 231,727,820	\$ 232,988,080	\$ 1,260,260
Licenses, Permits, and Franchises	1,408,945	1,332,912	1,400,000	1,333,000	(67,000)
Fines, Forfeitures, Penalties	3,488,440	3,865,344	3,240,000	3,580,000	340,000
Revenue from Use of Money & Property	17,686,715	21,933,896	18,795,000	18,864,000	69,000
Intergovernmental Revenue	67,843,964	65,607,446	65,860,761	66,535,761	675,000
Charges for Services and Interfund	4,390,352	4,942,780	4,607,644	4,607,644	-
Miscellaneous	1,104,285	2,395,613	-	1,500,000	1,500,000
Other Financing Sources	3,665,218	3,262,813	3,093,675	3,093,675	-
Total Discretionary Revenue	\$ 315,954,799	\$ 327,979,968	\$ 328,724,900	\$ 332,502,160	\$ 3,777,260

Recommendation: It is recommended to increase estimated Discretionary Revenue by \$3,777,260.

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 anticipated future projects.

Within the Non-Spendable category, post-closing entries related to Fiscal Year 2025 increased the fund balance by \$1.5 million, leaving a projected year-end balance of \$28.6 million. As of December 31, 2025, budgeted use of Unassigned fund balance included approximately \$21.4 million approved in the 2026 Legal Budget. The Unassigned category includes increases of \$1.1 million for post-closing entries. Adjustments at midyear result in a net return to Unassigned fund balance of \$6 million, primarily related to increased departmental revenue which reduces reliance on the General Fund and decreases in appropriations and the receipt of 1991 and 2011 Realignment growth funding which reduced reliance on the General Fund. These changes result in a year-end projected Unassigned fund balance of \$17.8 million.

Within the Assigned category, post-closing entries related to Fiscal Year 2025 decreased the fund balance by \$2.2 million, resulting in a projected year-end balance of \$116.3 million. As of December 31, 2025, budgeted use of Assigned fund balance included approximately \$25.5 million approved in the 2026 Legal Budget. Midyear adjustments increased the Assigned fund balance by \$20.5 million due to the return of excess fund balance from the Health Services Agency that was originally supported by the General Fund. These funds will be set aside for up to five years to support indigent medical costs related to House Resolution 1 (HR 1) (2025-2026). As a result, the projected year-end Assigned fund balance is \$136.8 million.

The beginning fund balance of \$214.5 million is \$308,558 higher than reported in the 2026 Adopted Budget due to post-close adjustments within the Non-spendable, Assigned, and Unassigned fund balances. Inclusive of the budgeted use of fund balance and recommended Midyear Budget adjustments, total fund balance is projected at \$194.1 million on June 30, 2026.



Fiscal Year 2026 Classification of Fund Balance						
General Fund	Estimated Fund Balance 7/1/2025	Post-Closing Adjustments	Beginning Fund Balance 7/1/2025	Budgeted Use of Fund Balance	Midyear Budget Adjustments	Projected Fund Balance 6/30/2026
Fund Balance - Nonspendable						
Imprest Cash	\$ 334,533	\$ 6,298	\$ 340,831	\$ -	\$ -	\$ 340,831
Advances to Other Funds	100,000	-	100,000	-	-	100,000
Teeter Receivable	24,897,194	-	24,897,194	-	-	24,897,194
Loans Receivable	878,449	1,438,886	2,317,335	-	-	2,317,335
Economic Development Advances (0105)	922,008	21,122	943,130	-	-	943,130
Total Nonspendable	\$ 27,132,184	\$ 1,466,306	\$ 28,598,490	\$ -	\$ -	\$ 28,598,490
Fund Balance - Restricted						
Sheriff Gun Violence Reduction Grant Funds	\$ 325	\$ (325)	\$ -	\$ -	\$ -	\$ -
Tax Loss Reserve (0106)	7,716,862	325	7,717,187	-	-	7,717,187
Total Restricted	\$ 7,717,187	\$ -	\$ 7,717,187	\$ -	\$ -	\$ 7,717,187
Fund Balance - Committed						
Total Committed - Capital Acquisition	\$ 3,178,656	\$ -	\$ 3,178,656	\$ -	\$ -	\$ 3,178,656
Total Committed	\$ 3,178,656	\$ -	\$ 3,178,656	\$ -	\$ -	\$ 3,178,656
Fund Balance - Assigned						
Contingency (General Fund Reserve Policy)	\$ 25,244,800	\$ -	\$ 25,244,800	\$ -	\$ -	\$ 25,244,800
Future Indigent Medical Population costs			-	-	20,483,022	20,483,022
Federal Audit Contingency through 2026 - BAI 2023-0132	10,000,000	-	10,000,000	-	-	10,000,000
Treasury COVID Funding Contingency Fund	5,000,000	-	5,000,000	-	-	5,000,000
Teeter Plan	13,254,970	-	13,254,970	-	-	13,254,970
Encumbrances (100)	4,100,000	(2,216,140)	1,883,860	(1,814,176)	-	69,684
Assigned - Future Budget Balancing	12,750,000	-	12,750,000	(12,750,000)	-	-
Assigned - Revenue Stabilization	10,000,000	-	10,000,000	-	-	10,000,000
Assigned - Future Capital Facilities	17,500,000	-	17,500,000	-	-	17,500,000
Demolition/Abatement of old County Buildings	10,000,000	-	10,000,000	-	-	10,000,000
Information Technology Systems, Upgrades and Security	10,000,000	-	10,000,000	-	-	10,000,000
Total Other Assignments	26,161,668	-	26,161,668	(10,941,816)	-	15,219,852
Total Assigned	\$ 144,011,438	\$ (2,216,140)	\$ 141,795,298	\$ (25,505,992)	\$ 20,483,022	\$ 136,772,328
Fund Balance - Unassigned						
General Fund (0100)	\$ 27,833,805	\$ 948,368	\$ 28,782,173	\$ (20,819,726)	\$ 5,990,848	\$ 13,953,295
Economic Development Bank (0105)	810,569	(21,121)	789,448	-	-	789,448
Tax Loss Reserve (0106)	-	-	-	-	-	-
Community Development Bank (0107)	2,259,839	-	2,259,839	(500,000)	-	1,759,839
AC Clearing Funds (0108) - \$1.5M Local Innovation Fund Balance	1,240,764	131,145	1,371,909	(75,000)	-	1,296,909
Total Unassigned	\$ 32,144,977	\$ 1,058,392	\$ 33,203,369	\$ (21,394,726)	\$ 5,990,848	\$ 17,799,491
Total Fund balance	\$ 214,184,442	\$ 308,558	\$ 214,493,000	\$ (46,900,718)	\$ 26,473,870	\$ 194,066,152

Cash Review

General Fund Overall Cash Position

General Fund	Fiscal Year 2025	Fiscal Year 2026	Variance
Beginning Cash Balance	\$ 203,193,379	\$ 166,694,625	\$ (36,498,754)
Midyear Cash Balance (as of December 31)	\$ 142,464,898	\$ 108,462,131	\$ (34,002,767)

The Fiscal Year 2026 beginning cash position of \$166.7 million represents a decrease of \$36.5 million from the prior year beginning balance. As of midyear, the General Fund cash balance was \$108.5 million, a decrease of \$34.0 million in cash over that identified in Fiscal Year 2025. The decrease is primarily due to the planned use of fund balance in Fiscal Year 2026.

Special Revenue Funds Overall Cash Position

Special Revenue Funds	Fiscal Year		Variance
	2025	2026	
Beginning Cash Balance	\$ 300,426,384	\$ 346,714,374	\$ 46,287,990
Midyear Cash Balance (as of December 31)	\$ 345,644,233	\$ 379,700,684	\$ 34,056,451

The Special Revenue Funds had a positive cash balance of \$379.7 million as of December 31, 2025, compared to \$345.6 million as of December 31, 2024. The net variance of \$34.1 million is described below.

Behavioral Health and Recovery Services had an increase of \$34.1 million in its cash balance. The Department had a cash balance of \$52 million as of December 31, 2024, and \$86.1 million as of December 31, 2025. This increase is due to higher Medi-Cal revenue in the current year and the recovery of prior receivables.

Public Works experienced an increase in special revenue cash balance of \$29.4 million related to approximately \$10 million of SB 1 project funds being reserved for the North County Corridor project, \$17 million is related to the timing of reimbursements related to other project costs, and revenues outperforming expenditures in the current year by approximately \$2 million.

Community Services Agency had a \$12.8 million decrease in cash balance due to timing differences in when the Department recognizes revenue and receives reimbursements for expenditures.

The ARPA State and Local Fiscal Recovery Fund had a \$8.2 million decrease in cash balance due to spending on various ARPA-funded projects. ARPA funds were obligated as required by December 31, 2024, and all ARPA funded projects must be completed by December 31, 2026.

The remaining Special Revenue budgets result in a \$8.4 million decrease in cash balance.

Capital Project Funds Overall Cash Position

Capital Project Funds	Fiscal Year		Variance
	2025	2026	
Beginning Cash Balance	\$ 5,104,794	\$ 18,103,621	\$ 12,998,827
Midyear Cash Balance (as of December 31)	\$ 3,927,359	\$ 17,077,314	\$ 13,149,955

The Capital Project Funds had a positive cash balance of \$17 million as of December 31, 2025, compared to \$3.9 million on the same date in 2024, reflecting a net increase of \$13.1 million.

As of December 31, 2025, the Crows Landing Industrial Business Park Project had a positive cash balance of \$14.2 million, representing an increase of \$13.4 million from the December 31, 2024, balance of \$778,359. The increase is primarily attributable to a \$14.7 million General Fund contribution received at the end of Fiscal Year 2025. Related project expenditures have not yet materialized as of midyear.

As of December 31, 2025, the General Services Agency (GSA) Deferred Maintenance Project and the GSA Americans with Disabilities Act (ADA) Project had negative cash balances of \$684,963 and \$35,553, respectively. Both Capital Project Funds are new; therefore, no prior-year data is available. The negative balances were the result of timing related to the establishment and funding of the new funds. The necessary transfers have since been completed, and the funds no longer reflect a negative cash position.

The remaining Capital Project Funds, including the Courthouse Construction Project and the Criminal Justice Facility Project, reflect a combined increase of approximately \$496,505 in cash balance between December 31, 2024 and December 31, 2025.

Enterprise Funds Overall Cash Position

Enterprise Funds	Fiscal Year		Variance
	2025	2026	
Beginning Cash Balance	\$ 115,704,539	\$ 126,626,604	\$ 10,922,065
Midyear Cash Balance (as of December 31)	\$ 102,364,734	\$ 107,526,419	\$ 5,161,685

The Enterprise Funds had a positive cash balance of \$107.5 million as of December 31, 2025, compared to \$102.3 million on the same date in 2024, reflecting a net increase of approximately \$5.2 million.

As of December 31, 2025, the Clinics and Ancillary Services fund had a positive cash balance of \$35.6 million, representing a \$1.7 million increase from the December 31, 2024, balance of \$33.9 million. This increase in cash is primarily due to payments received from the Managed Care Plans for Medi-Cal Targeted Rate Increases.

As of December 31, 2025, the Fink Road Landfill funds had a positive cash balance of \$66.1 million, representing a \$7.2 million increase from the December 31, 2024, balance of \$58.9 million. The increase in cash can be attributed to increased revenue due to the closure of the Waste-to-Energy (WTE) facility resulting in a substantial increase in tonnage going to the Landfill, a one-time disbursement of Resource Recovery Funds that were received after the WTE facility closed, and interest earnings.

As of December 31, 2025, the Geer Road Landfill funds had a positive cash balance of \$779,734, representing a \$1.5 million decrease from the December 31, 2024, balance of \$2.3 million. The decrease in cash balance is mainly due to the closure of the WTE facility, which eliminated transfers related to the Landfill Ash Surcharge and Municipal Solid Waste surcharge as well as rising costs associated with corrective action projects and regulatory compliance with CalRecycle and the California Air Resources Board.

As of December 31, 2025, the Cannabis Program fund had a cash balance of \$0, representing a \$2.3 million decrease from the December 31, 2024, balance of \$2.3 million. The decrease in cash is due to the discontinuation of the fee-based program established in Fiscal Year 2019. This program has been replaced with Cannabis Business Tax that is deposited directly into Discretionary Revenue.

Internal Service Funds Overall Cash Position

Internal Service Funds	Fiscal Year		Variance
	2025	2026	
Beginning Cash Balance	\$ 69,534,218	\$ 82,379,350	\$ 12,845,132
Midyear Cash Balance (as of December 31)	\$ 62,389,088	\$ 64,980,921	\$ 2,591,833

As of midyear, the Internal Service Funds had a cash balance of \$65 million as of December 31, 2025, compared to \$62.4 million on the same date in 2024, reflecting a net increase of \$2.6 million.

As of December 31, 2025, the General Liability fund had a positive cash balance of \$3.3 million, an increase from the negative \$702,328 balance on December 31, 2024. On June 25, 2024, the Board approved an increase to the Self-Insured Retention (SIR) amount for the General Liability Self Insurance fund from \$250,000 to \$1 million, effective Fiscal Year 2025. Increasing the SIR has generated overall savings to the General Liability program through the reduced insurance premium.

As of December 31, 2025, the Information Technology Central (ITC) fund had a positive cash balance of \$7.8 million, an increase from the \$6.1 million balance on the same date in 2024. Much of the additional cash reflects the timing of annual software license renewals, which will be paid later in the fiscal year, temporarily increasing the fund's cash position.

As of December 31, 2025, the Public Works - Morgan Shop Garage fund had a cash balance of \$4.2 million, a decrease of \$2.1 million from \$6.3 million on December 31, 2024. Fund balance at the Morgan Shop fluctuates throughout fiscal years due to equipment and vehicle purchases.

As of December 31, 2025, the General Services Agency Facility Maintenance fund had a cash balance of \$2.0 million, a decrease of \$492,835 from the \$2.5 million balance on December 31, 2024, and the Fleet Services fund had a negative cash balance of \$114,396, a decrease of \$391,349 from the \$276,953 balance on the same date in 2024. These changes are primarily attributable to timing, as operational expenses are incurred throughout the month and subsequently charged out to departments in the following period, causing temporary fluctuations in cash balances.

The remaining Internal Service Funds collectively reflect a decrease of \$160,674 in cash balance between December 31, 2024, and December 31, 2025.

SUPPORTING A STRONG AND SAFE COMMUNITY



District Attorney

Grand Jury

Office of Emergency Services

Probation

Public Defender

Sheriff

Supporting a Strong and Safe Community

Priority Overview

Ensuring a safe community and protecting the safety of the residents of Stanislaus County continue to be top priorities 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 the ability to respond to emergencies on behalf of our community.

Departments assigned to the Board of Supervisors' priority area of *Supporting a Strong and Safe Community* include the District Attorney, Grand Jury, Office of Emergency Services, Probation, Public Defender, and Sheriff. The revenue used to pay for these services comes primarily from local taxes such as property and sales taxes, 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 a Strong and Safe Community* are on track to end the year within budget and in a positive fiscal position. Most recommendations are related to upholding and supporting Board commitments, supporting negotiated labor cost increases, and aligning grant funding sources.

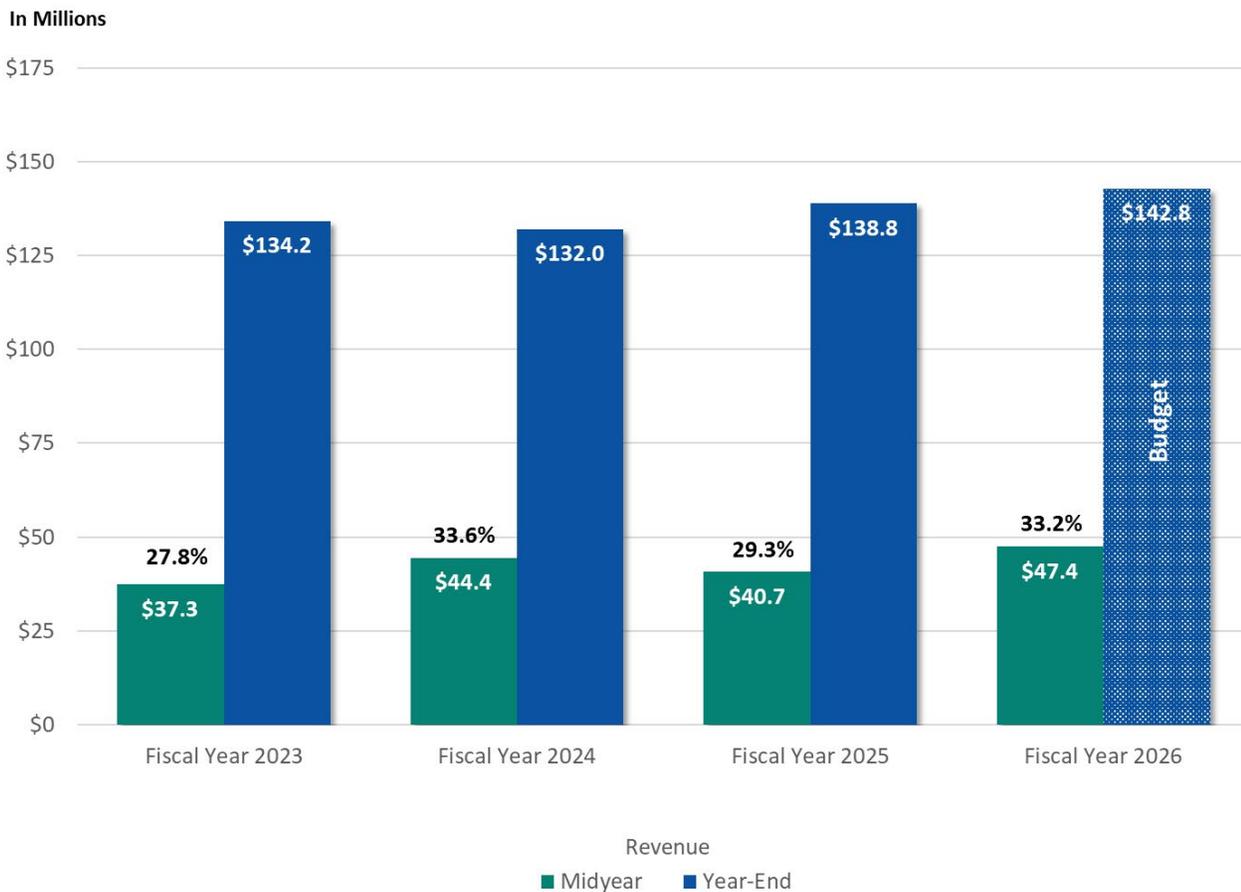
Departmental Revenue

For the departmental budgets *Supporting a Strong and Safe Community*, as of December 31, 2025, actual revenue collected totaled \$47.4 million, which represents 33.2% of the estimated annual revenue. This is in the mid-range when compared to the first quarter point of the prior three years, when collections ranged from 27.8% to 33.6% of the final revenue receipts.

Revenue to date is higher than prior-year actuals primarily due to increased additional funding from Realignment and the Sheriff’s contract cities. In addition, the Probation Department experienced a \$550,506 increase in their Local Community Corrections budget as compared to the prior fiscal year. Also, the Sheriff’s experienced a \$3.8 million increase because of revenue received in their detention legal budget unit.

Of note, factors associated with implementing the County’s Enterprise Resource Planning (ERP) system affected receipts through the first quarter of Fiscal Year 2023. A consistent source of revenue for this priority, Realignment Revenue, did not post in the first quarter due to the timing of conversion between financial management systems, which contributed to the low figure in that year. Additionally, in preparation for integration, County Operations, Capital Projects, and Integrated Criminal Justice Information System funds traditionally categorized within this Board priority were moved to the *Delivering Efficient Public Services* priority with the 2023 Adopted Budget.

Supporting a Strong and Safe Community Four-Year Revenue Comparison



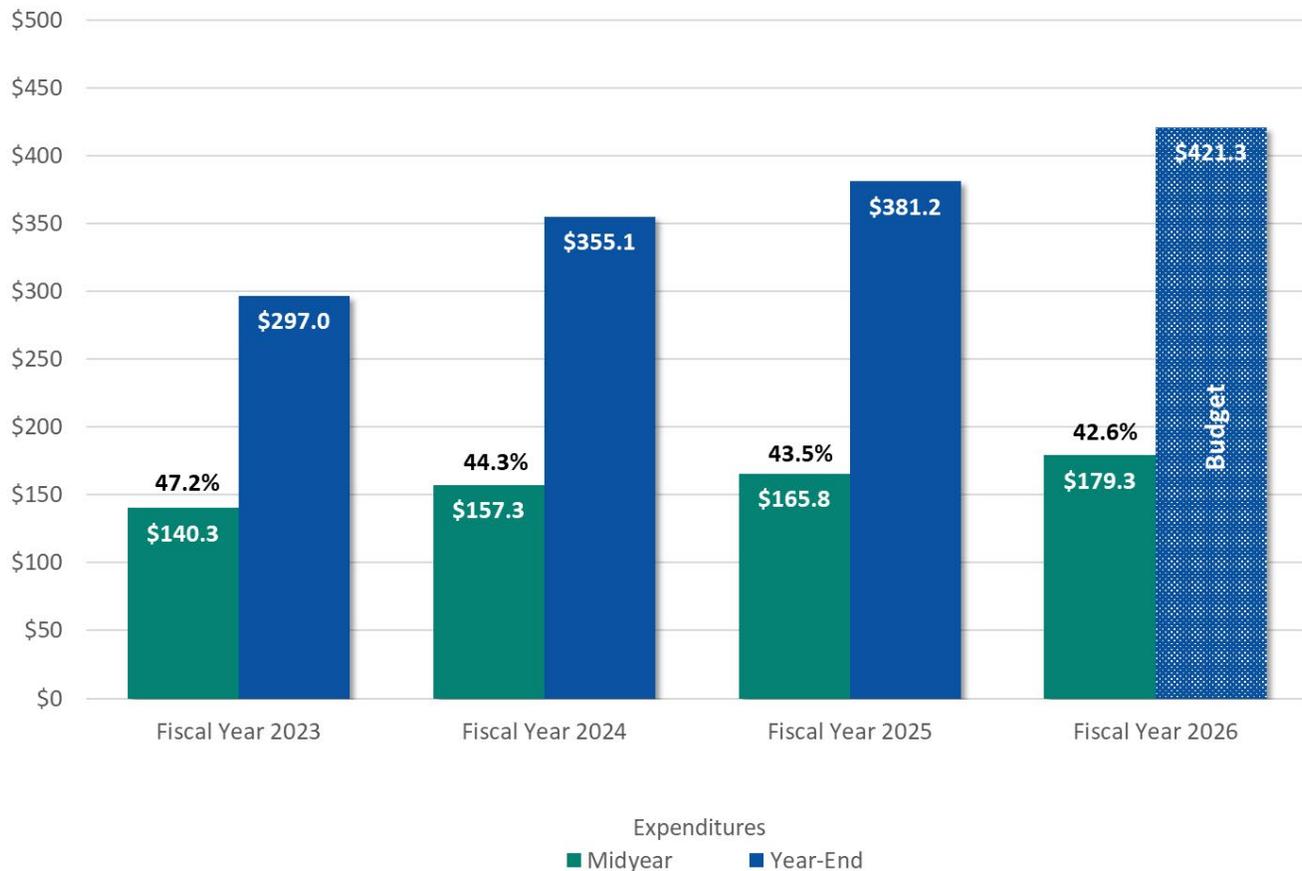
Departmental Expenditures

As of December 31, 2025, expenditures totaled \$179.3 million, representing 42.6% of budgeted appropriations. This year-to-date percentage is just below the historical range when compared to the first half point of the prior three years when expenditures ranged from 43.5% to 47.2% of the final actual expenditures.

Several budget units (Criminal Justice Facilities Fund, Courthouse Construction Fund, County Court Funding, Department of Justice Drug and Alcohol, Prop 69 – DNA Identification, and Integrated Criminal Justice Information System) were transferred out of this priority area and into *Delivering Efficient Public Services* in the 2023 Adopted Budget. The largest increase in year-end actuals is from the Probation Department’s Local Community Corrections budget unit because of the Community Corrections Partnership funding selections and a \$1.7 million increase in expenditures associated with the Sheriff’s operations unit. In addition, the District Attorney’s Office experienced a \$958,753 increase, which is a 7% increase in variance from the prior year. Similarly, the Public Defender Legal Budget Unit experienced a \$789,972 increase in expenditures from December 2024 to December 2025 (year-to-date actuals), primarily due to staffing costs. The overall growth reflects both an expansion in staffing levels and changes in allocation patterns over the past year.

Supporting a Strong and Safe Community Four-Year Expenditures Comparison

In Millions



Midyear Issues and Recommendations

The recommendations in this report *Supporting a Strong and Safe Community* will increase appropriations by \$3.5 million. Budget adjustments are funded by a \$3.4 million increase in estimated revenue, a \$1.5 million decrease in the use of fund balance, and a \$1.6 million increase in Net County Cost.

District Attorney

Adjustments increasing appropriations by \$219,427, funded with \$260,877 in estimated revenue, a decrease of \$27,144 in Department fund balance, and a decrease of \$14,306 in Net County Cost are recommended for the District Attorney's Office.

Criminal Division – It is recommended to transfer appropriations from Salaries and Benefits to Services and Supplies by \$344,653 for use of several outside vendors and contracts as follows:

- **Microsoft Office 365** – It is recommended to increase appropriations by \$120,653 costs associated with the California Department of Technology Microsoft Office 365 licenses contract (Board Resolution 2025-0502). This increase is offset by a transfer from Salaries and Benefits.
- **Racial Justice Act** – It is recommended to increase appropriations by \$66,000 to provide data analysis to enhance the Department's ability to analyze and interpret its data for improved decision-making, transparency, and compliance with Assembly Bill (AB) 2542-CA Racial Justice Act, which requires prosecutors to proactively identify and address racial bias in charging decisions, plea deals, jury selection, and sentencing and with AB 2778-CA Race-Blind Charging, which mandates the development and implementation of Race-Blind Charging practices across prosecutorial agencies. This increase is offset by a transfer from Salaries and Benefits.
- **Wellness Program** – The Department has developed a wellness program, and it is recommended to increase appropriations by \$98,000 for a contract with York Orthopedic Recovery. The wellness program provides essential physical therapy, injury prevention, and recovery services that help reduce workplace injuries, improve employee health, and support long-term workforce sustainability, particularly for physically demanding roles within the Department. This increase is offset by a transfer from Salaries and Benefits.
- **Legal Investigative Services** – It is recommended to increase appropriations by \$25,000 to support investigative services from Ellis Investigations Law Corporation. County Counsel refers to Ellis Investigations which provides effective and informed decisions to reduce potential liability. This increase is offset by a transfer from Salaries and Benefits.
- **Training** – The Department supports training costs to enhance the Department's efficiency and provide professional development. It is recommended to increase appropriations by \$35,000 to support this training program. This increase is offset by a transfer for Salaries and Benefits.

Elder Abuse and Advocacy and Outreach – It is recommended to increase appropriations by \$106,668, using \$90,034 in revenue and \$16,634 in Department fund balance, for the California Office of Emergency Services' Elder Abuse Advocacy and Outreach Program grant award to reflect the first half of the grant period January 2026 to June 2026 (Board Resolution 2025-0642).

Consumer Protection – It is recommended to increase revenue by \$14,306 in the Criminal Division budget unit. Correspondingly, it is recommended to increase appropriations by \$14,306, increase revenue by \$4,250, with use of \$10,056 in Department fund balance, in the Enforce Consumer Protection Laws Legal Budget Unit due to

remedies received against companies or individuals who harm or threaten to harm consumers that is specifically earmarked to support expenditures for staff assigned to the Consumer Fraud Program.

Unserved/Underserved Advocacy and Outreach Program Grant – It is recommended to increase appropriations by \$98,453 funded with increased revenue of \$152,287, and a decrease of \$53,834 in Department fund balance for the California Office of Emergency Services’ Unserved/Underserved Advocacy and Outreach Program grant to reflect the first half of the grant period January 2026 to June 2026 (Board Resolution 2025-0642).

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
District Attorney - Criminal Division	\$0	\$120,653	\$0	\$120,653	Transfer appropriations from Salaries and Wages to Services and Supplies for Microsoft Office 365 licenses.
District Attorney - Criminal Division	\$0	\$66,000	\$0	\$66,000	Transfer appropriations from Salaries and Wages to Services and Supplies to support data analysis services for case management system provided by Sicuro Data Analytics.
District Attorney - Criminal Division	\$0	\$98,000	\$0	\$98,000	Transfer appropriations from Salaries and Wages to Services and Supplies to support the department's wellness program for services provided by York Orthopedic.
District Attorney - Criminal Division	\$0	\$25,000	\$0	\$25,000	Transfer appropriations from Salaries and Wages to Services and Supplies to support legal investigative services provided by Ellis Investigations Law Corporation.
District Attorney - Criminal Division	\$0	\$35,000	\$0	\$35,000	Transfer appropriations from Salaries and Wages to Services and Supplies to support training costs for department staff.
District Attorney - Criminal Division	\$0	(\$344,653)	\$0	(\$344,653)	Transfer appropriations from Salaries and Wages to Services and Supplies and Intercounty Expenditures.
District Attorney - Criminal Division	\$14,306	\$0	\$0	(\$14,306)	Increase revenue for the transfer of fee revenue received from the Enforce Consumer Protection Laws legal budget unit.
District Attorney - Elder Abuse and Advocacy and Outreach	\$90,034	\$106,668	\$16,634	\$0	Increase revenue and appropriations to reflect the first half of a Office of Emergency Services grant award.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
District Attorney - Enforce Consumer Protection Laws	\$4,250	\$14,306	\$10,056	\$0	Increase revenue and operating transfers out for unanticipated revenue received and fund balance.
District Attorney - Unserved/Underserved Victim Advocacy and Outreach Program	\$152,287	\$98,453	(\$53,834)	\$0	Increase revenue and appropriations to reflect the first half of a grant award.
Total	\$260,877	\$219,427	(\$27,144)	(\$14,306)	

Recommendation: It is recommended to increase appropriations by \$219,427, funded with \$260,877 in additional estimated revenue, a decrease of \$27,144 in the use of Department fund balance, and a decrease of \$14,306 in Net County Cost.

Office of Emergency Services

Negotiated Labor Increases – It is recommended to increase appropriations and the use of Department fund balance by \$59,815 to support negotiated labor increases.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Office of Emergency Services - County Fire Service Fund	\$0	\$37,434	\$37,434	\$0	Increase appropriations and the use of fund balance to support negotiated salary increases.
Office of Emergency Services - Emergency Medical Services	\$0	\$22,381	\$22,381	\$0	Increase appropriations and the use of fund balance to support negotiated salary increases.
Total	\$0	\$59,815	\$59,815	\$0	

Recommendation: It is recommended to increase appropriations and the use of Department fund balance by \$59,815.

Probation

Adjustments increasing estimated revenue by \$2.9 million and decreasing the use of both departmental fund balance by \$1.5 million and Net County Cost by \$1.4 million are recommended for the Probation Department.

Realignment Revenue – It is recommended to increase revenue by \$2.9 million to recognize the Enhancing Law Enforcement Activities Subaccount (ELEAS) Realignment growth revenue received.

Transferability – Transferability is recommended between the Institutional Services and Juvenile Commitment Facility Legal Budget Units (LBUs) to ensure the Department ends the year in a positive fiscal position as staff support both units.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Probation - Institutional Services	\$813,424	\$0	\$0	(\$813,424)	Increase estimated Realignment revenue for FY 2025 Growth funding.
Probation - Institutional Services	\$0	\$0	\$0	\$0	Request transferability between two LBUs.
Probation - Juvenile Commitment Facility	\$580,491	\$0	\$0	(\$580,491)	Increase estimated Realignment revenue for FY 2025 Growth funding.
Probation - Juvenile Commitment Facility	\$0	\$0	\$0	\$0	Request transferability between two LBUs.
Probation - Juvenile Justice Crime Prevention Act	\$1,525,079	\$0	(\$1,525,079)		Increase estimated Realignment revenue for FY 2025 Growth funding.
Total	\$2,918,994	\$0	(\$1,525,079)	(\$1,393,915)	

Recommendation: It is recommended to increase estimated revenue by \$2.9 million, decreasing the use of departmental fund balance by \$1.5 million and Net County Cost by \$1.4 million.

Public Defender

Adjustments increasing appropriations by \$286,775, funded by an increase in the use of Net County Cost of \$286,775 are recommended for the Public Defender.

Contracted Attorneys – Adjustments increasing appropriations of \$286,775 are recommended due to the increased costs associated with cases referred to the Alternate Defender's Office (ADO) and Conflict Attorney Panel (CAP), funded by an increase to Net County Cost of \$286,775.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Public Defender - Indigent Defense	\$0	\$286,775	\$0	\$286,775	Increase appropriations to support increased caseload cost of the Alternate Defender's Office (ADO) and Conflict Attorney Panel (CAP).
Total	\$0	\$286,775	\$0	\$286,775	

Recommendation: It is recommended to increase appropriations by \$286,775 funded with \$286,775 in Net County Cost.

Staffing Recommendation: A request to study one Manager II was submitted by the Department and recommended for study in the 2026 First Quarter Financial Report. The study has been completed, concluding with a recommendation to reclassify the position to a block-budgeted Manager I/II/III.

Sheriff

Adjustments increasing appropriations by \$3 million, funded with \$279,787 in estimated revenue and \$2.7 million in Net County Cost, are recommended for the Sheriff.

Negotiated Labor Increases and Salary Projector Corrections – Adjustments increasing appropriations by \$2.1 million are recommended to support negotiated labor increases as approved by the Board of Supervisors on November 4, 2025, and November 18, 2025 (Board Resolutions 2025-0584 and 2025-0610, respectively), and to right-size the budget to capture the true retirement costs for positions. The County’s salary projector tool used to establish the Department’s budget calculated vacant safety position costs using a non-safety retirement rate. This adjustment ensures the budget reflects a safety retirement rate. The increased appropriations are supported by \$104,289 in estimated revenue and \$2 million in Net County Cost.

Facility Manager – It is recommended to add one new block-budeted Manager I/II position to provide facility operations and project management support for the Sheriff’s campus. To offset this increase, it is recommended to delete one vacant block-budgeted Accountant I/II. To support this adjustment, a net decrease in appropriations and net county cost of \$82,884 is recommended.

Section 415(b) Retirement Costs – The Internal Revenue Service limits the maximum annual benefits for defined pension plans. As such, retirement benefits paid in excess of these limits are County expenditures. It is recommended to increase appropriations and Net County Cost by \$24,952 to support these payments for the Department.

Salary Costs Not Included in the Salary Projector – The County’s salary projector is a tool used to estimate the cost of staff. In addition to regular salary and benefits, Department staff are eligible for pay and benefits that are not included in the salary projector, including Employee Choice Bonus Payments, referral bonuses, and fitness incentive payments. An adjustment increasing appropriations by \$288,660, funded with Net County Cost, is recommended to support these payments.

Unanticipated Retirement Costs – It is recommended to increase appropriations and Net County Cost by \$176,562 to support unanticipated retirement cash-out costs.

New Courthouse – The County’s new courthouse is slated to open in late 2026. In preparation for this, the Department has been working with the Stanislaus County Superior Court to ensure that the necessary furnishings and equipment are in place. The Department was previously provided with Net County Cost to support furnishings for the new courthouse. On August 21, 2025, the PFF Committee approved funding in the amount of \$127,998 to support the costs. An increase in estimated revenue and a decrease in Net County Cost are recommended in this amount to reflect that revenue. Additionally, the Department will need to upgrade 40 radios for the new courthouse. The current radios work well in the relatively flat, concrete current courthouse, but will not work in the steel, multistory new courthouse. To accommodate the new courthouse, it is recommended to increase appropriations and Net County Cost by \$400,000 to support the upgrade of 40 radios. The Department will make a request to the PFF Committee for funding to upgrade technology.

Vehicle Replacement – It is recommended to replace one vehicle that was wrecked and is beyond repair. Insurance proceeds are estimated to be approximately \$47,500 after the deductible. It is recommended to increase appropriations by \$88,000, funded with \$47,500 in estimated revenue and \$40,500 in Net County Cost to support the vehicle replacement.

Cannabis Positions – The 2026 Adopted Budget included an adjustment decreasing appropriations by \$437,134 for cannabis enforcement by the Sheriff. To operationalize this adjustment in the current fiscal year, the

Department is recommending that four vacant block-budgeted Deputy Sheriff I/II positions be deleted that previously supported cannabis enforcement. The Sheriff’s total cannabis enforcement budget for Fiscal Year 2026 is \$1.4 million. This represents a 22% decrease from the Fiscal Year 2025 actuals of \$1.8 million. In addition to these funds, the Sheriff was awarded \$3 million for the five-year period of May 2023 through October 2028, of which \$2.4 million is for the Department, to support cannabis enforcement through the Proposition 64 Public Health and Safety Cohort 3 grant program (Board Resolution 2023-0288).

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - Administration	\$0	\$34,378	\$0	\$34,378	Increase appropriations and Net County Cost to add 1 new Manager II position to provide facility operations and project management support for the Sheriff campus projects.
Sheriff - Administration	\$0	(\$117,262)	\$0	(\$117,262)	Decrease appropriations and Net County Cost for the deletion of 1 Accountant II position to offset the addition of 1 new Manager II to support Sheriff facilities.
Sheriff - Administration	\$0	\$24,952	\$0	\$24,952	Increase appropriations and Net County Cost to support additional retirement benefits paid by the County that exceeded the limitations imposed by IRS Section 415(b).
Sheriff - Administration	\$0	\$26,324	\$0	\$26,324	Increase appropriations and Net County Cost to support labor rate increases and a correction to the retirement rate for vacant Deputy Sheriff and Sergeant positions.
Sheriff - Administration	\$0	\$10,000	\$0	\$10,000	Increase appropriations and Net County Cost to support Employee Choice Bonus Payments not included in the approved budget.
Sheriff - Administration	\$0	\$43,634	\$0	\$43,634	Increase appropriations and Net County Cost to support unanticipated retirement cash-outs that were not included in the approved budget.
Sheriff - Contract Cities	\$104,289	\$104,289	\$0	\$0	Increase appropriations and Net County Cost to support labor rate increases and a correction to the retirement rate for vacant Deputy Sheriff and Sergeant positions.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - Court Security	\$127,998	\$0	\$0	(\$127,998)	Increase estimated revenue and reduce Net County Cost to furnish the new courthouse for the Sheriff's Office staff as approved by the PFF Committee at its August 21, 2025 meeting.
Sheriff - Court Security	\$0	\$400,000	\$0	\$400,000	Increase appropriations and Net County Cost to purchase 40 portable radios for staff working at the new courthouse.
Sheriff - Court Security	\$0	\$109,316	\$0	\$109,316	Increase appropriations and Net County Cost to support labor rate increases and a correction to the retirement rate for vacant Deputy Sheriff and Sergeant positions.
Sheriff - Detention	\$0	\$94,709	\$0	\$94,709	Increase appropriations and Net County Cost to support Employee Choice Bonus Payments not included in the approved budget.
Sheriff - Detention	\$0	\$70,902	\$0	\$70,902	Increase appropriations and Net County Cost to support unanticipated retirement cash-outs that were not included in the approved budget.
Sheriff - Detention	\$0	\$4,333	\$0	\$4,333	Increase appropriations and Net County Cost to support referral bonus payments that were not included in the approved base budget.
Sheriff - Detention	\$0	\$72,500	\$0	\$72,500	Increase appropriations and Net County Cost to support fitness incentive payments that were not included in the approved base budget.
Sheriff - Detention	\$0	\$1,566,698	\$0	\$1,566,698	Increase appropriations and Net County Cost to support labor rate increases and a correction to the retirement rate for vacant Deputy Sheriff and Sergeant positions.
Sheriff - Operations	\$0	\$43,784	\$0	\$43,784	Increase appropriations and Net County Cost to support Employee Choice Bonus Payments not included in the approved budget.

Recommendation: It is recommended to increase appropriations by \$3 million, funded with \$279,787 in estimated revenue and \$2.7 million in Net County Cost.

Staffing Recommendation: It is recommended to add one block-budgeted Manager I/II in Administration to serve as the Facility Operations and Projects Manager. This position will oversee daily facility operations, ensure maintenance and safety standards, manage building systems, and lead capital and renovation projects, including vendor and contractor administration. In addition, the position will supervise the Department's Safety Officer. To offset this addition, it is recommended to delete one vacant block-budgeted Accountant I/II.

Additionally, due to the reduction in Cannabis revenue, it is recommended to delete four vacant block-budgeted Deputy Sheriff I/II positions in Operations, originally allocated for Cannabis Enforcement.

A request to study one Community Services Officer in the Jail Commissary/Inmate Welfare legal budget unit was submitted by the Department and recommended for study in the 2026 First Quarter Financial Report. The study has been completed, concluding with a recommendation to reclassify the position to Custody Technician.

SUPPORTING A HEALTHY COMMUNITY



Aging and Veterans Services

Behavioral Health and Recovery Services

Child Support Services

Community Services Agency

Health Services Agency

Supporting a Healthy Community

Priority Overview

Supporting a Healthy Community is vital to the quality of life for our residents. Protecting and promoting our residents' physical health and safety includes preventing disease, disability, and death. Protecting emotional safety focuses on social problems like homelessness, incarceration, and fragmented families with financial and emotional needs. Resources dedicated to prevention allow services to reach a broader population.

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

As reported in the 2026 Adopted Budget, the combined fund balance/retained earnings for the three largest "Healthy Community" departments, BHRS, CSA, and HSA, had increased from approximately \$184.5 million in July 2024 to \$203.2 million in July 2025. As of the First Quarter Financial Report, the combined fund balance/retained earnings was adjusted to \$182.8 million in July 2024 and \$203.3 million in July 2025. Due to the size of the fund balance/retained earnings and the departments' recent and planned reliance on them to support operations, a detailed multi-year reconciliation is underway, involving departmental staff, the Chief Executive Office, and the Auditor-Controller. This complex review includes correcting accounts receivable balances, addressing accounting changes resulting from the shift to Oracle Cloud, and addressing recommendations from prior audits. The process is strengthening institutional knowledge of mandated program funding and Realignment revenues. The analysis of HSA's Clinics and Ancillary Services budget is complete and is addressed in the department section of this report. Ongoing analysis and work continue for the remaining departments, with planned updates to be reported in subsequent budget cycles. Any confirmed surplus County Match will be returned to the County General Fund in alignment with Board approved policy.

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

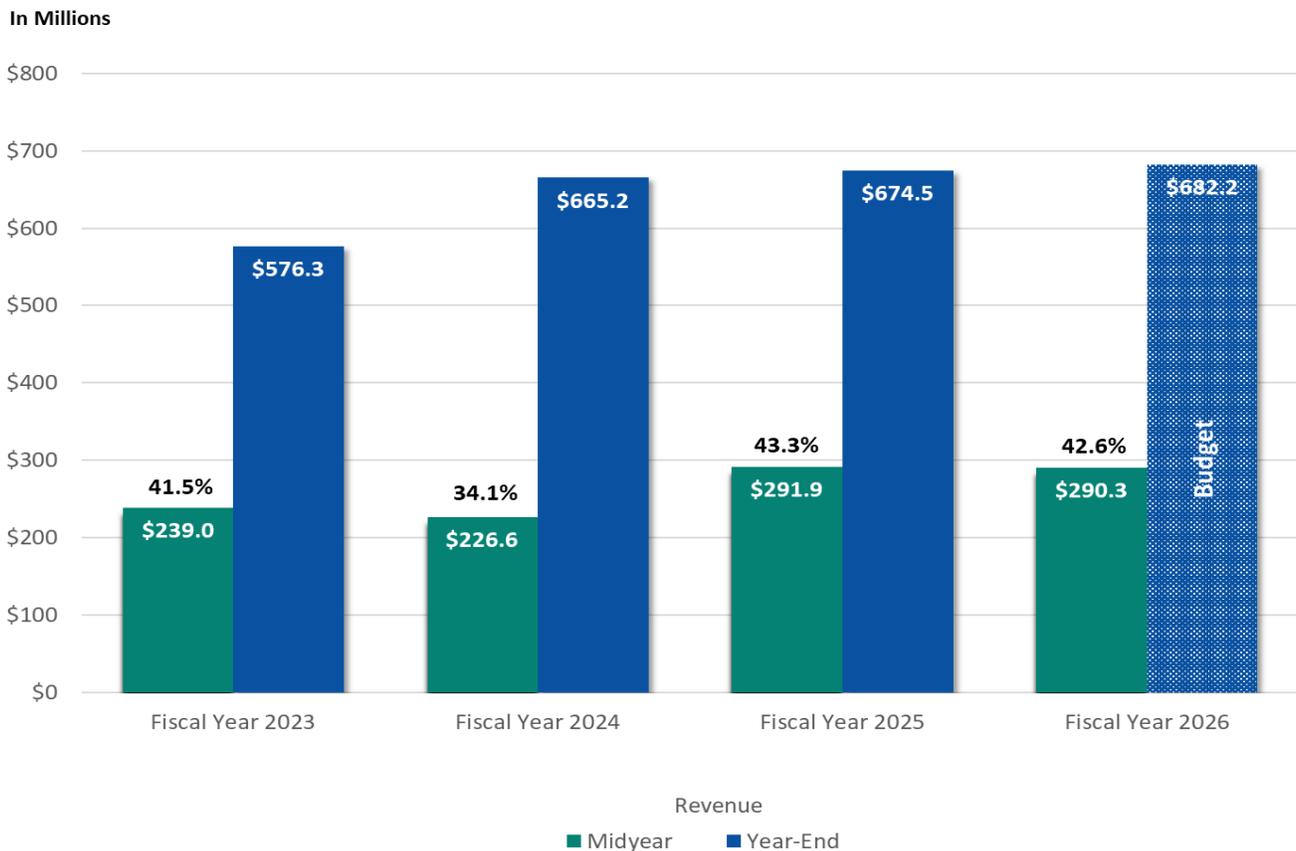
Departmental Revenue

For department budgets representing the priority *Supporting a Healthy Community*, actual revenue received as of December 31, 2025, totaled \$290.3 million, which is 42.6% of the estimated annual revenue. This ratio is within historical trends, compared with revenue received as of the Midyear Financial Report for the previous three years, which ranged from 34.1% to 43.3% of year-end actual totals.

From Fiscal Year 2023 to Fiscal Year 2025, actual revenue as of the Midyear Financial Report for the priority increased from \$239 million to \$291.9 million, with Fiscal Year 2026 actuals at \$290.3 million. The year-over-year revenue decrease is net of approximately \$7 million in Health Services Agency (HSA) revenue, reflecting decreased Intergovernmental Transfer (IGT) revenue, shareable revenue from the Health Plan of San Joaquin, and a 1991 Realignment revenue adjustment by the State Controller's Office. The decreases in HSA are offset by an increase of \$2.6 million in Behavioral Health and Recovery Services (BHRS), which is mostly attributed to increased Medi-Cal revenue, and an increase of \$3.3 million in Community Services Agency, which is primarily due to increased In-Home Supportive Services (IHSS) Provider Wage revenues due to increased costs.

The increase from Fiscal Year 2024 to Fiscal Year 2025 can be attributed to increases in Behavioral Health and Recovery Services due to improvements allowing the department to recognize revenue monthly; an increase in Child Support Services due to delays in billings for Fiscal Year 2024, where only two months had been billed compared to all six months in the current year and corrected billings received by the Department in the current year; and an increase in Health Services Agency's accrual of Intergovernmental Transfer (IGT) revenue that was not present in the prior year.

Supporting a Healthy Community Four-Year Revenue Comparison



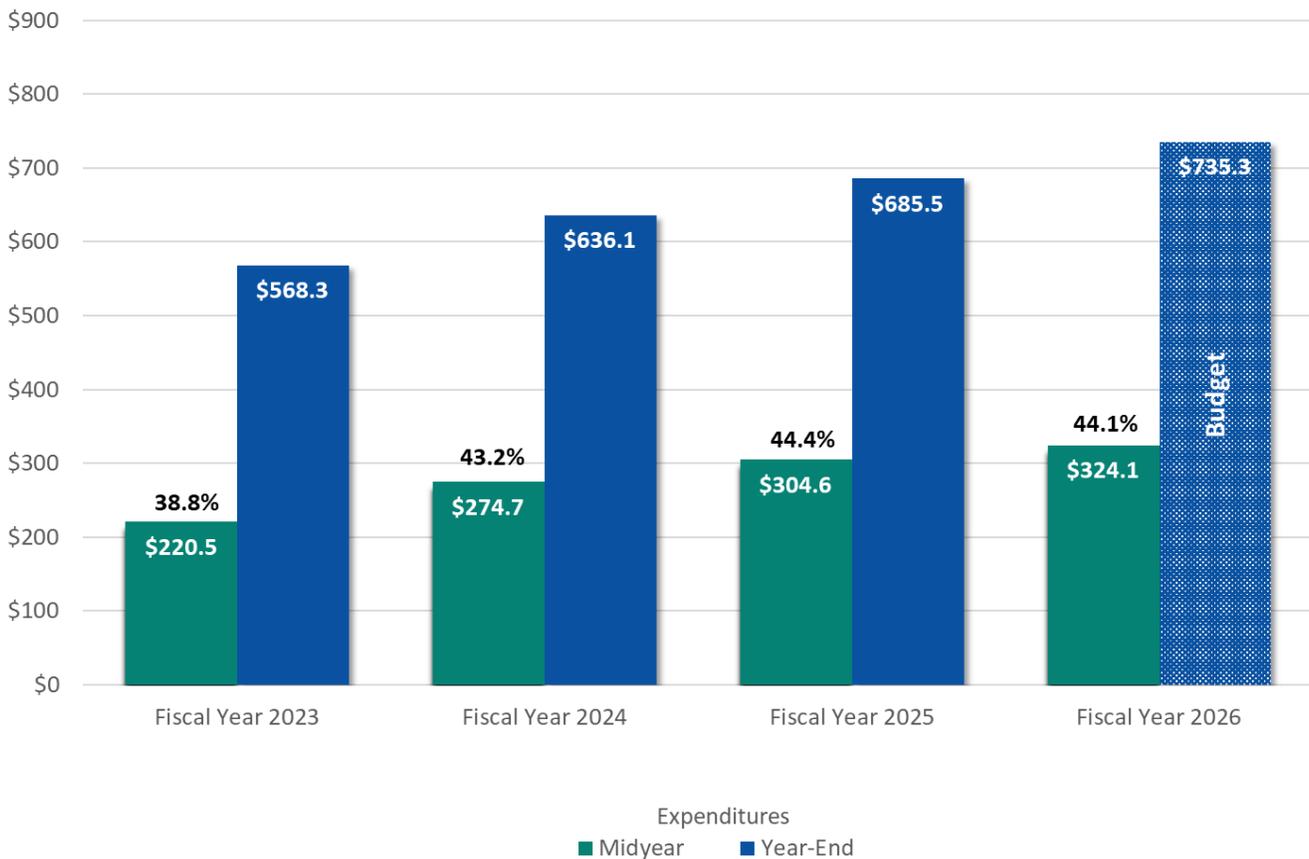
Departmental Expenditures

As of December 31, 2025, expenditures in this priority area totaled \$324.1 million, representing 44.1% of budgeted appropriations. This ratio is within the range when comparing to expenditures in the Midyear Financial Report for the previous three years, which ranged from 38.8% to 44.4% of year-end actual totals.

From Fiscal Year 2023 to Fiscal Year 2025, actual expenditures as of the Midyear Financial Report for the priority increased from \$220.5 million to \$304.6 million, with Fiscal Year 2026 actuals at \$324.1 million, or an increase of \$19.5 million over the prior fiscal year. Behavioral Health and Recovery Services (BHRS) experienced a \$22.7 million increase in expenditures over this period, accounting for most of the growth in the priority. This growth is attributed to improved invoice processing within the Department, increased penalty payments related to the State’s Incompetent to Stand Trial (IST) penalty, and retroactive payments to Doctors’ Behavioral Health Centers to cover the difference between Medi-Cal rates and contracted rates with the Department. This increase is partially offset by a \$4.7 million decrease in the Community Services Agency (CSA) related to a hiring pause and decreased caseloads in Public Economic Assistance, as well as a \$1.9 million increase in Health Services Agency due to the purchase of the Northpoint Towers facility. Overall growth from Fiscal Year 2023 through the current fiscal year is \$103.5 million. This growth is largely attributed to spending in BHRS and CSA, which account for 92.4% of the growth and are related to improved invoice processing in BHRS and reduced vacancy rates and caseload growth in CSA.

Supporting a Healthy Community Four-Year Expenditures Comparison

In Millions



Midyear Issues and Recommendations

The recommendations contained in this report *Supporting a Healthy Community* will increase appropriations by \$42.9 million and increase the use of fund balance by \$16.5 million. These adjustments are funded by a \$26.4 million increase in estimated revenue.

Aging and Veterans Services

Adjustments increasing appropriations by \$1.1 million, increasing estimated revenue by \$715,045, and increasing the use of Department fund balance by \$391,867 are recommended for Aging and Veterans Services (AVS).

Return to General Fund – Over the years, AVS accumulated a fund balance from the General Fund that included restricted and unrestricted funds. Through thorough research of AVS’s designation of funds, it was discovered that \$391,867 were, in fact, unrestricted. It is recommended that these funds be returned to the General Fund.

Grant Funds – It is recommended to increase appropriations and estimated revenue by \$715,045 to reflect updated grant awards amounts for several grants such as the Federal and State Older Americans Act funding, Snap-Ed Program funding, and Program to Encourage Active, Rewarding Lives (PEARLS), funding.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Aging and Veterans Services - Area Agency on Aging	\$575,672	\$575,672	\$0	\$0	Increase estimated revenue and appropriations because of Older American Act funding.
Aging and Veterans Services - Area Agency on Aging	\$123,332	\$123,332	\$0	\$0	Increase appropriations and revenue to reflect actual Snap-Ed available funding.
Aging and Veterans Services - Area Agency on Aging	\$16,041	\$16,041	\$0	\$0	Increase appropriations and revenue to reflect actual Program to Encourage Active, Rewarding Lives (PEARLS) available funding.
Aging and Veterans Services - Area Agency on Aging	\$0	\$391,867	\$391,867	\$0	Increase appropriations, funded with departmental fund balance, to return Net County Cost to the General Fund.
Total	\$715,045	\$1,106,912	\$391,867	\$0	

Recommendation: It is recommended to increase appropriations by \$1.1 million, funded with \$715,045 in estimated revenue and the use of \$391,867 in fund balance.

Behavioral Health and Recovery Services

Adjustments increasing appropriations by \$21.1 million, funded with \$26.1 million in estimated revenue and benefitting departmental fund balance by \$5 million, are recommended for Behavioral Health and Recovery Services (BHRS).

Doctor’s Behavioral Health Center Contract – The Department entered into a contract with Doctor’s Behavioral Health Center before the State issued Medi-Cal reimbursement rates, which are below the agreed-upon rate

with the vendor. The Department has agreed to reimburse the vendor for the difference between the two rates. An increase of \$7.6 million in appropriations is recommended to support this reimbursement. The Managed Care budget will pay the vendor, and the Behavioral Health and Recovery Services budget will reimburse the Managed Care budget with fund balance. To reflect this transfer of cash, a corresponding increase in appropriations in the BHRS budget of \$7.6 million, funded with departmental fund balance, is recommended. This cash transfer will be recognized in the Managed Care budget, with a corresponding increase in estimated revenue.

Increased Contractual Needs – It is recommended to increase appropriations by \$4 million, funded with \$2.4 million in estimated revenue and \$1.6 million in the use of departmental fund balance, to increase funding for contracts to ensure uninterrupted services to clients due to increased needs in the community.

Public Guardian Adjustments – The 2026 Adopted Budget for the Public Guardian budget included the use of \$1 million in departmental fund balance. This budget started the fiscal year with \$576 in fund balance. To right-size this budget, the Department will be transferring fund balance from the BHRS budget to the Public Guardian budget. An increase in appropriations of \$1 million, funded with fund balance, is recommended in the BHRS budget to transfer cash to the Public Guardian. A corresponding adjustment to increase estimated revenue in the Public Guardian budget, benefiting the use of fund balance, is recommended to receive the funds. An additional adjustment to increase appropriations by \$150,000 is recommended in the Public Guardian budget to right-size the budget's cost allocation plan (CAP) charges. This increase will be funded by an equal increase in estimated revenue and will require an adjustment to increase appropriations in the BHRS budget, using fund balance to cover the increase and transferring funds to the Public Guardian budget.

Revenue Adjustments – It is recommended to increase estimated revenue by \$14.5 million, decreasing the need to use Department fund balance by the same, to recognize the following adjustments.

- A correction to estimated revenue is needed to recognize the revenue associated with contracts supporting Short-Term Residential Therapeutic Programs (STRTP) related AB 1051. Under AB 1051, when a child is placed in an out-of-county STRTP, the county of original jurisdiction remains responsible for the child's specialty mental health services. An increase of \$7.3 million in estimated revenue, decreasing the use of fund balance, is recommended to right-size funding for existing agreements.
- An increase of \$7.4 million in estimated revenue is recommended to right-size Mental Health Services Act (MHSA) revenue based on current trends. This adjustment will decrease the budget's use of fund balance.
- A decrease of \$141,956 in estimated revenue is needed due to a cancelled contract with the Child Welfare Services division of Community Services Agency (CSA). The cancelled contract is related to the right-sizing of the CSA contracts recommended in the First Quarter Financial Report. The Department will continue providing the related services, so the adjustment will increase the use of Department fund balance.

Decreased Vacancy Rate – The 2026 Adopted Budget included a 5% internal vacancy factor for the Department. The Department is outperforming the vacancy factor in both Stanislaus Recovery Center (SRC) and Substance Use Disorder (SUD). It is recommended to increase appropriations and estimated revenue by \$258,409 in SRC and \$223,800 in SUD, for a total of \$482,209, to align the budget with the projected salary costs for these budgets.

Extra Help Support – The Department typically includes extra help support within the Department's budget. Due to an oversight, this support was not included in the 2026 Adopted Budget. An adjustment to increase appropriations and the use of fund balance by \$245,000 is recommended to correct the oversight in the MHSA budget.

Reclassify Positions – It is recommended to reclass the following four positions. The positions are currently underfilled at the level to which the positions are being reclassified, so the reclassifications represent a right-sizing of the allocations. A net decrease of \$108,148 in appropriations, along with a corresponding decrease in the use of the Department’s fund balance, is recommended due to the reclassifications.

- Reclassify one Psychiatric Nurse Practitioner position to a Mental Health Coordinator in the BHRS budget.
- Reclassify two Psychiatrist positions to Nurse Practitioners in the MHSA budget.
- Reclassify one block-budgeted Mental Health Clinician I/II position to a block-budgeted Behavioral Health Specialist I/II in the SUD budget.

Transfer Positions – It is recommended to transfer the following five positions to align staffing with current needs. The resulting transfers will produce a net-zero change in appropriations across the Department. Due to changes in funding across programs, it is recommended to decrease estimated revenue by \$37,181 and increase the use of the Department’s fund balance to accommodate these transfers.

- Transfer one block-budgeted Behavioral Health Specialist I/II position from Substance Use Disorder to Mental Health Services Act.
- Transfer two block-budgeted Manager I/II/III positions from Substance Use Disorder to Behavioral Health and Recovery Services.
- Transfer one block-budgeted Behavioral Health Specialist I/II position from Behavioral Health and Recovery Services to Substance Use Disorder.
- Transfer one Staff Services Coordinator position from Mental Health Services Act to Behavioral Health and Recovery Services.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Behavioral Health and Recovery Services	(\$32,861)	(\$32,861)	\$0	\$0	Decrease appropriations and estimated revenue to transfer 1 BHS II from BHRS to SUD.
Behavioral Health and Recovery Services	\$0	(\$27,128)	(\$27,128)	\$0	Decrease appropriations and revenue to reclassify 1 Sr. Psych Nurse Practitioner to a Mental Health Coordinator.
Behavioral Health and Recovery Services	\$0	\$99,300	\$99,300	\$0	Increase appropriations and the use of fund balance to transfer 2 Manager III positions from SUD to BHRS.
Behavioral Health and Recovery Services	\$0	\$46,928	\$46,928	\$0	Increase appropriations and the use of fund balance to transfer 1 Staff Services Coordinator from MHSA to BHRS.
Behavioral Health and Recovery Services	\$7,263,987	\$0	(\$7,263,987)	\$0	Increase estimated revenue and decrease the use of fund balance to recognize intergovernmental payments related to AB 1051 STRTP contracts.



Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Behavioral Health and Recovery Services	\$23,478	\$45,000	\$21,522	\$0	Increase appropriations, estimated revenue, and the use of fund balance to support a contract with Massachusetts General Physicians.
Behavioral Health and Recovery Services	\$0	\$150,000	\$150,000	\$0	Increase appropriations, funded with fund balance, to transfer cash to Public Guardian to support CAP charges.
Behavioral Health and Recovery Services	\$0	\$7,563,840	\$7,563,840	\$0	Increase appropriations and fund balance to transfer cash to the Managed Care budget to support a contract with DBHC.
Behavioral Health and Recovery Services	\$0	\$1,024,487	\$1,024,487	\$0	Increase appropriations, funded with fund balance, to transfer cash to Public Guardian.
Behavioral Health and Recovery Services - Managed Care	\$7,563,840	\$7,563,840	\$0	\$0	Increase appropriations and estimated revenue to support the contract with DBHC.
Behavioral Health and Recovery Services - Mental Health Services Act	\$0	(\$70,411)	(\$70,411)	\$0	Decrease appropriations and the use of fund balance to reclassify 2 Psychiatrist positions to Nurse Practitioner positions.
Behavioral Health and Recovery Services - Mental Health Services Act	\$0	\$37,181	\$37,181	\$0	Increase appropriations and the use of fund balance to transfer 1 BHS II from SUD to MHSA.
Behavioral Health and Recovery Services - Mental Health Services Act	\$0	(\$46,928)	(\$46,928)	\$0	Decrease appropriations and the use of fund balance to transfer 1 Staff Services Coordinator from MHSA to BHRS.
Behavioral Health and Recovery Services - Mental Health Services Act	\$7,357,541	\$0	(\$7,357,541)	\$0	Increase estimated revenue and reduce the use of fund balance to align the budget with MHSA revenue projections.
Behavioral Health and Recovery Services - Mental Health Services Act	\$0	\$498,718	\$498,718	\$0	Increase appropriations and the use of fund balance to support Sierra Vista Children and Family Services contracts.
Behavioral Health and Recovery Services - Mental Health Services Act	\$0	\$458,999	\$458,999	\$0	Increase appropriations and the use of fund balance to support Center for Human Services contracts.



Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Behavioral Health and Recovery Services - Mental Health Services Act	\$504,687	\$543,457	\$38,770	\$0	Increase appropriations, estimated revenue, and the use of fund balance to support the Central Star Crisis Residential Unit contract.
Behavioral Health and Recovery Services - Mental Health Services Act	\$33,648	\$45,000	\$11,352	\$0	Increase appropriations, estimated revenue, and the use of fund balance to support a contract with Massachusetts General Physicians.
Behavioral Health and Recovery Services - Mental Health Services Act	\$224,317	\$300,000	\$75,683	\$0	Increase appropriations, estimated revenue, and the use of fund balance to support a contract with Jackson & Coker.
Behavioral Health and Recovery Services - Mental Health Services Act	\$0	\$245,000	\$245,000	\$0	Increase appropriations and the use of fund balance to support extra help costs.
Behavioral Health and Recovery Services - Public Guardian	\$150,000	\$150,000	\$0	\$0	Increase appropriations, funded with estimated revenue, to support CAP charges.
Behavioral Health and Recovery Services - Public Guardian	\$1,024,487	\$0	(\$1,024,487)	\$0	Increase estimated revenue and decrease the use of fund balance to right-size the budget's use of fund balance.
Behavioral Health and Recovery Services - Stanislaus Recovery Center	\$258,409	\$258,409	\$0	\$0	Increase appropriations and estimated revenue to support projected salary costs.
Behavioral Health and Recovery Services - Substance Use Disorder	\$304,828	\$525,000	\$220,172	\$0	Increase appropriations, estimated revenue, and the use of fund balance to support a contract with Recover Medical Group.
Behavioral Health and Recovery Services - Substance Use Disorder	\$179,600	\$200,000	\$20,400	\$0	Increase appropriations, estimated revenue, and the use of fund balance to support a contract with the Center for Human Services.
Behavioral Health and Recovery Services - Substance Use Disorder	\$780,419	\$1,000,000	\$219,581	\$0	Increase appropriations, estimated revenue, and the use of fund balance to support a contract with Aegis Treatment Centers.
Behavioral Health and Recovery Services - Substance Use Disorder	\$393,656	\$400,000	\$6,344	\$0	Increase appropriations, estimated revenue, and the use of fund balance to support a contract with the Nirvana Treatment Center.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Behavioral Health and Recovery Services - Substance Use Disorder	\$32,861	\$32,861	\$0	\$0	Increase appropriations and estimated revenue to transfer 1 BHS II from BHRS to SUD.
Behavioral Health and Recovery Services - Substance Use Disorder	\$0	(\$99,300)	(\$99,300)	\$0	Decrease appropriations and the use of fund balance to transfer 2 Manager III positions from SUD to BHRS.
Behavioral Health and Recovery Services - Substance Use Disorder	\$0	(\$10,609)	(\$10,609)	\$0	Decrease appropriations and the use of fund balance to reclassify 1 MHC II to a BHS II.
Behavioral Health and Recovery Services - Substance Use Disorder	(\$141,956)	\$0	\$141,956	\$0	Decrease estimated revenue and increase the use of fund balance due to the cancellation of the Child Welfare Services contract with CSA.
Behavioral Health and Recovery Services - Substance Use Disorder	\$223,800	\$223,800	\$0	\$0	Increase appropriations and estimated revenue to support projected salary costs.
Behavioral Health and Recovery Services - Substance Use Disorder	(\$37,181)	(\$37,181)	\$0	\$0	Decrease appropriations and estimated revenue transfer 1 BHS II from SUD to MHSA.
Total	\$26,107,560	\$21,087,402	(\$5,020,158)	\$0	

Recommendation: It is recommended to increase appropriations by \$21.1 million, funded with \$26.1 million in estimated revenue and decreasing the use of fund balance by \$5 million.

Staffing Recommendation: It is recommended to transfer five positions between legal budget units to properly align positions with departmental needs. This includes transferring two block-budgeted Manager I/II/III positions from SUD to Behavioral Health and Recovery Services (BHRS), one Staff Services Coordinator from Mental Health Services Act (MHSA) to BHRS, one block-budgeted Behavioral Health Specialist I/II from BHRS to SUD, and one block-budgeted Behavioral Health Specialist I/II from SUD to MHSA.

A request to study one Manager II serving as a Business Office Manager and responsible for Medi-Cal billing operations, was submitted by the Department and recommended for study in the 2026 Adopted Budget. The study has been completed, concluding with a recommendation to reclassify the position to Manager III.

Additionally, it is recommended to reclassify downward and right-size two underfilled positions: one Senior Psychiatric Nurse Practitioner to Mental Health Coordinator in BHRS and one block-budgeted Mental Health Clinician I/II to block-budgeted Behavioral Health Specialist I/II in SUD. Lastly, it is recommended to reclassify downward two vacant Psychiatrist positions to Nurse Practitioner in MHSA.

Child Support Services

Recommendation: No recommended adjustments.

Staffing Recommendation: It is recommended to delete seven unfunded vacant positions to align funding with the Department's allocated position count. These positions include one Accounting Technician, four block-budgeted Child Support Specialist I/II, one Child Support Supervisor, and one block-budgeted Manager I/II. The positions are no longer necessary for the organization's operational needs.

Community Services Agency

Delete Unfunded Positions – Department expenses have outpaced revenues over the last several years. To structure programs within anticipated revenues and after assessing all program costs, including contracts and overhead, the Department has not funded some vacant positions to ensure a balanced budget. The Department acknowledges the impacts of reduced funding and the corresponding effects on funded resources, which reduce the Department's ability to meet community needs. These impacts include the Department's ability to process applications, increased workloads for staff, increased turnover resulting in a less experienced staff, the need for greater training, and the Department's ability to meet Federal and State requirements. Of the positions recommended for deletion, 80% have been vacant for over one year, and their deletion is not expected to affect the Department's current service level. CSA reviewed all positions in the support divisions, including administration, finance, and operations, to determine if there were any positions that were vacant and could be recommended for deletion as well.

CalFresh Update – On January 27, 2026, the Department provided the Board of Supervisors with an update on the CalFresh program. In the update, the Department shared that the county's share of the CalFresh program was \$5.6 million of a \$37.5 million total program, which maximizes the State's allocation. As noted in the staff report, this figure was based on the State allocation as of the 2026 Adopted Budget. The Department further noted that an updated allocation figure was provided in October and that it would update the Board of Supervisors with the corresponding county share figure by Midyear. The Department has completed its analysis of the updated State allocation, which would increase the total program cost to \$40.6 million, an increase of \$3.1 million. As of the Midyear Financial Report, the Department estimates total program expenditures of \$38.8 million, which would increase the county share by approximately \$196,000. The Department received 2011 Realignment growth, which it plans to use for Foster Care to free up General Fund contributions, which can be used to cover the increase in CalFresh. The Department is continuing work to understand how it will be able to close the year and minimize any General Fund impact according to the Board of Supervisors' policy and will report back with the Third Quarter Financial Report with any material changes.

Staffing Recommendation: It is recommended to delete 111 unfunded vacant positions to align funding with the Department's allocated position count. These positions include two Account Clerk II positions, one Administrative Clerk II, 52 block-budgeted Family Services Specialist I/II positions, 21 Family Services Specialist III positions, one Family Services Specialist IV, six Family Services Supervisor positions, three Fraud Technician positions, one Social Services Assistant, nine block-budgeted Social Worker I/II positions, 10 block-budgeted Social Worker IV/V positions, three block-budgeted Social Worker Supervisor I/II positions, one block-budgeted Specialist Investigator I/II, and one Staff Services Analyst.

A request to study one Family Services Specialist (FSS) IV and one Family Services Supervisor assigned to the Foster Care unit within the Adult, Child, and Family Services Division (ACFSD), was submitted by the Department and recommended for study in the 2026 First Quarter Financial Report. The study has been completed, concluding with a recommendation to reclassify the FSS IV to Staff Services Analyst and the Family Services Supervisor to Staff Services Coordinator.

Health Services Agency

Adjustments increasing appropriations by \$20.7 million, decreasing estimated revenue by \$439,891, and increasing the use of Department fund balance by \$21.1 million are recommended for Health Services Agency (HSA).

Return General Fund – HSA's Clinics and Ancillary Services budget had a long history of running a deficit in the program and closing fiscal years with negative retained earnings. On September 13, 2005 (Board Resolution 2005-720), a strategic plan was presented to the Board of Supervisors that included recommendations to provide increased General Fund support to the budget, along with several other recommendations intended to right-size operations to align with funding. Through the following years, the Department continued with several updates to the programs in an attempt to reduce the use of General Fund support. The 2015 Adopted Final Budget included a one-time \$15 million adjustment to reduce the County's debt burden and free up operational capital in anticipation of the Public Safety Center expansion. Fiscal Year 2015 was the first year since the 2005 strategic plan in which the budget closed with positive retained earnings. Since July 1, 2015, when the budget had retained earnings of \$207,597, per audited financial statements, the retained earnings have grown by 18,893% to a balance of \$39.4 million as of July 1, 2025. General Fund support of \$24.8 million was provided over this same period of time, including \$4.3 million of maintenance of effort (MOE) contributions and \$20.5 million of other support to ensure fiscal sustainability of the program. With impending changes to the County's medically indigent adult (MIA) program related to House Resolution 1 (HR 1) (2025-2026), it is recommended to increase appropriations by \$20.5 million to support the Department in returning the General Fund from the Department's retained earnings. It is also recommended that these funds be assigned in the General Fund fund balance for up to five years to offset any increased costs to the MIA program related to HR 1.

EMS Funds – It is recommended to increase appropriations by \$566,183, increase estimated revenue by \$196,116, and increase the use of fund balance by \$370,067 to utilize all available funds to support uncompensated medical care costs within the community.

Realignment Revenue – It is recommended to decrease estimated realignment revenue by \$636,007 and increase the use of Department fund balance by the same amount to align the Department's realignment revenue with the County's Realignment Budget Policy. This adjustment includes growth revenue received in the current year and adjusts the Department's base allocation based on the growth adjustment.

Delete Positions Due to Funding – It is recommended to decrease appropriations and the use of fund balance by \$60,222 to delete one vacant block-budgeted Administrative Clerk I/II in Clinics and Ancillary Services. Due to the termination of the CalFresh Healthy Living program, funding constraints, and other related staffing adjustments necessary to sustain ongoing operations, it is recommended to decrease appropriations and the use of fund balance by \$288,726 to delete one block-budgeted Health Education Specialist and one Manager III in Public Health.

Delete Unfunded Positions – It is recommended to delete five unfunded vacant positions to align the Department's allocated position count with funding. These positions include one block-budgeted Mental Health Clinician I/II, one Sr. Nurse Practitioner, and one Sr. Community Health Worker in Clinics and Ancillary Services, as well as one Manager II and one Staff Nurse III in Public Health.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Health Services Agency - Clinics and Ancillary Services	\$0	(\$60,222)	(\$60,222)	\$0	Decrease appropriations and the use of fund balance to delete one Admin Clerk II.
Health Services Agency - Clinics and Ancillary Services	\$0	\$20,483,022	\$20,483,022	\$0	Increase appropriations, funded with departmental fund balance, to return Net County Cost to the General Fund.
Health Services Agency - EMS Funds	\$196,116	\$566,183	\$370,067	\$0	Increase appropriations, estimated revenue, and department fund balance to utilize available EMS Funds for uncompensated medical care costs in the county.
Health Services Agency - Public Health	(\$636,007)	\$0	\$636,007	\$0	Decrease estimated revenue and increase the use of fund balance to align 1991 Health Realignment revenue with the County realignment budget policy.
Health Services Agency - Public Health	\$0	(\$288,726)	(\$288,726)	\$0	Decrease appropriations and the use of fund balance to delete one Health Education Specialist and one Manager III.
Total	(\$439,891)	\$20,700,257	\$21,140,148	\$0	

Recommendation: It is recommended to increase appropriations by \$20.7 million and decrease estimated revenue by \$439,891, and to fund these adjustments with \$21.1 million in the use of Department fund balance.

Staffing Recommendation: It is recommended to delete five unfunded vacant positions to align funding with the Department’s allocated position count. These positions include one block-budgeted Mental Health Clinician I/II, one Sr. Nurse Practitioner, and one Sr. Community Health Worker in Clinics and Ancillary Services, as well as one Manager II and one Staff Nurse III in Public Health.

It is also recommended to delete one vacant block-budgeted Administrative Clerk I/II in Clinics and Ancillary Services due to changing operational needs following the clinic transition. In addition, due to program termination, funding constraints, and other related staffing adjustments necessary to sustain ongoing operations, it is recommended to delete one vacant block-budgeted Health Education Specialist and one vacant Manager III in Public Health.

Additionally, it is recommended to reclassify downward one vacant Technology Specialist III to block-budgeted Technology Specialist I/II to meet the organization’s operational needs. Lastly, it is recommended to study the request to create two new classifications: Physical Therapy Assistant and Certified Occupational Therapy Assistant.

DEVELOPING A HIGH-PERFORMING ECONOMY



Agricultural Commissioner
UC Cooperative Extension
Workforce Development

Developing a High-Performing Economy

Priority Overview

The Board of Supervisors' priority area of *Developing a High-Performing Economy* recognizes the critical role that County government can play in promoting, protecting, and sustaining our agricultural economy while providing for more diversified economic opportunities, all 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 of *Developing a High-Performing Economy*. Departments and programs assigned to this priority area include the Agricultural Commissioner, the University of California (UC) Cooperative Extension, and Workforce Development.

Stanislaus County is an international agri-business powerhouse. 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 High-Performing Economy*. Departments in this priority recognize the vital role of the County's number one industry, agriculture, which generated \$3.2 billion in total gross value of ag production, per the 2024 Stanislaus County Agricultural Report. This is a slight decrease of 6% from the 2023 value.

There are various funding sources supporting departments in this priority area. The Agricultural Commissioner receives State funding for several programs and charges fees for specific services, with additional support from the General Fund. Cooperative Extension's UC advisors are funded through the UC system; however, the County provides General Fund support for administrative staffing and operational expenses. Workforce Development receives Federal and State funds for work focused on meeting its mission of developing a skilled workforce.

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, and demand-driven workforce readiness and innovation.

The departments within the priority *Developing a High-Performing Economy* are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

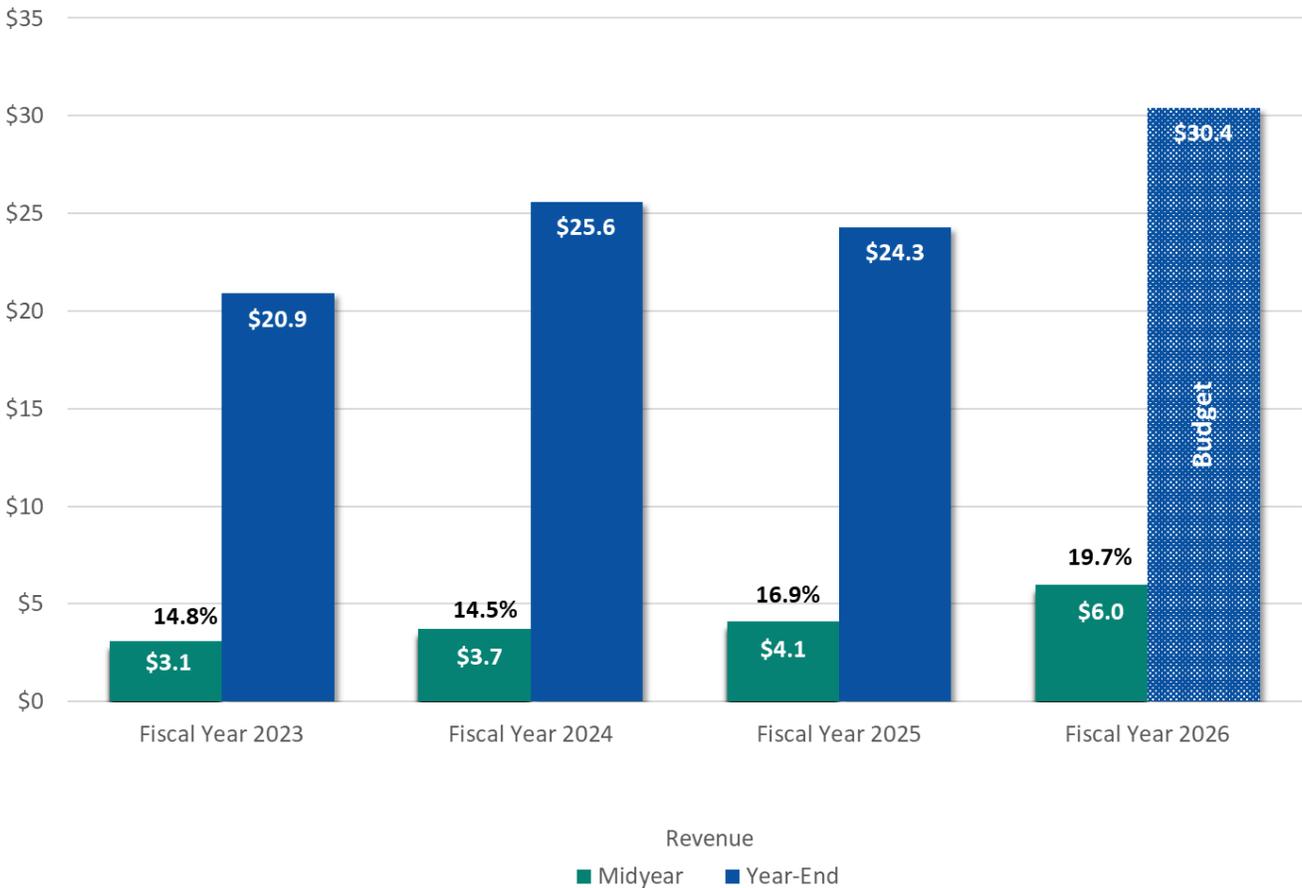
For the departments contained in the Board of Supervisors’ priority area *Developing a High-Performing Economy*, as of December 31, 2025, actual revenue collected was \$6 million, which represents 19.7% of the estimated annual revenue. This is above the historical range when compared to the midyear point of the prior three years when collections were 14.5% to 16.9% of the final actual revenue.

Workforce Development has budgeted for additional funded activities for Fiscal Year 2026, increasing overall anticipated revenue for this priority area. This has resulted in increased receipts to date, pushing this year’s rate over the historical trend.

Of note, various County Operations budgets that were housed in this priority area were moved to the *Delivering Efficient Public Services* priority in Fiscal Year 2023; Fiscal Years 2024 through 2026 reflect the remaining three department budgets and their respective historical data.

Developing a High-Performing Economy Four-Year Revenue Comparison

In Millions



Departmental Expenditures

As of December 31, 2025, expenditures for this priority totaled \$11.9 million, representing 34% of the budgeted appropriations. Expenditures at the midyear point of the prior three years ranged from 44.2% to 49.1% of the final actual expenditures, placing this year’s ratio below the historical three-year range.

Workforce Development has budgeted for additional funded activities for Fiscal Year 2026, increasing overall appropriations for this priority area. The deletion of positions at midyear is tied to 12 long-standing vacancies that have impacted expenditures to date. Additionally, various costs are expected to hit later in the fiscal year, bringing current spending down in the first half of the year.

As noted in the revenue section, various County Operations budgets that were housed in this priority area were moved to the *Delivering Efficient Public Services* priority in Fiscal Year 2023; Fiscal Years 2024 through 2026 reflect the remaining three department budgets and their respective historical data.

Developing a High-Performing Four-Year Expenditures Comparison

In Millions



Midyear Issues and Recommendations

The recommendations in this report *Developing a High-Performing Economy* transfer appropriations in a single budget unit, resulting in a net zero budget adjustment.

Agricultural Commissioner

Adjustments transferring \$225,000 in appropriations from Salaries and Benefits to Fixed Assets/Capital Outlays are recommended for the Agricultural Commissioner.

Facility Improvements – Adjustments are recommended to align appropriations with operational needs, including a transfer of \$225,000 in salary savings to Fixed Assets/Capital Outlays to support facility improvements at the Agricultural Center that will enhance workspace efficiencies.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Agricultural Commissioner	\$0	(\$225,000)	\$0	(\$225,000)	Transfer appropriations from Salaries and Benefits into Fixed Assets for workspace improvements.
Agricultural Commissioner	\$0	\$225,000	\$0	\$225,000	Transfer appropriations into Fixed Assets from Salaries and Benefits for workspace improvements.
Total	\$0	\$0	\$0	\$0	

Recommendation: It is recommended to transfer \$225,000 from Salaries and Benefits into Fixed Assets/Capital Outlays.

Workforce Development

Staff recommended the deletion of 12 vacant positions. There is no fiscal impact on the Department or the services provided to the community, as these positions are not currently necessary for the organization and have not been filled for some time. The funding source is not affected since the Department receives 100% funding from Federal and State monies.

Staffing Recommendation: It is recommended to delete 12 unfunded long-term vacant positions to align funding with the Department’s allocated position count. These positions include one Administrative Clerk II, one Administrative Clerk III, one Accountant I, one Family Services Supervisor, six Family Services Specialist III positions, one Staff Services Analyst, and one Software Administrator I.

PROMOTING LIFELONG LEARNING



Library

Promoting Lifelong Learning

Priority Overview

The Department that makes up the Board of Supervisors' priority *Promoting Lifelong Learning* is the Library. The Department serves members of the community and provides valuable services to local agencies and other County departments.

The Library is responsible for implementing *Promoting Lifelong Learning* opportunities for all residents to advance community and individual prosperity. The Stanislaus County Library builds community by creating opportunities and providing resources for connection, learning, exploration and innovation. The Library offers early literacy programs for children, basic literary services to adults, and outreach services beyond the physical walls of 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 passport application processing.

The Library is primarily funded by a voter-approved 1/8-cent sales tax to support Library operations. The voter-approved 1/8-cent sales tax was extended for 12 years when Measure S passed in November 2017. In Fiscal Years 2023 and 2024, the Library budget was significantly increased each year by \$3.5 million, with the implementation of Building Community Services Investment (BCSI) General Fund support to address various needs in the library system as part of an organization-wide three-year strategic initiative totaling \$10 million for libraries. In Fiscal Year 2025, the Library received the final \$3 million distribution of BCSI funds. The investment supports 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.

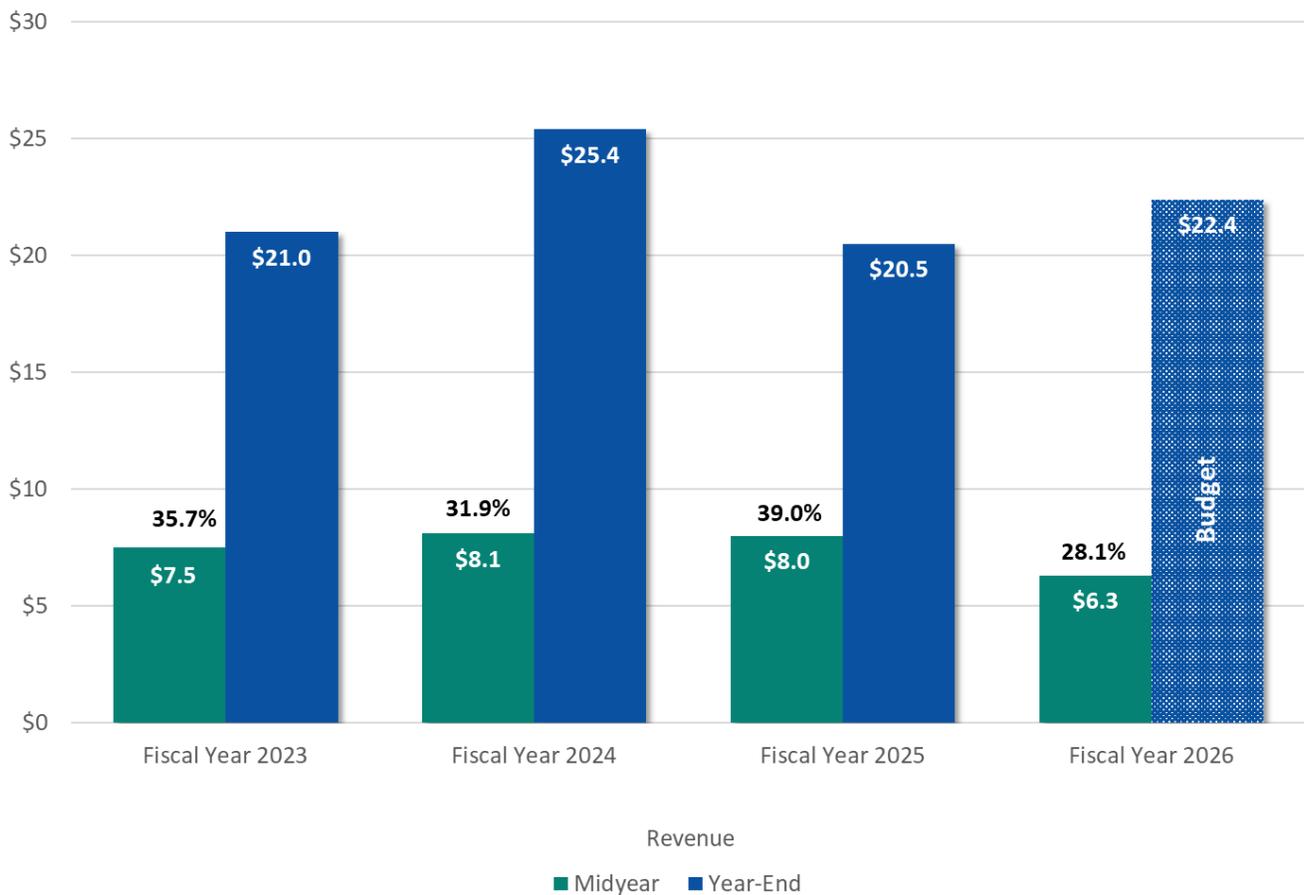
Departmental Revenue

As of December 31, 2025, actual revenue collected for the Department supporting the Board of Supervisors’ priority area of *Promoting Lifelong Learning* totaled \$6.3 million, representing 28.1% of the estimated annual revenue. This performance is below historical midyear trends, which range from 31.9% to 39.0% of final actual revenue over the past three fiscal years.

In Fiscal Year 2025, State funding through the Library Services and Technology Act (LSTA) was reduced by 50%, with reductions expected to stay in place for Fiscal Year 2026, where the full annual impact is seen. LSTA funding is used by the regional library consortium to provide interlibrary loan funds through the Link+ system. Fiscal Year 2025 also saw Federal funding cuts, as the Institute of Museum and Library Services (IMLS) cancelled all grants moving forward. While some grants have since been partially reinstated, the initial cancellation led to the elimination or reduction of several key services, including professional development opportunities, e-books, and audiobooks. These State and Federal funding cuts have resulted in reduced actual revenue at the midyear point for the Department supporting the priority area *Promoting Lifelong Learning*.

Promoting Lifelong Learning Four-Year Revenue Comparison

In Millions



Departmental Expenditures

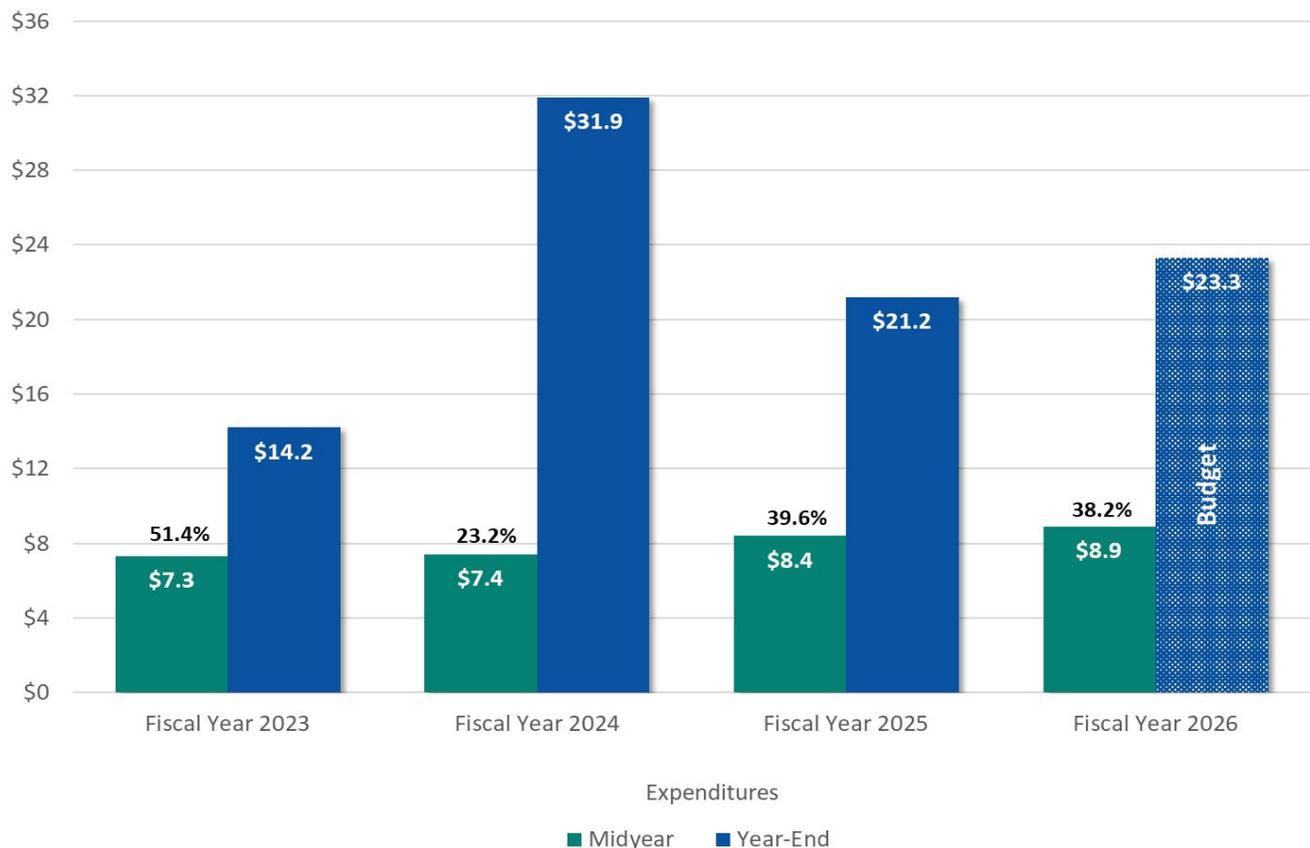
As of December 31, 2025, total expenditures for the Department budget supporting the Board of Supervisors’ priority area of *Promoting Lifelong Learning* total \$8.9 million, representing 38.2% of budgeted appropriations. This is consistent with historical midyear trends, which have ranged from 23.2% to 51.4% of final actual expenditures over the past three fiscal years.

The Library’s budgeted appropriations experienced a significant increase of \$17.7 million in Fiscal Year 2024, reflecting strategic investments in infrastructure and services, including \$7 million to support years one and two of the Building Community Services Investment (BCSI) initiative and \$4.9 million from the Library Building Forward Grant. In Fiscal Year 2025, the Library received an additional \$3 million representing the final installment of the three-year, \$10 million BCSI commitment.

The Library has experienced increases in Cost Allocation Plan charges from Fiscal Year 2023 to Fiscal Year 2026, with current-year estimates totaling \$3.3 million, a 135.5% increase from Fiscal Year 2023, primarily attributed to increased insurance, building maintenance, and Information Technology Central support costs.

Promoting Lifelong Learning Four-Year Expenditures Comparison

In Millions



Midyear Issues and Recommendations

Recommendations contained in this report do not result in any budget adjustments for the Department *Promoting Lifelong Learning*.

DELIVERING EFFICIENT PUBLIC SERVICES



Assessor

Auditor-Controller

Board of Supervisors

Chief Executive Office

CEO-HR

Clerk-Recorder

County Counsel

County Operations

General Services Agency

Information Technology Central

Treasurer-Tax Collector

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 provide a multitude of services to a diverse customer base, and these customers expect the 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 into this process and encourages departments to remain focused on continuous improvement.

Departments assigned to the Board of Supervisors' priority area of *Delivering Efficient Public Services* include the Assessor, Auditor-Controller, Board of Supervisors, Chief Executive Office, CEO – Human Relations, Clerk-Recorder, County Counsel, County Operations budgets, 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 many of these services comes from local revenue sources such as property tax, sales tax, various fees, franchise fees, charges for services, and a variety of other discretionary funding sources.

Departments within this priority are on track to end the year within budget and in a positive fiscal position.

Departmental Revenue

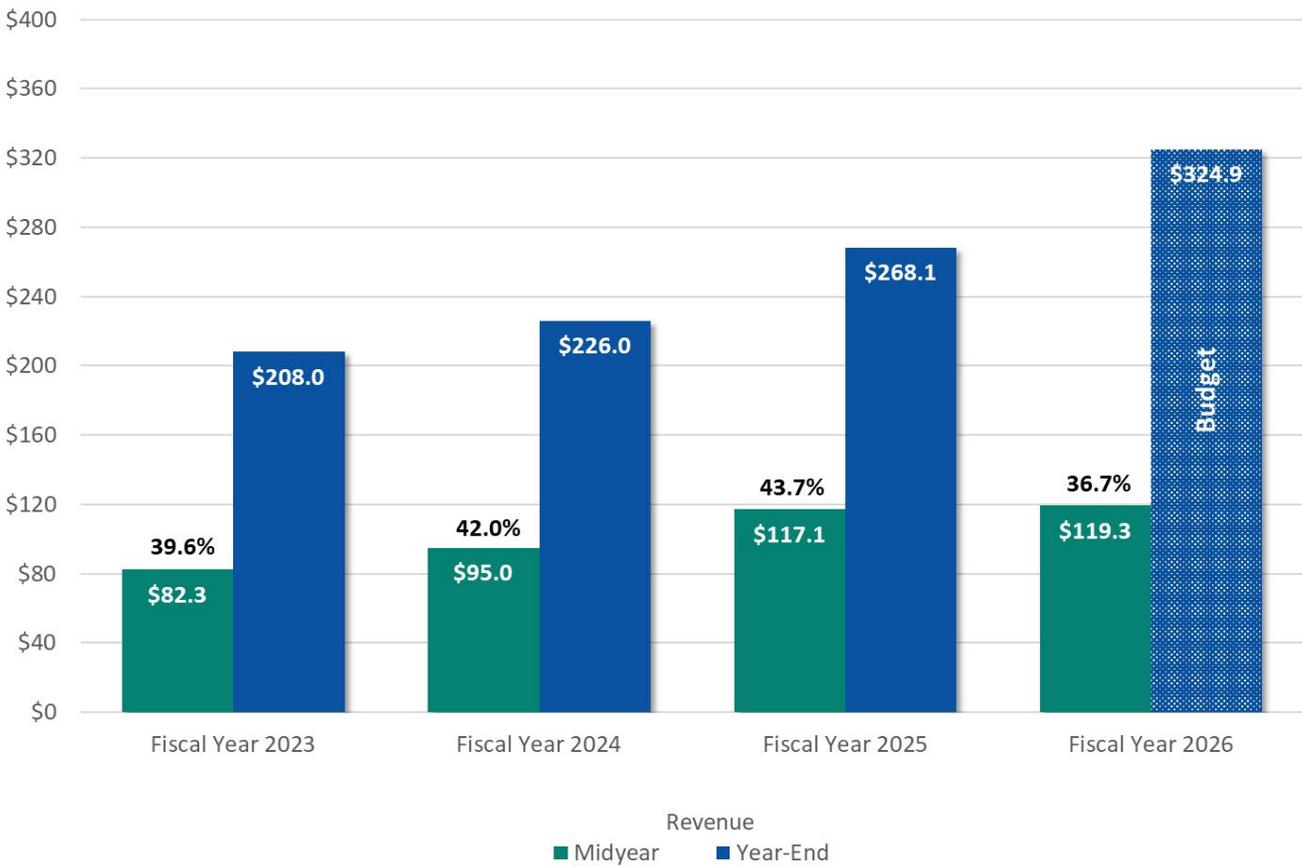
For the department budgets that make up the Board of Supervisor’s *Delivering Efficient Public Services* priority area, the actual revenue collected as of December 31, 2025, totaled \$119.3 million, which represents 36.7% of the estimated annual revenue. This is below the historical range when compared to the midyear point of the prior three years, when collections were 39.6% to 43.7% of the final actual revenue.

Budgeted revenue reflects an increase of \$56.8 million, or 21.2%, over the prior year’s actuals. This increase is primarily driven by \$45.5 million in additional budgeted activities for County Operations, an \$8.2 million increase in General Services Agency (GSA), primarily for Facility and Deferred Maintenance, and a \$2.7 million increase in Information Technology Central (ITC). The County Operations increase is largely attributable to \$51.3 million related to the American Rescue Plan Act (ARPA), \$5.6 million in County Match Pass Thru Vehicle License Fees, and \$1.5 million in Medical Self-Insurance, partially offset by decreases of \$4.6 million in General Liability, \$4 million in Workers Compensation, \$1.4 million in Crows Landing Industrial Business Park (CLIBP), \$1.3 million in the Cannabis Program, and \$1.2 million in County Court Funding.

While year-to-date revenue has increased 1.9% over the prior year, this growth trails the 21.2% increase in budgeted revenue, resulting in a lower year-to-date revenue-to-budget ratio. Absent the \$45.5 million in budgeted County Operations revenue, the revenue-to budget ratio would be 42.7%, which is within historical range.

Delivering Efficient Public Services Four-Year Revenue Comparison

In Millions



Departmental Expenditures

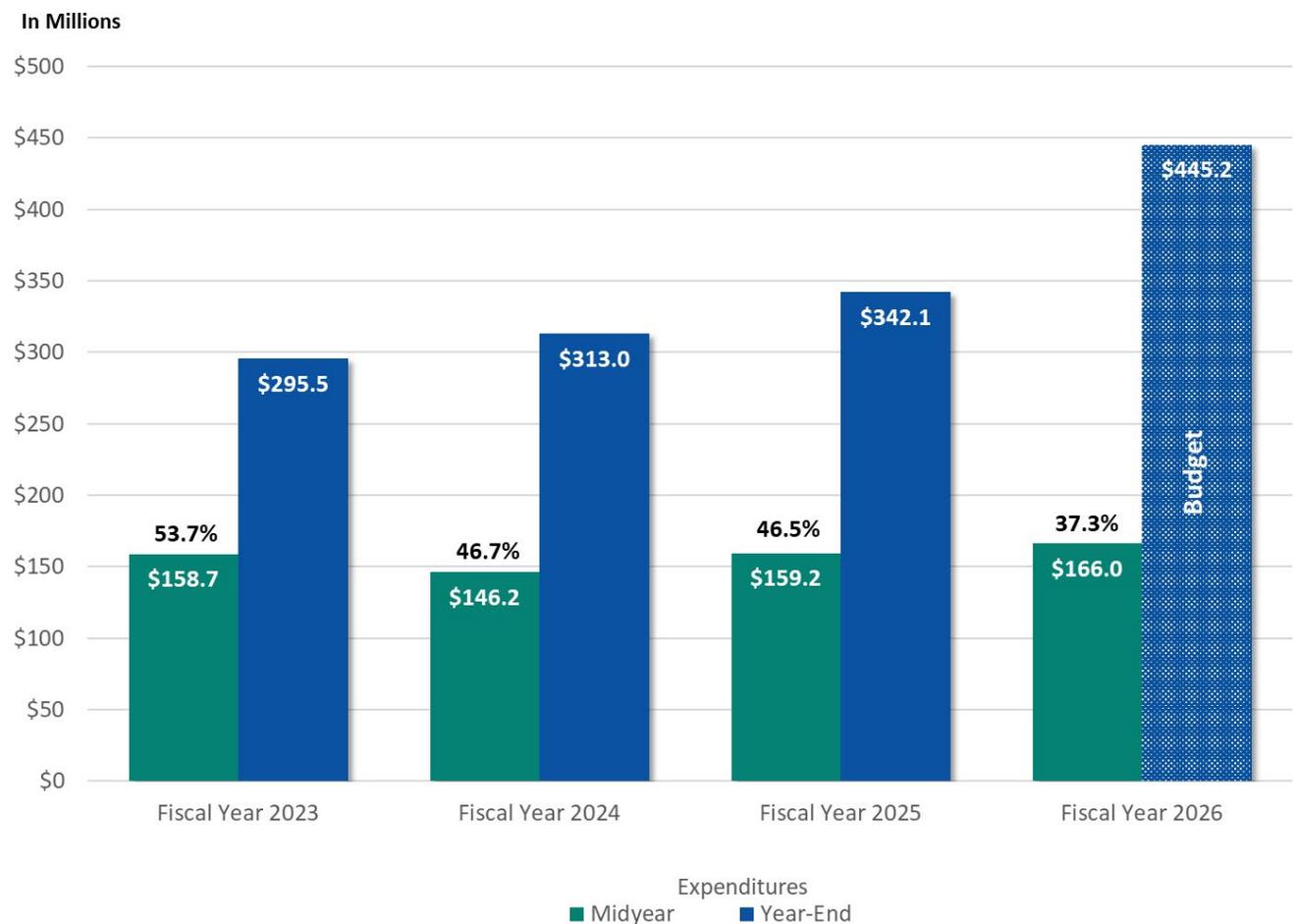
As of December 31, 2025, expenditures in this Board priority area totaled \$166 million, representing 37.3% of appropriations budgeted for the year. Expenditures at the midyear point of the previous three fiscal years ranged from 46.5% to 53.7% of the final actual expenditures, placing this year below the historical range.

Expenditures to date have increased by \$6.8 million compared to last year’s actuals, while the budget grew by \$103.1 million, or 30.1%. The increase in actual spending was driven by higher costs associated with County Match Pass-Thru Vehicle License Fees, General Liability, Medical Self-Insurance, GSA – Deferred Maintenance, and ITC, offset by decreases in CLIBP, ARPA, Elections, and the discontinuation of the Cannabis Program.

The overall budget growth in Fiscal Year 2026 is primarily attributed to ARPA (increased by \$51.3 million), and CLIBP (increased by \$26.8 million), with more modest increases to Medical Self-Insurance, County Match Pass Thru Vehicle License Fees, ITC, and Elections.

Several budgets are underspending compared to historical averages. CLIBP and ARPA have spent only 2% and 3%, respectively, due to the timing of construction projects. These delays, combined with budget growth exceeding growth in actual costs, have pushed the expenditure-to-budget ratio below historical levels.

Delivering Efficient Public Services Four-Year Expenditures Comparison



Midyear Issues and Recommendations

The recommendations contained in this report *Delivering Efficient Public Services* will decrease appropriations by \$559,703, increase revenue by \$26.4 million and the use of fund balance/retained earnings by \$875,000, resulting in a decrease of \$27.8 million in Net County Cost.

Assessor

Labor Increase – It is recommended to increase appropriations and Net County Cost by \$140,000 to support negotiated labor increases, as approved by the Board of Supervisors (Board Resolution 2025-0409).

Unanticipated Retirement Costs – It is recommended to increase appropriations and Net County Cost by \$33,000 to support unanticipated retirement costs.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Assessor	\$0	\$140,000	\$0	\$140,000	Increase appropriations to support negotiated labor increases funded with Net County Cost.
Assessor	\$0	\$33,000	\$0	\$33,000	Increase appropriations to support retirement cash-out funded with Net County Cost.
Total	\$0	\$173,000	\$0	\$173,000	

Recommendation: It is recommended to increase appropriations by \$173,000, funded with \$173,000 in Net County Cost.

Chief Executive Office - Administration

Labor Increase – It is recommended to increase appropriations by \$228,000, funded with \$91,200 in estimated Cost Allocation Plan revenue and \$136,800 in Net County Cost, to support negotiated labor increases (Board Resolution 2025-0410).

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Chief Executive Office - Administration	\$91,200	\$228,000	\$0	\$136,800	Increase appropriations to support negotiated labor increase funded with 40% estimated revenue and 60% Net County Cost.
Total	\$91,200	\$228,000	\$0	\$136,800	

Recommendation: It is recommended to increase appropriations by \$228,000, funded with \$91,200 in estimated revenue and \$136,800 in Net County Cost.

Chief Executive Office – Human Relations

Salaries and Benefits Increases - It is recommended to increase appropriations and Cost Allocation Plan revenue by \$320,971, to support negotiated labor increases of \$249,520 (Board Resolution 2025-0410), a Section 415(b) Retirement payment of \$13,446, a retirement cash-out of \$8,005, and Employee Choice Bonus Plan costs of \$50,000.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Chief Executive Office Human Relations	\$320,971	\$320,971	\$0	\$0	Increase appropriations and estimated revenue to support negotiated labor increases, a Section 415(b) Retirement Payment, a retirement cash-out, and Employee Choice Bonus Plan costs, funded with 100% Cost Allocation Plan revenue.
Total	\$320,971	\$320,971	\$0	\$0	

Recommendation: It is recommended to increase appropriations and estimated Cost Allocation Plan revenue by \$320,971.

County Counsel

Staffing Recommendation: A 3.33% salary adjustment is recommended for Unrepresented Management Attorneys within the County Counsel’s Office, including the classifications of Assistant County Counsel, Chief Deputy County Counsel, Deputy County Counsel II, Deputy County Counsel III, Deputy County Counsel IV, and Deputy County Counsel V.

County Operations

Appropriations for Contingencies – This budget serves as the contingency fund for the County and provides funds to meet unexpected and emergency financial exposures which may arise during the fiscal year. The transfer of funds from Appropriations for Contingencies to departmental operating budgets requires a four-fifths vote by the Board of Supervisors. The 2026 Proposed Budget included appropriations of \$21,225,000 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. The Board of Supervisor’s approved the following board resolutions after the 2026 Proposed Budget which required the use of Appropriations for Contingency:

- September 9, 2025, approved Board Resolution 2025-0465, utilizing \$65,000 for the Agricultural Commissioner;
- September 30, 2025, approved the Adopted Budget Board Resolution 2025-0507, utilizing \$7,713,551 to support various departments for approved adjustments, and Board Resolution 2025-0508, utilizing \$1,059,095 for Community Services Agency;
- November 18, 2025, Board Resolution 2025-0597, utilizing \$65,943 for the Airport Property Tax;
- December 9, 2025, approved the First Quarter Financial Report, Board Resolution 2025-0647, utilizing \$4,552,085 to support various departments for approved adjustments.

This left a remaining balance of \$7,769,326 for support of Midyear adjustments.

A transfer of \$3,890,219 out of Appropriations for Contingencies is recommended to meet department Net County Cost needs recommended at midyear, transferring funds as follows:

- Transfer \$2,435,431 to the Sheriff's Office to support approved negotiated labor rate increases (Board Resolutions 2025-0584 and 2025-0610), Employee Choice Bonus Plan Payments, termination cash-outs and contractual incentive and referral bonus costs and the replacement of a totaled vehicle;
- Transfer \$509,316 to County Operations – General Fund Contribution to Other Programs to support the Sheriff's Office Court Security radios and approved negotiated labor rate increases (Board Resolutions 2025-0584 and 2025-0610);
- Transfer \$286,775 to the Public Defender's Office to support increased Conflict Attorney Panel charges;
- Transfer \$173,000 to Assessor to support approved negotiated labor rate increase (Board Resolution 2025-0409) and termination cash-outs;
- Transfer \$160,000 to Parks and Recreation to support professional and legal services charges;
- Transfer \$136,800 to CEO-Administration to support approved negotiated labor rate increase (Board Resolution 2025-0410);
- Transfer \$107,000 to General Services Agency to support commission fees and board deemed surplus property charges;
- Transfer \$81,897 to Treasurer-Tax Collector to support Cost Allocation Plan charges, Employee Choice Bonus Plan payments, and group health charges;

After midyear adjustments, a total of \$3,879,107 will remain in Appropriations for Contingencies for use throughout the remainder of Fiscal Year 2026.

County Court Funding – An increase of \$406,704 in appropriations and estimated revenue is recommended to align with current collection trends in Vehicle Code Fines and Other Court Fines. The adjustments account for rising Utility and Operations and Maintenance (O&M) costs for the Hall of Records shared space, as well as the required 50/50 split payment to the State for revenues exceeding the base Maintenance of Effort (MOE) related to summary judgments, pursuant to Government Code Section 77205.

DOJ Drug and Alcohol – An increase of \$12,434 in appropriations and estimated revenue is recommended to align the budget with current collection trends in Vehicle Code Fines and new reimbursement revenues from local law enforcement agencies for blood draw and analysis services. These adjustments account for rising expenditure requirements driven by a year-over-year increase in case volume and higher service costs from Doctors Medical Center.

DNA Identification Fund Prop 69 – Pursuant to California Government Code Section 76104.6 (Proposition 69), a surcharge is levied on criminal fines and penalties to finance the DNA Identification Fund. These resources are dedicated to the analysis, tracking, and storage of crime scene samples, as well as reimbursing local law enforcement and crime labs for associated costs. In Stanislaus County, these proceeds are split evenly between the Sheriff and Probation departments. An increase of \$12,000 in appropriations and estimated revenue is recommended to align the budget with a three-year average of actual collections. These adjustments ensure that expenditures are properly authorized to facilitate the transfer of funds to the participating departments as the revenue is realized.

General Fund Contributions to Other Programs – An increase of appropriations of \$509,316 funded by Appropriations for Contingencies and an increase in revenues of \$21 million, for a total net increase in revenue of \$20.5 million is recommended as follows:

- Increase appropriations by \$509,316 to support Sheriff's Office - Court Security for capital outlays for forty radios for the new courthouse and approved negotiated labor rates (Board Resolution 2025-0610);
- Increase revenue by \$20.5 million funded by the Health Services Agency to return excess General Fund contribution. The resulting General Fund amount will be assigned in General Fund Balance at Fiscal Year End to support the Indigent Medical Population costs in future budget years;
- Increase revenue by \$391,867 funded by the Aging and Veteran's Services due to prior excess General Fund contribution to be returned to the General Fund;
- Increase revenue by \$127,998 funded by the Sheriff – Court Security due to previously approved funding for equipment now being funded with Public Facility Fees.

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	(\$286,775)	\$0	(\$286,775)	Transfer to Public Defender - Indigent Defense to support increased caseload
County Operations - Appropriations for Contingencies	\$0	(\$34,378)	\$0	(\$34,378)	Transfer to Sheriff Administration to support Salaries & Benefits for a facilities Manager II
County Operations - Appropriations for Contingencies	\$0	(\$24,952)	\$0	(\$24,952)	Transfer to Sheriff Administration to support retirement benefits for limitations imposed by Section 415(b)
County Operations - Appropriations for Contingencies	\$0	(\$26,324)	\$0	(\$26,324)	Transfer to Sheriff Administration to support negotiated labor increase
County Operations - Appropriations for Contingencies	\$0	(\$10,000)	\$0	(\$10,000)	Transfer to Sheriff Administration to support Employee Choice Bonus Payments
County Operations - Appropriations for Contingencies	\$0	(\$43,634)	\$0	(\$43,634)	Transfer to Sheriff Administration to support retirement cash-outs
County Operations - Appropriations for Contingencies	\$0	(\$94,709)	\$0	(\$94,709)	Transfer to Sheriff Detention to support Employee Choice Bonus Payments
County Operations - Appropriations for Contingencies	\$0	(\$70,902)	\$0	(\$70,902)	Transfer to Sheriff Detention to support retirement cash-outs
County Operations - Appropriations for Contingencies	\$0	(\$4,333)	\$0	(\$4,333)	Transfer to Sheriff Detention to support referral bonus payments
County Operations - Appropriations for Contingencies	\$0	(\$72,500)	\$0	(\$72,500)	Transfer to Sheriff Detention to support fitness incentive payments
County Operations - Appropriations for Contingencies	\$0	(\$1,566,698)	\$0	(\$1,566,698)	Transfer to Sheriff Detention to support negotiated labor increase

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	(\$43,784)	\$0	(\$43,784)	Transfer to Sheriff Operations to support Employee Choice Bonus Payments
County Operations - Appropriations for Contingencies	\$0	(\$62,026)	\$0	(\$62,026)	Transfer to Sheriff Operations to support retirement cash-outs
County Operations - Appropriations for Contingencies	\$0	(\$277,357)	\$0	(\$277,357)	Transfer to Sheriff Operations to support negotiated labor increase
County Operations - Appropriations for Contingencies	\$0	(\$4,667)	\$0	(\$4,667)	Transfer to Sheriff Operations to support referral bonus payments
County Operations - Appropriations for Contingencies	\$0	(\$58,667)	\$0	(\$58,667)	Transfer to Sheriff Operations to support fitness incentive payments
County Operations - Appropriations for Contingencies	\$0	(\$40,500)	\$0	(\$40,500)	Transfer to Sheriff Operations to support the replacement of one wrecked vehicle
County Operations - Appropriations for Contingencies	\$0	(\$140,000)	\$0	(\$140,000)	Transfer to Assessor to support negotiated labor increase
County Operations - Appropriations for Contingencies	\$0	(\$33,000)	\$0	(\$33,000)	Transfer to Assessor to support retirement cash-out
County Operations - Appropriations for Contingencies	\$0	(\$136,800)	\$0	(\$136,800)	Transfer to CEO Administration to support negotiated labor increase
County Operations - Appropriations for Contingencies	\$0	(\$400,000)	\$0	(\$400,000)	Transfer to County Operations General Fund Contribution to Other Programs to support Sheriff Court Security's radios
County Operations - Appropriations for Contingencies	\$0	(\$109,316)	\$0	(\$109,316)	Transfer to County Operations General Fund Contribution to Other Programs to support SO Court Security's negotiated labor increase
County Operations - Appropriations for Contingencies	\$0	(\$27,000)	\$0	(\$27,000)	Transfer to GSA 10th Street Place to support commission fees
County Operations - Appropriations for Contingencies	\$0	(\$80,000)	\$0	(\$80,000)	Transfer to GSA Capital Facilities to support Board deemed surplus property

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	(\$6,897)	\$0	(\$6,897)	Transfer to Treasurer-Tax Collector Administration / Taxes to support Employee Choice Bonus Payments and Group Health Insurance
County Operations - Appropriations for Contingencies	\$0	(\$75,000)	\$0	(\$75,000)	Transfer to Treasurer-Tax Collector Administration / Taxes to support Intrafund/Intradepartment collection charges
County Operations - Appropriations for Contingencies	\$0	(\$160,000)	\$0	(\$160,000)	Transfer to Parks and Recreation to support professional & legal services costs
County Operations - County Court Funding	\$406,704	\$406,704	\$0	\$0	Increase in revenue due to trends in Vehicle Code Fines and Other Court Fines. Increase in expenditures primarily because of higher Utility and Operations and Maintenance (O&M) costs for the Hall of Records shared space, and an increase in the 50/50 split payment to the State for revenues exceeding the base Maintenance of Effort (MOE) amount related to summary judgments.
County Operations - DOJ Drug and Alcohol	\$12,434	\$12,434	\$0	\$0	Increase revenue based on trends for Vehicle Code Fines and the newly implemented reimbursements received from local law enforcement agencies for blood draw and analysis fees. Increase expenditures due to an increase in blood draw costs from Doctor's Medical Center and a rise in case volume over the prior year, which is related to an increase in enforcement.
County Operations - General Fund Contribution to Other Programs	\$127,998	\$0	\$0	(\$127,998)	Decrease Net County Cost for Sheriff - Court Security for the operating transfers in of the PFF Funds - approved at the PFF Committee August 21, 2025 Meeting
County Operations - General Fund Contribution to Other Programs	\$0	\$400,000	\$0	\$400,000	Increase appropriations for Sheriff - Court Security in Capital Outlays to support the cost of 40 radios in the new courthouse

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Operations - General Fund Contribution to Other Programs	\$0	\$109,316	\$0	\$109,316	Increase appropriations for Sheriff - Court Security to support negotiated labor increases - Resolution Nos. 2025-0584 and 2025-0610.
County Operations - General Fund Contribution to Other Programs	\$20,483,022	\$0	\$0	(\$20,483,022)	Increase revenue / decrease Net County Cost for Health Services Agency for excess general fund match
County Operations - General Fund Contribution to Other Programs	\$391,867	\$0	\$0	(\$391,867)	Increase revenue / decrease Net County Cost for Aging and Veterans Services for excess General Fund match
County Operations - Prop69 DNA Identification Fund	\$12,000	\$12,000	\$0	\$0	Increase revenues based off a three-year average of actuals. Increase expenditures to align with the increase in revenues as funds are transferred to departments.
Total	\$21,434,025	(\$2,949,765)	\$0	(\$24,383,790)	

Recommendation: It is recommended to reduce appropriations by \$2.9 million, increase estimated revenue by \$21.4 million, resulting in a net decrease of \$24.4 million in the use of Net County Cost.

General Services Agency

Adjustments increasing appropriations by \$725,450, funded with \$786,690 in estimated revenue, resulting in a Net County Cost savings of \$61,240, are recommended for the General Services Agency.

Lease Administration – It is recommended to increase appropriations by \$27,000, funded by Net County Cost, to cover commission fees related to the lease renewal of two first-floor retail spaces at the 10th Street Place building.

Facility Repair – It is recommended to increase appropriations and estimated revenue by \$13,700 to cover an unforeseen sump pump system mechanical repair at the 12th Street Office Building.

Lease Revenue Adjustment – It is recommended to increase estimated revenue by \$272,990 and appropriations by \$104,750, resulting in a General Fund benefit of \$168,240 to recognize increased lease revenue and facility costs from the newly acquired facility located at 5330 Pirrone Road in Salida.

Property Cost Adjustment – It is recommended to increase appropriations by \$80,000, funded by the General Fund, to cover security, landscaping, one-time cleaning, and professional services costs associated with the property located at 2846 Finch Road in Modesto.

Vehicle Upfitting Support – It is recommended to increase estimated revenue and appropriations by \$500,000 for vehicle upfitting parts.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
General Services Agency - 10th Street Place	\$0	\$27,000	\$0	\$27,000	Increase appropriations and Net County Cost due to commissions for leasing space.
General Services Agency - 12th Street Building	\$13,700	\$13,700	\$0	\$0	Increase appropriations and estimated revenue to cover unforeseen facility repair.
General Services Agency - Capital Facilities	\$272,990	\$104,750	\$0	(\$168,240)	Increase appropriations and estimated revenue and decrease Net County Cost due to leased space.
General Services Agency - Capital Facilities	\$0	\$80,000	\$0	\$80,000	Increase appropriations and Net County Cost to maintain Board deemed surplus property
General Services Agency - Fleet Services Division	\$500,000	\$500,000	\$0	\$0	Increase estimated revenue and appropriations for vehicle upfitting parts
Total	\$786,690	\$725,450	\$0	(\$61,240)	

Recommendation: It is recommended to increase appropriations by \$725,450, and to increase estimated revenue by \$786,690, resulting in a Net County Cost savings of \$61,240.

Information Technology Central

Adjustments increasing appropriations and the use of retained earnings by \$875,000 are recommended for Information Technology Central.

Software Licensing – It is recommended to increase appropriations and the use of retained earnings by \$750,000 to address higher software licensing costs driven by increased demand and vendor price increases.

Facility and Internal Service Costs – It is recommended to increase appropriations and the use of retained earnings by \$125,000 to address higher facility and Cost Allocation Plan (CAP) charges resulting from the addition of the 1st Floor Training Room and 2nd Floor office space at 801 11th Street. Increased costs include building charges, janitorial, utilities, maintenance, and higher-than-anticipated Human Relations charges.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Information Technology Central	\$0	\$750,000	\$750,000	\$0	Increase appropriations to support rising software costs, funded with retained earnings.
Information Technology Central	\$0	\$125,000	\$125,000	\$0	Increase appropriations to support rising facility and internal service costs, funded with retained earnings.
Total	\$0	\$875,000	\$875,000	\$0	

Recommendation: It is recommended to increase appropriations and the use of retained earnings by \$875,000.

Staffing Recommendation: It is recommended to reclassify downward one Technology Specialist III to block-budgeted Technology Specialist I/II to provide general desktop support.

Treasurer-Tax Collector

Salaries and Benefits Increases – It is recommended to increase appropriations by \$36,148 and increase estimated revenue by \$29,251, funded with \$6,897 in Net County Cost, to support a retirement cash-out of \$15,000, Employee Choice Bonus Plan costs of \$9,411, and an ongoing increase to Group Health Insurance of \$11,737.

Collection Services – It is recommended to increase appropriations and Net County Cost by \$75,000 one-time to support the additional collection charge associated with the transfer of \$4 million in unsecured taxes to the Revenue Recovery Division for enhanced collection.

Deletion of Vacant Funded Position – It is recommended to decrease appropriations and estimated revenue by \$43,507 to support the deletion of one long-term vacant Account Clerk III.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Treasurer-Tax Collector	\$0	\$0	\$0	\$0	Request for transferability between the two General Fund budgets, specifically Business Services Division and Administration/Taxes.
Treasurer-Tax Collector - Administration/Taxes	\$0	\$6,897	\$0	\$6,897	Increase to Salaries and Benefits for Employee Choice Bonus Plan costs, and Group Health Insurance funded with Net County Cost.
Treasurer-Tax Collector - Administration/Taxes	\$0	\$75,000	\$0	\$75,000	Increase appropriations to Intrafund/Intradepartment Charges funded with Net County Cost.
Treasurer-Tax Collector - Revenue Recovery	(\$43,507)	(\$43,507)	\$0	\$0	Delete 1 vacant Account Clerk III position.
Treasurer-Tax Collector - Treasury	\$29,251	\$29,251	\$0	\$0	Increase to Revenue and Salaries and Benefits for retirement cash-outs, Employee Choice Bonus Plan costs, and Group Health Insurance.
Total	(\$14,256)	\$67,641	\$0	\$81,897	

Recommendation: It is recommended to increase appropriations by \$67,641 and decrease estimated revenue by \$14,256, funded with \$81,897 in Net County Cost.

It is also recommended that transferability between the Treasurer-Tax Collector’s two General Fund budgets, specifically Business Services Division and Administration/Taxes, be authorized to provide the Department maximum flexibility to balance General Fund budgets and end the year in a positive position.

Staffing Recommendation: It is recommended to delete one long-term vacant Account Clerk III. This deletion will not affect service levels.

ENHANCING COMMUNITY INFRASTRUCTURE



Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

Enhancing Community Infrastructure

Priority Overview

The Board of Supervisors' priority area *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 local transportation sales tax commonly referred to as Measure L.

In Fiscal Year 2026, the Board of Supervisors allocated \$3 million of General Fund reserves to the Department of Public Works to purchase and operate for three years, two one-person patchers. The patchers will be deployed throughout the County and will improve the Department's ability to respond to pothole complaints. Additionally, for the first time, Public Works budgeted a department contingency in the amount of \$6 million to address emergency road and bridge projects.

The departments within *Enhancing Community Infrastructure* are on track to end the year within budget and in a positive fiscal position, except for Parks and Recreation. Parks and Recreation has identified a revenue shortfall due to decreased visitation at Woodward Reservoir because of the invasive Golden Mussel species and resulting boating restrictions. Revenue and expenses will be monitored, and it is anticipated budget adjustment recommendations will be included in the Third Quarter Financial Report.

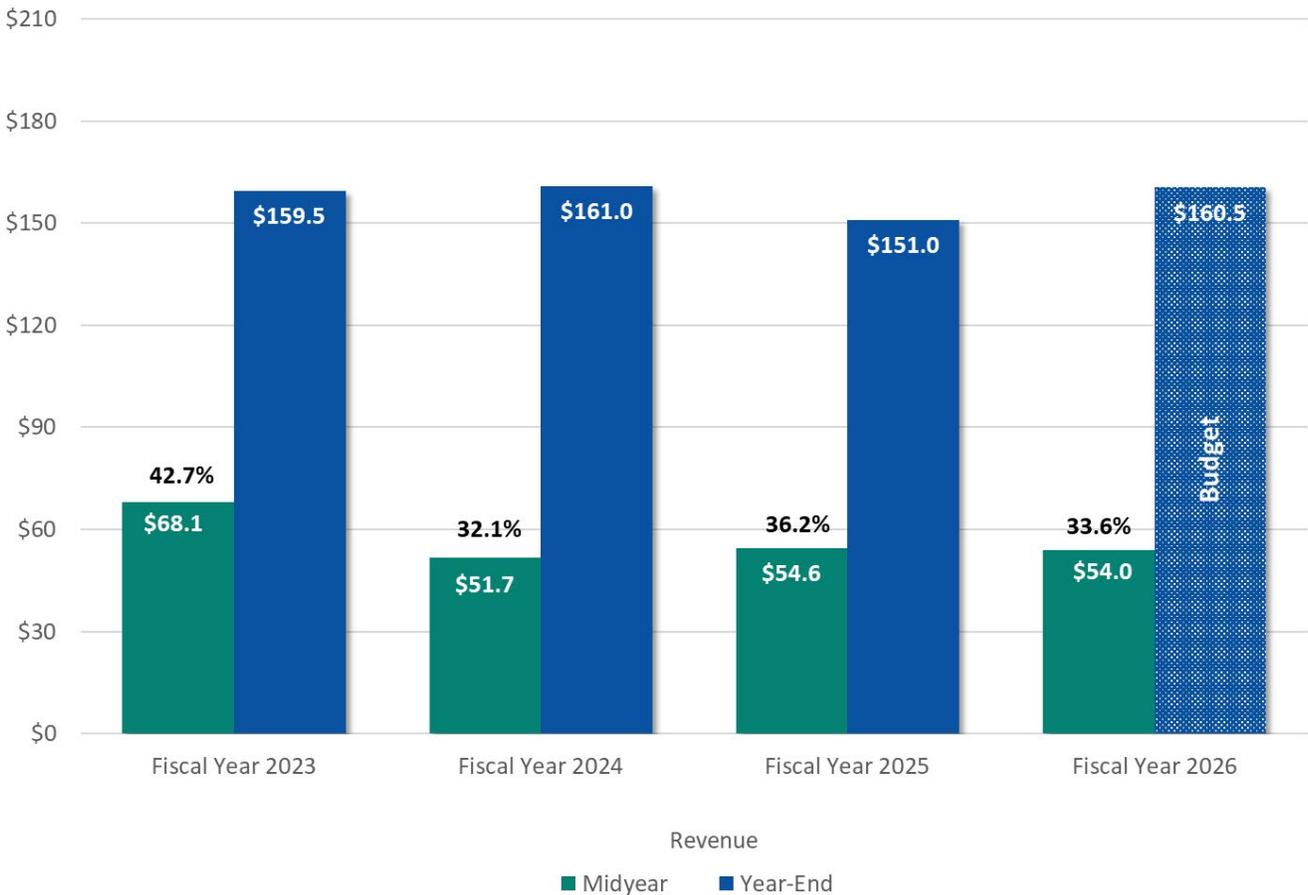
Departmental Revenue

For the budgets representing the Board’s priority *Enhancing Community Infrastructure* actual revenue collected as of December 31, 2025, totaled \$54 million, representing 33.6% of the estimated annual revenue. This is within historical range when compared to the midyear point of the prior three years when collections ranged from 32.1% to 42.7% of final actual revenue.

Budgets within this priority include revenue for various projects that impact both budgeted revenue and actual revenue collected. Revenue collected to date in the current fiscal year is \$14.1 million less than Fiscal Year 2023. This variance is largely due to the project-based revenue in the Public Works Road and Bridge budget. The Road and Bridge budget includes \$101.6 million in estimated revenue for over 50 projects. Additionally, Planning and Community Development includes \$15.7 million of housing program and grant revenue. These revenue sources for Public Works and Planning and Community Development are received on a cost-reimbursement basis, and costs have not yet materialized.

Enhancing Community Infrastructure Four-Year Revenue Comparison

In Millions



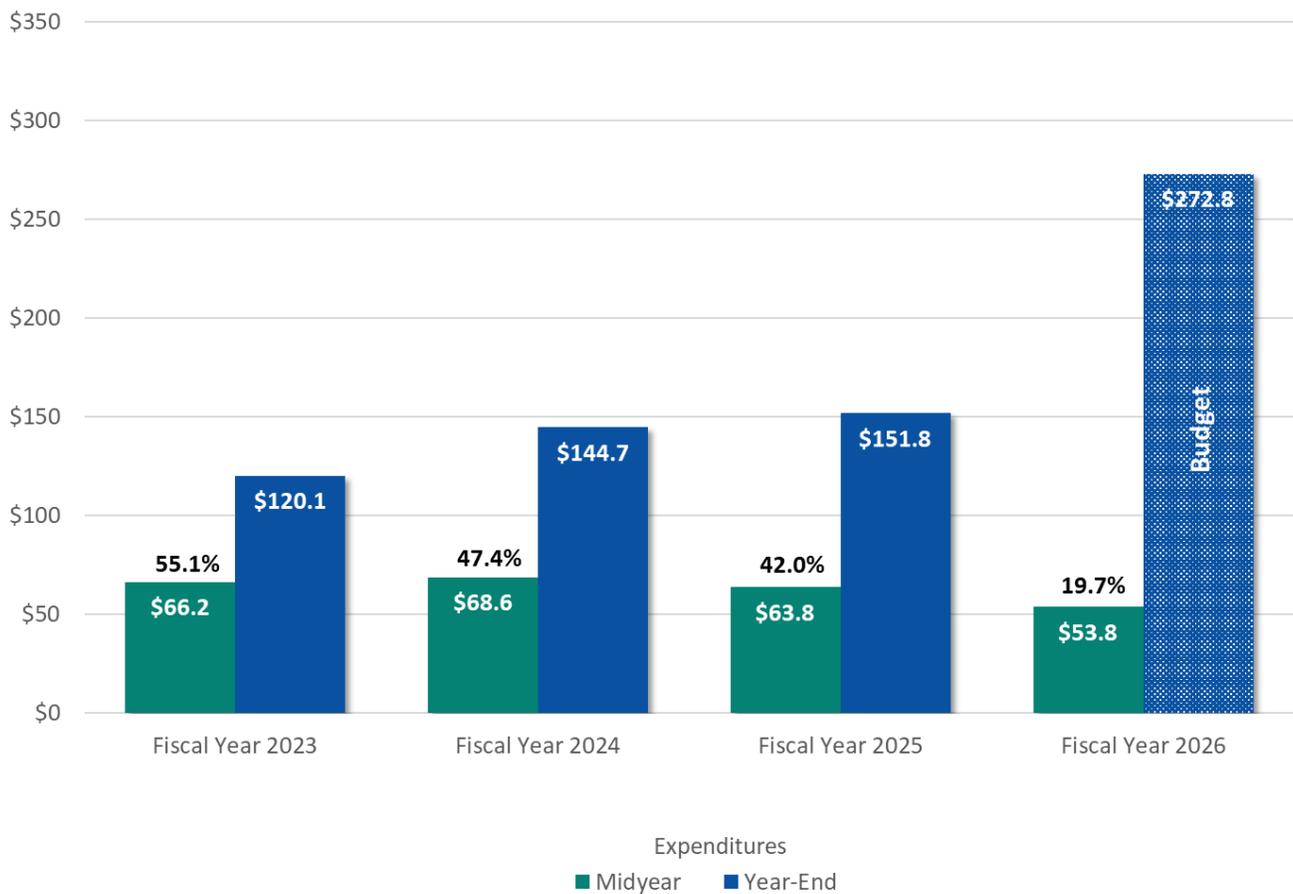
Departmental Expenditures

As of December 31, 2025, expenditures in this priority total \$53.8 million, representing 19.7% of the budgeted appropriations. Expenditures at the midyear point of the prior three years ranged from 42% to 55.1% of the final actual expenditures, placing this year’s expenditures below the historical range.

The shift is primarily due to the increase in overall budget compared to that realized in prior years’ actual expenditures; however, Fiscal Year 2026 year-to-date actual expenditures are \$10 million to \$14.8 million lower than prior years. This decrease in spending can be attributed to Public Works – Road and Bridge. Typically, this budget unit incurred between \$10 million and \$13 million in professional expenses. To date, only \$1.9 million has been incurred; however, it has \$23.2 million in encumbered funds that have not yet been invoiced.

Enhancing Community Infrastructure Four-Year Expenditures Comparison

In Millions



Midyear Issues and Recommendations

The recommendations contained in this report *Enhancing Community Infrastructure* will decrease appropriations by \$2.5 million and estimated revenue by \$1.2 million resulting in an increased use of Net County Cost of \$160,000 and a decreased use of departmental fund balance of \$1.4 million.

Environmental Resources

Adjustments in Environmental Resources will increase appropriations by \$235,000 and estimated revenue by \$592,774, resulting in a \$357,774 savings to Department fund balance.

Assembly Bill 939/Source Reduction and Recycle – Adjustments increasing appropriations and estimated revenue are recommended to align budget with expected revenue and expenses stemming from the Solid Waste Memoranda of Understanding (MOU) between Stanislaus County and the nine cities. It is necessary to increase estimated revenue by \$592,774 to account for an increase in committed tonnage that will be delivered to the Fink Road Landfill. Additionally, it is recommended to increase appropriations by \$235,000 for costs associated with administrative services provided by the City of Modesto.

Staffing – Three separate staffing recommendations are included that do not increase the Department’s overall staffing allocation or budget.

- First, in Environmental Resources, it is recommended to delete a block-budgeted Manager I/II position that ensured contractual compliance and served as a liaison to the Waste-to-Energy (WTE) Facility and replace it with a block-budgeted Manager I/II to support the Solid Waste Division and Household Hazardous Waste (HHW) facility.
- A technical adjustment transferring an Account Clerk III from Environmental Resources to Fink Road Landfill is recommended as this position solely supports the Landfill. This requires a \$89,380 reduction in appropriations for Environmental Resources and a corresponding increase in Fink Road Landfill.
- A technical adjustment transferring two Environmental Technicians from Environmental Resources to Household Hazardous Waste is recommended to align staffing allocation with budget. No budget adjustment is required.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Environmental Resources	\$0	(\$89,380)	(\$89,380)	\$0	Decrease appropriations to transfer out an Account Clerk III to the Fink Road Landfill.
Environmental Resources	\$0	\$0	\$0	\$0	Add a new Manager I/II position within the Solid Waste Division to provide managerial oversight over Solid Waste Programs and delete a Manager I/II position that is no longer being utilized following the closure of the Waste-to-Energy facility.
Environmental Resources	\$0	\$0	\$0	\$0	Transfer two Env. Tech positions to Household Hazardous Waste.
Environmental Resources - AB 939/Source Reduction & Recycle	\$592,774	\$0	(\$592,774)	\$0	Increase estimated revenues to match with committed tonnage for AB939.
Environmental Resources - AB 939/Source Reduction & Recycle	\$0	\$235,000	\$235,000	\$0	Increase appropriations ensure payments to City of Modesto for administrative cost align with committed tonnage.
Environmental Resources - Fink Road Landfill	\$0	\$89,380	\$89,380	\$0	Increase appropriations to transfer in one Account Clerk III from Environmental Resources.
Environmental Resources - Household Hazardous Waste	\$0	\$0	\$0	\$0	Transfer two Env. Tech positions in from Environmental Resources.
Total	\$592,774	\$235,000	(\$357,774)	\$0	

Recommendation: It is recommended to increase appropriations by \$235,000 and estimated revenue by \$592,774, resulting in a \$357,774 savings to fund balance.

Staffing Recommendation: It is recommended to add one block-budgeted Manager I/II to support the Solid Waste Division's oversight of the HHW facility. This facility is part of the Countywide Integrated Waste Management Plan and broader Solid Waste functions. To offset this addition, it is recommended to delete one vacant block-budgeted Manager I/II, originally approved to ensure contractual compliance and to serve as a liaison for the cities and Covanta, the WTE Facility, which closed in December 2024. With closure of Covanta, this position is no longer necessary.

Additionally, it is recommended to transfer three positions between budget units to properly align positions with departmental needs. This includes transferring one Account Clerk III from Environmental Resources to Fink Road Landfill and two Environmental Technician positions from Environmental Resources to Household Hazardous Waste.

Parks and Recreation

Adjustments in Parks and Recreation will increase appropriations by \$541,914, funded by \$332,961 in estimated revenue and \$48,953 in fund balance, resulting in a \$160,000 increase to Net County Cost.

Off Highway Vehicle – Adjustments to the Off Highway Vehicle budget are necessary to align the budget with updated State grant award amounts. In total, a \$381,914 increase to appropriations is recommended funded by a \$332,961 increase in estimated revenue and \$48,953 in fund balance.

Woodward Reservoir License Termination – The South San Joaquin Irrigation District (SSJID) has notified Stanislaus County of its intent to terminate the Woodward Reservoir License Agreement effective October 15, 2026. Stanislaus County will require professional and legal services to successfully facilitate the termination of the agreement and transition of recreational activities to SSJID. A \$160,000 increase in appropriations, funded by Net County Cost, is recommended to cover these costs.

Reservoir Revenue Shortfall – Since early-2025, Woodward Reservoir operations have been impacted by the unforeseen statewide introduction of the Golden Mussel invasive species. Boat launches at Woodward Reservoir were closed and mandatory vessel inspections at Modesto Reservoir were implemented. These actions were put in place to protect waterways, but has limited boating access at both reservoirs. Boat launches at Woodward Reservoir were open for fall and winter recreational activities with the implementation of a 30-day banding and quarantine program; however, this program requires substantial resources and the Department anticipates it will again need to close boat launches at Woodward Reservoir. The discovery of the Golden Mussel invasive species and the steps taken to protect waterways has greatly impacted the Department’s revenue. Fiscal analysis done as part of the midyear budget review revealed a \$390,000 revenue shortfall that would require an increase to the Department’s Net County Cost. While this shortfall has been identified, no recommendations on how to address it are included in the Midyear Financial Report. Instead, staff from the Chief Executive Office and Parks and Recreation will monitor revenue and expenses and anticipate a recommendation will be included in the 2026 Third Quarter Financial Report.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Parks and Recreation	\$0	\$160,000	\$0	\$160,000	Increase appropriations for services related to the Woodward Reservoir property transition.
Parks and Recreation - Off Highway Vehicle	\$332,961	\$381,914	\$48,953	\$0	Decrease revenue and appropriations to right-size the budget per the updated grant award amount.
Total	\$332,961	\$541,914	\$48,953	\$160,000	

Recommendation: It is recommended to increase appropriations by \$541,914, funded by \$332,961 in estimated revenue and \$48,953 in fund balance, resulting in a \$160,000 increase to Net County Cost.

Staffing Recommendation: A request to study one block-budgeted Accountant I/II was submitted by the Department and recommended for study in the 2026 Adopted Budget. The study has been completed, concluding with a recommendation to reclassify the position to Accountant III.

Planning and Community Development

Adjustments in Planning and Community Development will decrease appropriations by \$4 million and estimated revenue by \$2.6 million, resulting in a \$1.4 million savings to Department fund balance.

General Plan Maintenance – On August 5, 2025, the Board of Supervisors authorized the Director of Planning and Community Development to apply for Regional Early Action Planning Grants of 2021 (REAP 2.0) funding in the amount of \$251,336 from the Stanislaus Council of Governments (StanCOG) for implementation of the 6th Cycle Housing Element. StanCOG has awarded the funds to the Department and confirmed that eligible activity costs can be reimbursed retroactively back to July 1, 2021. An increase in estimated revenue in the amount of \$251,336 is recommended to account for this revenue, which will be used to retroactively pay for contracted services performed as part of the Housing Element update effort.

Special Revenue Grants – The Department’s midyear fiscal review revealed that appropriations and estimated revenue were inflated and corrections are needed. A \$2.9 million decrease to estimated revenue is necessary to correctly identify the use of grant revenue. The 2026 Adopted Budget included grant revenue that was received in the prior year and should have been budgeted as use of fund balance. This adjustment will reflect the actual revenue expected from new grant funding. A \$4 million decrease to appropriations is necessary to right-size the budget as the 2026 Adopted Budget included appropriations for prior-year grant expenditures that had not been completed, but had purchase orders that were rolled into the new fiscal year as well as minor technical adjustments to recognize administrative costs. These adjustments result in a net \$1.2 million savings to fund balance.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Planning and Community Development - General Plan Maintenance	\$251,336	\$0	(\$251,336)	\$0	Increase estimated revenue and decrease the use of fund balance to reflect anticipated revenue from StanCOG.
Planning and Community Development - Special Revenue Grants	(\$2,867,427)	(\$4,023,212)	(\$1,155,785)	\$0	Decrease estimated revenue and appropriations to reflect projected actuals resulting in a decrease in the use of fund balance.
Total	(\$2,616,091)	(\$4,023,212)	(\$1,407,121)	\$0	

Recommendation: It is recommended to decrease appropriations by \$4 million and estimated revenue by \$2.6 million, resulting in a \$1.4 million savings to Department fund balance.

Public Works

Adjustments in Public Works will increase appropriations by \$791,708 and estimated revenue by \$462,096, resulting in a \$329,612 increase in the use of Department fund balance/retained earnings.

Budget Right-Sizing – Several adjustments are recommended to right-size the budget for the Morgan Shop and Road and Bridge legal budget units. For Morgan Shop, a \$195,960 increase to appropriations is necessary to reflect operational cost increases. In Road and Bridge, a \$462,096 increase to appropriations and estimated

revenue is recommended to reflect the costs and associated revenue related to capital projects which are advancing into the construction phase. Road and Bridge also requires a \$77,152 increase in appropriations to reflect operational cost increases.

Capital Outlays – For Morgan Shop, a \$25,000 increase to Capital Outlays is recommended to accommodate increased costs for ongoing Morgan Shop improvements, which are aimed at improving operational efficiency. In Road and Bridge, a \$31,500 increase to Capital Outlays is recommended for the purchase of a pump polymerized aluminum chloride (PAC) machine.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Public Works - Morgan Shop	\$0	\$195,960	\$195,960	\$0	Increase appropriations to reflect operational cost increases, funded by retained earnings.
Public Works - Morgan Shop	\$0	\$25,000	\$25,000	\$0	Increase appropriations within Capital Outlays to accommodate ongoing Morgan shop improvements aimed at improving operational efficiency, funded by retained earnings.
Public Works - Road and Bridge	\$462,096	\$462,096	\$0	\$0	Increase appropriations and estimated revenue to reflect capital projects advancing into the construction phase and updated year-end revenue projections.
Public Works - Road and Bridge	\$0	\$77,152	\$77,152	\$0	Increase appropriations to reflect operational cost increases.
Public Works - Road and Bridge	\$0	\$31,500	\$31,500	\$0	Increase appropriations in Capital Outlays for the purchase of a pump polymerized aluminum chloride (PAC) machine.
Total	\$462,096	\$791,708	\$329,612	\$0	

Recommendation: It is recommended to increase appropriations by \$791,708 and revenue by \$462,096, resulting in a \$329,612 increase in the use of Department fund balance/retained earnings.

Special Districts

At the time of the 2026 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 five months of Fiscal Year 2026 resulted in the requested changes to the Adopted Final Budgets for Four County Service Areas

(CSA). Recommended adjustments will increase appropriations by \$48,000 for the following CSAs, funded by district fund balance:

- \$3,000 for CSA 18 to cover Parks’ increased costs in landscaping services.
- \$22,000 for CSA 19 to cover Parks’ increased costs in landscaping services and utilities.
- \$2,000 for CSA 21 to cover Parks’ increased costs in landscaping services.
- \$21,000 for CSA 26 to cover Parks’ increased costs in utilities.

Recommended Budget Adjustment					
County Service Area	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
County Service Area No 18 - Atlas Park	\$0	\$3,000	\$3,000	\$0	Increased costs in landscaping services.
County Service Area No 19 - Sterling	\$0	\$22,000	\$22,000	\$0	Increased costs in landscaping services and utilities.
County Service Area No 21 - Riopel	\$0	\$2,000	\$2,000	\$0	Increased costs in landscaping services.
County Service Area No 26 - Keyes	\$0	\$21,000	\$21,000	\$0	Increased costs in utilities.
Total	\$0	\$48,000	\$48,000	\$0	

Recommendation: It is recommended to increase appropriations by \$48,000, funded by district fund balance.

Midyear Financial Report Conclusion

The 2026 Midyear Financial Report shows the County budget is balanced, inclusive of updated information, and actual performance is tracking within the 2026 Legal Budget and year-end projections for most departments. 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 2026 Third Quarter Financial Report targeted to go before the Board of Supervisors on May 12, 2026.

Staff will continue to closely watch external factors, including evolving policy direction at the Federal level, the monthly cash report issued by the State Controller to monitor State inflows of revenue, and the upcoming May Revise State Budget for any impacts to current and future budget year finances and/or strategic policy.

Budget Schedule

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

Budget Cycle Activity	2026 Third Quarter Financial Report	2027 Proposed Budget	2027 Adopted Budget
Budget Instructions Issued	February 13, 2026	January 20, 2026	May 13, 2026
Budget Submissions Due	March 9, 2026	March 6, 2026	June 26, 2026
Board Briefings	N/A	April 22-28, 2026*	August 4-6, 2026
Document Published for the Public	May 8, 2026	May 29, 2026	September 4, 2026
Presentation to the Board of Supervisors	May 12, 2026 <i>Consent</i>	June 16, 2026 <i>Public Hearing</i>	September 15, 2026 <i>Public Hearing</i>

*If needed