



Third Quarter Financial Report July 2014 — March 2015

BOARD OF SUPERVISORS

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INTRODUCTION

The following is the Chief Executive Office's Third Quarter Financial Report for the period of July 2014-March 2015 for the 2014-2015 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's fiscal status. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors Priority and recommends adjustments to County budgets needed since the adoption of the Final Budget in September 2014. It also identifies and provides the status of the ongoing challenges and possibilities.

The intent of the Third Quarter Report is primarily to make any necessary adjustments to end the year in a positive fiscal position. Also in the report is a look forward at the budget challenges and opportunities facing the State of California and Stanislaus County.

BACKGROUND

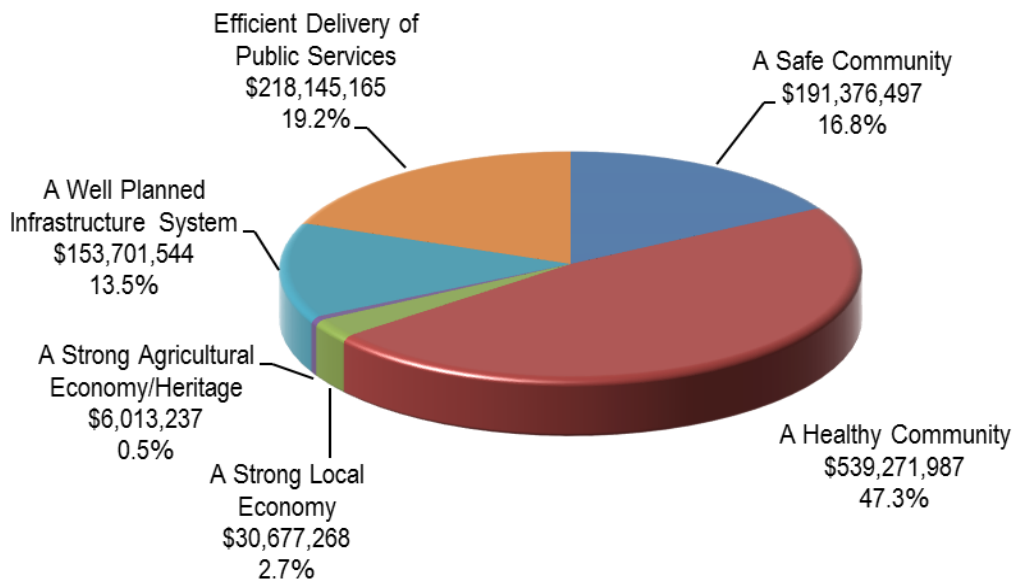
On September 16, 2014, the Board of Supervisors adopted the Fiscal Year 2014-2015 Final Budget for Stanislaus County. This spending plan of \$1.1 billion for all funds reflected a 4.8% increase from the 2013-2014 Adopted Final Budget of \$1 billion. The 4.8% increase was primarily due to accelerated pay down of the Health Services Agency long-term deficit and increases in health and social services programs. The 2014-2015 Adopted Final Budget was balanced using a combination of \$1 billion in revenue and \$53.3 million in fund balance and one-time funding sources. It also included funding for 3,978 allocated full-time positions, an increase of 58 positions from the 2013-2014 Adopted Final Budget.

2014-2015 SUMMARY OF BUDGET ADJUSTMENTS

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

In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through quarterly financial reports or in separate Board of Supervisor action agenda items. The sum of all of these adjustments through March 31, 2015, totals \$46,527,587. This reflects \$22,729,220 in carry forward of prior year appropriations, \$1,098,176 in funding that was approved in the First Quarter Financial Report, \$9,892,079 in funding that was approved in the Mid-Year Financial Report and \$12,808,112 in budget adjustments approved by the Board of Supervisors in the current fiscal year through March 2015.

Fiscal Year 2014-2015 Adjusted Operating Budget Expenditure by Board Priority \$1,139,185,698 as of March 31, 2015



Summary of Requested Third Quarter Adjustments

The 2014-2015 Third Quarter Financial Report reflects a fiscal review of departmental budgets and recommended adjustments to ensure that all departments finish the year within their approved budgets. The third quarter recommendations include a total increase in appropriations of \$2,189,704 and an increase in estimated revenue of \$6,955,199. If approved, the recommendations contained in this report will result in an overall decrease in the use of fund balance of \$4,765,495.

**2014-2015 THIRD QUARTER BUDGET
RECOMMENDED APPROPRIATION ADJUSTMENTS**

Department	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Services Funds	Total Recommended 2014-2015 3Q Budget Adjustments
CEO - Appropriations for Contingencies	(493,628)	-	-	-	-	(493,628)
CEO - Crows Landing Air Facility	16,000	-	-	-	-	16,000
CEO - Risk Management - Other						
Employee Benefits	-	-	-	-	15,000	15,000
CEO - Vehicle License Fees	2,700,000	-	-	-	-	2,700,000
Department of Environmental Resources	-	21,173	-	-	-	21,173
District Attorney - DA Asset Forfeiture	-	20,018	-	-	-	20,018
District Attorney - Unserved/Underserved						
Victim Advocacy	-	4,733	-	-	-	4,733
HSA - IHCP	-	(1,198,000)	-	-	-	(1,198,000)
Parks and Recreation	58,280	-	-	-	-	58,280
Probation	-	80,000	-	-	-	80,000
SBT - Telecommunications	-	-	-	-	52,500	52,500
Sheriff - Administration	60,000	-	-	-	-	60,000
Sheriff - Detention	135,000	-	-	-	-	135,000
Sheriff - Operations	718,628	-	-	-	-	718,628
Totals by Fund	\$ 3,194,280	\$ (1,072,076)	\$ -	\$ -	\$ 67,500	\$ 2,189,704

The following chart illustrates the beginning fund balances on July 1, 2014 for the various fund types, as well as the projected fiscal year-end balances adjusted for the recommendations contained in this report:

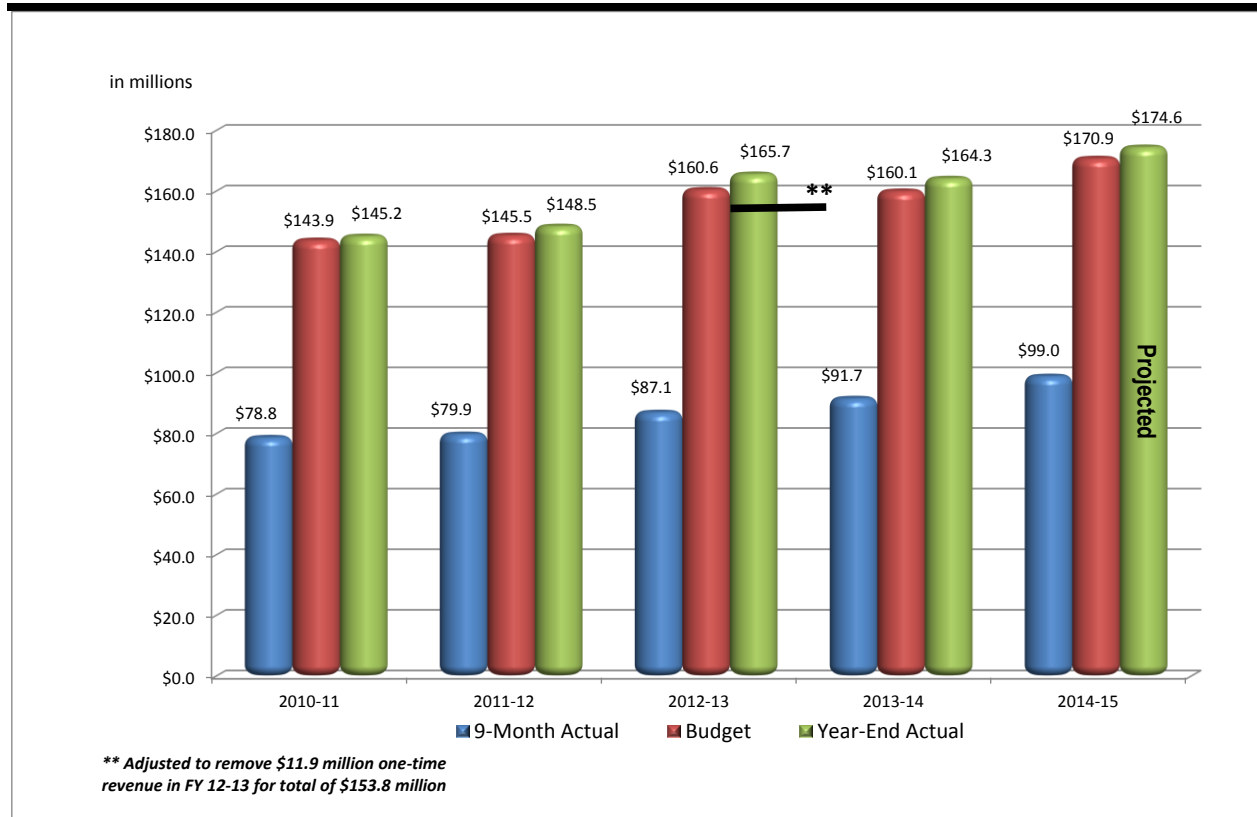
Summary of Fund Balance by Fund Type					
Fund Type	Beginning Fund Balance on 7/1/2014	Operating Budget Revenue on 3/31/2015	Operating Budget Appropriations on 3/31/2015	Third Quarter Recommendation Use of Fund Balance	Projected Fund Balance on 6/30/2015
General Fund	\$ 138,112,356	\$ 250,011,917	\$ 288,495,798	\$ (3,676,186)	\$ 103,304,661
Special Revenue Fund	202,992,705	639,367,174	667,523,373	(1,156,809)	175,993,315
Capital Projects Fund	5,486,560	1,137,000	1,215,510	-	5,408,050
Enterprise Fund	30,970,240	75,128,080	82,183,897	-	23,914,423
Internal Service Fund	14,731,297	96,373,990	99,767,120	67,500	11,270,667
Total	\$ 392,293,158	\$ 1,062,018,161	\$ 1,139,185,698	\$ (4,765,495)	\$ 319,891,116

DISCRETIONARY REVENUE

As of March 31, 2015, \$99 million was posted to the General Fund discretionary revenue accounts. This amount represents 57.9% of the 2014-2015 Final Adjusted Budget of \$170.9 million and 60.2% of the actual collections of \$164.2 million in Fiscal Year 2013-2014. For the prior five years, discretionary revenue collected by the end of third quarter ranged from 54.2% to 57.3% of the final budget and from 52.6% to 56% of the year-end actual collections. This indicates that current year discretionary revenue is materializing at a higher rate than the five-year range at third quarter. This is largely due to significant increases in property taxes, property tax in-lieu of vehicle license fee and public safety sales tax posted this fiscal year compared to third quarter average of the last five fiscal years.

The following chart reflects a comparison of General Fund-Discretionary Revenue for a five-year period, including the current fiscal year:

General Fund—Discretionary Revenue Five Year Comparison



For a fair comparison, it should be noted in the above chart that the year-end actual revenue for Fiscal Year 2012-2013 included one-time revenue of \$11.9 million. Of that total, \$8.4 million was for loan repayment of the property tax monies borrowed by the State for the Supplemental Revenue Augmentation Funds (SRAF) pursuant to Proposition 1A (2004) and \$3.5 million was for dissolution of the Redevelopment District Agencies (RDA). Adjusted for this one-time revenue, Fiscal Year 2012-2013 revenue was \$153.8 million. The projected Fiscal Year 2014-2015 revenue of \$174.6 million compares favorably by about \$10.5 million or 6%, over the prior fiscal year actual revenue of \$164.2 million.

As shown in the chart on the following page and mentioned above, the projected Fiscal Year 2014-2015 revenue is \$174.6 million, which is an increase of approximately \$3.7 million from the mid-year projection. A third quarter budget increase is recommended in the total amount of \$3,676,186. Of this amount, \$2,700,000 is a budget correction in Property taxes-current secured account, which was reduced at mid-year from \$37.5 million to \$36 million, based on the posting of the first property tax apportionment of \$19.1 million received in December 2014.

Consistent with recent years, the original budget was estimated in line with the announced increase of approximately 9.3% in the Regular Assessed Roll total of Unincorporated County parcels. The Auditor-Controller's Office conducted additional research and subsequently determined that the lower first apportionment was due to an accounting error as it should have been significantly higher at \$21.4 million and therefore in line with the announced increase in the Assessed Roll. The Auditor-Controller's Office will

correct the first apportionment later in this fiscal year and post the additional revenue. Based on this correction, the revised property tax revenue is projected at \$38.7 million.

The remaining \$976,186 increase to discretionary revenue is due to the increase in property taxes received in-lieu-of Vehicle License Fees to reflect the Fiscal Year 2014-2015 amount of \$50,476,186 to be provided by the State. During the 2004-2005 Fiscal Year, a major shift in local government funding occurred as the revenue received from Vehicle License Fees (VLF) was exchanged by the State of California for an equivalent amount of property taxes. The formula to calculate Property Tax In Lieu of VLF is very specific, requiring the certified value of all properties provided to the Auditor-Controller by the Assessor as of January 1 of each year before tax roll adjustments. This provides for a uniform application across the State and any roll changes made are captured in the following year.

Discretionary Revenue Description	Fiscal Year 2013-2014 Actuals	Fiscal Year 2014-2015 Final Budget	Mid-Year 2014-2015 Projections	Fiscal Year 2014-2015 Third Qtr Adjustments	Fiscal Year 2014-2015 Third Qtr Budget
Taxes	\$ 110,690,985	\$ 117,486,000	\$ 116,539,889	\$ 3,676,186	\$ 120,216,075
Licenses, Permits & Franchises	1,090,043	1,090,000	1,090,000	-	1,090,000
Fines, Forfeitures & Penalties	5,410,759	2,660,000	2,660,000	-	2,660,000
Revenue from Use of Money	2,135,875	2,077,477	2,090,455	-	2,090,455
Intergovernmental Revenue	39,815,816	40,703,173	43,139,798	-	43,139,798
Charges for Services	1,969,547	2,073,404	2,073,404	-	2,073,404
Miscellaneous Revenues	57,116	40,000	433,733	-	433,733
Other Financing Sources	3,170,341	2,908,424	2,908,424	-	2,908,424
Total	\$ 164,340,482	\$ 169,038,478	\$ 170,935,703	\$ 3,676,186	\$ 174,611,889

NET COUNTY COST SAVINGS

In the 2014-2015 Adopted Final Budget, departments that achieved savings in appropriations were able to carry forward 75% of their 2013-2014 net county cost savings and 100% of their unused net county costs savings balance from prior years. Net county cost savings of \$12,345,632 were added to department budgets as part of the Adopted Final Budget. As part of the Third Quarter Financial Report, General Fund departments were asked to identify their projected use of net county cost savings in the current fiscal year. Departments are projecting to use \$7.5 million of the total \$12.3 million allocated in Fiscal Year 2014-2015, leaving approximately \$4.9 million in savings available for future budget balancing. Actual net county cost savings will be computed after the fiscal year-end close and included with the Recommended Final Budget for 2015-2016 operations.

General Fund Department	NCC Savings Included in 14-15 Final Budget Amount	Dept Projection for savings/(use) in FY14-15	Dept Projection Available for FY 15-16
Area Agency on Aging/Veteran Services	\$ 21,826	\$ (21,826)	\$ -
Agricultural Commissioner	1,191,442	42,198	1,233,640
Auditor-Controller	342,837	(163,000)	179,837
Board of Supervisors	155,341	(23,851)	131,490
Chief Executive Office - Crows Landing Air Facility	24,675	(24,675)	-
Chief Executive Office - Operations	1,704,587	(49,026)	1,655,561
Chief Executive Office - Risk Mg	182,298	(15,000)	167,298
Chief Executive Office - Office of Emerg. Services	239,062	13,626	252,688
Cooperative Extension	43,394	(43,394)	-
Parks and Recreation	546,470	(546,470)	-
Planning and Community Development	473,914	(83,410)	390,504
Probation	2,114,642	(2,114,642)	-
Public Defender	300,313	47,687	348,000
Sheriff	4,412,782	(4,412,782)	-
Treasurer/Tax Collector	592,049	(96,886)	495,163
Total	\$ 12,345,632	\$ (7,491,451)	\$ 4,854,181

PUBLIC SAFETY RESTORATION

As part of the Fiscal Year 2014-2015 Mid-Year Financial Report, the Board of Supervisors approved recommendations to support Public Safety Restoration (PSR) to fund critical public safety services in four departments, the District Attorney, Public Defender, Probation and Sheriff. The Board has approved PSR funding of up to \$2 million in Fiscal Year 2014-2015 and \$4 million in Budget Year 2015-2016 to support 39 full-time positions in Phase I. Potential funding of up to \$6 million in Budget Year 2016-2017 and \$8 million in Budget Year 2017-2018 will be considered through future Board action, with a goal of funding up to 73 full-time positions by Budget Year 2017-2018.

The following is a quarterly update on the implementation status of approved PSR services from the approval date of March 10, 2015, through the end of the Third Quarter on March 31, 2015. As of March 31, 2015, departments have filled three of the 39 authorized positions related to PSR.

District Attorney

- No positions filled during the initial reporting period.
- The District Attorney is in the process of filling approved positions and initiating start-up activities to support all approved positions.

Probation

- Filled two positions (Supervising Probation Officer and Deputy Probation Officer III) to support a new unit of officers located at the Day Reporting Center. This new unit will consist of staff trained in administering risk/needs assessments, developing offender case plans, and providing cognitive based effective programming to improve offender outcomes.
- The Probation Department is in the process of filling all additional approved positions, including additional positions funded through special revenue funds.

Public Defender

- No positions filled during the initial reporting period.
- The Public Defender is in the process of filling approved positions and initiating start-up activities to support all approved positions.

Sheriff

- Filled one Lieutenant (Watch Commander) position to support daily oversight and management of Sheriff patrol activities.
- The Sheriff's Department is working to fill all remaining vacancies to restore services approved through the PSR program. The department currently has candidates identified and scheduled to participate in Basic POST training to fill all remaining vacancies during Budget Year 2015-2016.

The following table summarizes the implementation of approved services and budget authority related to PSR in the current Fiscal Year.

Public Safety Restoration - Quarterly Update

Data as of March 31, 2015

District Attorney

Positions/Services Approved	Implementation Status	PSR Funds Used in FY 2014-2015
Lieutenant - Investigations Unit	In Progress	\$0
Criminal Investigator II - Forensic Investigations	In Progress	\$0
Victim Advocate II - Victim Services	In Progress	\$0
System Technician I - IT Support and Automation	In Progress	\$0
Total Funds Used in FY 14-15		\$0
Total Approved in FY 14-15		\$291,300
Balance Remaining		\$291,300

Probation

Positions/Services Approved	Implementation Status	PSR Funds Used in FY 2014-2015
Supv. Probation Officer - Day Reporting Center	Initiated in Q3 FY 14-15	Department Savings
Deputy Probation Officer III - Day Reporting Center	Initiated in Q3 FY 14-15	Department Savings
Deputy Probation Officer I/II - Day Reporting Center	In Progress	\$0
Manager II - Clerical Management Support	In Progress	\$0
Systems Technician - IT Support	In Progress	\$0
Supv. Probation Corrections Officer - Alternative to Custody Program	In Progress	\$0
(2) Probation Corrections Officer III - Institutions Programs	In Progress	\$0
(4) Probation Corrections Officer I/II - Institutions Programs	In Progress	\$0
Crime Analyst - Juvenile Programs	In Progress	\$0
Total Funds Used in FY 14-15		\$0
Total Approved in FY 14-15		\$349,500
Balance Remaining		\$349,500

Public Defender

Positions/Services Approved	Implementation Status	PSR Funds Used in FY 2014-2015
Manager II - Investigations Unit Manager	In Progress	\$0
(2) Special Investigator - Investigations Unit	In Progress	\$0
Attorney V - General Defense	In Progress	\$0
Total Funds Used in FY 14-15		\$0
Total Approved in FY 14-15		\$111,280
Balance Remaining		\$111,280

Sheriff

Positions/Services Approved	Implementation Status	PSR Funds Used in FY 2014-2015
Lieutenant - Watch Commander	Initiated in Q3 FY 14-15	\$43,659
Lieutenant - Emergency Services/County Security	In Progress	\$0
(16) Deputy Sheriff - Community Resources, Investigations, etc.	In Progress	\$0
Total Funds Used in FY 14-15		\$43,659
Total Approved in FY 14-15		\$1,247,920
Balance Remaining		\$1,204,261

Summary Total

Total Funds Used in FY 14-15	\$43,659
Total Approved in FY 14-15	\$2,000,000
Balance Remaining	\$1,956,341

CHALLENGES AND OPPORTUNITIES

Capital Projects

AB 900 Phase II Public Safety Center (PSC) Expansion Project – On June 17, 2014, the Board of Supervisors approved three separate design-build construction contracts for the AB900 Phase III Public Safety Center Expansion; Project One (Maximum Security Housing and Medical/Mental Health Facility), Project Two (Day Reporting Facility), and Project Three (Intake, Release, Transportation). The facilities are scheduled to be completed by the winter of 2016, with occupation by spring of 2017. The County has no obligation to immediately operate or staff the new facilities, so long as occupancy commences by March 31, 2017. A phased opening of the AB 900 Phase II PSC Expansion Project will be based on the County's fiscal status and the annual appropriations by the Board of Supervisors. General Fund Set-Aside of \$2.0 million in one-time funding, coupled with Community Corrections Plan (CCP) funding of \$3.0 million set aside in the adoption of the 2013-2014 CCP Plan will be instrumental for opening. The first full year of operations is projected to be the 2017-2018 Budget Year. Actual operational costs will be dependent on the number of beds filled and the annual appropriation by the Board of Supervisors of the Sheriff's Detention budget. The total estimated cost including both sworn/non-sworn staff in today's dollars ranges from \$13.3 million in the Initial Model to \$14.6 million in the Optimal Model.

Re-Entry and Enhanced Alternatives to Custody (REACT Center Project) – On August 13, 2014, the State Public Works Board (SPWB) approved Stanislaus County's project scope, project schedule and project costs. This was a significant milestone that allows Stanislaus County to be the first county awarded under SB 1022 Adult Local Criminal Justice Facilities Construction Financing Program funding to initiate a SB 1022 project in the State of California. In accordance with the 2013 Updated Adult Detention Needs Assessment, the project will provide 288 transitional housing beds in adult detention housing units with all associated support and program space, a security administration (control) center and circulation and common space. In addition, the REACT Center will provide services to the offender population under the Sheriff's jurisdiction, including post-release and out-of-custody/monitored release programs. The Stanislaus County Master Plan for the Sheriff's Adult Detention Facilities outlines a broad plan to centralize all the detention facilities at the County's Public Safety Center (PSC) site to increase efficiency, eliminate duplication costs associated with operating these facilities at multiple locations and improving staff and public safety. The REACT Center is intended to be a replacement detention facility for the antiquated Downtown Men's Jail by providing 288 replacement and transitional beds at the Public Safety Center site. The Men's Jail will no longer serve as a detention facility but remain operational as a court holding facility, due to its contiguous location to the main Courthouse. The staff required to operate the REACT Center will come from the existing staffing allocation at the Men's Jail and the Jail Alternatives Unit, allowing the county to populate this facility with no new staffing costs.

Sheriff Coroner Facility Project at County Center III – On November 4, 2014, the Board of Supervisors awarded a design-bid-build construction contract to renovate 20,300 square feet of existing County owned property with additional square footage available for future expansion of the Sheriff-Coroner. The original financing plan used \$6.2 million from the 2006 Tobacco Endowment Fund through an internal note, as has occurred on other Capital Projects, to be financed over a 20-year period at an annual cost of \$487,182. The final project budget approved on November 4, 2014 included the use of assigned fund balance totaling \$5,755,000 set aside in the 2014-2015 Final Budget as adopted by the Board of Supervisors to fund the project. As a result, there will be no annual debt obligation remaining for the new Sheriff Coroner's Facility. Construction is fully underway, the demolition work is complete and the contractor continues installing under slab plumbing lines, electrical conduit and CMU block fencing. The project is scheduled for completion in late Fall 2015.

Veterans Services Center Project – The Stanislaus County Board of Supervisors continues to support the development of a Veteran Services Center Facility in conjunction with the Veterans Advisory Commission

(VAC). The Commission and the Board of Supervisors have adopted a four-part strategy to assist in the development of the one-stop Veteran's Center. This four-part strategy includes: the creation of a non-profit entity to accept contributions; action to seek other fund raising and grant opportunities; creation of a sustainable financial model; and planned request for proposals to provide a Veterans Center. Recent progress to support the four-part strategy includes the hiring of a professional grant writer to assist in identifying funds available through grants. In addition, the VAC has created an ad hoc committee to create a non-profit entity to accept contributions. This ad hoc committee is comprised of veteran's service organizations, veterans and community members. The County, in partnership with the VAC and other veteran service organizations continues to support this effort; staff continues to evaluate funding and space requirements for a one-stop shop Veterans Facility. City of Modesto has now joined this effort. The goal is to issue the request for proposals and secure a funding plan in 2015 to complete the mission of the one-stop Veterans Service Center.

Focus on Prevention

The Board of Supervisors and Chief Executive Office are committed to improving the quality of life for the residents and families across the county through a Focus on Prevention that seeks to address root causes of the quality of life issues affecting our Community. The Adopted Final Budget for Fiscal Year 2014-2015 included \$1 million for Prevention activities. The plan for Focus on Prevention was approved by the Board of Supervisors on October 28, 2014, along with preliminary budget support, presenting a significant opportunity for partnership across all sectors of our community for the benefit of all County residents.

Many County departments have operated prevention programs going back decades, but there is more work that needs to be done. In spite of the fact that the County and local service agencies offer hundreds of high quality programs, we are not seeing the outcomes and overall impact that we desire. The Focus on Prevention will begin a ten year or longer county-wide transformation process beginning in four areas critical to the quality of life in Stanislaus County:

- Homelessness;
- Strengthening Families;
- Investing in and Supporting Young Children; and
- Reducing Recidivism.

Focus on Prevention is a multi-sector process because no one sector alone can resolve the fundamental challenges confronting families and communities in our County. The nine sectors identified for participation include: government, business, non-profit, philanthropy, education, faith, neighborhoods, media and arts, sports and entertainment. By breaking down silos, and working together we can save resources, work smarter and hold ourselves mutually accountable to improve the quality of life among all Stanislaus County's residents and families. The focus is prevention, requiring that the community as a whole address root causes and not just treat symptoms.

Implementation of the Focus on Prevention will occur over three phases. Phase I includes all the groundwork to date, establishment of the plan for Facilitation Services, go live of the website, formation of the Stewardship Council and Homeless Action Council, along with support to the community in follow up to the Homeless Convening through December 2015. Phase II will occur in calendar year 2016 with a primary focus on Strengthening Families while continuing support for the learning lessons and action plans for Homelessness Prevention activities and mini-grants. Phase III is planned for calendar year 2017 in which the remaining two convenings, Investing in and Supporting Young Children and Reducing Recidivism will be held, while sustaining learning reviews, outcomes analysis and mini-grant support for prevention activities on homelessness and strengthening families. Local government will serve this community

transformation process in the role of convener/facilitator as described throughout the three phases of implementation.

While a global plan for phased implementation has been developed, the process will remain fluid through each phase to allow for community input shaping the transformation process to meet our community needs. The Focus on Prevention, like the County vision, is a commitment to the journey towards excellence. It is our ultimate goal that this Focus on Prevention becomes the “new normal” in which funding for programs and services with a prevention focus is integral to the service models of County programs, and a focus on outcomes and continuous learning guide resource decisions.

Public Safety Realignment

AB 109, Public Safety Realignment enacted into law on October 1, 2011, initiated a major transfer of authority and responsibility from state to local government specific to criminal justice programs. Essentially, AB 109 realigned custodial and community supervision responsibility for non-serious, non-violent, and non-sex offenders, as well as supervision of lower level adult paroles returning from state prison sentences, to counties. This transfer by the State is supported with dedicated funding for public safety programs. The public safety funding formulas have been in transition over the past few years as the program was implemented. Public Safety Realignment funding will shift to a rolling base model beginning in 2015-2016 in which base funds and growth funds will be allocated separately. Base funding will be distributed 45% on caseload of 1170(h) jail inmates, the post release community supervision population and felony probation caseload; 45% on crime and population factors; and 10% on special factors including poverty. 2014-2015 growth funding will be paid out to counties in 2015-2016 and will be allocated in a one-time methodology, recognizing that the redistribution of resources among counties resulting from the new base formula could result in service disruption if not moderated by one-time use of growth payments. As a result, 35% of the growth dollars will be distributed for transition, and the remaining 65% on a combination of performance and stabilization. Future year growth funds distribution will shift towards a performance based model. Performance measures will be focused on both Probation and incarceration improvements including the number of non-failed probationers, reducing the number of felons admitted to state prison and success measured by the per capita rate of prison admissions. The realignment funding base for Stanislaus County is estimated at \$17 million, and the estimated growth funding is projected at an additional \$1.1 million to be received in October of 2015. Due to the uncertainty of growth funding, tied to sales tax receipts, Public Safety Realignment base revenues will be included within the 2015-2016 Proposed Budget; an update on growth funding will be provided at Mid-Year 2015-2016.

Retirement

On March 11, 2015, the Stanislaus County Employees Retirement Association (StanCERA) Board of Retirement approved the 2014 Actuarial Valuation Report. The Plan's funded ratio measured using the market value of assets increased from 79.4% last year to 87.5% as of June 30, 2014. The actuarially determined employer contribution rate for Fiscal Year 2015-2016 will increase by 0.41% to 23.35% of payroll in aggregate. In Fiscal Year 2014-2015, the Board of Retirement approved a two-year phase-in of the funding methodology required by the Government Accounting Standards Board (GASB). Included in the Fiscal Year 2015-2016 overall aggregate employer contribution rate is an increase of 1.1% for second year phase-in and a reduction of 0.81% due to investment gains.

In August 2013, the County retired its long-term Pension Obligation Bond (POB). The cost of the POB had been distributed to all County departments for 20 years. In Fiscal Year 2015-2016, savings from the POB pay-off will more than offset the cost increases associated with the retirement rate changes. In the future, however, actuaries recommend building mortality improvements into retirement costs, which StanCERA intends to provide starting with the next Actuarial report. Including mortality improvements in the actuarial

calculations has the potential of increasing the employer contribution rate by 4% to 5%, or higher, depending on the investment earnings of the Plan. When the higher employer contribution rate is applicable in future, StanCERA intends to use a phased-in approach to “smooth” the increase over an extended period of time.

State Budget Update

The State continues to experience stronger than anticipated financial performance for Fiscal Year 2014-2015. The State Controller reports cash collections are slightly more than \$1.5 billion ahead of budget through the end of March. Corporation Tax, Personal Income Tax and Retail Sales and Use Tax are all outperforming budget projections. The Governor continues to urge fiscal prudence while shoring up budget reserve accounts.

Staff will closely watch the Governor’s May Budget Revision to see what changes have been made to his January 2015 Proposed Budget.

2014-2015 PROPOSED BUDGET SCHEDULE

The following schedule is recommended for the 2015-2016 Proposed and Final Budget:

2015-2016 PROPOSED AND FINAL BUDGET SCHEDULE	
May 29, 2015	2015-2016 Proposed Budget available to the public on County website
June 9, 2015	2015-2016 Proposed Budget Presentation to the Board of Supervisors
September 15, 2015	2015-2016 Final Budget Presentation and Public Hearing to the Board of Supervisors

While the beginning of the 2014-2015 Third Quarter Financial Report gives an update and overview of the County budget as a whole, the following sections of the report detail the recommended budget adjustments. These adjustments are presented by department, which are further categorized within the Board of Supervisors Priorities: A Safe Community, A Healthy Community, A Strong Local Economy, A Strong Agricultural Economy/Heritage, A Well Planned Infrastructure System, and Efficient Delivery of Public Services.



A Safe Community

COUNTY DEPARTMENTS

CEO-OES/Fire Warden

CEO-Capital Projects

CEO-County Operations

District Attorney

Grand Jury

Integrated County Justice Information System

Probation

Public Defender

Sheriff

A Safe Community

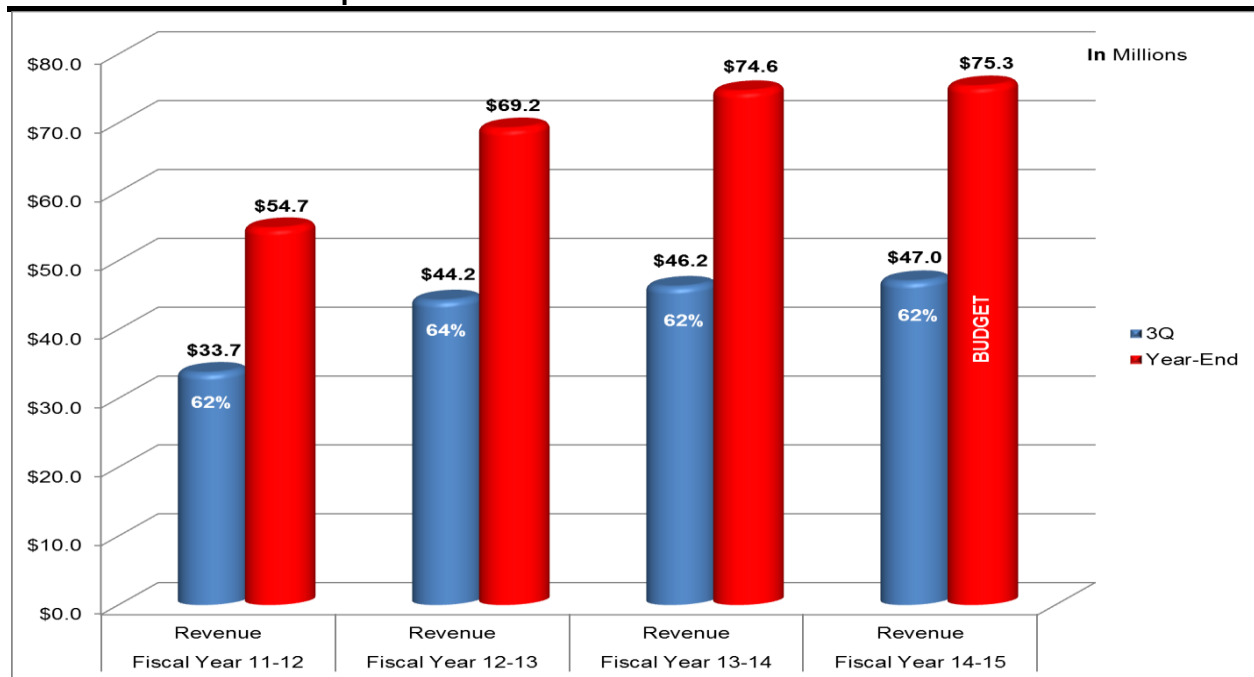
OVERVIEW

Ensuring a safe community and protecting the safety of the residents of Stanislaus County continue to be a top priority of the Board of Supervisors. Departments assigned to the Board of Supervisors priority area of A Safe Community include: Chief Executive Office - Office of Emergency Services/Fire Warden, District Attorney, Probation, Public Defender and Sheriff. The revenue used to pay for these services comes primarily from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary revenue sources. Public Safety Sales Tax revenue (Proposition 172) 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.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of March 31, 2015, actual revenue collected is \$47 million, which represents 62% of the estimated annual revenue. This is within the range when compared to the third quarter point of the prior three years when collections ranged from 62% to 64% of the final actual revenue.

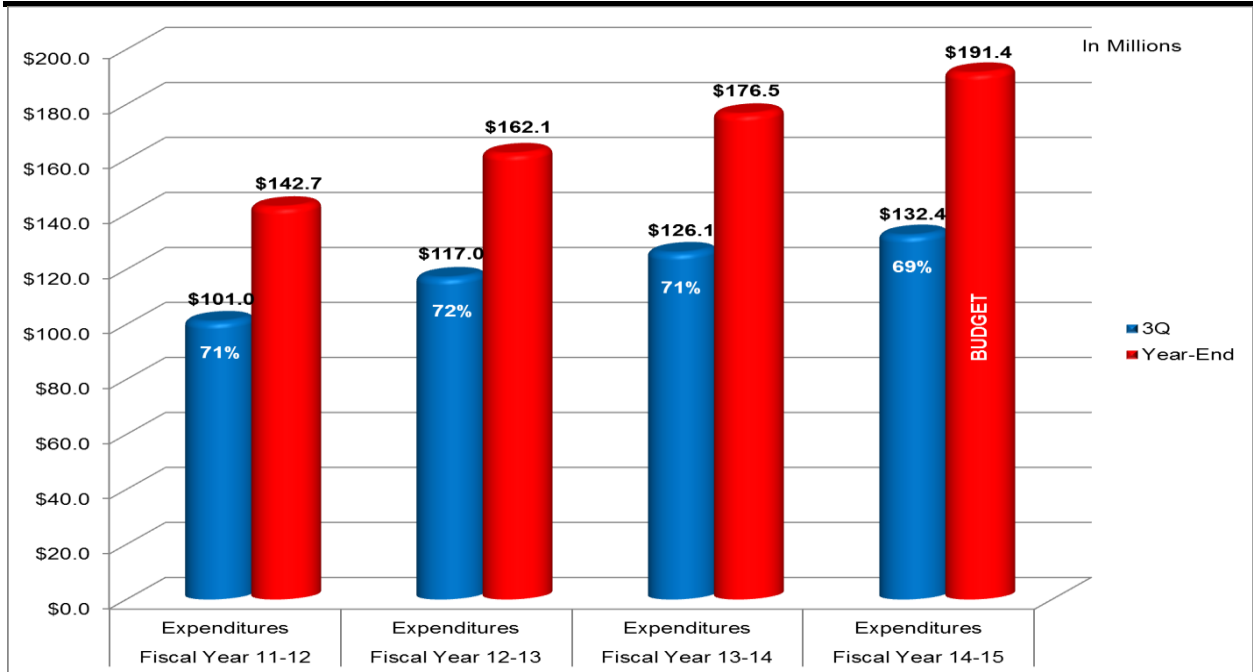
A Safe Community Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2015, expenditures are \$132.4 million, representing 69% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 71% to 72% of the final actual expenditures, placing this year below the range. The lower percentage of expenditures at third quarter compared to budget is due to approximately \$6.4 million of net county cost savings which departments are planning to fully expend, with many of the final payments occurring in the last quarter of Fiscal Year 2014-2015.

A Safe Community Four Year Expenditure Comparison



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

The recommendations contained in this report for A Safe Community will increase appropriations by \$1,018,379 and increase estimated revenue by \$504,733, which includes \$20,018 increased use of departmental fund balance and a transfer of \$493,628 from Appropriations from Contingencies.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

DISTRICT ATTORNEY

Unserved/Underserved Victim Advocacy Program: The Department is requesting an increase to estimated revenue and appropriations in the amount of \$4,733 due to additional funding received from the California Office of Emergency Services. This is a one-time funding increase that must be used in the current grant award period.

Criminal Division Asset Forfeiture: Due to new personnel assigned to the Asset Forfeiture unit, the Department is requesting an increase in appropriations of \$20,018 for training. This increase is supported with departmental fund balance, which is projected to end the year at \$11,358.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
District Attorney - Criminal Division Asset Forfeiture	\$0	\$20,018	\$20,018	\$0	Increase appropriation to fund training costs.
District Attorney - Unserved/Underserved Victim Advocacy and Outreach	\$4,733	\$4,733	\$0	\$0	Increase estimated revenue and appropriations due to an increase in the grant.
Total	\$4,733	\$24,751	\$20,018	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue by \$4,733 and appropriations by \$24,751, funded by \$20,018 in departmental fund balance.

PROBATION

Field Services: The Department is requesting to transfer \$72,000 in appropriations from Services and Supplies to Fixed Assets. This funding is for replacement and upgrade of computer and electronic technology equipment. The Department has experienced efficiencies related to these systems, which are used by officers in the field and provide links to other law enforcement agencies, which depend on the reliability and performance of equipment.

Institutional Services: The Department is requesting to transfer \$76,000 in appropriations from Services and Supplies to Fixed Assets. This will assist in the need for replacement of computer and electronic technology equipment supporting facility security programs which depend on the reliability and performance of technology.

Juvenile Accountability Block Grant: The Department is requesting an increase of \$80,000 in estimated revenue and appropriations for the Reducing Racial and Ethnic Disparity Grant. On July 1, 2014, the Board of Supervisors authorized the Chief Probation Officer to apply for and accept the grant funding from the Board of State and Community Corrections. The Department has received the funding, however there has been a delay in starting the process related to the grant. The \$80,000 will assist the Department to begin the program in the 2014-2015 Fiscal Year.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Probation - Field Service	\$0	\$ (72,000)	\$0	\$ (72,000)	Transfer appropriations from Services and Supplies to Fixed Assets for computer and electronic technology equipment.
Probation - Field Service	\$0	\$ 72,000	\$0	\$ 72,000	Transfer appropriations to Fixed Assets from Services and Supplies for computer and electronic technology equipment.
Probation - Institutions	\$0	\$ (76,000)	\$0	\$ (76,000)	Transfer appropriations from Services and Supplies to Fixed Assets for computer and electronic technology equipment.
Probation - Institutions	\$0	\$ 76,000	\$0	\$ 76,000	Transfer appropriations to Fixed Assets from Services and Supplies for computer and electronic technology equipment.
Probation - Juvenile Accountability Block Grant	\$80,000	\$80,000	\$0	\$ -	Increase estimated revenue and appropriations for grant funding.
Total	\$80,000	\$ 80,000	\$0	\$ -	

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by \$80,000 for the Reducing Racial and Ethnic Disparity Grant and to transfer funding into Fixed Assets into the Field Services and Institutions budget.

SHERIFF

The Sheriff's Department transitioned to a new zero-based budget process with several other County departments starting in Fiscal Year 2014-2015. In developing the budget, the Chief Executive Office and the Sheriff's Department worked very closely in determining the most accurate level of funding necessary to maintain existing service levels already approved by the Board of Supervisors. To support this effort, the Sheriff's Department was able to leverage \$4.4 million in net county cost savings accumulated by the department in prior years to balance the 2014-2015 Adopted Final Budget. As part of the zero-based budgeting strategy, one-time costs were not included in the Departmental budgets, but were included in Appropriations for Contingencies for unanticipated or one-time exposures. The Sheriff's Department is the largest General Fund department and it was anticipated that costs could materialize during the year, related to existing service levels, for which funding was not identified specifically in the Sheriff's budget at the time of the Adopted Final Budget. While the Department received authority from the Board of Supervisors at Mid-Year to transfer appropriations between the Sheriff's General Fund budgets, additional adjustments are required at Third Quarter to ensure that the Department ends the year in a positive position and without interruption to existing service levels previously approved by the Board of Supervisors.

Administration: It is requested to increase estimated revenue and appropriations by \$60,000 mainly due to increased revenue received from Court Fines and Fees.

Detention: It is requested to increase estimated revenue and appropriations by \$135,000 mainly due to increased revenue received from the Home Detention program and the Alternative Work program. These programs monitor inmates that are serving their time outside the detention facility, and service reimbursement has materialized beyond the level originally budgeted in this program.

Operations: It is requested to increase estimated revenue and appropriations by \$225,000 due to an increase in estate fees collected, civil process services, State Rural Crime Grant, gun permits and miscellaneous revenue.

It is also requested to increase appropriations by \$390,000 to fund the annualized cost of termination cash-outs in the Sheriff's Department. Consistent with policy for General Fund departments, this cost was not included in the 2014-2015 zero-based budget for the Sheriff's Department and was instead budgeted in Appropriations for Contingencies to support these requests for all General Fund departments. At this time, the Department is requesting a transfer from Appropriations for Contingencies to fund total projected termination cash-outs that will balance the Operations budget at year-end.

The Department is also requesting an increase of \$53,628 in appropriations for costs incurred due to providing requested mutual aid for the King Fire. The Department has submitted a claim for reimbursement of these costs, however, Federal reimbursement is anticipated outside of the time period allowed for establishment of an Accounts Receivable and therefore cannot be applied to the 2014-2015 Fiscal Year budget. The Department is requesting a transfer from Appropriations for Contingencies to fund the mutual aid costs of the King Fire in the current fiscal year with the expectation that actual receipt of these revenues will be factored into the zero-based budget analysis for Sheriff Operations in Budget Year 2015-2016.

The Sheriff's Department experienced an increased need for equipment repairs and maintenance costs \$50,000 above the anticipated level included in the zero-based budget. Equipment to support safety operations was repaired as needed and in order to end the year in a positive position, the Department is requesting a transfer from Appropriations for Contingencies to fund the needed repairs.

Lastly, the Department is requesting a transfer of \$80,000 from Fixed Assets to Salaries and Benefits. The Department has identified equipment that they will not purchase at this time in order to ensure that their 2014-215 Fiscal Year budget balances at year-end in a positive position.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Sheriff - Administration	\$60,000	\$60,000	\$0	\$0	Increase estimated revenue and appropriations.
Sheriff - Detention	\$135,000	\$135,000	\$0	\$0	Increase estimated revenue and appropriations.
Sheriff - Operations	\$225,000	\$225,000	\$0	\$0	Increase estimated revenue and appropriations.
Sheriff - Operations	\$0	(\$80,000)	\$0	(\$80,000)	Transfer appropriations from Fixed Assets to Salaries and Benefits.
Sheriff - Operations	\$0	\$80,000	\$0	\$80,000	Transfer appropriations to Salaries and Benefits from Fixed Assets.
Sheriff - Operations	\$0	\$390,000	\$0	\$390,000	Increase appropriations for termination cashouts not budgeted in the zero base budget.
Sheriff - Operations	\$0	\$53,628	\$0	\$53,628	Increase appropriations for costs incurred in the mutual aid for the King Fire.
Sheriff - Operations	\$0	\$50,000	\$0	\$50,000	Increase appropriations for unanticipated maintenance costs.
Total	\$420,000	\$913,628	\$0	\$493,628	

Staffing Requests: The Department is requesting to reclassify upward one Confidential Assistant IV position in the Administration Division. It is recommended a classification study be conducted.

SHERIFF OFFICE TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	9699	Confidential Assistant IV	Reclassify upward	Study

Summary of Recommendations: It is recommended to increase estimated revenue by \$420,000 and appropriations by \$913,628 resulting in a \$493,628 increase in Net County Cost from a transfer from Appropriations for Contingencies. It is also recommended that the staffing change described and outlined in the table above be adopted.



A Healthy Community

COUNTY DEPARTMENTS

Area Agency on Aging/Veterans' Services

Behavioral Health and Recovery Services

Child Support Services

Children and Families Commission

Community Services Agency

Health Services Agency

A Healthy Community

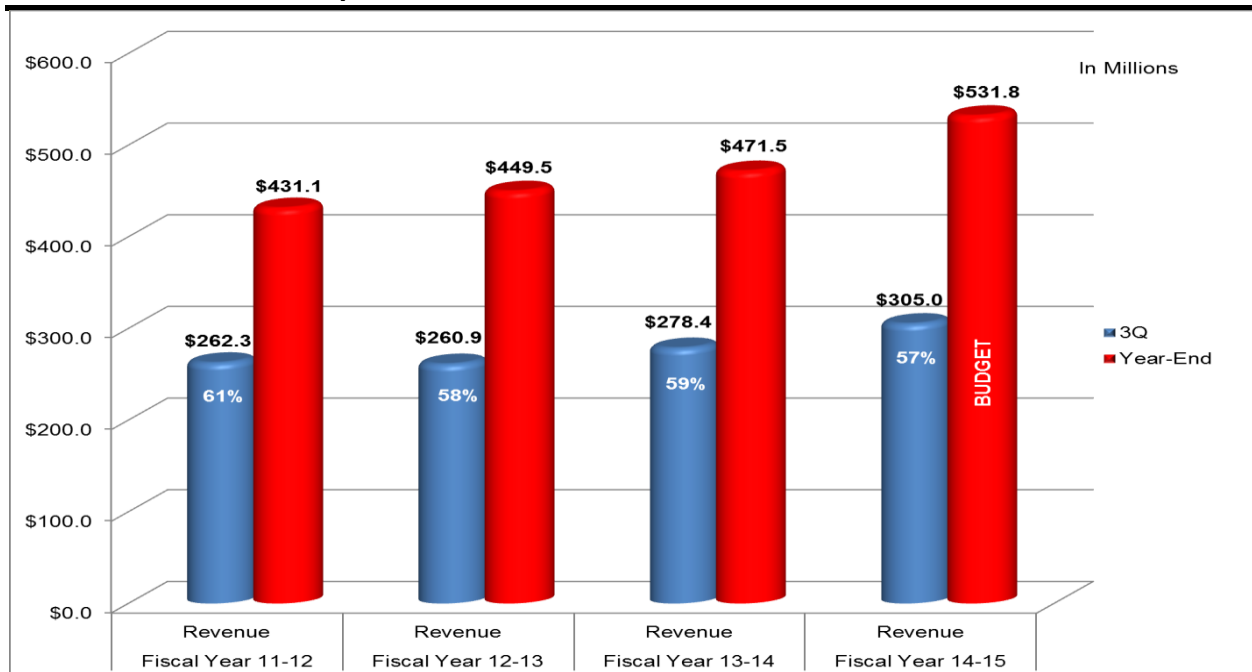
OVERVIEW

The Board of Supervisors priority area of A Healthy Community is vital to the quality of life for County residents. The departments assigned to this priority area are focused on protecting and promoting the health and well-being of County residents including preventing disease, disability and death. Protecting emotional safety focuses on social problems that include homelessness, incarceration and fragmented families with financial and emotional needs. The departments assigned to this priority area include Area Agency on Aging and Veterans' Services, Behavioral Health and Recovery Services, Child Support Services, Children and Families Commission, the Community Services Agency and the Health Services Agency. The major funding sources for these programs include Federal and State funding and, where required, local discretionary funds used primarily to match other governmental funding in support of these programs.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community as of March 31, 2015, actual revenue is \$305.0 million, which represents 57% of the estimated annual revenue. This is slightly below the range when compared to the third quarter point of the prior three years when collections ranged from 58% to 61% of the final actual revenue. Analysis of actual received revenue through March of 2015 indicates the lag is primarily due to reduced program spending in Public Assistance programs and in the Indigent Health Care Program as a result of implementation of the Affordable Health Care Act, along with the timing of recognizing the claimed revenue in several departmental budgets. It is anticipated that actual revenue will materialize consistent with expenditure levels by year-end.

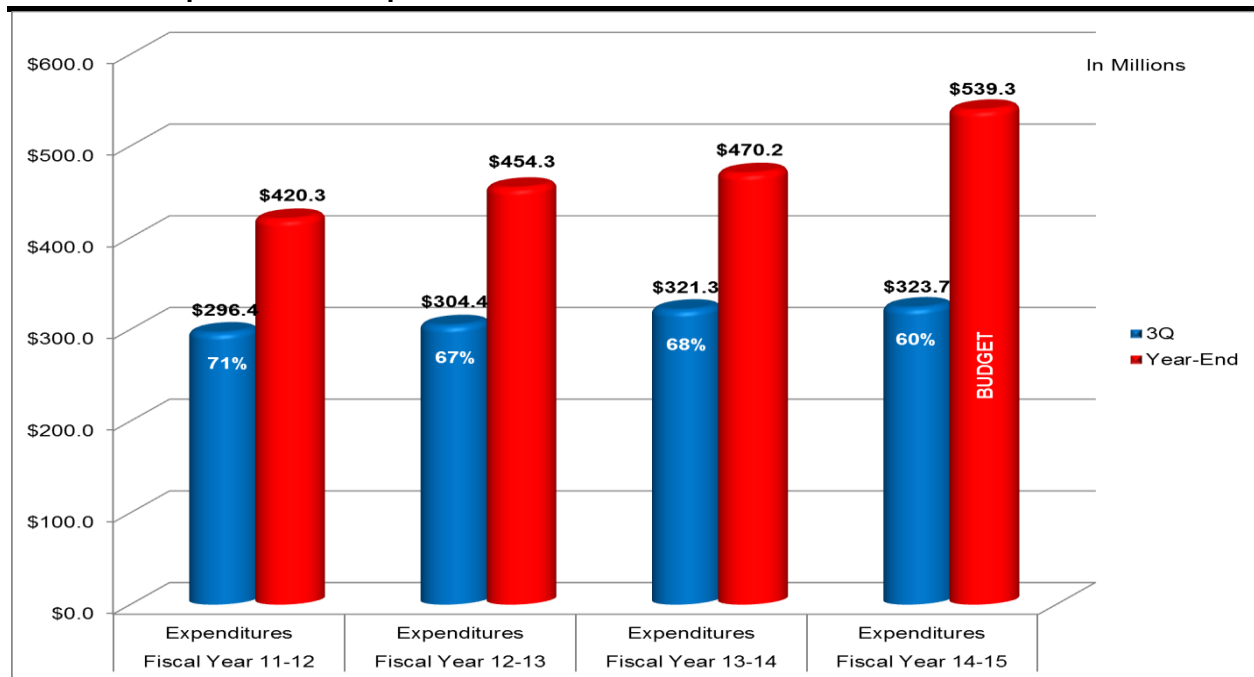
A Healthy Community Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2015, expenditures were \$323.7 million, representing 60% of the budgeted appropriations. Expenditures at the third quarter point of the three prior years ranged from 67% to 71% of the final annual expenditures, placing this year's expenditures below the range. This is primarily due to reduced program spending in Public Assistance programs and in the Indigent Health Care Program as a result of implementation of Health Care Reform, along with the timing of payments for services.

A Healthy Community Four Year Expenditure Comparison



Overall, the departments within A Healthy Community are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report for A Healthy Community will decrease appropriations by \$1,198,000 and estimated revenue by \$21,173.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

Behavioral Health and Recovery Services

Staffing Requests: As part of the 2014-2015 Mid-Year Report, it was recommended to study the request to add two new Staff Services Coordinator positions. The Department had requested one new Staff Services Coordinator position for the Business Office and one for the Contracts unit.

The request for the Business Office is based on the need to expand administrative services due to the expansion of the Mental Health Services Act (MHSA) and the implementation of the Affordable Care Act (ACA). The Business Office manager has assumed the responsibility of some of the functions from the implementation of the Electronic Health Record system. The Staff Services Coordinator position will be able to assist the manager with the expanded functions and services, allowing the manager to focus on staff development and process improvements. The study has been completed and it is recommended to add one new Staff Services Coordinator position for the Business Office.

The request for a Staff Services Coordinator position for the Contracts unit is based on a 40% increase in contracts as a result of the expansion of the MHSA and ACA. The Department has not yet added any additional staff members in the Contracts unit to assist with this growth. In addition, this position will oversee the Request for Proposal process (RFP) and manage the outcomes by implementing process improvements and increase efficiency. A study has been completed and it is recommended to add one Staff Services Coordinator position for the Contracts Unit.

These two Staff Services Coordinator positions will be funded with Realignment, MHSA Administrative and Medi-Cal Administrative funds.

In addition, as part of the 2014-2015 Mid-Year Report, it was recommended to study a reclassification request of a Confidential Assistant II position. The study has been completed and based upon the job duties and responsibilities, it is recommended to reclassify this position upward to Confidential Assistant III. The salary cost difference will be absorbed within the Department's existing appropriations.

BHRS STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Behavioral Health & Rec Svs	2	NEW	Staff Services Coordinator	Add new positions	Staff Services Coordinator
BHRS CHANGES	2				
Beginning Allocation	405				
Changes in Allocation	2				
Ending Allocation	407				
BHRS TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Behavioral Health & Rec Svs	1	8751	Confidential Assistant II	Reclassify upward	Confidential Assistant III

Summary of Recommendations: It is recommended the staffing changes described and outlined in the table above be adopted.

COMMUNITY SERVICES AGENCY

General Assistance: The Community Services Agency is requesting a 5% General Assistance (GA) Cost of Living Adjustment (COLA) effective July 1, 2015. This request is in accordance with Welfare and Institutions Code 17000.5 and reinforced by litigation. Counties throughout the State align GA grant increases with State legislated increases in the CalWORKs program, one fiscal year in arrears. The 5% GA grant increase equates to approximately \$24,974. This increase is calculated using the average caseload of 172 and the projected grant increase of \$12.10 over the current composite grant for a full year. Program estimated revenues and appropriations are sufficient to support the 5% grant increase, which will be factored into the Budget Year 2015-2016 Proposed Budget submission. There will be no additional impact to the County General Fund.

It is recommended to authorize the Community Services Agency Director to establish and implement annually the General Assistance Cost of Living Adjustment (COLA) in alignment with legislated changes in the CalWORKs Program, one fiscal year in arrears. The Health Executive Committee of the Board of Supervisors, comprised of Supervisors O'Brien and Withrow, supported this recommendation on April 3, 2015.

Staffing Requests: As part of the 2014-2015 Final Budget, it was recommended to study a reclassification request of a Stock/Delivery Clerk II position. The study has been completed and based on the current job duties and responsibilities, it is recommended to reclassify upward one Stock/Delivery Clerk II position to a

Staff Services Analyst position. This position will be funded with Federal/State/County share revenues and is already included within the Department's current budgeted use of General Funds.

COMMUNITY SERVICES AGENCY OFFICE TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Services & Support	1	13462	Stock/Delivery Clerk II	Reclassify upward	Staff Services Analyst

Summary of Recommendations: It is recommended the 5% General Assistance COLA be approved and the Community Services Agency Director be authorized to establish and implement future COLAs. It is further recommended the staffing change described and outlined in the table above be adopted.

HEALTH SERVICES AGENCY

Indigent Health Care Program (IHCP): The Department completed an assessment of the IHCP budget, including a review of exposures for healthcare costs for the indigent enrollees pending a disability determination.

Based on the assessment above and as a result of the Affordable Care Act and Medi-Cal Expansion, a reduction of enrollees in the Medically Indigent Adult Program has occurred. The Department is projecting an excess of County Match/Maintenance of Effort (MOE) funding required by Welfare and Institutions Code 17608.10 that was allocated to IHCP at Final Budget. The excess match is estimated at \$1,198,000. To maintain compliance with Welfare and Institutions Code 17608.10 and to meet the County's MOE requirement for 1991 realignment, it is recommended to reallocate the excess match funding to the Public Health budget by \$1,176,827 and to the Department of Environmental Resources budget by \$21,173.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
HSA- Indigent Health Care Program	(\$1,198,000)	(\$1,198,000)	\$0	\$0	Reallocation of Health Realignment Match
HSA-Public Health	\$1,176,827		(\$1,176,827)	\$0	Reallocation of Health Realignment Match
Total	(\$21,173)	(\$1,198,000)	(\$1,176,827)	\$0	

Staffing Requests: In 2007, following the establishment by the Board of Supervisors of the Medical Director job classification to accommodate the requirements of the Federally Qualified Health Center Look-Alike designation, and to provide back-up capacity for the Public Health Officer role, the physician from the Health Services Agency's contracted faculty medical group who had been providing part-time Medical Director duties, was appointed to the full-time position at the midpoint of the salary band. However, acknowledging the professional and strategic importance of maintaining a limited patient care practice and teaching role through the faculty medical group, compensation at the midpoint was achieved through two income sources. The County-paid portion of the salary was implemented at the bottom of the band, while the patient care and teaching time was paid through the Scenic Faculty Medical Group contract with the Agency.

Over time and due to the nature of the health care business, and frequent need for Medical Director involvement on time-sensitive matters, the clear separation of patient care and teaching time from administrative duties has proven unrealistic and not in the best interest of the Agency. Additionally, from an internal controls perspective, this modified arrangement has produced an inefficient and problematic process of assuring appropriateness of payment for services. It is recommended to eliminate this modified compensation model such that the Medical Director would receive the full Medical Director salary through the Agency. Given the years of successful service since this modified arrangement was implemented, this change would now place the Medical Director at the top of the band. This is estimated to be budget neutral

as the Agency would bill and collect for the patient care and teaching services provided by the Medical Director. There are sufficient existing appropriations to support the recommended change in County-paid compensation.

Summary of Recommendations: It is recommended to decrease estimated revenue by \$21,173 and appropriations by \$1,198,000 in the Health Services Agency to accurately reflect year-end projections. It is further recommended the staffing request described above be approved.



A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
CEO – Economic Development Bank
Library

A Strong Local Economy

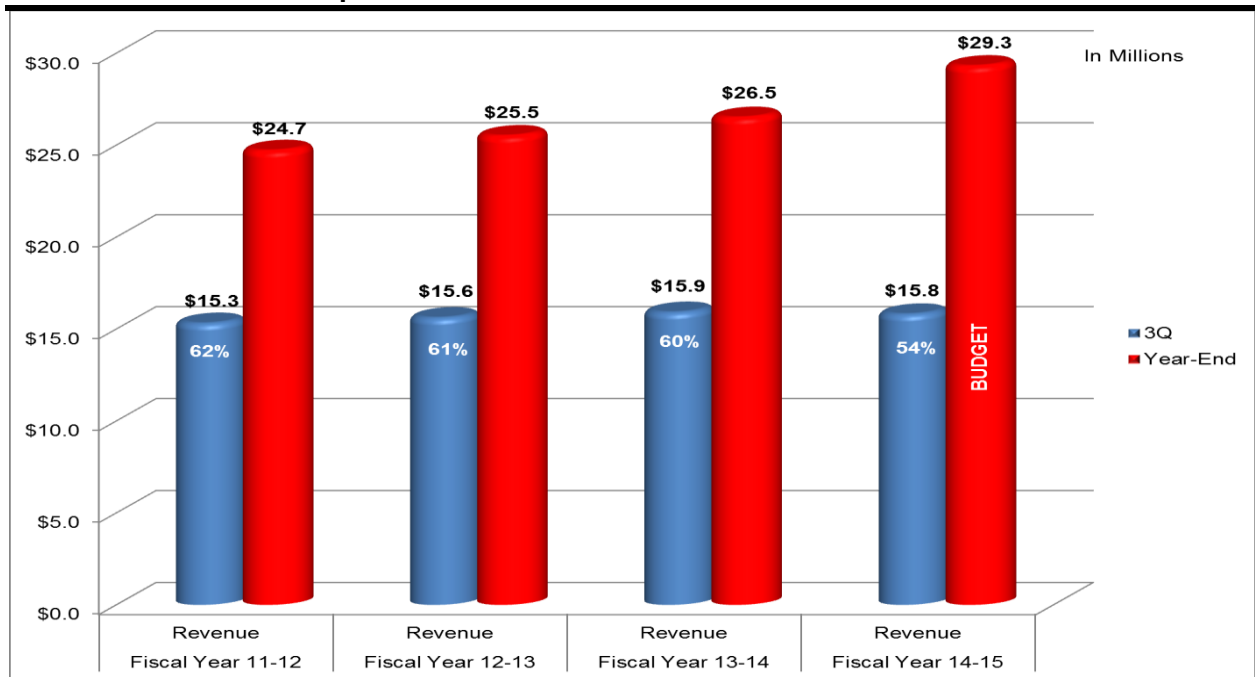
OVERVIEW

The Board of Supervisors priority area of A Strong Local Economy recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Supporting job creation, providing a wide range of employment and training services, and providing educational resources are key aspects of A Strong Local Economy. Departments and programs assigned to this priority area include: Alliance Worknet, Chief Executive Office - Economic Development Bank, and the Library. The Alliance Worknet's major funding source is Federal funds (Workforce Investment Act), while the Library is supported by a special 1/8 cent sales tax and a contribution from the General Fund.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of March 31, 2015, actual revenue collected is \$15.8 million, which represents 54% of the estimated annual revenue. This is below the range when compared to third quarter of the prior three years when collections were 60% to 62% of the final actual revenue. This is due to reduced costs in the StanWORKs welfare-to-work services, which generates less revenue for Alliance Worknet. Additionally, the timing of revenue receipts is generally one quarter in arrears, resulting in the significant decline in revenue collected at Third Quarter.

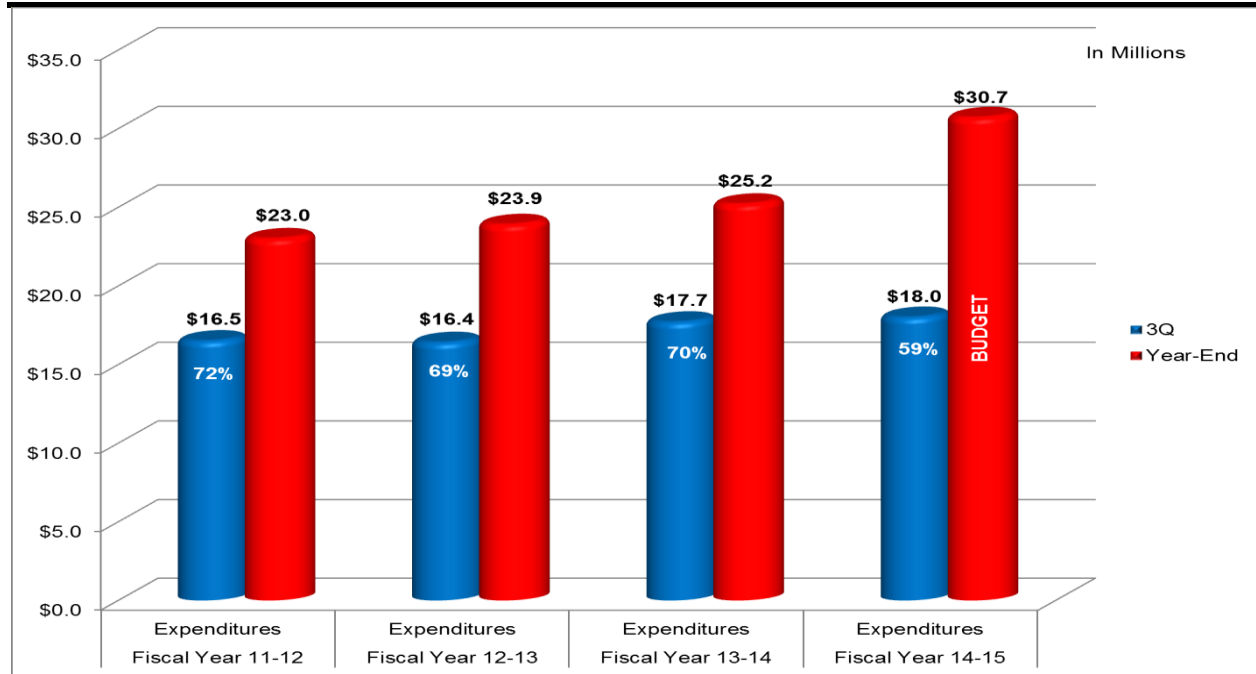
A Strong Local Economy Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2015, expenditures are \$18.0 million, representing 59% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 69% to 72% of the final actual expenditures, placing this year below the range. This is primarily due to delays in the implementation of Expanded Subsidized Employment, leading to lower costs in contracted employment services. In addition, Alliance Worknet reduced their expenditures due to declining grant revenue.

**A Strong Local Economy
Four Year Expenditure Comparison**



Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Strong Local Economy are projected to end the year within budget and in a positive fiscal position. There are no recommended budget changes for this priority area.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

There are no recommended budget or staffing changes for this priority area.



A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

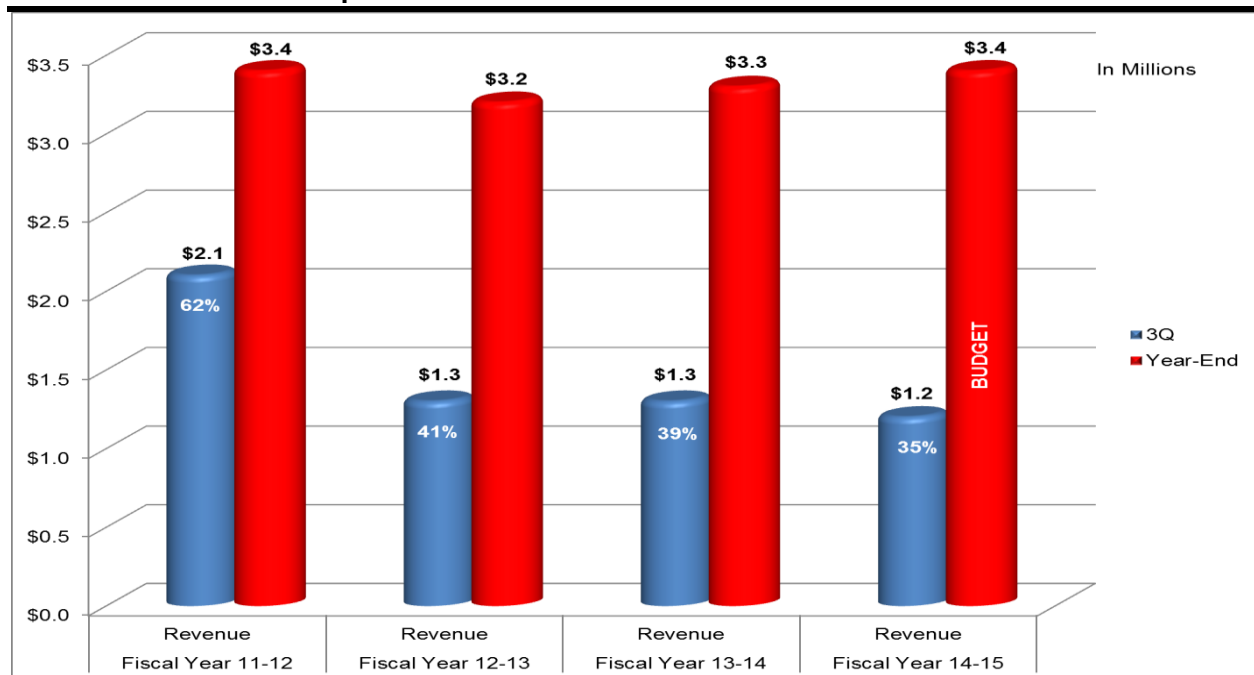
OVERVIEW

The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry that generates over \$3 billion per year for County residents. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply and water quality, and preservation of our unique agriculture heritage are key aspects of A Strong Agricultural Economy/Heritage. Departments assigned to this priority area include: Agricultural Commissioner's Office and Cooperative Extension. The major funding source for these County budgets includes contributions from the General Fund. The Agricultural Commissioner receives State funding for a number of programs as well as charges for specific services. While not part of the County budget, Cooperative Extension's University of California advisors are funded through the University of California system.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage, as of March 31, 2015, actual revenue collected is \$1.2 million, which represents 35% of the estimated annual revenue. This is below the range when compared to third quarter of the prior three years when collections were 39% to 62% of the final actual revenue. This is primarily due to a decrease in the number of issued phytosanitary certificates, resulting in a decline in Agricultural Commissioner revenue. Phytosanitary certificates are issued to indicate that plants and plant products meet specified import regulations. The number of these certificates issued is industry-driven and has decreased due to industry efficiencies and the number of shipments requiring a phytosanitary certificate.

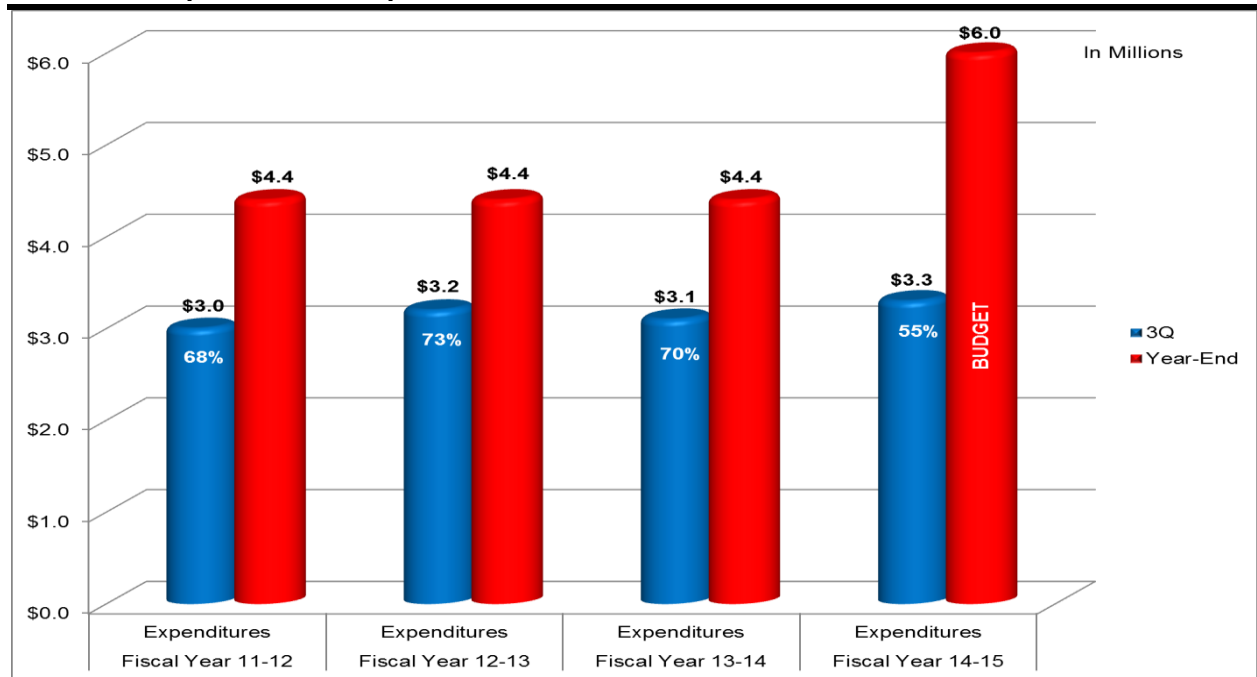
A Strong Agricultural Economy/Heritage Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2015, expenditures are \$3.3 million, representing 55% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 68% to 73% of the final actual expenditures, placing this year below the range, which is consistent with departments in this priority that have carried over net county costs savings at fiscal year-end.

A Strong Agricultural Economy/Heritage Four Year Expenditure Comparison



Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Strong Local Economy are projected to end the year within budget and in a positive fiscal position. There are no recommended budget changes for this priority area.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

There are no recommended budget or staffing changes for this priority area.



A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

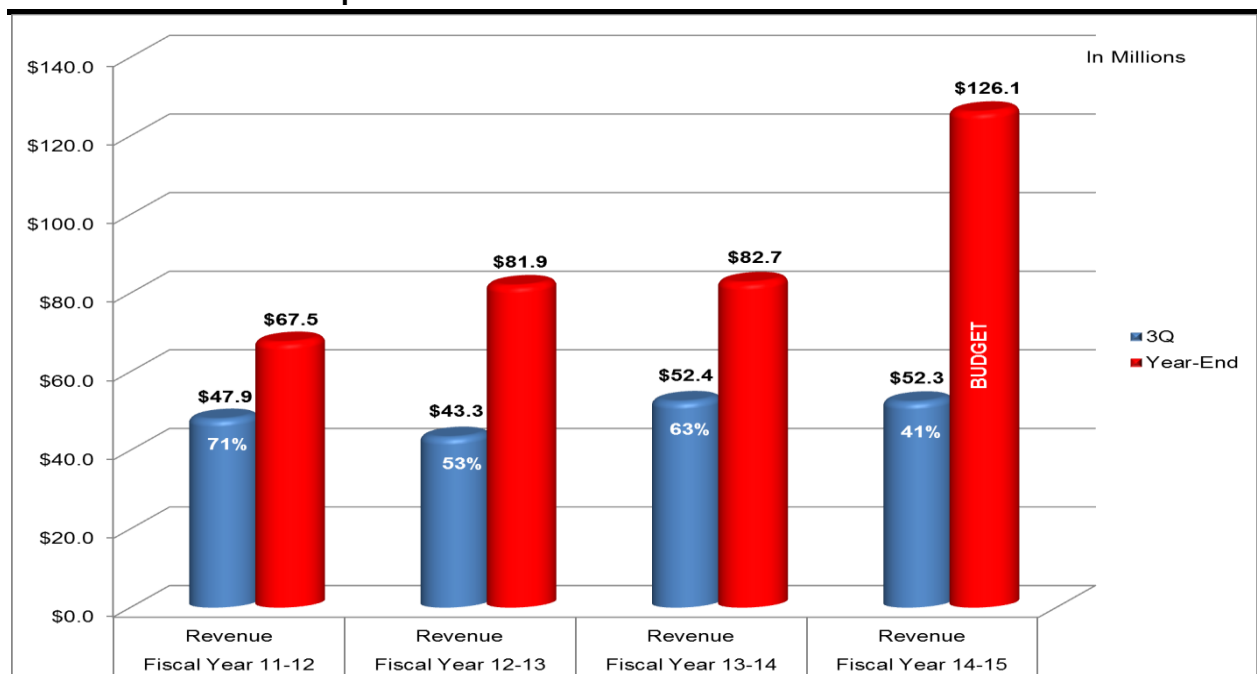
OVERVIEW

The Board of Supervisors priority area of A Well Planned Infrastructure System 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 A Well Planned Infrastructure System. Departments assigned to this priority area include: Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. The major funding sources for these departments include State and Federal funding, fees and Charges for Services, the General Fund, special revenue grants and tax increment payments.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System, as of March 31, 2015, actual revenue collected is \$52.3 million, which represents 41% of the estimated annual revenue. This is below the range when compared to third quarter of the prior three years when collections ranged from 53% to 71% of the final actual revenue. The lower percentage at third quarter compared to the same time last year is primarily due to the receipt of one-time funding from PTSEMIA (Public Transportation Modernization, Improvement and Service Enhancement Account) last fiscal year, for the purchase of three Compressed Natural Gas (CNG) buses and five light-duty para-transit buses. Additionally, the lower percentage is also due to the timing of two large projects: SR99/Kiernan Interchange Project and Claribel Road Widening. Anticipated revenues for these projects are received as reimbursements and, therefore, will track with expenditures.

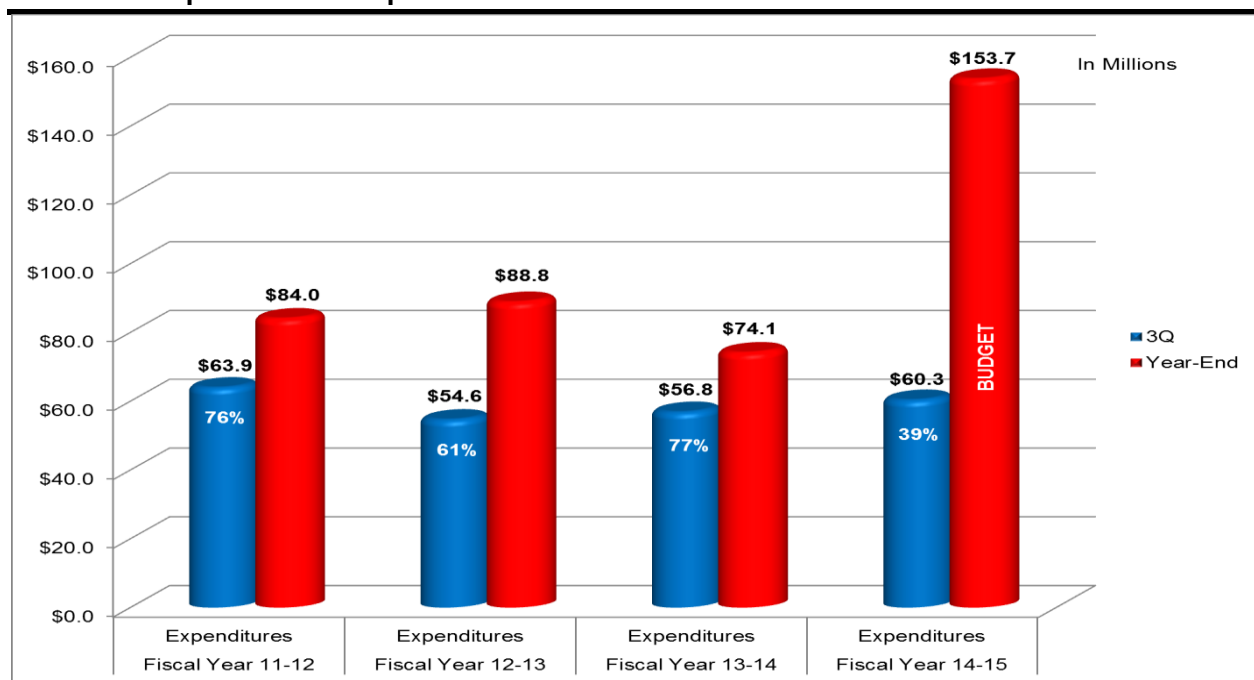
A Well Planned Infrastructure System Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2015, expenditures are \$60.3 million, representing 39% of the budgeted appropriations. Expenditures at the third quarter of the prior three years ranged from 61% to 77% of the final actual expenditures, placing this year's expenditures below the range. The lower percentage at third quarter compared to the same time last year is primarily due to the decrease in the purchase of foreclosed homes funded by a grant that ended in April 2014, in the Planning – Special Revenue Grants budget. In addition, the decrease is due to the timing of two large projects in the Public Works – Road and Bridge budget: SR99/Kiernan Interchange and Claribel Road Widening. Road capital projects are fully budgeted in the current year, however actual expenditures occur over multiple years. The SR99/Kiernan Interchange project is scheduled for completion in April 2016, and the Claribel Road Widening project is scheduled for completion in August 2016.

A Well Planned Infrastructure System Four Year Expenditure Comparison



Overall, estimated revenue and appropriations for the departments within A Well Planned Infrastructure System are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report for a Well Planned Infrastructure System will increase appropriations and estimated revenue by \$79,453.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES

The Department of Environmental Resources receives funding through 1991 Health Realignment, along with the Health Services Agency. As a result of the Affordable Care Act and Medi-Cal Expansion, a reduction of enrollees in the Medically Indigent Adult Program has occurred, with a corresponding decrease in reliance on County Match funds to support the program. To maintain compliance with Welfare and Institutions Code 17608.10 and to meet the County's Maintenance of Effort requirement for 1991 realignment, it is recommended to increase estimated revenue and appropriations in the Environmental

Resources budget by \$21,173. The increase is funded by General Fund Mandated Match funds previously allocated to the Health Services Agency Indigent Health Care Program.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Environmental Resources	\$21,173	\$21,173	\$0	\$0	Increase in match funded from reallocation of Maintenance of Effort funding in Mandated Match.

Staffing Requests: The Department is requesting to restore one unfunded Landfill Equipment Operator II position. Due to the new Regional Solid Waste Agreements that are effective June 1, 2015, there will be a need to increase staffing in landfill operations and in the scale house. The Department is also requesting to unfund one vacant Account Clerk III position that was assigned to the scale house.

ENVIRONMENTAL RESOURCES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Fink Road Landfill	1	3949	Landfill Equipment Operator II	Restore unfunded position	Restore position
Fink Road Landfill	-1	3215	Account Clerk III	Unfund vacant position	Unfund position
ENVIRONMENTAL RESOURCES CHANGES	0				
Beginning Allocation	83				
Changes in Allocation	0				
Ending Allocation	83				

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by \$21,173. It is further recommended the staffing changes described and outlined in the table above be adopted.

PARKS & RECREATION

The Department is requesting an increase in estimated revenue and appropriations of \$58,280 for the Quagga Mussel Grant, which is a two-year grant totaling \$75,560. This grant is to increase the public's awareness of the possibility of a Quagga Mussel infestation and to assist them in certifying that their vessel is not contaminating the reservoirs with the mussel. In the current year, the grant will fund the cost of printing pamphlets and self-certification documents, a large electric message board at Woodward Reservoir, and a contract for Quagga Mussel sniffing dogs. The remaining funds for this grant will be included in the Department's Budget Year 2015-2016 Proposed Budget.

The California Code of Regulations for Public Water Systems requires that all public water systems have flow meters installed to measure usage. The Department is requesting to transfer existing appropriations of \$12,000 from Salaries & Benefits to Fixed Assets for the purchase of flow meters for the wells at Modesto Reservoir.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Parks & Recreation	\$58,280	\$58,280	\$0	\$0	Increase estimated revenue and appropriations for the Quagga Mussel Grant.
Parks & Recreation	\$0	\$12,000	\$0	\$12,000	Transfer appropriations to Fixed Assets for the purchase of flow meters on wells at Modesto Reservoir.
Parks & Recreation	\$0	(\$12,000)	\$0	(\$12,000)	Transfer appropriations to Fixed Assets for the purchase of flow meters on wells at Modesto Reservoir.
Total	\$58,280	\$58,280	\$0	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by \$58,280 for the Quagga Mussel Grant. It is also recommended to transfer \$12,000 in existing appropriations from Salaries & Benefits to Fixed Assets.



Efficient Delivery of Public Services

COUNTY DEPARTMENTS

Assessor
Auditor-Controller
Board of Supervisors
Chief Executive Office
Clerk-Recorder
County Counsel
General Services Agency
Strategic Business Technology
Treasurer-Tax Collector

Efficient Delivery of Public Services

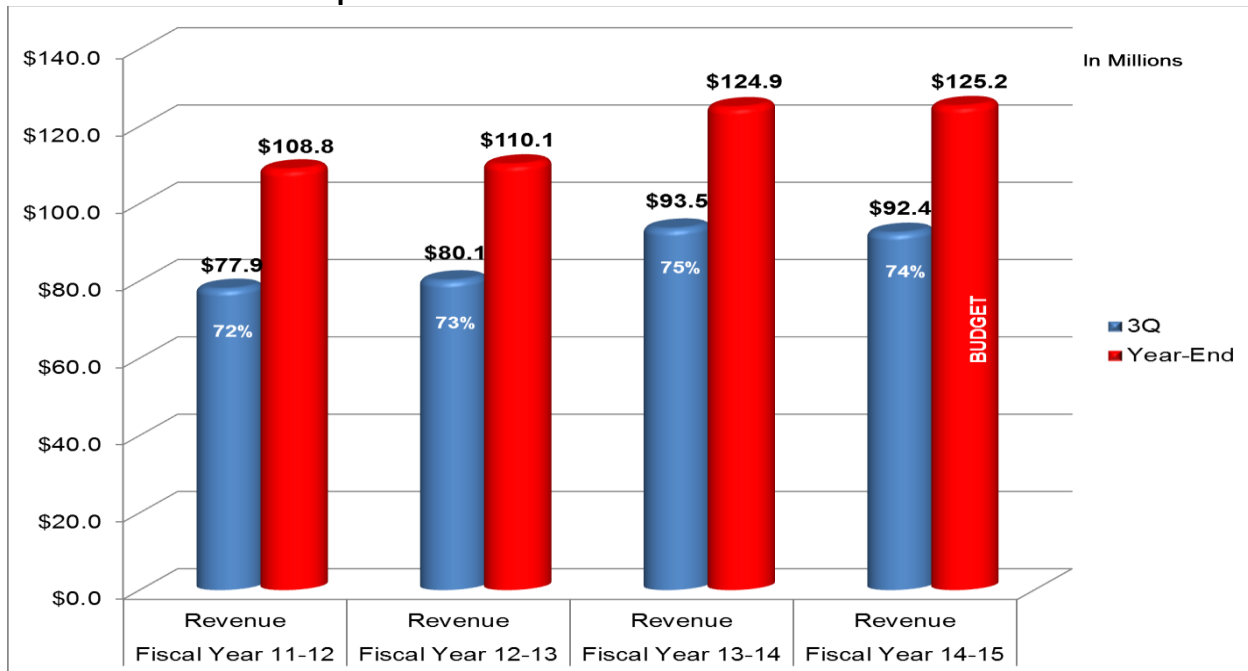
OVERVIEW

The public expects government to be responsive to their needs and to conduct business efficiently. County departments provide services to a diverse customer base and to serve these customers efficiently, it is important to consistently understand and review how to improve County services. Departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services include: Assessor, Auditor - Controller, Board of Supervisors, Chief Executive Office, Clerk-Recorder/Elections, County Counsel, General Services Agency, Strategic Business Technology and Treasurer-Tax Collector. The revenue used to pay for the majority of these services comes from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary sources. A large portion of the Clerk-Recorder is funded through charges for services provided. The General Services Agency and Strategic Business Technology's primary funding source is charging other County departments for services provided.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of March 31, 2015, actual revenue collected is \$92.4 million, which represents 74% of the estimated annual revenue. This is within the range when compared to the third quarter point of the prior three years when collections ranged from 72% to 75% of the final actual revenue.

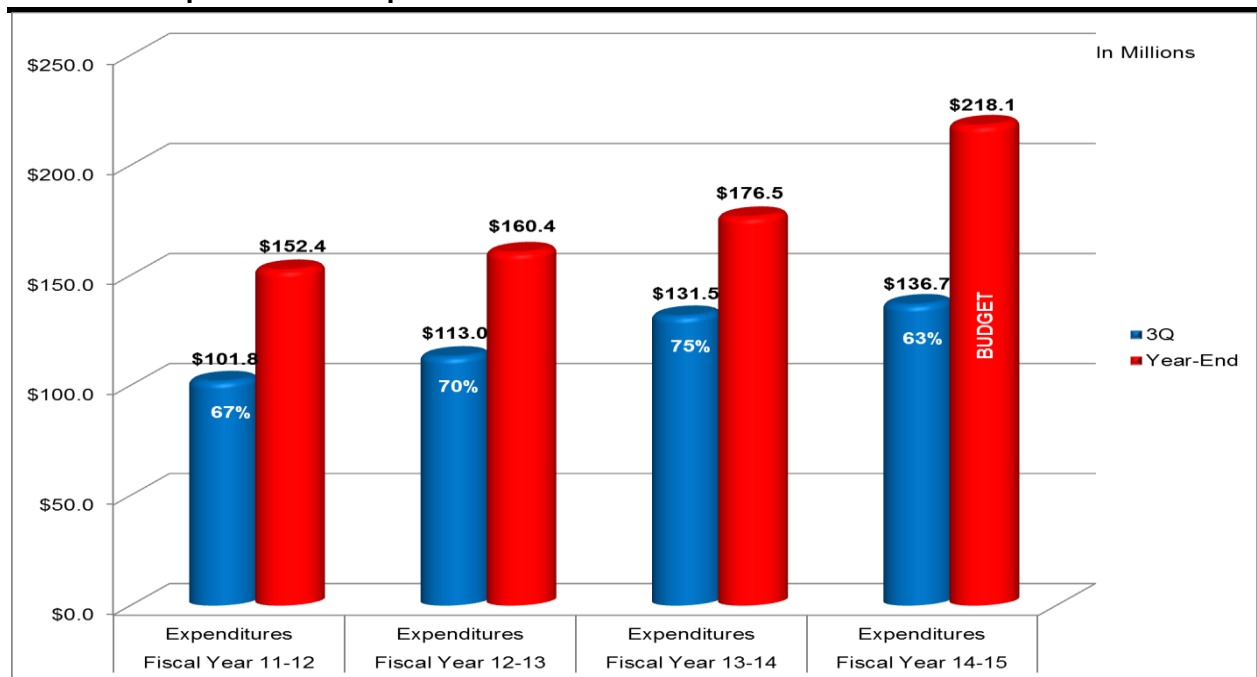
Efficient Delivery of Public Services Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2015, expenditures are \$136.7 million, which represents 63% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 67% to 75% of the final actual expenditures, placing this year below the range, consistent with departments in this priority that have carried over net county cost savings at fiscal year-end in anticipation of future costs increases for health and retirement costs. In addition, this priority area includes Appropriations for Contingencies that have not been fully required for emergent, unplanned costs to this point in the fiscal year.

Efficient Delivery of Public Services Four Year Expenditure Comparison



Overall estimated revenue and appropriations for the departments within Efficient Delivery of Public Services are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report for Efficient Delivery of Public Services include an increase in appropriations of \$2,783,500 and in estimated revenue of \$2,716,000 resulting in the use of \$67,500 in departmental fund balance.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

AUDITOR-CONTROLLER

Staffing Requests: As part of the 2014-2015 Final Budget, the Department received approval to restore a Manager II position for the General Ledger Division, with a plan to conduct an internal promotional recruitment and then unfund the vacant position resulting from the promotion. This recruitment is now complete and the Department is requesting to unfund one vacant Accountant III position as a result of the internal promotion. The Department is also requesting to delete one previously unfunded Accounting Technician position and one previously unfunded Account Clerk III position.

AUDITOR-CONTROLLER STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor-Controller	-1	10660	Accountant III	Unfund vacant position	Unfund position
AUDITOR-CONTROLLER CHANGES	-1				
Beginning Allocation	39				
Changes in Allocation	-1				
Ending Allocation	38				
AUDITOR-CONTROLLER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor-Controller	1	11305	Account Clerk III	Delete unfunded position	Delete unfunded position
Auditor-Controller	1	3258	Accounting Technician	Delete unfunded position	Delete unfunded position

Summary of Recommendations: It is recommended the staffing changes described and outlined in the table above be adopted.

BOARD OF SUPERVISORS

Stanislaus County Code, Section 2.04.030 provides a procedure for evaluating Board of Supervisors' compensation. This ordinance states the Stanislaus County Chief Executive Officer shall, on or before the thirty-first day of May of each year, report the base salary paid to the county supervisors in the seven comparison counties identified in the ordinance. The ordinance provides for increases of 3.75% to be granted on July 1st and January 1st of the fiscal year when the Board of Supervisors compensation falls more than 20% below the survey average. In compliance with the ordinance, a salary survey has been conducted and the following reflected the findings.

COUNTY	2015 MONTHLY SALARY
Fresno	\$9,231
Kern	\$8,759
Kings	\$4,661
Madera	\$5,960
Merced	\$8,188
San Joaquin	\$7,953
Tulare	\$7,532
7-County Average	\$7,469
20% Below Average	\$5,975
Stanislaus BOS current salary with deduction	\$6,044
Percentage below with salary deduction	19.1%
Stanislaus BOS salary as of July 11, 2015*	\$6,231
Percentage below after salary restoration	16.6%

*Salary restoration effective first pay period after July 1, 2015

The Board of Supervisors' current salary, including the current salary deduction, is \$6,044, or 19.1% below the seven-county average. Upon full salary restoration effective in July 2015, the Board of Supervisors salary will then be \$6,231, or 16.6% below the seven-county average. Under County Ordinance, the Board of Supervisors would not be eligible for a salary increase on July 1, 2015.

CHIEF EXECUTIVE OFFICE – COUNTY OPERATIONS

Appropriations for Contingencies: Appropriations for Contingencies serves as a contingency fund for the County to provide sufficient funding for emergencies and unanticipated expenses. Transfers from this fund require a four-fifths vote of the Board of Supervisors. The 2014-2015 Adopted Final Budget included a total of \$11,020,864 in appropriations: \$4,420,864 in base funding for unexpected fiscal and program financial exposures or emergencies which may occur as a result of the economic decline, reductions in Federal and State revenues, or other program and community needs; and an additional \$6.6 million for additional program exposures and opportunities, including negotiated labor costs, public safety restoration, improved security, cash-out expenses and Focus on Prevention.

Through March 31, 2015, transfers from Appropriations for Contingencies were approved by the Board of Supervisors totaling \$4,168,195, which included \$700,000 for the Public Defender – Indigent Defense budget, \$519,970 to fund Sheriff Detention costs of negotiated labor increases, \$431,569 to fund Sheriff Detention costs as a technical adjustment to correct an omission in the 2014-2015 Adopted Final Budget, \$177,656 to fund District Attorney cash-out costs, \$122,000 to fund expert consultants for groundwater mapping, database development and hydrological CEQA services in the Department of Environmental Resources, \$110,000 to support activities around the Stanislaus County Focus on Prevention, \$74,000 to fund retirement cash-out costs in County Counsel and \$33,000 to fund District Attorney server room equipment replacement. In addition, on March 10, 2015, the Board of Supervisors authorized the use of up to \$2 million in Fiscal Year 2014-2015, to fund public safety restoration of positions in the District Attorney, Probation, Public Defender and Sheriff departments, with the funding to be transferred from Appropriations for Contingencies after the positions are filled. As a result of these transfers, the 2014-2015 available contingency balance is \$6,852,669.

At this time, it is requested that appropriations of \$493,628 be transferred to the Sheriff Operations. The requested appropriations will be used to fund termination cashouts estimated at \$390,000, mutual aid costs of \$53,628 billed to the Federal Emergency Management Agency (FEMA) for the King Fire and unanticipated equipment repair and maintenance of \$50,000.

Crows Landing Air Facility: An increase in estimated revenue and appropriations of \$16,000 is requested. The Crows Landing Air Facility has seen an increase in special events revenue as a result of temporary uses of the air facility. It is projected that estimated revenue for temporary use of the facility would total \$41,000 this fiscal year. This revenue is used to offset professional services and maintenance expenses.

General Fund Contribution to Other Programs: The Chief Executive Office – General Fund Contribution to Other Programs budget was established to fund those programs for which no State or Federal mandate exists. These programs have a General Fund contribution as a result of a Board of Supervisors' policy decision or contractual obligation. This budget also includes payments to outside agencies.

As a result of a technical error, the mandated Maintenance of Effort match funding for the Department of Environmental Resources is included in this budget. As part of the upcoming 2015-2016 budget process, the Board of Supervisors will be asked to transfer match funding for Environmental Resources out of the General Fund Contribution to Other Programs and into the Mandated Match budget. At this time, it is recommended to increase funding by \$21,173 for Environmental Resources, funded from a reallocation of Mandated Match funding for the Health Services Agency Indigent Health Care Program. The recommended reallocation of match funding is required to meet the County's Maintenance of Effort requirement under Welfare and Institutions Code 17608.10, which sets County Mandated General Fund match requirements necessary to receive 1991 health realignment revenue.

General Fund Contribution to Other Programs Fund/Department	2014-2015		
	Recommended Final Budget	Recommended 3rd Quarter Adjustments	Recommended Operating Budget
Area Agency on Aging	\$ 292,922		\$ 292,922
CEO Countywide Fire Services	179,838		179,838
CEO DOJ Alcohol & Drug	55,543		55,543
DA Real Estate Fraud	153,115		153,115
DA Victim Witness	3,328		3,328
Environmental Resources	575,664	21,173	596,837
GSA 12th St Office Building	24,869		24,869
HSA Deficit Repayment	16,816,447		16,816,447
Library	491,810		491,810
Public Works	167,486		167,486
Sheriff Court Security	82,238		82,238
Stanislaus Animal Services Agency	1,374,777		1,374,777
Law Library	46,610		46,610
Local Area Formation Commission	190,888		190,888
North McHenry Tax Sharing	2,085,105		2,085,105
Stanislaus Council of Governments	4,282		4,282
Other General Fund Contributions Total	\$ 22,544,922	\$ 21,173	\$ 22,566,095

General Fund Match Vehicle License Fee: As part of the 2014-2015 Midyear Financial Report, the Board of Supervisors approved an increase of \$5.8 million in the CEO General Fund Match Vehicle License Fee (VLF) to reflect an increase in estimated 1991 realignment revenue. At this time, it is recommended to increase the CEO VLF budget by an additional \$2.7 million for increased funding for social services programs administered by the Community Services Agency.

As part of the enacted State budget for FY 2014-2015, Assembly Bill 85 detailed budget adjustments for health and human services. Included in AB 85 was the redirection of funds out of County health programs back to the State, as part of Health Care Reform. The State then uses the redirected funds to support social services programs administered locally, including CalWORKs. AB 85 further revised the allocation of Vehicle License Fee realignment revenue between the Health Subaccount and the Social Services Subaccount. However, the State has not provided an annual allocation of the Vehicle License Fee realignment revenue, making it challenging to accurately project for the full fiscal year. The requested adjustment is anticipated, pending additional guidance from the State, to be sufficient for all funds to be received for Fiscal Year 2014-2015.

Mandated Match: The Chief Executive Office – Mandated Match budget contains local funds used to leverage Federal and State funding for a variety of programs and functions that have a mandated match or maintenance of effort requirement. Included in the Mandated Match is the Maintenance of Effort requirement that must be met to receive 1991 health realignment funds.

As a result of the Affordable Care Act and Medi-Cal Expansion, a reduction of enrollees in the Medically Indigent Adult Program has occurred, with a corresponding decrease in reliance on Mandated Match funds to support the program. To maintain compliance with Welfare and Institutions Code 17608.10 and to meet the County's Maintenance of Effort requirement for 1991 realignment, a reallocation of existing County Match funds is required. It is recommended to decrease funding by \$1,198,000 for Health Services Agency Indigent Health Care Program and increase funding by \$1,176,827 in the Health Services Agency Public Health budget. The remaining match funds reallocation of \$21,173 is recommended in the Chief Executive Office – General Fund Contribution to Other Program for the Department of Environmental Resources. There is no additional impact to the General Fund as a result of the recommended budget adjustments.

Mandated Match Fund/Department	2014-2015		
	Adopted Final Budget	Recommended 3rd Quarter Adjustments	Recommended Operating Budget
BHRS Mental Health	\$ 825,359		\$ 825,359
BHRS Public Guardian	1,124,013		1,124,013
CSA General Assistance	540,703		540,703
CSA IHSS Provider Wages	1,954,262		1,954,262
CSA PA Benefits	90,237		90,237
CSA Public Economic Asst	5,324,949		5,324,949
CSA Services & Support	3,404,289		3,404,289
HSA Clinics and Ancillary Services	3,113,397		3,113,397
HSA Indigent Health Care	2,452,087	(1,198,000)	1,254,087
HSA Public Health	804,475	1,176,827	1,981,302
County Match Contingency	-		-
Mandated County Match Total	\$ 19,633,771	\$ (21,173)	\$ 19,612,598

AB 900 Phase II Public Safety Center Expansion Projects: The Chief Executive Office manages several significant design and construction projects currently underway, including construction of the AB 900 Phase II Public Safety Center Expansion Projects One (Maximum-Security, Medical/Mental Health Units), Project Two (Day Reporting Center) and Project Three (Intake, Release and Transportation). The Projects are all on schedule and under budget. The Project Manager is requesting approval to make a technical adjustment to decrease the construction contingency fixed asset account and increase the equipment fixed asset account in Project One (Maximum-Security, Medical/Mental Health Units) totaling \$49,000 for the purchase of additional kitchen servery equipment necessary in the staging and staff areas to support approximately 200 clerical, medical, and detention personnel in the maximum-security facility. The Capital Project fund has sufficient funding for this technical adjustment and these costs are completely reimbursable through State funding.

Following is a summary of recommended adjustments for budgets within the Chief Executive Office – County Operations:

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO Appropriations for Contingencies	\$0	(\$493,628)	\$0	(\$493,628)	Transfer of Appropriations for Contingencies to the Sheriff Operations budget.
CEO Crows Landing Air Facility	\$16,000	\$16,000	\$0	\$0	Increase in professional services and maintenance costs offset by increased special event revenue.
CEO General Fund Contribution to Other Programs	\$0	\$21,173	\$0	\$21,173	Increase in match for Environmental Resources, funded from reallocation of Maintenance of Effort funding in Mandated Match budget.
CEO General Fund Match Vehicle License Fees	\$2,700,000	\$2,700,000	\$0	\$0	Increase in 1991 realignment revenue for social services programs as a result of AB 85 changes.
CEO Mandated Match	\$0	(\$21,173)	\$0	(\$21,173)	Decrease in match for Health Services Agency Indigent Health Care Program, reallocated to General Fund Contribution to Other Programs.
AB 900 Phase II Public Safety Center Expansion Project One	\$0	(\$49,000)	\$0	(\$49,000)	Decrease Fixed Assets construction contingency.
AB 900 Phase II Public Safety Center Expansion Project One	\$0	\$49,000	\$0	\$49,000	Increase Fixed Assets equipment for additional kitchen equipment in the maximum-security facility.
Total	\$2,716,000	\$2,222,372	\$0	(\$493,628)	

Summary of Recommendations: It is recommended to increase estimated revenue by \$2,716,000 and appropriations by \$2,222,372 in the Chief Executive Office – County Operations budgets. Appropriations for Contingencies of \$493,628 are recommended to be transferred to the Sheriff Operations budget by a fourth-fifths vote of The Board of Supervisors.

CEO-RISK MANAGEMENT SELF-INSURANCE FUNDS

Other Employee Benefits: An increase in appropriations is requested for \$15,000 to fund a retirement program operational audit for the County's Deferred Compensation program. The program's retained earnings will fund this one-time cost; the retained earnings current balance is approximately \$324,000. The total cost of the audit will be approximately \$42,000. Funding of \$20,000 for this purpose was included in the 2014-2015 Final Budget and savings derived from other areas of the Deferred Compensation budget will be used to fund approximately \$7,000, leaving the remaining \$15,000 need to be supported by departmental retained earnings. Approval of this request will leave a retained earnings balance of approximately \$309,000.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO Risk Management Division - Other Employee Benefits	\$0	\$15,000	\$15,000	\$0	Increase in appropriations to fund a retirement program operational audit for the County's Deferred Compensation program.

Summary of Recommendations: It is recommended to increase appropriations by \$15,000 resulting in the use of \$15,000 of departmental retained earnings.

CLERK-RECORDER—ELECTIONS DIVISION

A transfer from Services and Supplies to Fixed Assets for \$175,000 is requested to purchase computer equipment. The additional appropriations will allow the Department to install upgrades to hardware and storage in preparation for the implementation of the VoteCal statewide database. This statewide voter registration database will allow officials in each county to confirm duplicate registrations immediately and allow for a more efficient registration process. The Department is requesting to transfer existing appropriations for \$175,000 from Election Supplies to Fixed Assets for the purchase of the necessary computer equipment.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Clerk - Recorder Elections Division	\$0	(\$175,000)	\$0	(\$175,000)	Transfer appropriations out of Services and Supplies to Fixed Assets for computer equipment to complete elections projects.
Clerk - Recorder Elections Division	\$0	\$175,000	\$0	\$175,000	Transfer appropriations into Fixed Assets for computer equipment to complete elections projects out of Services and Supplies.

Summary of Recommendations: It is recommended to transfer \$175,000 in existing appropriations from Services and Supplies to Fixed Assets.

STRATEGIC BUSINESS TECHNOLOGY

Telecommunications: An increase in appropriations of \$52,500 funded by retained earnings is requested in Fixed Assets to complete a network infrastructure upgrade at 10th Street Place. The additional appropriations will allow SBT – Telecommunications to complete this important infrastructure upgrade in one year instead of two. As of March 31, 2015, the SBT – Telecommunications had a retained earnings balance of \$847,750.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
SBT- Telecommunications	\$0	\$52,500	\$52,500	\$0	Increase in appropriations to complete upgrades at 10th Street Place in Fiscal Year 2014-2015.

Summary of Recommendations: It is recommended to increase appropriations by \$52,500 in Fixed Assets, resulting in the use of \$52,500 in departmental retained earnings.