



Midyear Financial Report July—December 2017

BOARD OF SUPERVISORS

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INTRODUCTION

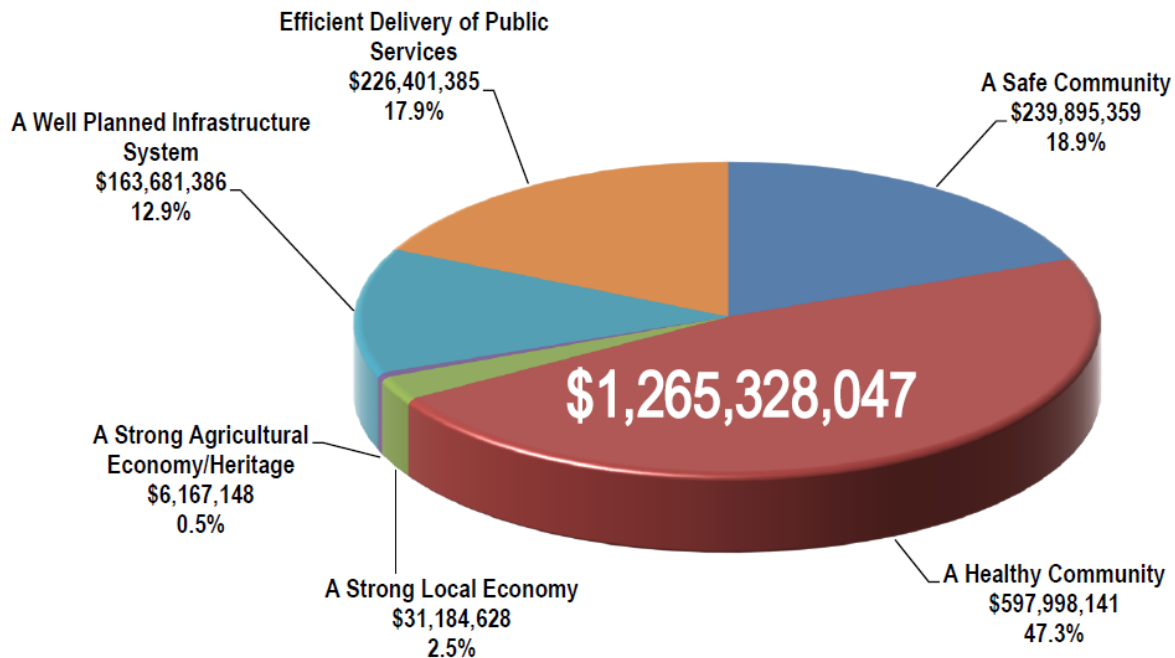
The following is the Chief Executive Officer's Midyear Financial Report for the period July - December 2017 for the 2017-2018 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's financial status at the mid-point of this fiscal year. The report provides estimated 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 2017. The Midyear Financial Report also includes a look forward at the significant budget challenges and opportunities facing county government.

BACKGROUND

On September 19, 2017, the Board of Supervisors adopted the Fiscal Year 2017-2018 Final Budget for Stanislaus County. This spending plan of \$1.3 billion for all funds reflected a 11.7% increase from the 2016-2017 Adopted Final Budget. The 2017-2018 Adopted Final Budget was balanced using a combination of \$1.19 billion in estimated revenue and \$72.9 million in fund balance and one-time funding sources. It also included funding for 4,469 allocated full-time positions, an increase of 154 positions from the 2016-2017 Adopted Final Budget.

The following chart reflects the total Adopted Final Budget Expenditures by the Board of Supervisors priorities:

**Fiscal Year 2017-2018
Adopted Final Budget Expenditures
By Board Priority
\$1,265,328,047**



2017-2018 FIRST QUARTER ADJUSTMENTS

The 2017-2018 First Quarter Financial Report made minimal adjustments to the 2017-2018 Adopted Final Budget. Changes included a total increase in estimated revenue of \$131,062, an increase in appropriations of \$231,382, and an increase in the use of fund balance of \$100,320. These increases were primarily attributed to budget updates in three departments. The Health Services Agency recognized additional revenue received in the prior year and estimated for 2017-2018 for the purpose of reimbursing health care providers for emergency services rendered. Adjustments to the Revenue Recovery and Treasury divisions of the Treasurer-Tax Collector department netted an increase to revenue estimates and projected costs in order to account for one-time expenses using increased revenue from updated estimates of Cost Allocation Plan (CAP) charges and court fees. Additionally, a transfer from Appropriations for Contingencies was provided to the Public Defender’s office in order to utilize grant funds that were received in the prior year, but had not yet been expended.

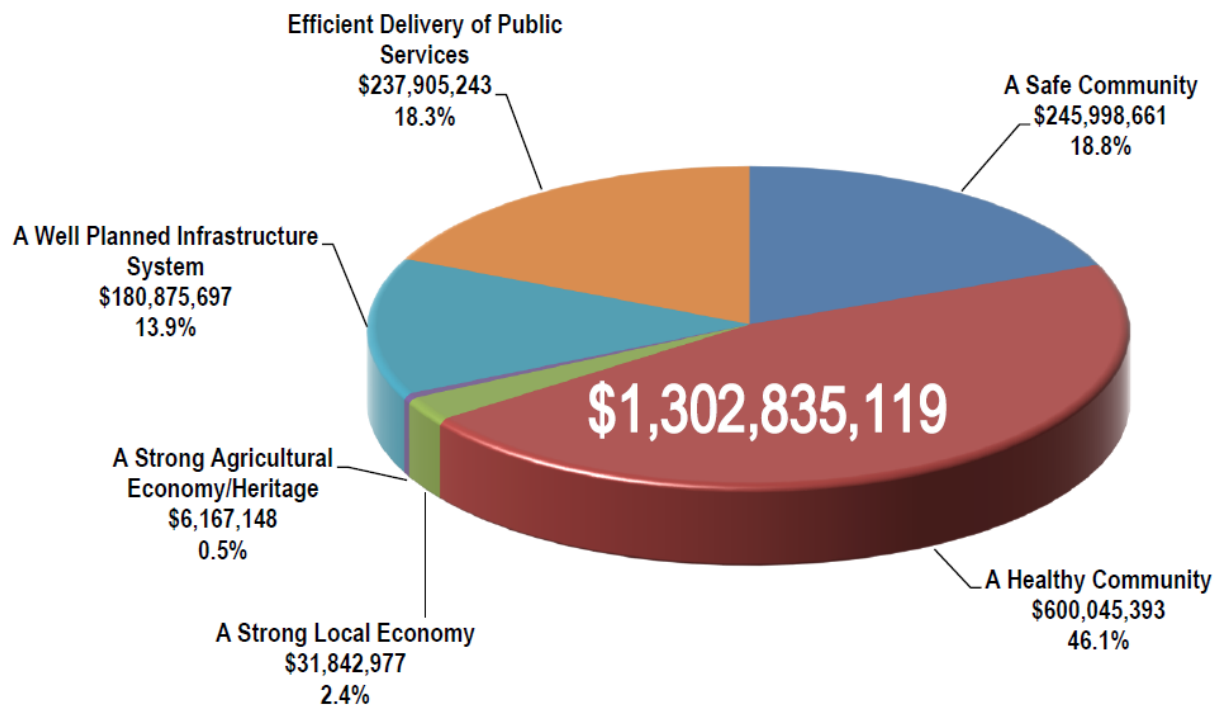
SUMMARY OF OTHER ADJUSTMENTS

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, but were

not fully completed. Funding for these projects is identified as assigned fund balance by the Auditor-Controller at year-end to ensure these 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 December 31, 2017, totals \$37,507,072. This reflects \$35,705,506 in carry forward of prior year appropriations, and \$1,801,566 in budget adjustments approved by the Board of Supervisors in the current fiscal year through December 2017.

The following chart reflects the Adjusted Operating Budget by Board of Supervisors priority as of December 31, 2017:

**Fiscal Year 2017-2018 Adjusted Operating Budget
Expenditure by Board Priority
\$1,302,835,119 as of December 31, 2017**



MIDYEAR FINANCIAL REPORT SUMMARY

The 2017-2018 Midyear Financial Report reflects a fiscal review of departmental budgets, a cash analysis by fund as of December 2017, and recommended budget adjustments. The Chief Executive Officer's Midyear recommendations include an increase of \$17,315,703 in total appropriations and an increase in estimated revenue of \$18,753,351.

The Midyear Financial Report highlights the current financial strength of the County as a result of prudent business strategies and Board of Supervisors policy direction. Discretionary Revenue is projected to end

the year \$6 million above budget, primarily based on increased revenue from Sales and Use Tax, Interest, and Proposition 172 Sales Tax.

Midyear financing strategies rely on \$1,751,690 in recommended transfers from Appropriations for Contingencies. The recommended use of Appropriations for Contingencies would provide \$350,853 to General Fund departments for health insurance increases; \$18,700 to the Auditor-Controller's office for the purchase of office equipment; \$54,112 to the Board of Supervisors for a technical adjustment to salary and benefits costs; \$414,449 through General Fund Contribution to Other Programs, of which \$4,179 will be transferred to the District Attorney for grant match requirements and \$410,270 will be used to issue North McHenry tax sharing agreement payments; \$159,301 to the CEO – Office of Emergency Services for cash-outs and vehicle radio equipment; \$25,800 to the Treasurer-Tax Collector Department for the purchase and maintenance of a currency machine; and \$728,475 to the Sheriff's office for various operational costs. This transfer of Appropriations for Contingencies requires a four-fifths vote by the Board of Supervisors. If approved, a balance of approximately \$12.2 million will remain in the Appropriations for Contingencies budget.

The following table depicts the recommended adjustments by fund type:

Fund Type	Adopted Final Budget 2017-2018	Mid-Year Operating Budget 2017-2018	Recommended Mid-Year Adjustments	Recommended Mid-Year Budget 2017-2018
General Fund	\$329,856,219	\$344,829,041	\$8,594,518	\$353,423,559
Special Revenue Fund	\$741,292,898	\$756,621,241	\$2,501,440	\$759,122,681
Capital Projects Funds	\$1,434,551	\$1,434,551	\$0	\$1,434,551
Enterprise Funds	\$86,786,936	\$91,913,965	\$64,981	\$91,978,946
Internal Service Funds	\$105,957,443	\$108,036,321	\$6,154,764	\$114,191,085
Total	\$1,265,328,047	\$1,302,835,119	\$17,315,703	\$1,320,150,822

General Fund

The General Fund recommended Midyear budget for Fiscal Year 2017-2018 is \$353,423,559, an increase of \$8,594,518 from the 2017-2018 Midyear Operating Budget. This increase is the net of \$10,346,208 in departmental requests, offset by a transfer from Appropriations for Contingencies of \$1,751,690.

The primary contributors to the recommended increase include: a \$7.3 million increase in Vehicle License Fee pass-through funding to 1991 Health realignment programs; a combined \$1,197,860 increase in the Sheriff's Department for a number of adjustments including labor Memorandum of Understanding impacts, the addition of a third Academy Class, the addition of a Forensic Pathologist, and utilities; \$441,191 in Parks to recognize grant funding for the Off-Highway Vehicle Parks; \$410,270 in payments for the North McHenry tax sharing agreement; \$350,853 in technical adjustments for health insurance costs funded through Appropriations for Contingencies; \$160,540 in Probation for Commercially Sexually Exploited Children funding; \$146,700 in the Clerk-Recorder Elections Division for the cost of changing elections from odd to even years funded by districts and other requesting entities; and other department operational needs detailed in the attached Midyear Financial Report.

Special Revenue Funds

The Special Revenue Fund recommended midyear budget for Fiscal Year 2017-2018 is \$759,122,681, an increase of \$2,501,440 from the 2017-2018 Midyear Operating Budget.

The primary contributors to the recommended increase include: a \$1.4 million increase in Behavioral Health and Recovery Services for increased client placements in Institutions for Mental Disease; \$628,865 in the Library for projects in Grayson and Salida, Measure S election costs, and other library costs; \$270,000 in Sheriff – CAL-MMET for helicopter repairs; a \$234,654 decrease in Community Services Agency – Public Authority Administration Fund due to the restructuring of the In-Home Supportive Services Maintenance of Effort; a \$179,674 increase in the District Attorney Consumer Fraud budget; and other departmental operational needs detailed in the attached Midyear Financial Report.

Capital Projects Funds

The Capital Projects Fund recommended midyear budget for Fiscal Year 2017-2018 is \$1,434,551 and represents no change from the 2017-2018 Midyear Operating Budget.

Enterprise Funds

The Enterprise Fund recommended midyear budget for Fiscal Year 2017-2018 is \$91,978,946 and represents a \$64,981 increase from the 2017-2018 Midyear Operating Budget.

The primary contributors to the recommended increase include: \$44,981 for Geer Road Landfill post-closure maintenance costs and \$20,000 in Sheriff – Jail Commissary/Inmate Welfare funding for various inmate classes.

Internal Service Funds

The Internal Service Fund recommended midyear budget for Fiscal Year 2017-2018 is \$114,191,085, an increase of \$6,154,764 from the 2017-2018 Midyear Operating Budget.

The primary contributors to the recommended increase include: a \$2.9 million increase in the CEO – Risk Management Division Self-Insurance funds for increased claims and insurance costs; a \$1.7 million increase in Strategic Business Technology for the upfront payment of Office 365 and the cost of enhanced 911 software for VoIP phones; a \$1.2 million increase in Public Works – Morgan Shop for Road and Bridge projects and increased utilities and engineering costs; a \$362,184 increase in the General Services Agency for the cost of utilities and other operational costs; and other department operational needs detailed in the attached Midyear Financial Report.

Fund Balance

The beginning fund balance for all funds on July 1, 2017 was \$508.8 million. Adjustments to fund balance from prior year encumbrance carryovers and Board of Supervisors approved actions since the Adopted Final Budget in August total \$37.5 million. The recommendations contained in the Midyear Financial Report include increased Discretionary Revenue of \$6 million that will decrease the use of fund balance in the General Fund, which is offset by the use of nearly \$4.6 million of fund balance in the other funds.

Combined with the midyear 2017-2018 recommended budget adjustments, the projected fund balance on June 30, 2018 is forecast to be \$401.4 million across all funds.

Below is a chart of the projected Fund Balance at year-end by fund type.

Summary of Fund Balance by Fund Type					
Fund Type	Beginning Fund Balance on 7/1/2017	Legal Budget Revenue on 12/31/2017	Legal Budget Appropriations on 12/31/2017	Mid-Year Recommendation Use of Fund Balance	Projected Fund Balance on 6/30/2018
General Fund	\$ 184,365,718	\$ 310,606,776	\$ 344,829,041	\$ (5,987,500)	\$ 156,130,953
Special Revenue Fund	226,011,473	711,584,291	756,621,241	1,529,300	179,445,223
Capital Projects Fund	4,100,385	880,000	1,434,551	-	3,545,834
Enterprise Fund	63,218,383	68,483,423	91,913,965	(727,644)	40,515,485
Internal Service Fund	31,125,696	102,384,953	108,036,321	3,748,196	21,726,132
Total	\$ 508,821,655	\$ 1,193,939,443	\$ 1,302,835,119	\$ (1,437,648)	\$ 401,363,627

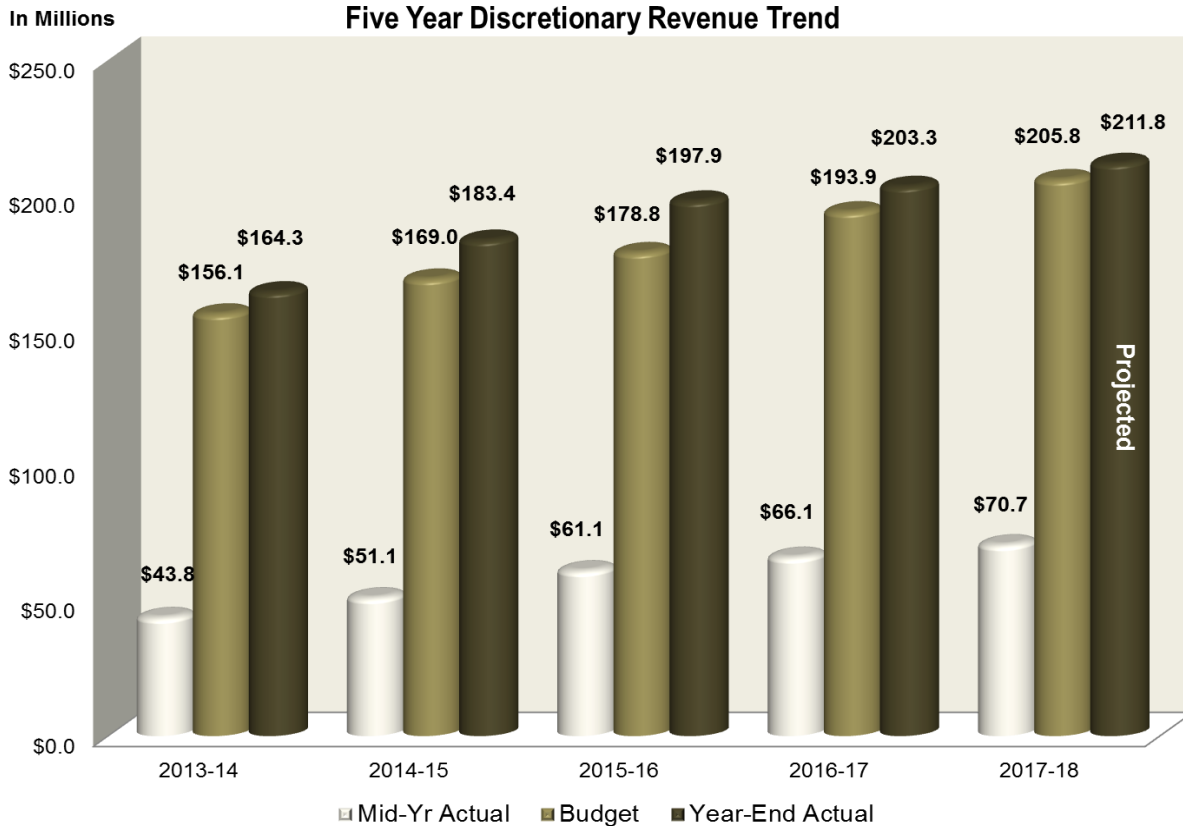
Note: The Final Budget reported a beginning balance for all funds in the amount of \$517,753,628 as of August 1, 2017. Since that time, post-closing adjustments in the amount of \$8,931,973 have been posted which resulted in a revised beginning fund balance of \$508,821,655 as depicted in the preceding chart.

GENERAL FUND UPDATE

Discretionary Revenue

As of December 31, 2017, \$70.7 million was posted to the General Fund Discretionary Revenue accounts. This amount represents 34.4% of the 2017-2018 Adopted Final Budget of \$205.8 million and 34.8% of the Fiscal Year 2016-2017 actual revenue of \$203.3 million. For the prior four years, Discretionary Revenue collected at midyear ranged from 28.1% to 34.2% of the Final Budget and from 26.7% to 32.5% of the year-end actual collections. This comparison indicates that Discretionary Revenue at midyear is above both the Adopted Final Budget estimates and actual range of the last four 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

The projected \$211.8 million year-end revenue is approximately 3% or \$6 million higher than the 2017-2018 Adopted Final Budget of \$205.8 million. This is due to several factors including increased revenue from Sales and Use Tax, Interest, and Proposition 172 Sales Tax. A total increase of \$6 million to the budget is recommended at this time. Further adjustments may be necessary as fiscal year-end approaches and will be addressed during the third quarter review. Following is a summary of activity in the various Discretionary Revenue categories in which adjustments are recommended:

Taxes: Included in this category are property-related taxes (secured and unsecured, supplementals, redevelopment pass-through increment, property tax received in lieu of vehicle license fees, property transfer tax), the 1% sales and use taxes, in lieu of sales and use tax, and transient occupancy tax. The projections for year-end indicate that revenue from the taxes category will come in approximately \$2.5 – \$4.5 million higher than budgeted. Of this amount, property-related taxes are projected to materialize at approximately \$1.4 million higher than budgeted. This increase in estimated revenue reflects the actual property tax assessment roll growth of 5.7% from the prior year. Sales and use tax revenue is projected to exceed budget by \$1.1 - \$3.1 million. Reported activity for the first two quarters has been strong for new auto dealers, construction trade sectors, and fuel and service stations. Overall, the midyear recommendation is to increase the Taxes category by \$2,450,000.

Revenue from Use of Money: Interest earned on the County’s pooled cash and collection of rents and leases of County owned property are the sources of revenue in this category. Interest earnings through year-end are projected to exceed budget by approximately \$1 – \$1.5 million. This is due to the rise in

interest rates and a higher General Fund cash balance, which generates more interest. As a result, it is recommended that Revenue from the Use of Money be increased by \$1,000,000.

Intergovernmental Revenue: The main source of revenue in this category is from a one-half cent Sales and Use Tax for local public safety services, also known as Proposition (Prop) 172. This revenue source is budgeted at \$41.5 million and supports only the General Fund budgets of the District Attorney, Probation, and Sheriff. Revenues collected by the State Board of Equalization (BOE) are apportioned to each county based on proportionate shares of statewide taxable sales. At midyear, it is estimated that Prop 172 revenue could exceed budget by \$1.5 - \$5 million. Actual receipts for Prop 172 revenue are up 5.6% through December, and the County's proportional share of the tax is expected to increase by approximately 3.5% in April due to the growth in the local economy. As a result, it is recommended that Intergovernmental Revenue be increased by \$1,500,000.

Charges for Services: Included in this category are revenues resulting from the recovery of the costs associated with the administration of supplemental property tax adjustments (SB 813), adjustments made to the Countywide Cost Allocation Plan, and revenue received from assessments levied to Williamson Act landowners per the enactment of SB 863. The revenue for the administration of the supplemental property tax adjustments on Williamson Act properties is expected to exceed budget by approximately \$200,000. As a result, an increase of \$200,000 is recommended in the Charges for Services category.

Other Financing Sources: Interest earned on the Tobacco Endowment Fund as well as operating transfers in for the Animal Services and Jail facilities debt payments are the revenue sources expected in this category. The interest earned on the Tobacco Endowment Fund was received in July and was approximately \$850,000 higher than originally budgeted. As a result, it is recommended that Other Financing Sources be increased by \$850,000.

The following chart summarizes the midyear projections and recommended changes for the Discretionary Revenue budget:

Discretionary Revenue Description	Fiscal Year	Fiscal Year	Mid-Year	Mid-Year
	2016-2017	2017-2018	2017-2018	Adjustments
	Actuals	Final Budget	Projections	Recommended
Taxes	\$ 147,635,366	\$ 150,205,000	\$ 152,655,000	\$ 2,450,000
Licenses, Permits & Franchises	1,106,618	1,100,000	1,100,000	-
Fines, Forfeitures & Penalties	3,288,822	2,500,000	2,500,000	-
Revenue from Use of Money	1,997,145	2,600,000	3,600,000	1,000,000
Intergovernmental Revenue	43,768,214	43,707,000	45,207,000	1,500,000
Charges for Services	1,974,342	2,287,500	2,487,500	200,000
Miscellaneous Revenues	63,560	-	-	-
Other Financing Sources	3,507,787	3,440,000	4,290,000	850,000
Total	\$ 203,341,853	\$ 205,839,500	\$ 211,839,500	\$ 6,000,000

Recommended Budget Adjustment: Adjustments to the overall Discretionary Revenue budget totaling \$6 million are recommended at midyear. As additional months of revenue are posted, further adjustments may be necessary and will be addressed during the third quarter review.

General Fund – Classification of Fund Balance

The five classifications of fund balance of the General Fund are Non-spendable, Restricted, Committed, Assigned and Unassigned. Non-spendable, Restricted and Committed are the most restrictive categories and are legally or contractually obligated portions of fund balance. The Unassigned fund balance is the least restrictive and is technically available for any purpose. The Chief Executive Office has been authorized by the Board of Supervisors to assign portions of the Unassigned fund balance for specific purposes such as debt service, carryover appropriations, contingencies, and budget balancing.

Fund Balance – Non-spendable: Balances for Advances to Other Funds and Governments, Cash, Prepaid Items, and the Teeter Receivable will be maintained at \$11,408,264.

Fund Balance – Restricted: The only restricted account is for tax loss reserve, for which no changes are projected and it will be maintained at \$4,632,178.

Fund Balance – Committed: \$99,860 was transferred from the Capital Acquisition account to the Unassigned category to fund the Frank Raines Park Public Water System Improvement Project, per Board of Supervisors Agenda #2017-475. As a result, the Committed ending fund balance is projected as \$7,222,930.

Fund Balance – Assigned: Post-closing entries in the amount of \$1.4 million occurred due to a decrease in the value of the investments related to the General Fund for Fiscal Year 2016-2017, which resulted in a decrease in Assigned Fund Balance. In addition, \$106,963 was transferred from the Other Assignments account to the Unassigned category to partially fund the Public Defender's contract with Sytech Solutions, per Board of Supervisors Agenda #2017-662. A total of \$34 million is planned for use in the 2017-2018 Budget, including the final pay-off of debt, one-time funding for public safety needs, jail expansion start-up costs, carryover appropriations, encumbrances, and budget balancing. The projected year-end balance for the Assigned category is \$118,164,430.

Fund Balance – Unassigned: Post-closing entries in the amount of approximately \$950,000 occurred in various General Fund departments, resulting in a decrease in Unassigned Fund Balance. Board-approved adjustments for the Parks and Public Defender's budgets noted above have increased the balance by \$206,823 since the Final Adopted Budget. This funding is anticipated to be used by fiscal year-end. The midyear recommendations project adding \$6 million to Unassigned Fund Balance at the end of Fiscal Year 2017-2018 due to higher Discretionary Revenue projections, which is offset by a decrease in General Fund revenue of \$12,500. Finally, the use of \$1,500 of Community Development Funds was approved by the Board of Supervisors, #2017-499, to pay for the rental of traffic signs and barricades for the Salida Old Fashioned Country Festival. The resulting year-end balance is projected at \$14,703,151 as reflected in the chart on the following page.

General Fund Balance – Total: In summary, the projected total General Fund 2017-2018 ending balance after the budget balancing strategies and other adjustments, midyear recommendations, and budgeted use of fund balance is estimated to be \$156,130,953 which is a net change of \$30,582,136 from the total beginning balance of \$186,713,089. Of this amount, the vast majority is identified as Non-spendable, Restricted, Committed or Assigned for specific Board of Supervisors approved projects.

GENERAL FUND – FUND BALANCE

GENERAL FUND	Fund Balance 7/1/17	Post Closing Adjustments	Adjustment Strategies	Mid-Year Recommendations	Budgeted Use of Fund Balance	Projected Fund Balance 6/30/18
Fund Balance - Nonspendable:						
Advances to other funds	\$ 100,000					\$ 100,000
Advances to other governments	71,000					71,000
Economic Development advances (105)	1,595,751					1,595,751
Imprest Cash	85,655					85,655
Prepaid items	216,186					216,186
Teeter receivable	9,339,672					9,339,672
Total Nonspendable	\$ 11,408,264	\$ -	\$ -	\$ -	\$ -	\$ 11,408,264
Fund Balance - Restricted:						
Fund 106 - Tax Loss Reserve	\$ 4,632,178					\$ 4,632,178
Total Restricted	\$ 4,632,178	\$ -	\$ -	\$ -	\$ -	\$ 4,632,178
Fund Balance - Committed:						
Total Committed - Capital Acquisition	\$ 5,787,403					\$ 5,787,403
Total Committed Other	1,535,387		(99,860)			1,435,527
Total Committed	\$ 7,322,790	\$ -	(99,860)	\$ -	\$ -	\$ 7,222,930
Fund Balance - Assigned:						
Budget Balancing	\$ 1,593,328				(1,593,328)	\$ -
Carryover Appropriations (100) - Funds Available	8,063,975				(8,063,975)	-
Carryover Appropriations (100) - NCC Carryover	2,124,568				(2,124,568)	-
Carryover Appropriations (107)	121,806				(121,806)	-
Cashout Obligations	4,000,000					4,000,000
Contingency (GF Reserve Balance Policy)	15,518,169					15,518,169
Debt Service Reserve	11,848,927					11,848,927
Encumbrances (100)	5,590,790				(5,078,406)	512,384
Encumbrances-Econ Development (105)	45,024				(45,024)	-
Fair Value Adjustment (100)	1,080,637	(1,369,710)				(289,073)
Fair value adjustment (105)	14,544	(17,841)				(3,297)
Fair value adjustment (107)	6,899	(10,233)				(3,334)
Other Assignments (Total)	48,011,252		(106,963)		(16,986,835)	30,917,454
Retirement Obligation	8,800,000					8,800,000
Revenue Stabilization	23,000,000					23,000,000
Teeter Plan	23,863,200					23,863,200
Total Assigned	\$ 153,683,119	\$ (1,397,784)	\$ (106,963)	\$ -	\$ (34,013,942)	\$ 118,164,430
Fund Balance - Unassigned						
General Fund (100)	\$ 4,134,905	(929,237)	\$ 206,823	\$ 5,987,500	\$ (206,823)	\$ 9,193,168
Economic Development Bank (105)	2,850,912	(14,265)	-			2,836,647
Community Development Bank (107)	\$ 2,680,921	\$ (6,085)			(1,500)	\$ 2,673,336
Total Unassigned	\$ 9,666,738	\$ (949,587)	\$ 206,823	\$ 5,987,500	\$ (208,323)	\$ 14,703,151
TOTAL FUND BALANCE	\$ 186,713,089	\$ (2,347,371)	\$ -	\$ 5,987,500	\$ (34,222,265)	\$ 156,130,953

CASH REVIEW

General Fund Overall Cash Position

The Fiscal Year 2017-2018 beginning cash position increased by \$19.2 million from the beginning of last fiscal year largely due to an increase in Assigned Fund Balance representing strategic savings for

exposures in upcoming budget years. As of midyear, the General Fund cash balance is \$126.2 million compared to \$106.4 million for the same period last fiscal year, resulting in an increase of \$19.8 million in cash over that of the prior fiscal year level. The increase in cash at midyear is primarily due to the higher Fiscal Year 2017-2018 beginning cash balance.

	2016-2017	2017-2018	Difference
Beginning Balance	\$125,002,662	\$144,168,106	\$19,165,444
Midyear	\$106,430,071	\$126,225,983	\$19,795,912

Special Revenue Funds Overall Cash Position

As of midyear, the Special Revenue Fund cash is at \$159.4 million compared to \$163.5 million for the same period last fiscal year. The variance of \$4.1 million is primarily due to the following:

- Community Services Agency – Services and Support budget has a positive cash balance of \$9.5 million compared to the December 31, 2016 positive balance of \$12.5 million. The decrease in cash balance of \$3 million can be attributed to the timing differences among Federal and State revenue allocations/advances and actual incurred costs.
- Community Services Agency – Public Economic Assistance budget has a positive cash balance of \$12.1 million compared to the December 31, 2016 positive balance of \$8.8 million. The increase in cash balance of \$3.2 million can be attributed to the timing differences among Federal and State advances/reimbursements and actual incurred costs.
- Health Services Agency – Public Health Division budget has a positive cash balance of \$8.3 million compared to the December 31, 2016 positive balance of \$7.1 million. The increase of \$1.2 million is due to receipt of a prior year Accounts Receivable and improved timing on grant billing to ensure consistent positive cash flow to support programs.
- Public Works – Road Projects budget, reflects a negative balance of \$6.4 million as of December 31, 2017, compared to a negative \$845,307 for the same period last fiscal year. The \$5.5 million decrease is due to the timing of two large projects, Hatch at Santa Fe and Santa Fe Avenue Bridge.

Capital Projects Funds Overall Cash Position

As of midyear, the Capital Projects Funds cash has a positive cash balance of \$2.7 million compared to a deficit of \$8.1 million for the same period last year. The variance of \$10.8 million is primarily attributable to reimbursements from the State of California for the Public Safety Center expansion projects.

Enterprise Funds Overall Cash Position

As of midyear, the Enterprise Funds cash is at \$37.5 million compared to \$26.2 million for the same period last fiscal year. The variance of \$11.2 million is primarily attributable to the following:

- Health Services Agency (HSA) - Clinics and Ancillary Services reflects a cash balance of \$8.4 million compared to the negative cash balance of \$5.3 million for the same period last fiscal year.

The increase of \$13.7 million is due to the receipt of the Medi-Cal Prospective Payment System reconciliation payments from the prior fiscal periods and cash receipts related to the Intergovernmental Transfer funding that was received earlier in Fiscal Year 2017-2018.

- Environmental Resources reflects a combined positive cash balance of \$16.3 million for landfills compared to the positive cash balance of \$19.6 million for the same period last year. The combined \$3.3 million decrease is due to the construction of Ash Cell 4 and one-time loan of \$2.75 million to the Geer Road Closure Fund for the new Groundwater Extraction and Treatment System, which is required by the Regional Water Quality Control Board.
- A slight positive increase in cash balance for two budget units, Sheriff - Inmate Welfare/Commissary and Public Works - Transit make up the balance of the cash for Enterprise funds.

Internal Service Funds Overall Cash Position

As of midyear, the Internal Service Funds cash is at \$46.3 million compared to \$48.1 million for the same period last fiscal year. The variance of \$1.8 million is primarily attributable to the following:

- Public Works - Morgan Shop has a negative cash balance of \$1.7 million compared to the positive cash balance of \$1.1 million for the same period last year. The negative \$2.8 million change is due to the expenses associated with the Morgan Shop and Administration Building project. The Department expects to receive reimbursement from Caltrans and end the year in a positive fiscal position.
- Strategic Business Technology has a positive cash balance of \$3.6 million compared to the positive cash balance of \$2.8 million at December of 2016. The increase of approximately \$738,563 is due to revenue from department charges that will be dedicated to implementation of Office 365 targeted for the latter half of Fiscal Year 2017-2018.
- The remainder of the variance is related to changes in cash balances across multiple Internal Service fund departments related to timing of business operation expenses and cost allocation plan revenue charges that will be reconciled at year-end.

NET COUNTY COST SAVINGS

In the 2017-2018 Adopted Final Budget, Phase I departments that achieved savings in appropriations were able to carry forward 75% of their 2016-2017 Net County Cost savings and 100% of their unused Net County Cost savings balance from prior years. Phase II departments that achieved strategic savings in appropriations were eligible to carry forward up to 50% of their 2016-2017 Net County Cost savings. Net County Cost savings of \$2,245,565 were added to department budgets as part of the Adopted Final Budget. This is the final year of the Net County Cost Program, as the County transitions to a two-year budget. All unused appropriations at the end of Fiscal Year 2017-2018 will be absorbed into the General Fund Unassigned Fund Balance.

CHALLENGES AND OPPORTUNITIES

A Safe Community

Public Safety Center Expansion Projects

The AB 900 Phase II Project (Maximum Security/Medical/Mental Health: \$89 million) and the County's companion project (Intake, Release and Administration: \$24 million) were successfully completed in 2017. Staffing recruitments are well underway and the first phase of opening occurred in March 2017. These efforts represent a significant modernization and addition of safe public safety facilities.

The Board of Supervisors approved the Phased Staffing and Operational Plan for the phased opening of the new facilities, which include 552 additional beds, a medical/mental health unit, an Intake Release and Transportation Facility and more. While the State of California funded 90% of the construction of the Maximum Security/Medical/Mental Health facilities and the County funded 100% of the Intake Release and Transportation Facility, the County's General Fund and the Local Community Corrections Partnership (CCP) fund are responsible for the entire increased operating costs.

The REACT Center (SB 1022) Project is now also complete—on time and under budget! REACT will be dedicated on February 13, 2018 and a phased opening will also occur in February. On February 18, 2018, except for court holding, the downtown jail will close. The commitment of six different Boards of Supervisors to modernize and consolidate all the County's public safety facilities at the Stanislaus County Public Safety Center has been met.

A Healthy Community

Child Support Flat Funding

The Department of Child Support Services continues to experience flat funding from the State which does not account for annual cost of business increases. The State funding allocation formula needs to be updated. The continued flat funding over a period of more than 10 years has reduced staffing from 242 to 161. The Governor's Fiscal Year 2018-2019 Proposed Budget did not include any funding allocations for county Child Support Programs, as a result local Child Support Agencies have not received an increase in basic administrative funding for the past 14 fiscal years despite the fact that agencies' operating costs continue to rise on an annual basis. Over the past 10 years the Department has had a practice of holding open vacancies due to the flat state funding, which ultimately causes less families to be served and threatens the ability to increase collection dollars to families. Collections over the past five years have stayed relatively flat. Stanislaus County along with approximately 14 other counties have joined together to step up efforts to pursue additional funding through legislative means. The Board of Supervisors has approved the issue of Flat Funding for inclusion in the County Legislative Platform, in hopes of securing additional funding for Child Support Services.

Community Services Agency

The Community Services Agency is currently working on several projects to support the efficient and effective delivery of services.

- CSA in partnership with the Chief Executive Office (CEO) successfully secured leased space for the In Home Supportive Services (IHSS) staff. Staff moved into the new location 3525 Coffee Road, Modesto in October 2017. This leased space is in proximity to the Stanislaus Veterans Center.
- The department received a Temporary Occupancy Permit for the new South County Service Center, located at 1310 W. Main St. Turlock. Full completion of this project is expected by mid-March 2018. CSA and Workforce Development will relocate staff and services into one facility. The previous CSA leased facility did not have enough space to accommodate the Workforce Innovation and Opportunity Act (WIOA) services.
- In partnership with the CEO, CSA is working with the Focus on Prevention - Homeless Initiative, including the strategic planning process to develop an Access Center. As an initial step in developing a Homeless Access Center, CSA, BHRS and CEO Staff developed an operational and business plan for the Initial Outreach and Engagement Program, which opened on August 1, 2017. Efforts to identify a low barrier shelter and a full Access Center are underway. CSA is also actively participating on the Community Assessment and Response Engagement (CARE) initiative.
- The Community Services Facility – Service Delivery and Facility Planning Project (Master Plan) Team is now reviewing the relevant caseload data and customer access information to assess the spacing needs within the Community Services Facility (CSF) and to assess the business operations into the future. The Master Plan Report will include information as to the current social services programs and service delivery models at the CSF and service delivery recommendations based on projected demographic and economic trends. Additionally, this report will provide information on what the long term needs are for the CSF. This includes functions that could be performed at the CSF, remotely and/or regional offices and any new functions that could evolve that could help address customer needs more efficiently. The Master Plan Report is anticipated to be completed by spring of 2018.

Health Services Agency Strategic and Master Planning

The Health Services Agency (HSA) Comprehensive Strategic Business and Facility Planning project, launched following the February 28, 2017 Board of Supervisors contract award to Pacific Health Consulting Group, is coming to the final phase of recommendation development. This project was intended to build a roadmap for the future role, scope of service and goals of County healthcare services. The project has considered the present services scope, the healthcare environment, population/community health needs, opportunities for integration, and solutions to gaps and challenges. Research by the consulting firm included local stakeholder interviews as well as best practices surveying of other counties and organizations around the State. Many on-site “visioning” sessions occurred with key leadership of the HSA and members of the Chief Executive Office and Capital Projects staff. A consulting architect toured many HSA locations and worked closely with staff to evaluate current and forecasted needs to inform a facility master plan. Staff anticipate meaningful progress to culminate into a Health Executive Committee advised report and recommendations to the Board of Supervisors in the April/May timeframe.

Focus on Prevention

Over the last six months, the County has been supporting the establishment of the new Community System of Care Leadership Council (CSOC). The CSOC was formally convened and a council of 26 multi-sector leaders was established, facilitating the movement towards the community deepening its leadership for Focus on Prevention's Homelessness efforts. The initial work of the Council was the development of new by-laws, and applying for the Housing and Urban Development Continuum of Care Funds.

The County supported and launched the Initial Outreach and Engagement Center (IOEC) in August 2017, and staff has worked successfully to establish the community-based partnerships. In addition to the grant to start the Homelessness Court, staff has supported our private sector partners in applying for grants that resulted in a Housing Assessment Team and a Street Health Provider Outreach Worker. Starting with five outreach workers when the OEC opened, the IOEC Team will consist of 12 outreach staff who have been primarily brought on through realignment of current efforts or new grant funds.

The County has also supported the conclusion of the Access Center Visioning Planning process, and the development of both the immediate low-barrier emergency shelter and long-term plan. The immediate plan will establish a 60 bed Low-barrier Emergency Shelter (LBES) over a period of three years, with the Initial Outreach and Engagement Center moved near or on the site. The long-term plan includes simultaneously starting a full and transparent site selection process with public input, and creating a sustainable financing plan for operations and facilities needed for the full Access Center. The third component of this plan is to develop the needed and distributed housing in the community to fully implement the Vision of the Access Center. Leveraging the strength and partnership of CSOC Housing Committee, Stewardship Council, County, City, Other Public Agencies and Non-Profits, the CSOC will lead efforts to identify existing and new housing opportunities for populations served through the LBES. This work has already begun and is a critical component for success as the immediate and long-term efforts unfold in 2018.

The Focus on Prevention effort is also moving forward to its next focus on building a movement to strengthen our families. The priority population of focus is on individuals who are, or have been engaged in the juvenile and criminal justice systems and the families they have directly affected. The Strengthening Families Action Council was convened and an emerging Strengthening Families Framework was established, with an emphasis on focusing prevention efforts of the families of those involved in the criminal justice system. In addition to the Action Council, a Systems Asset Mapping Workgroup was formed, consisting of experts from key organizations/communities to develop an asset map of existing resources that serve the families within the community.

The Focus on Prevention Team was fully staffed in early January 2018. In addition to supporting the homelessness and Strengthening Families efforts, the Focus Team convened the Community Assessment, Response, and Engagement (CARE) planning process. CARE is led in partnership with the city effort to develop a plan to address the population of individuals with serious mental illness, substance use disorders, high-risk health behaviors, and repeated, low level criminal behavior that no system has yet been able to engage, and causing the most significant distress for themselves and the community. In partnership with the City of Modesto's Interim City Manager, the new Focus Team has provided project management and facilitation support. A report with recommendations on how to best address these issues and support this population in getting help is due by March 2018.

A Well Planned Infrastructure System

Laird Park Cleanup

Laird Park, the former Sheriff's Department Gun Range, is located just east of the community of Grayson on W. Grayson Road. The State Department of Toxic Substances Control (DTSC), and the County have entered into a voluntary clean-up analysis of that portion of the property formerly used as the gun range. Analysis continues on the recommended removal alternatives for the lead casings and shells remaining in the soil and determined to be a risk to the environment. Proposals for removal alternatives range from an estimated \$1,000,000 to \$1,800,000. Staff is evaluating potential funding sources for consideration by the Board of Supervisors.

Efficient Delivery of Public Services

Labor Relations

Stanislaus County has current contracts in place with 11 County labor organizations. In recent months, the County was in active negotiations with six bargaining units, five due to contract expirations and one re-opener. The County reached an agreement with all six bargaining units. Additionally, the County was in active negotiations with 12 labor organizations regarding the Health Insurance Agreement which expired December 31, 2017. The County was able to reach collective agreements with 10 labor organizations and individual agreements with two bargaining units.

County labor discussions with the Stanislaus Regional Emergency Dispatchers Association (SREDA) resumed in October 2017 after being at impasse since 2015. Six labor contracts are scheduled to expire on June 30, 2018, including the Stanislaus County Employees' Association, Service Employees International Union, County Attorneys Association, Deputy Sheriffs Association (Custodial), Probation Corrections Officers Association, and the District Attorney Investigators Association. Negotiations with the County Attorneys Association began, and negotiations with the remaining labor organizations are scheduled to begin in the upcoming weeks. The IHSS contract expires in 2019.

Performance Visioning

Effective with the Adopted Final Budget 2017-2018, the County has begun implementation of Performance Visioning to promote a focus on outcomes and community impact. Performance Visioning challenges the organization to analyze what success looks like for departments and services and to communicate performance outcomes of each County department.

Departments have been challenged to identify two metrics that speak to how their services make an impact on the community. Identifying these metrics is essential for understanding what success really looks like. Prior to the new Two-Year Budget, departments will have the opportunity to meet with members of the Board of Supervisors to receive input on the Board's vision of success. The focus of Performance Visioning will be on monitoring, improving and reporting the right things on a department-by-department basis. The Performance Visioning process will be integrated into the two-year budget process for consistency and sound planning.

Retirement

The projected retirement rates for Fiscal Year 2018-2019 are anticipated to increase by approximately 9.1%. The StanCERA Board of Retirement is expected to review the agency's actuarial report as of June 30, 2017 this spring, where actual rates will be recommended. The Proposed Budget will include the 9.1% estimated increase in rates which corresponds to an annual General Fund impact of approximately \$4 million. Any significant changes that occur with the adoption of actual rates will be addressed in a future budget cycle.

Staff Recruitment and Retention

In an effort to address the challenges of recruiting talent to the organization, the CEO-HR Division has taken steps to provide better opportunities for Departments to hire qualified candidates. Recently an agenda item was taken to the Board of Supervisors to modify the salary policy to allow more flexibility in offering salaries within the band to qualified candidates. Additionally CEO-HR is continuing to work on the re-branding strategy in expanding marketing efforts to attract a qualified workforce.

Recruitment and retention of qualified potential employees continues to be a challenge. CEO-HR has begun implementation of the onboarding module in NEOGOV, the County's application tool. Three County departments are piloting this effort to modernize and stream line the new hire process. The onboarding module provides the ability to access and complete new hire documents online prior to an employee's first day of employment. Continued roll-out of the onboarding module to other County Departments will continue through the end of this fiscal year. Human Resources employees will continue to track these ongoing efforts and statistics to learn as much as possible about the demographics and to anticipate necessary changes to future recruitment processes.

CEO Human Resources continues to work with departments to ensure professional growth and development opportunities are provided for County employees. The County has conducted the second annual employee engagement survey and received approximately 2000 employee responses. Attention to the voices of the County workforce will provide the data to appropriately address the development of employees. With the vision of having an engaged workforce, County leadership will continue to focus on acknowledging existing staff, preparing the workforce for future opportunities with the County, and encouraging new hires in new ways.

In addition, new legislation, AB 1008 "Employment Discrimination Conviction History" effective January 1, 2018, may impact recruitment practices as the employer can no longer consider or inquire about any convictions until after a conditional offer of employment has been made. This new law also offers the candidate an appeal period if their conditional offer of employment was withdrawn due to the results of their conviction report. This implementation of law will affect new hire practices and procedures and may potentially elongate recruitment timeframes. CEO-HR is currently working on policies and procedures to incorporate this new law to assist County departments.

State Budget Update

Governor Brown released the 2018-2019 Proposed State Budget on January 12, 2018. In this plan, the Governor places a high priority on building reserves, proposing a total reserve balance of nearly \$16 billion. In addition, the Governor's proposed budget allocates sizeable funding increases available within the

constitutionally required guarantee for schools and community colleges. In addition, the budget supports a variety of new infrastructure projects.

No major negative impact to County Departments has been identified at this time. Funding for county-run programs is either status quo or, in several areas of the budget, proposed to increase. Under the administration's estimates, there are significant resources available to allocate within the constitutionally required funding guarantee for schools and community colleges. The Governor also proposes to move forward with additional funding for new courthouses in California, including Stanislaus County. The Budget includes \$32.2 million from the Immediate and Critical Needs Account to complete the design of three courthouse projects in Riverside/Mid-County, Sonoma and Stanislaus. The Budget also commits to completing construction for the next ten courthouse projects ready to proceed to construction from lease revenue bonds in the next two years.

Of note, our County is one of 12 underfunded counties in California when it comes to child support. There was hope that additional funding would materialize in the Governor's budget proposal but it did not. State advocates are working with the County's state legislative delegation and other underfunded counties to directly request an increase in child support services funding.

Two-Year Budget Process

Full implementation of the two-year budget process will occur with the 2018-2019/2019-2020 Proposed Budget cycle. A lot of preparation has gone into the development of this process, from a complete re-design of the budget document to the creation of instructional budget workshops to a comprehensive revision of budget processes. Departments recently completed submissions for Part I of the Proposed Budget document wherein various forward-facing components were fine-tuned to provide clear information on department services in an easy-to-follow format for the general public. A critical component of this recent submission was the identification of department objectives based on a two-year outlook, focused on a connection to the department mission and new Board of Supervisors' priority focus areas.

As the Midyear Financial Report is finalized, the Chief Executive Office is working to issue instructions for Proposed Budget Part II, the heart of the budget request that will incorporate a preview of year two with the inclusion of a 2019-2020 Spending Plan. To facilitate the transition to a fresh, new look for the department sections, including the use of a comprehensive department summary table and structured narrative, departments will be participating in budget workshops in late February and early March. Additional updates will be made to the rest of the budget document so that the book is published with a cohesive appearance and comprehensive content that is representative of the entire County. The presentation of the new two-year budget will occur on June 12, 2018.



A Safe Community

COUNTY DEPARTMENTS

CEO-OES/Fire Warden

CEO-Capital Projects

CEO-County Operations

District Attorney

Grand Jury

Integrated Criminal Justice Information System

Probation

Public Defender

Sheriff

A Safe Community

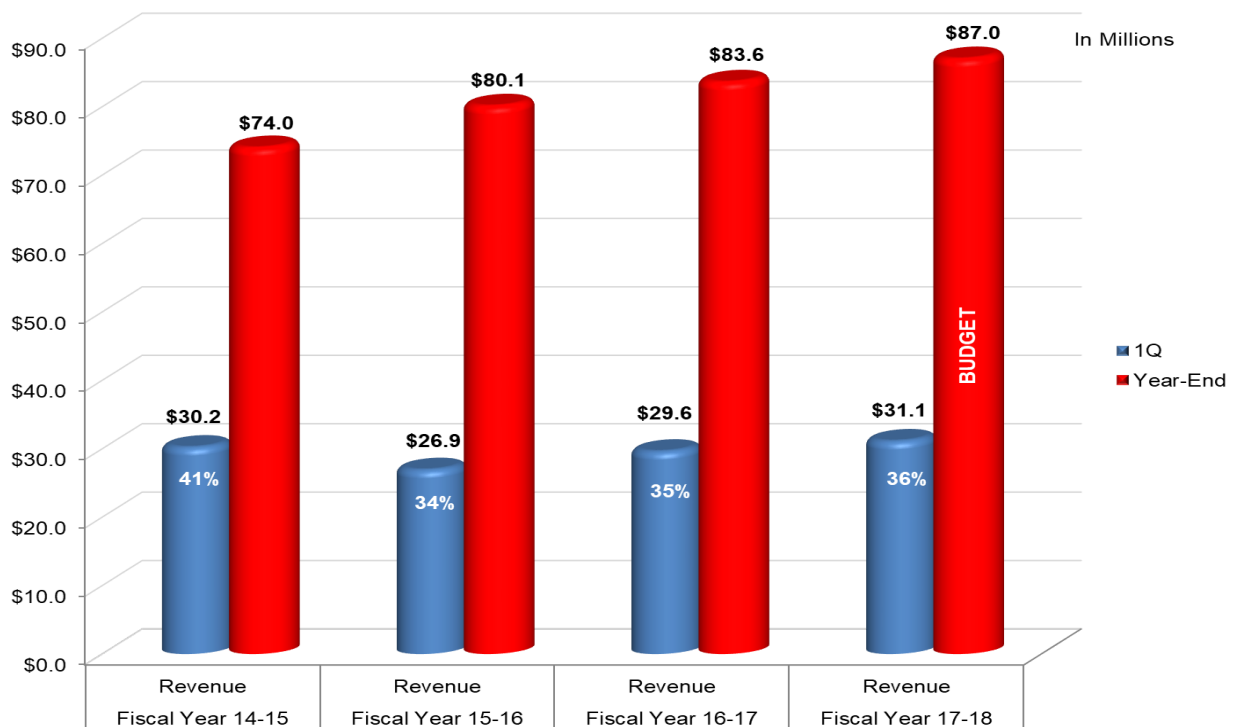
OVERVIEW

Ensuring a safe community and protecting the safety of the residents of Stanislaus County continues 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 December 31, 2017, actual revenue collected is \$31.1 million, which represents 36% of the estimated annual revenue. This is within the range when compared to the Midyear point of the prior three years when collections ranged from 34% to 41% of the final actual revenue.

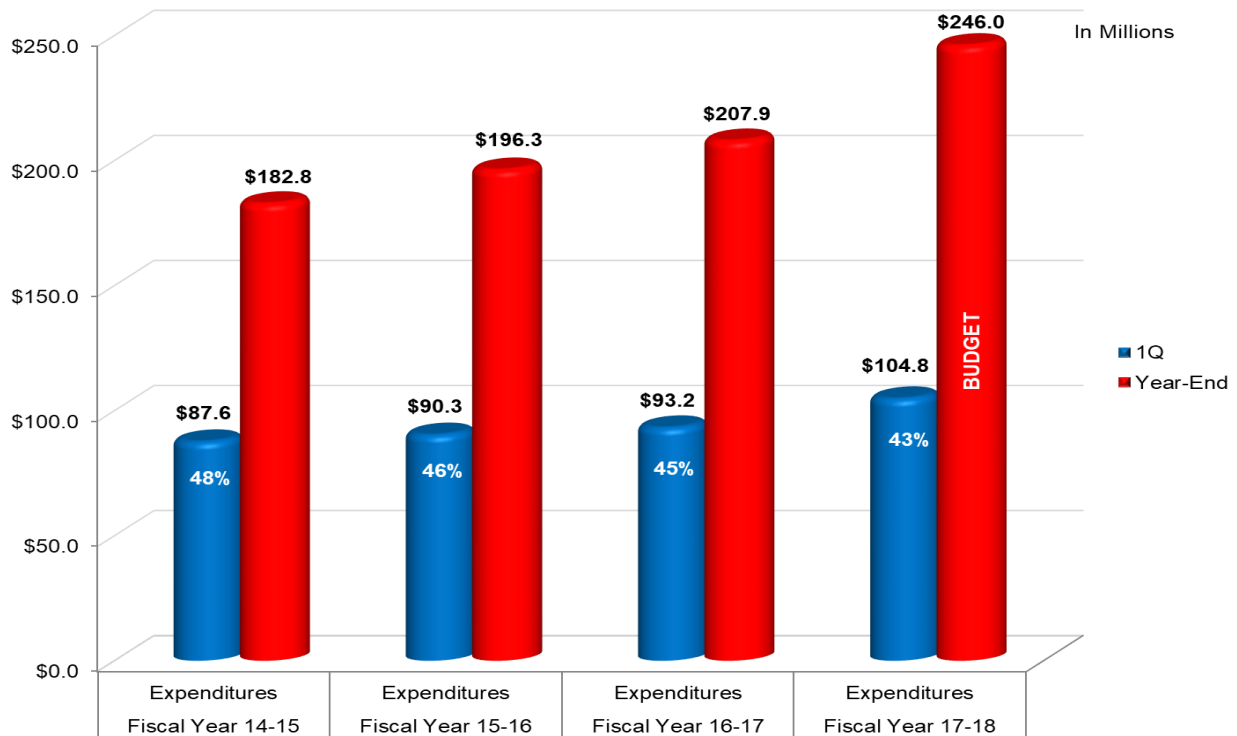
A Safe Community Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2017, expenditures are \$104.8 million, representing 43% of the budgeted appropriations. Expenditures at the Midyear point of the prior three years were at 45% to 48% of the final actual expenditures, placing this year below the range. This is mainly due to the timing of incurring expenses related to Public Safety Restoration and implementation of Adult Detention Expansion operational plans.

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.

MIDYEAR ISSUES AND RECOMMENDATIONS

The recommendations contained in this report for A Safe Community will increase appropriations by \$2,239,745, including technical adjustments of \$273,560, funded from an increase of \$908,072 in estimated departmental revenue, use of \$155,500 in departmental fund balance/retained earnings, \$4,179 in County Match, a transfer from Appropriations for Contingencies of \$1,159,494, and use of \$12,500 in General Fund fund balance.

CHIEF EXECUTIVE OFFICE

The Department is requesting an overall increase in appropriations of \$191,201, a decrease in estimated revenue of \$12,500, an increase in the use of Departmental fund balance of \$31,900, and Net County Cost of \$171,801, which includes a transfer of Appropriations for Contingencies in the amount of \$159,301, and the use of \$12,500 in fund balance from the General Fund.

Office of Emergency Services (OES)/Fire Warden – OES is requesting a total increase in appropriations of \$159,301, funded by a General Fund contribution from Appropriations for Contingencies, and decrease in estimated revenue of \$12,500, increasing the use of fund balance in the General Fund. The previous Fire Warden retired in December 2017 and the resulting termination cash-out is estimated at \$154,301. The incumbent also served as the Fire Chief for the Salida Fire Department by contracted agreement; the termination of this agreement upon retirement will result in a reduction in estimated revenue of \$12,500 for the remaining six months of the fiscal year. Additionally, OES is requesting \$5,000 to cover the updated costs for the purchase and installation of radio equipment for a replacement vehicle that was approved and funded in the 2017-2018 Adopted Proposed Budget. Revised cost estimates increased significantly due to the required radio upgrades that would facilitate compatibility and clear communications with law enforcement, fire agencies, and the Emergency Operations Center (EOC).

County Fire Service Fund – The division is requesting a total increase in appropriations of \$31,900 using Departmental fund balance. The purchase of four iPads at a cost of \$1,900 would provide Fire Prevention staff with devices that are compatible with mobile applications that facilitate inspections and other services performed in the field. Four Department vehicles are outfitted with outdated mobile data computers used to communicate with Stanislaus Regional 911 during an event or disaster, support local fire districts, and fulfill the duties of the Operational Area Coordinator within the County and are in need of replacement at a cost of \$22,000. An increase of \$8,000 will allow the division to purchase two plan check stations that promote more efficient electronic review and submission processes.

The division is requesting the additional use of \$31,900 in fund balance to cover these costs. The 2017-2018 Adopted Final Budget included the estimated use of \$45,000, bringing the total fiscal year use of fund balance to \$76,900. Fund balance as of July 1, 2017, totaled \$2.2 million.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - Office of Emergency Services/ Fire Warden	\$0	\$154,301	\$0	\$154,301	Increase in appropriations for estimated termination cash-out, funded by Net County Cost.
CEO - Office of Emergency Services/ Fire Warden	(\$12,500)	\$0	\$0	\$12,500	Decrease in estimated revenue due to termination of contract with Salida Fire, funded by Net County Cost.
CEO - Office of Emergency Services/ Fire Warden	\$0	\$5,000	\$0	\$5,000	Increase in appropriations to accommodate updated cost for replacement vehicle radio equipment and installation, funded by Net County Cost.
County Fire Service Fund	\$0	\$1,900	\$1,900	\$0	Increase in appropriations for purchase of (4) iPads compatible with mobile applications for Fire Prevention staff, funded by departmental fund balance.
County Fire Service Fund	\$0	\$22,000	\$22,000	\$0	Increase in appropriations for purchase of (4) replacement mobile data computers for vehicles, funded by departmental fund balance.
County Fire Service Fund	\$0	\$8,000	\$8,000	\$0	Increase in appropriations for purchase of (2) plan check stations, funded by departmental fund balance.
Total	(\$12,500)	\$191,201	\$31,900	\$171,801	

Summary of Recommendations: It is recommended to increase appropriations by \$191,201 and reduce estimated revenue by \$12,500 in the Chief Executive Office budget, funded by increased use of \$31,900 in departmental fund balance and \$171,801 in Net County Cost which includes \$159,301 in Appropriations for Contingencies and the increased use of \$12,500 in fund balance in the General Fund.

DISTRICT ATTORNEY

The Department is requesting an overall increase in appropriations of \$85,798, an increase in estimated revenue of \$118,305, a decrease in the use of Departmental fund balance of \$36,686, and Net County Cost from County Match in the amount of \$4,179.

Auto Insurance Fraud Prosecution: The Department is requesting an increase to estimated revenue and appropriations of \$5,424 to reflect the actual final funding awarded by the Department of Insurance. These funds will be used for training a Deputy District Attorney and a Criminal Investigator assigned to the Auto Insurance Fraud Unit.

Elder Abuse Advocacy and Outreach: The Department is requesting a decrease in appropriations of \$81,458 in this budget to reflect the actual appropriation level that can be supported by the revenue received from the California Office of Emergency Services. This is a technical correction of prior year appropriations that should not have rolled over into Fiscal Year 2017-2018. This correction will bring the appropriation level in alignment with available revenue.

Unserved/Underserved Victim Advocacy and Outreach Program: The Department is requesting an increase in appropriations of \$32,287 and an increase in estimated revenue of \$28,108 with a corresponding increase to County Match required by the grant of \$4,179. These adjustments will allow this budget to accurately reflect the actual award amount received by the California Department of Emergency Services. Funds will be used to cover the costs of Salaries and Benefits of Victim Advocates assigned to this unit.

Victim Services Program: The Department is requesting a decrease in appropriations in the amount of \$50,129 in order to match the grant amount received by the California Office of Emergency Services.

Consumer Fraud Prosecution Program: The Department requests an increase in appropriations of \$179,674, an increase in estimated revenue of \$84,773 and an increased use of fund balance of \$94,901 in order to fund three Consumer Fraud Prosecution positions. At the 2017-2018 Adopted Final Budget there was a total cost for the three positions of \$425,703, funded by \$210,203 in revenue from Consumer Fraud prosecution activities, and \$215,500 in contribution from the General Fund. The Consumer Fraud positions are funded in the Criminal Division budget, and the Consumer Fraud Prosecution budget allows for transparency in reporting the full program costs. This Midyear action recognizes that additional Consumer Fraud revenue is now available to increase the total estimated Consumer Fraud revenue to \$389,977, resulting in a reduced contribution from the General Fund to a total of \$35,826.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
District Attorney-Auto Insurance Fraud Prosecution	\$5,424	\$5,424	\$0	\$0	Increase appropriations and estimated revenue for additional award received from the Department of Insurance.
District Attorney-Elder Abuse Advocacy and Outreach	\$0	(\$81,458)	(\$81,458)	\$0	Decrease appropriations to reflect award amount from California Office of Emergency Services.
District Attorney-Unserved/Underserved Victim Advocacy and Outreach Program	\$28,108	\$32,287	\$0	\$4,179	Increase estimated revenue and appropriations to reflect award amount from California Office of Emergency Services. An additional \$4,179 is required County Match.
District Attorney-Victim Services Program	\$0	(\$50,129)	(\$50,129)	\$0	Decrease appropriations to reflect grant award amounts from California Office of Emergency Services.
District Attorney-Consumer Fraud Prosecution Program	\$84,773	\$179,674	\$94,901	\$0	Increase estimated revenue for unanticipated revenue received and appropriations for Salaries and Benefits.
Total	\$118,305	\$85,798	(\$36,686)	\$4,179	

Staffing Requests: The Department is requesting to restore three unfunded Attorney V positions to support a higher number of open cases and to level-set the staffing allocation with comparable counties. In exchange for the restoration of these Attorney positions, the Department is also requesting to delete three vacant Legal Clerk III positions that are no longer needed as the Department continues to shift towards a paper-lite system. In Fiscal Year 2017-2018 the positions will be funded by salary savings and the General Fund. Beginning in Fiscal Year 2018-2019 the Legal Clerk III positions will produce annual savings of approximately \$210,000, to offset the total estimated costs of \$580,000, for the Attorney positions. This exchange of positions will result in an additional ongoing annual Net County Cost of approximately \$370,000.

The Department is also requesting a classification study of one Manager III in its Information Technology Division based on the current duties and responsibilities of the position. It is recommended that the classification study be conducted.

The Department is further requesting to delete one vacant Attorney III position and one vacant Attorney V position in the Impaired Driver Vertical Prosecution Program due to the discontinuation of the Office of Traffic Safety grant that funded these positions. The attorney positions were dedicated to providing guidance to other prosecutors in the office on DUI and DUI drug cases, and also provided community outreach regarding the dangers of driving while impaired by alcohol and drugs, as well as worked with law enforcement to investigate these cases. The reduction in grant funds was addressed in the Adopted Final Budget; this action completes the staffing adjustment required.

DISTRICT ATTORNEY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Criminal Division	3	11866, 9862, 8522	Attorney V	Restore unfunded positions	Restore positions
	-3	9720, 9724, 11365	Legal Clerk III	Delete vacant positions	Delete positions
Impaired Driver Vert Pros Prog	-1	12858	Attorney III	Delete vacant position	Delete position
	-1	1833	Attorney V	Delete vacant position	Delete position
DISTRICT ATTORNEY CHANGES	-2				
Beginning Allocation	144				
Changes in Allocation	-2				
Ending Allocation	142				
DISTRICT ATTORNEY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Criminal Division	1	8975	Manager III	Classification study	Study

Summary of Recommendations: It is recommended to increase appropriations by \$85,798 and estimated revenue by \$118,305, to decrease the use of fund balance by \$36,686, and to increase the General Fund contribution by \$4,179 from operations for contingencies in the District Attorney's budget. It is also recommended that the staffing changes described and outlined in the tables above be adopted.

INTEGRATED CRIMINAL JUSTICE INFORMATION SYSTEM

The Department is requesting a \$10,000 transfer from Fixed Assets to Services and Supplies for the purchase of JBoss software. JBoss software is used to run the Integrated Criminal Justice Information System (ICJIS) which has been utilizing the free version of the software. Current updates to the free version of JBoss are no longer compatible with key parts of ICJIS. In addition, there are known security vulnerabilities with older versions of JBoss. Updating the JBoss software is critical to the security of the ICJIS.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Integrated Criminal Justice Information System	\$0	\$10,000	\$10,000	\$0	Transfer appropriations from Fixed Assets to Services and Supplies for the purchase of JBoss software.
Integrated Criminal Justice Information System	\$0	(\$10,000)	(\$10,000)	\$0	Transfer appropriations from Fixed Assets to Services and Supplies for the purchase of JBoss software.
Total	\$0	\$0	\$0	\$0	

Summary of Recommendations: It is recommended to transfer appropriations from Fixed Assets to Services and Supplies of \$10,000 in the Integrated Criminal Justice Information System budget.

PROBATION

The Department is requesting an overall increase in appropriations of \$249,338 and increase in estimated revenue of \$249,338.

Corrections Performance Incentive Fund: The Department is requesting to transfer \$100,000 from Services and Supplies to Fixed Assets for the purchase of an interactive firearms simulator to be used for officer training. The simulation training includes realistic scenarios that will help to improve officer safety and is necessary since a growing number of probation officers are required to be armed. Training scenarios can be generated from an existing library or customized to address emerging threats and specific training requirements. Training will challenge officers' decision making skills and reaction times to potential threats they may encounter. Department firearms instructors will be able to critique and guide officers through force options. The firearms simulator will be housed inside one of the Department's existing facilities in a secure, controlled environment.

Field Services: The Department is requesting an increase in estimated revenue and appropriations of \$160,540 for the Commercially Sexually Exploited Children (CSEC) program allocation received from the California Department of Social Services (CDSS). The Department will use the funds to provide training to law enforcement staff throughout the County and surrounding counties in an effort to identify CSEC victims when coming into contact with minors.

Juvenile Accountability Block Grant: This budget includes the Reducing Ethnic Disparities (RED) grant. The Department is requesting a one-time increase in appropriations and estimated revenue of \$88,798 in order to correct a technical issue in which Fiscal Year 2016-2017 outstanding obligation encumbrances were liquidated but should have carried forward to Fiscal Year 2017-2018 to cover contract obligations of the RED grant.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Probation - Corrections Performance Incentive Fund	\$0	\$100,000	\$0	\$100,000	Transfer appropriations to Fixed Assets from Services and Supplies for the purchase of an interactive firearms simulator for staff training.
Probation - Corrections Performance Incentive Fund	\$0	(\$100,000)	\$0	(\$100,000)	Transfer appropriations from Services and Supplies to Fixed Assets for the purchase of an interactive firearms simulator for staff training.
Probation - Field Services	\$160,540	\$160,540	\$0	\$0	Increase appropriations and estimated revenue for the use of Commercially Sexually Exploited Children funding.
Probation - Juvenile Accountability Block Grant	\$88,798	\$88,798	\$0	\$0	Increase appropriations and estimated revenue to meet current contract obligations.
Total	\$249,338	\$249,338	\$0	\$0	

Summary of Recommendations: It is recommended to increase appropriations by \$249,338 and estimated revenue of \$249,338 in the Probation budget and transfer \$100,000 from Services and Supplies to Fixed Assets.

PUBLIC DEFENDER

The Department is requesting an overall increase in appropriations and estimated revenue of \$54,839. Funding has been approved by the Community Corrections Partnership (CCP) fund in order to cover four months of contract costs with the Community Services Agency for two social worker positions. These two positions will be placed in a new Adult Social Worker program which will provide social work services to indigent adult clients. Pre-adjudication and post-adjudication will be the two categories of services. The primary goal of pre-adjudication services will be to assist the attorney in mitigating pending charges and/or obtaining a reduced sentence or probation in lieu of jail or prison time. The primary goal of post-adjudication services would be to connect individuals with appropriate services in the community that address the individual’s criminogenic risks as well as address needs related to the collateral consequences of involvement in the criminal justice system. Similar programs exist in Yolo and Alameda counties and have reported success in reducing recidivism and assisting individuals by improving their access to services that can aid them in staying out of the criminal justice system. In Budget Year 2018-2019 the cost for both positions will be \$219,354. The draft five-year CCP Plan identifies funding for the two social worker positions through Fiscal Year 2022-2023

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Public Defender	\$54,839	\$54,839	\$0	\$0	Increase appropriations and estimated revenue for contract with the Community Services Agency for two Social Workers, funded with Community Corrections Partnership funds.
Total	\$54,839	\$54,839	\$0	\$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by \$54,839 in the Public Defender budget.

SHERIFF

The Department is requesting an overall increase in appropriations of \$1,386,851, an increase in estimated revenue of \$498,090, an increase in the use of Departmental fund balance of \$160,286, and Net County Cost through a transfer of Appropriations for Contingencies in the amount of \$728,475.

The Sheriff’s Department has requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process requests to transfer appropriations among the five Sheriff budgets of Administration, Detention, Operations, Adult Detention Expansion and Contract Cities in order to ensure these budgets end the year in a positive position.

The Department requests a technical adjustment for the impacts to Salaries and Benefits related to Labor Memorandums of Understanding (MOU’s) approved by the Board of Supervisors on July 25, 2017 for Sergeants represented by the Stanislaus Sheriff Supervisor Association (SCSSA) and on August 15, 2017

for Lieutenants represented by Stanislaus Sheriffs Management Association (SCSMA). The combined impact for Administration, Detention, Detention Expansion, and Operations is a resulting increased appropriation need of \$232,201 funded by Appropriations for Contingencies.

Administration: The Department is requesting an increase in appropriations of \$25,500 in order to replace an entrance ramp located at the Department's Information Technology modular building funded by Net County Cost. The current ramp is 13 years old, has significant wear, creates a slip hazard in the winter months when ice accumulates on the floor surface, has loose and unstable steps and is not ADA compliant. Replacement will improve employee safety when the ramp is used.

The Department is also requesting an increase in appropriations and estimated revenue of \$79,250 in order to receive live-scan fees and pay the Department of Justice to conduct background checks for cannabis applicants.

Adult Detention Expansion: The Department is requesting an increase in appropriations of \$250,000 for utilities charges related to the expanded Public Safety Center facility funded by Net County Cost. These charges have not been included in the budget previously and the County's General Services Agency has advised that this level of increase is appropriate to cover the current fiscal year's utilities costs.

CAL-MMET Program: The Department is requesting an increase in appropriations of \$270,000 to pay for repairs to the Department's 1979 Bell Long Ranger helicopter. On January 31, 2017, the Board approved the repair, maintenance and improvements to the helicopter. During the process of disassembling the helicopter, additional repairs required to certify the aircraft to fly were performed. The Department had also not previously included a search light in the initial item that went to the Board. This is a one-time increase and will be funded with Departmental fund balance.

In addition, the Department is requesting to make a technical adjustment transfer of \$11,124 from Services and Supplies to Fixed Assets to cover sales tax not included on the invoice for a navigation system.

Contract Cities: The Department is requesting a technical adjustment increase of \$59,481 in appropriations and estimated revenue related to the impacts related to Labor MOU's approved by the Board of Supervisors on July 25, 2017 for Sergeants represented by the Stanislaus Sheriff Supervisor Association (SCSSA) and on August 15, 2017 for Lieutenants represented by Stanislaus Sheriffs Management Association (SCSMA).

Court Security: The Department is requesting to increase estimated revenue by \$129,714 for Public Safety 2011 Realignment growth funds received in October 2017 and resulting growth in 2011 Realignment base funding. The increased revenue will offset the County's non-mandated contribution to court security, which will still be available to fund base level court security services mandated by the MOU between Stanislaus County and the Superior Court.

Jail Commissary/Inmate Welfare: The Department is requesting an increase of \$20,000 funded with Departmental fund balance in order to increase a contract with Friends Outside. Friends Outside will provide increased services to inmates through additional parenting and anger management courses.

Justice Assistance Grant: The Department is requesting an appropriations and estimated revenue increase of \$64,374 in order to reflect prior year grant funding that rolled over into Fiscal Year 2017-2018.

Operations: The Department is requesting a net increase in appropriations of \$561,044 and an increase to estimated revenue of \$165,271 with the remainder of \$395,773 funded by Net County Cost. This includes a request to fund four months of salaries for a second Forensic Pathologist which totals \$151,084 and additional revenue of \$62,800 from a contract with Tuolumne County to support their autopsies. A second Forensic Pathologist will assist the Department in bringing the number of autopsies performed in line with the National Association of Medical Examiners (NAME) published Forensic Autopsy Performance Standards, which state that a "forensic pathologist shall not perform more than 325 autopsies in a year. Recommended maximum number of autopsies is 250 per year." The Department performed 345 autopsies in Calendar Year 2017 using one full-time Forensic Pathologist and one part-time Forensic Pathologist who works approximately 120 hours a year. In Fiscal Year 2018-2019, the cost for the position will be \$453,252; the contract with Tuolumne County will generate revenue in the amount of \$188,400 resulting in Net County Cost in the amount of \$264,852. The Sheriff's Department is seeking additional partners and looking to secure additional revenue sources to offset the ongoing costs associated with the new position.

The Department provided mutual aid to Mariposa County in August 2017 in support of the Detwiler Fire which burned over 81,000 acres in Mariposa County. An increase in appropriations of \$69,961 and an increase in estimated revenue of \$52,471 is requested to cover the overtime cost of the mutual aid provided. Mariposa County has filed a claim with FEMA and will reimburse the Department \$52,471 for its portion of claimed costs. The resulting Net County Cost is \$17,490.

The Department is requesting an increase of \$115,000 in appropriations to cover the cost of a one-time third academy class funded by Net County Cost. The Department's focus on recruitment continues but attrition levels remain high and there is a continued goal to reach allocated staffing levels. Due to significant and continued turnover for Deputy Sheriff-Coroner's, the Department added a third academy class in an attempt to increase the number of candidates to fill vacant positions. With this additional academy class, the Department is working to minimize the impact of the next retirement wave anticipated in March 2019.

The Department has received additional funding of \$50,000 from the High Intensity Drug Trafficking Area (HIDTA) for supplemental funding for Prevention and Education Programs. An appropriation and estimated revenue increase is requested in order to recognize the additional funding and will be used to cover overtime, training and other miscellaneous supplies of the Stanislaus Drug Enforcement Agency (SDEA).

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Sheriff-Administration	\$0	\$18,893	\$0	\$18,893	Increase appropriation and estimated revenue for approved Labor MOU impacts for Sergeants and Lieutenants.
Sheriff-Administration	\$0	\$25,500	\$0	\$25,500	Increase appropriations in Fixed Assets for IT Trailer Ramp.
Sheriff-Administration	\$79,250	\$79,250	\$0	\$0	Increase appropriations and estimated revenue for DOJ fees associated with Cannabis backgrounds.
Sheriff-Adult Detention Expansion	\$0	\$4,107	\$0	\$4,107	Increase appropriations in Salaries and Benefits for approved Labor MOU for Lieutenants.
Sheriff-Adult Detention Expansion	\$0	\$250,000	\$0	\$250,000	Increase appropriations for Utility Charges.
Sheriff-Cal-MMET Program	\$0	(\$11,124)	(\$11,124)	\$0	Transfer appropriations from Services and Supplies to Fixed Assets for sales tax adjustment.
Sheriff-Cal-MMET Program	\$0	\$11,124	\$11,124	\$0	Transfer appropriations to Fixed Assets from Services and Supplies for sales tax adjustment.
Sheriff-Cal-MMET Program	\$0	\$270,000	\$270,000	\$0	Increase appropriations in Fixed Assets for additional helicopter repairs using Department Fund Balance.
Sheriff-Contract Cities	\$59,481	\$59,481	\$0	\$0	Increase appropriations and estimated revenue for approved Labor MOU impacts for Sergeants and Lieutenants.
Sheriff-Court Security	\$129,714	\$0	(\$129,714)	(\$0)	Increase estimated revenue for 2011 Realignment growth adjustment.
Sheriff-Jail Commissary/Inmate Welfare	\$0	\$20,000	\$20,000	\$0	Increase appropriations for contract increase with Friends Outside.
Sheriff-Detention	\$0	\$34,202	\$0	\$34,202	Increase appropriations for approved Labor MOU impacts for Lieutenants.
Sheriff-Justice Assistance Grant	\$64,374	\$64,374	\$0	\$0	Increase appropriations and estimated revenue for rollover grant funding from prior year.
Sheriff-Operations	\$0	\$151,084	\$0	\$151,084	Increase appropriations for four months salary for Forensic Pathologist.
Sheriff-Operations	\$62,800	\$0	\$0	(\$62,800)	Increase estimated revenue for amended autopsy contract with Tuolumne County.
Sheriff-Operations	\$0	\$128,219	\$0	\$128,219	Increase appropriations for approved Labor MOU impacts for Sergeants.
Sheriff-Operations	\$0	\$46,780	\$0	\$46,780	Increase appropriations for approved Labor MOU impacts for Lieutenants.
Sheriff-Operations	\$52,471	\$69,961	\$0	\$17,490	Increase appropriations and estimated revenue for Mutual Aid provided related to the Detwiler Fire.
Sheriff-Operations	\$0	\$115,000	\$0	\$115,000	Increase appropriations for Deputy Sheriff Trainees for third academy class.
Sheriff-Operations	\$50,000	\$50,000	\$0	\$0	Increase appropriations and estimated revenue for additional High Intensity Drug Trafficking Area funding.
Total	\$498,090	\$1,386,851	\$160,286	\$728,475	

Staffing Request: The Department is requesting to add one new Forensic Pathologist position to perform and oversee autopsies, perform general case investigations, and develop and manage a regional pathology model as a result of the increase in annual autopsies performed by the Department. Additionally, all autopsies from Tuolumne County will be performed by Stanislaus County. This position will be funded by Net County Cost and additional revenue from Tuolumne County.

SHERIFF STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Operations	1	NEW	Forensic Pathologist	Add new position	Forensic Pathologist
SHERIFF CHANGES	1				
Beginning Allocation	735				
Changes in Allocation	1				
Ending Allocation	736				

Summary of Recommendations: It is recommended to increase estimated revenue by \$498,090 and appropriations by \$1,386,851. This will result in an overall increased use of Departmental fund balance by \$160,286 and Net County Cost of \$728,475 through a transfer from Appropriations for Contingencies. It is further recommended that the Auditor-Controller and the Chief Executive Officer be given the authority to process requests to transfer appropriations among the five Sheriff budgets of Administration, Detention, Operations, Adult Detention Expansion and Contract Cities in order to ensure these budgets end the year in a positive position. Lastly, it is recommended that the staffing change described and outlined in the table above be adopted.



A Healthy Community

COUNTY DEPARTMENTS

Aging and Veterans Services
Behavioral Health and Recovery Services
CEO-Stanislaus Veterans Center
Child Support Services
Children and Families Commission
Community Services Agency
Health Services Agency

A Healthy Community

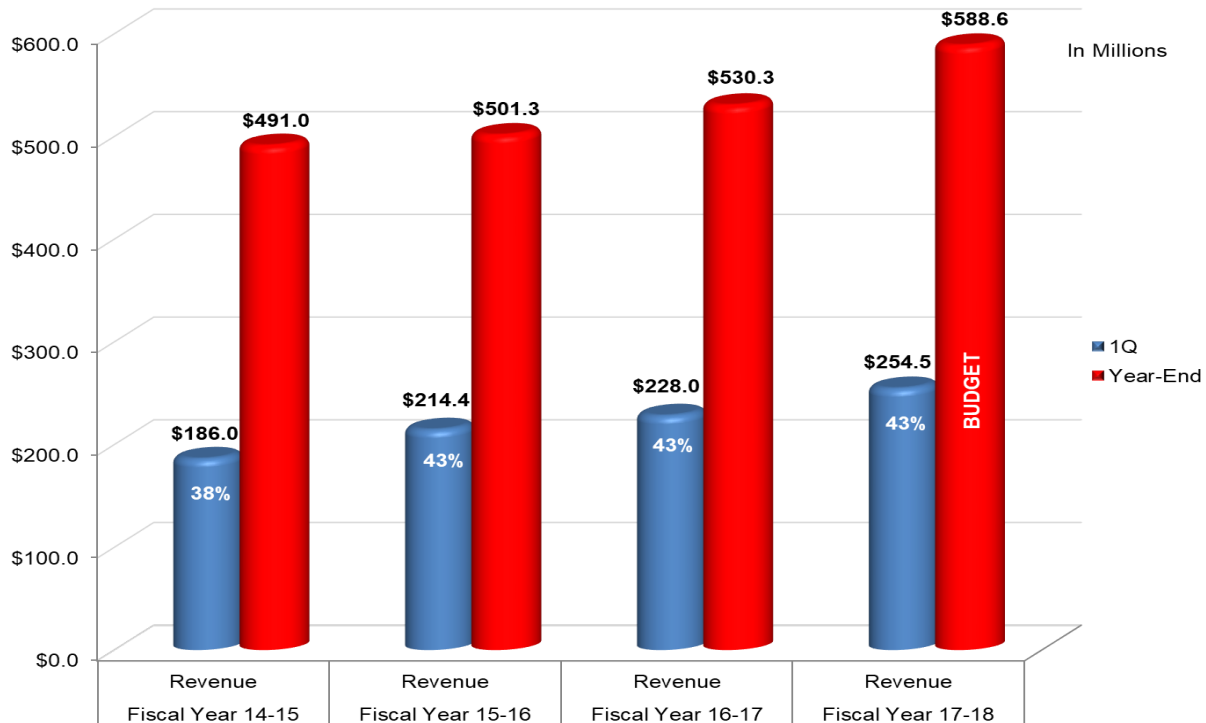
OVERVIEW

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 the 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 are 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 December 31, 2017, actual revenue collected is \$254.5 million, which represents 43% of the estimated annual revenue. This is within the range when compared to the Midyear point of the prior three years when collections ranged from 38% and 43% of the final actual revenue.

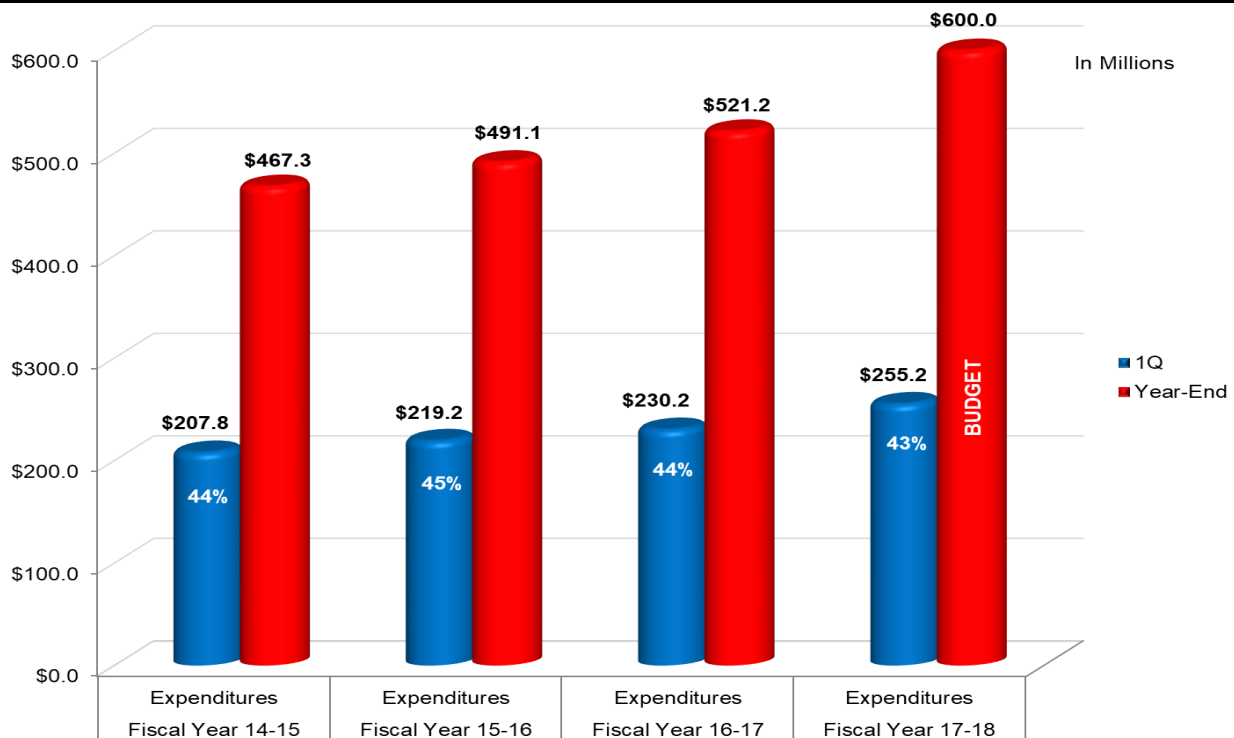
A Healthy Community Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2017, expenditures are \$255.2 million, representing 43% of the budgeted appropriations. Expenditures at the Midyear point of the prior three years ranged from 44% to 45% of final actual expenditures, placing this year slightly below the range. This is primarily due to salaries and benefits savings due to hard-to-fill vacant full-time positions in the Behavioral Health and Recovery Services – Mental Health Services Act Budget.

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 increase appropriations by \$1,272,351, funded by an increase in estimated revenue of \$446,575 and an increase in the use of \$825,000 of departmental fund balance/retained earnings and an increase of \$776 in Net County Cost.

MIDYEAR ISSUES AND RECOMMENDATIONS

AGING AND VETERANS SERVICES

The Department is requesting an increase in appropriations and estimated revenue of \$76,229 due to an increase in baseline funding for Federal Older Americans Act Programs and a one-time funding increase from the California Department of Aging (CDA). The Senior Meals Programs will receive \$37,186 in both baseline and one-time funding. Some of the one-time funding will provide an additional 6761 home-

delivered meals to existing senior customers. The Ombudsman Program will receive \$16,724 of the one-time funding to increase the hours of the part-time Program Coordinator at Catholic Charities, the current service provider for the Ombudsman Program. The Health Insurance Counseling and Advocacy Program (HICAP) will receive \$10,553 which will be used to increase hours of the part-time HICAP Volunteer Coordinator. The remaining \$11,766 in one-time funding will be used by the Older Americans Act Programs to purchase equipment and/or special projects. Additionally, CDA is decreasing the Title V Senior Employment Program allocation by \$8,980. Due to this decrease, the contract provider for the employment program will not fill one vacant position in the program.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Area Agency on Aging	\$76,229	\$76,229		\$0	Increase in estimated revenue and appropriations due to one-time funding from the California Department of Aging
Total	\$76,229	\$76,229	\$0	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by \$76,229 in the Area Agency on Aging budget.

BEHAVIORAL HEALTH AND RECOVERY SERVICES

The Department is requesting an overall increase in appropriations of \$1,430,000, an increase in estimated revenue of \$530,000, and an increase in the use of departmental fund balance of \$900,000.

Behavioral Health and Recovery Services (BHRS) – BHRS is requesting an increase in appropriations of \$1,400,000, an increase in estimated revenue of \$500,000, and the increased use of departmental fund balance of \$900,000. The Department has experienced an increase in the demand for placements in Institutions for Mental Disease (IMDs) where clients receive continuous supervision and rehabilitative services designed to improve self-help skills, make behavioral adjustments, improve interpersonal relationships, provide building blocks for vocational services, and plan for the future in the least restrictive environment. The Department is experiencing a shortage of transitional and board-and-care facilities, which provide a lower level of care option for individuals served in IMDs, forcing clients to remain in IMDs longer than anticipated. Additionally, the number of clients who are combative in nature, requiring a higher and more costly level of care within the IMD treatment spectrum have increased this fiscal year.

The Department is requesting the additional use of \$900,000 in fund balance to cover these costs. The 2017-2018 Adopted Final Budget included the estimated use of \$2,925,599, bringing the total fiscal year use of fund balance to \$3,825,599. Fund balance as of July 1, 2017, totaled \$19.9 million.

Stanislaus Recovery Center – The division is requesting an increase in appropriations and estimated revenue of \$30,000. The additional funds would allow the Department to remodel the reception station at the Stanislaus Recovery Center that is in need of repair. The intent is to provide a more efficient workspace for staff by addressing productivity needs and to enhance the protection of confidential patient health information for clients receiving residential treatment services at the facility. The division has identified additional revenue from services provided to social services clients that will cover the costs of the remodel.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Behavioral Health and Recovery Services	\$500,000	\$1,400,000	\$900,000	\$0	Increase in appropriations due to an increase in client placements in Institutions for Mental Disease (IMDs), funded by an increase in estimated revenue and use of departmental fund balance.
Stanislaus Recovery Center	\$30,000	\$30,000	\$0	\$0	Increase in appropriations to remodel the reception station to better meet productivity needs and enhance protection of confidential patient health information, funded by an increase in estimated revenue.
Total	\$530,000	\$1,430,000	\$900,000	\$0	

Staffing Requests: The Department is requesting to transfer two positions from the Alcohol & Drug Program to Stanislaus Recovery Center, one position from Behavioral Health and Recovery Services to Mental Health Services Act, one position from Mental Health Services Act to Behavioral Health and Recovery Services, and one position from Mental Health Services Act to Alcohol and Drug Program. The transferring of these positions will properly allocate them to the correct budget unit.

BEHAVIORAL HEALTH & RECOVERY SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alcohol and Drug Program	1	13730	Administrative Clerk II	Transfer in	Transfer from Mental Health Services Act
	-1	6361	Behavioral Health Specialist II	Transfer out	Transfer to Stanislaus Recovery Center
	-1	4021	Staff Services Coordinator	Transfer out	Transfer to Stanislaus Recovery Center
Behavioral Health & Recovery Services	1	14015	Mental Health Clinician II	Transfer in	Transfer from Mental Health Services Act
	-1	14008	Mental Health Coordinator	Transfer out	Transfer to Mental Health Services Act
Mental Health Services Act	-1	13730	Administrative Clerk II	Transfer out	Transfer to Alcohol and Drug Program
	-1	14015	Mental Health Clinician II	Transfer out	Transfer to Behavioral Health & Recovery Services
	1	14008	Mental Health Coordinator	Transfer in	Transfer from Behavioral Health & Recovery Services
Stanislaus Recovery Center	1	6361	Behavioral Health Specialist II	Transfer in	Transfer from Alcohol and Drug Program
	1	4021	Staff Services Coordinator	Transfer in	Transfer from Alcohol and Drug Program

Summary of Recommendations: It is recommended to increase appropriations by \$1,430,000 in the Behavioral Health and Recovery Services budget, funded by an increase in estimated revenue of \$530,000 and the use of \$900,000 in departmental fund balance. It is further recommended that the staffing changes described and outlined in the table above be adopted.

CHILD SUPPORT SERVICES

The Department of Child Support Services is requesting to transfer \$32,000 in appropriations from Salaries and Benefits to Fixed Assets to replace an outdated failing Network Switch. The Network Switch provides connectivity to the Internet, which includes the Child Support Enforcement System and other County resources. The ongoing maintenance and support and renewal costs will be funded annually by the Electronic Data Processing (EDP) Allocation.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Child Support Services		(\$32,000)		(\$32,000)	Transfer existing appropriations from Salaries and Benefits to Fixed Assets to replace an outdated failing and unreliable Network Switch.
Child Support Services		\$32,000		\$32,000	Transfer to Fixed Assets from Salaries and Benefits appropriations to purchase a new Network Switch.
Total	\$0	\$0	\$0	\$0	

Staffing Requests: The Department is requesting to reclassify downward one vacant Senior Systems Engineer position to a block-budgeted Manager III position to manage the Department's Information Technology (IT) Unit. The Department is further requesting to block-budget two Systems Engineer II positions and five Manager II positions to allow the Department flexibility to recruit and fill these positions from entry to journey level, and to provide succession planning and advancement opportunities as they become available. These are common County block-budgeted positions.

CHILD SUPPORT SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Child Support Services	5	2047, 2124, 7318, 8713, 10139	Manager II	Block-budget	Manager I/II - BB
	1	10741	Senior Systems Engineer	Reclassify downward	Manager I/II/III - BB
	2	7324, 8118	Systems Engineer II	Block-budget	Systems Engineer I/II - BB

Summary of Recommendations: It is recommended to transfer \$32,000 in existing appropriations from Salaries and Benefits to Fixed Assets in the Child Support Services budget. It is also recommended that the staffing changes described and outlined in the table above be adopted.

CHILDREN AND FAMILIES COMMISSION

The Department is requesting an increase in estimated revenue due to receipt of a one-time grant for \$75,000. The grant was provided by Sunlight Giving, a non-profit foundation whose mission is to sustain healthy families and strong communities. The Foundation works on an invitation only basis for funding proposals. The revenue will be used for program expenditures related to Family Resource Centers to offset deficit spending.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Children and Families Commission	\$75,000		\$75,000		Increase in estimated revenue due to one-time grant from Sunlight Giving.
Total	\$75,000	\$0	\$75,000	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue by \$75,000 in the Children and Families Commission budget.

COMMUNITY SERVICES AGENCY

The Community Services Agency (CSA) has completed a thorough review of all programs based on actual experience through December 2017. At this time the Department is requesting an overall budget decrease in estimated revenue and appropriations of \$234,654, which would decrease the total Department budget to \$371.4 million.

Additionally, the department has requested to be provided the authority to redirect General Fund allocations amongst budget units to assist in meeting mandated program requirements.

CSA-Public Authority Administration Fund: The Department is requesting an appropriation and estimated revenue decrease of \$234,654 due to the re-structured In-Home Supportive Services (IHSS) Maintenance of Effort (MOE). The re-structured IHSS MOE includes a controlled State General Fund amount for the Public Authority Administration. The State issued the County Fiscal Letter (CFL) 17/18-44 in January 2018 with the controlled State General Fund allocation amount. The Department is analyzing this information for potential impact it may have and will report back at Third Quarter or Proposed Budget as needed.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CSA-Public Authority Administration Fund	(\$234,654)	(\$234,654)		\$0	Decrease in revenue and appropriations to redirect contracted support staff time out of Public Authority Administration in order to mitigate the unmet need for the In-Home Supportive Services Administration(IHSS) due to the restructured Maintenance of Effort (MOE).
Total	(\$234,654)	(\$234,654)	\$0	\$0	

The department continues to monitor and evaluate several mandate programs for potential service and/or cost exposure; no budget adjustments are requested at this time and the department will report back to the Board at Third Quarter if necessary.

- The Department is experiencing a substantial increase in expenditures for Foster Care placements in Group Homes. Expenditures are currently trending to end the year at \$420,000 compared to \$357,744 budgeted.

Staffing Requests: The Department is requesting to reclassify upward one Administrative Clerk II position to a block-budgeted Confidential Assistant III and two Manager II positions in their Fiscal Division to block-budgeted Manager III positions. The Department is also requesting to block-budget one Manager III in their Fiscal Division to allow the Department flexibility to recruit and fill this position from entry to journey level, and to provide succession planning and advancement opportunities as they become available. It is recommended that classification studies be conducted on these positions

The Department is further requesting to reclassify downward one Supervising Account Administrative Clerk II position to an Accountant I position to align the duties and responsibilities currently being performed by the incumbent underfilling this position as an Accountant I. It is recommended to reclassify this position downward to an Accountant I.

Lastly, the Department is requesting to add two new block-budgeted Social Worker III/IV/V positions to provide social work services and positive intervention to adult clients of the Public Defender's Office connecting them with appropriate resources providing treatment, employment, and housing with an ultimate outcome of less recidivism. The ongoing annual cost for the two Social Worker positions is projected at \$229,000, which will be supported as part of the Community Corrections Partnership (CCP) five-year plan and will be funded with AB 109 Public Safety Realignment.

COMMUNITY SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Service & Support	2	NEW	Social Worker III/IV/V	Add new positions	Social Worker III/IV/V - BB
CSA CHANGES	2				
Beginning Allocation	1135				
Changes in Allocation	2				
Ending Allocation	1137				
COMMUNITY SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Service & Support	1	3522	Administrative Clerk II	Reclassify upward	Study
	2	472, 8706	Manager II	Reclassify upward	Study
	1	1637	Manager III	Block-budget	Study
	1	2250	Supv Acct Admin Clerk II	Reclassify downward	Accountant I

Summary of Recommendations: It is recommended to decrease estimated revenue and appropriations by \$234,654 in the Community Services Agency Public Authority Administration Fund Budget. In addition, it is recommended to allow transferability among the CSA Special Revenue funds as needed to direct County Match funding to meet requirements in mandated programs, and end the fiscal year in a positive position. Finally, it is recommended that the staffing changes described and outlined in the table above be adopted.

HEALTH SERVICES AGENCY

The Department is requesting a total of \$446,800 in transfers between cost objects, with no net adjustment to appropriations.

Administration – Transfer of \$321,800 in appropriations from Services and Supplies to Fixed Assets to allow the Department to purchase a Cisco Security Suite to upgrade and protect the Health Services Agency's (HSA) data network from cyber threats and data breaches. The system will be financed as a lease/purchase, paid in annual lease installments over the course of five fiscal years. During the 2017-2018 Proposed Budget process, the expense was anticipated to be an annual software maintenance cost and was later determined to be a system purchase.

Clinics and Ancillary – Transfer of \$125,000 in appropriations from Other Charges into Fixed Assets to allow the division to complete capital improvements to the Family and Pediatric Health Center. Improvements have taken longer than originally anticipated and additional project costs that were not estimated in the 2017-2018 Adopted Proposed Budget combine to necessitate the increase of funding in the Fixed Asset cost category in order to finish the project.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Administration	\$0	(\$321,800)	(\$321,800)	\$0	Transfer appropriations from Services and Supplies to Fixed Assets.
Administration	\$0	\$321,800	\$321,800	\$0	Transfer appropriations into Fixed Assets from Services and Supplies to purchase Cisco Security Suite to upgrade and protect HSA's data network.
Clinics and Ancillary	\$0	(\$125,000)	(\$125,000)	\$0	Transfer appropriations from Other Charges into Fixed Assets.
Clinics and Ancillary	\$0	\$125,000	\$125,000	\$0	Transfer appropriations into Fixed Assets from Other Charges to complete capital improvements to the Family and Pediatric Health Center.
Total	\$0	\$0	\$0	\$0	

Staffing Request: A request for a classification study of one Staff Services Technician position was submitted in the 2017-2018 Adopted Final Budget. The study has been completed and based on the duties and responsibilities of this position, it is recommended to reclassify this position upward to a Staff Services Analyst.

HEALTH SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Clinics & Ancillary Services	1	8660	Staff Services Technician	Reclassify upward	Staff Services Analyst

Summary of Recommendations: It is recommended to transfer a total of \$446,800 in appropriations from Services and Supplies and Other Charges into Fixed Assets in the Health Services Agency budget. It is also recommended that the staffing change described and outlined in the table above be adopted.



A Strong Local Economy

COUNTY DEPARTMENTS

- CEO-Economic Development Bank
- Library
- Workforce Development

A Strong Local Economy

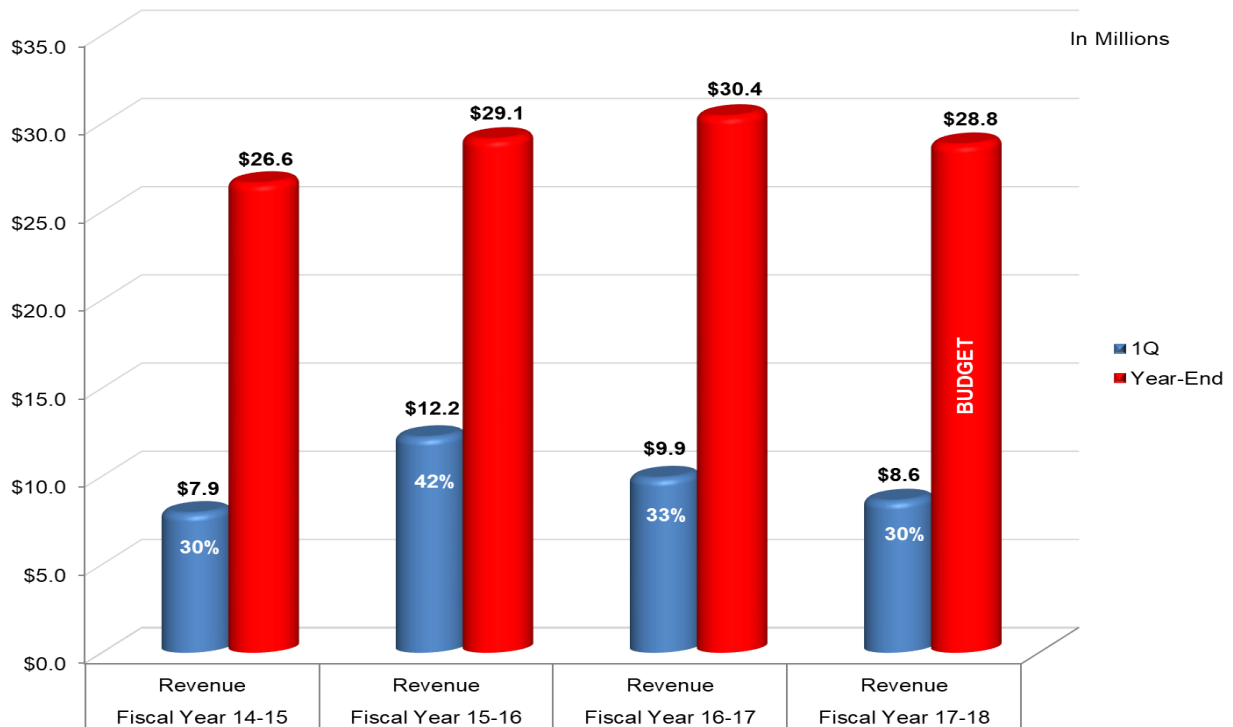
OVERVIEW

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 educational resources, are key aspects of A Strong Local Economy. Departments and programs assigned to this priority area include: Workforce Development, Chief Executive Office - Economic Development Bank, and the Library. The Workforce Development's major funding source is Federal funds (Workforce Innovation and Opportunity 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 December 31, 2017, actual revenue collected is \$8.6 million, which represents 30% of the estimated annual revenue. This is within the range when compared to the Midyear point of the prior three years when collections ranged from 30% to 42% of the final actual revenue.

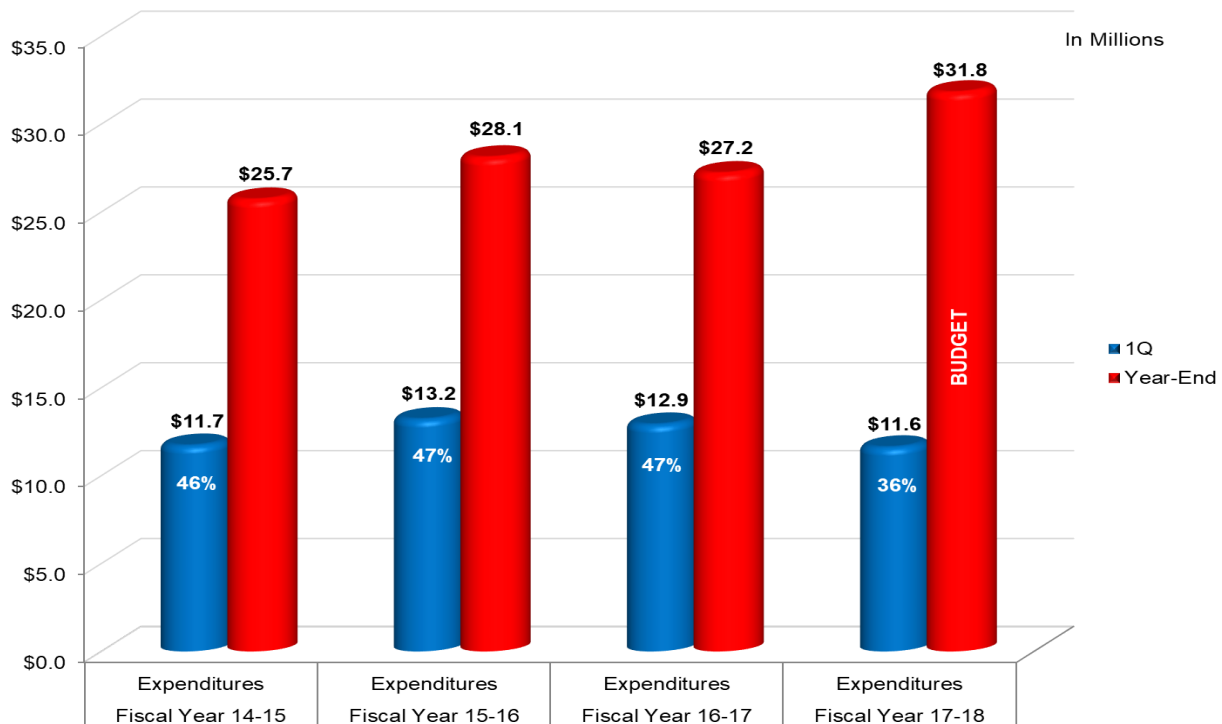
A Strong Local Economy Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2017, expenditures are \$11.6 million, representing 36% of the budgeted appropriations. Expenditures at the Midyear point of the prior three years ranged from 46% to 47% of the final actual expenditures, placing this year below the range. This is primarily due to projects that have been budgeted in the Library which have not been fully expensed and a decline in clients participating in subsidized employment programs through the Workforce Development department.

A Strong Local Economy Four-Year Expenditure Comparison



Overall, the departments within A Strong Local Economy are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report for A Strong Local Economy include an increase in appropriations of \$628,865 funded from an increase of \$60,065 in estimated departmental revenue resulting in an increase use of \$568,800 in departmental fund balance/retained earnings.

MIDYEAR ISSUES AND RECOMMENDATIONS

LIBRARY

The Department is requesting an overall increase in appropriations of \$628,865, an increase in estimated revenue of \$60,065, and increase in the use of departmental fund balance of \$568,800. An increase in appropriations of \$60,065 will fund pop up library services in Grayson and Westley which are offset by increased revenue from a grant from Sunlight Giving Foundation for \$55,000 and donations in memory of Nick Blom for \$5,065. Of the \$628,865 increase in appropriations, \$324,000 is to fund Measure S Election

Costs. The remaining \$244,800 in appropriations is for increased costs in utilities, CAP charges, Hoopla Media, Early Childhood Literacy Programs, Security, Collection Materials and E-resources.

In order to pay for preliminary costs associated with the Empire and Turlock Library projects, the Library is requesting to transfer \$131,000 in Fixed Assets to Services and Supplies. In addition to this transfer, the Department has requested to transfer \$14,000 in appropriations from the Buildings and Improvement Fixed Asset group to the Equipment Fixed Asset group.

This budget had a fund balance of \$11,535,265 as of July 1, 2017 and a projected total use with this request of \$2,606,549. The projected year-end fund balance is estimated to be \$8,928,716.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Library	\$60,065	\$60,065	\$0	\$0	Increase in estimated revenue and appropriations from grant and donations to fund the Grayson Pop Up and Salida Library programs and projects
Library		(\$131,000)	(\$131,000)	\$0	Transfer appropriations out of Fixed Assets to Services and Supplies for Empire and Turlock Library projects and youth outreach cubical expenses
Library		\$131,000	\$131,000	\$0	Transfer appropriations into Services and Supplies from Fixed Assets for Empire and Turlock Library projects and youth outreach cubical expenses
Library		\$14,000	\$14,000	\$0	Transfer appropriations into Structures and Improvements Fixed Asset group from Equipment Fixed Asset group for furnishing and equipment purchases
Library		(\$14,000)	(\$14,000)	\$0	Transfer appropriations from Equipment Fixed Asset group into Structures and Improvements Fixed Asset group for furnishing and equipment purchases
Library		\$324,000	\$324,000	\$0	Increase in appropriations for Measure S Election Costs
Library		\$244,800	\$244,800	\$0	Increase in appropriations for increased costs in utilities, CAP charges, Hoopla Media, Early Childhood Literacy Programs, Security, Collection Materials
Total	\$60,065	\$628,865	\$568,800	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue by \$60,065 and appropriations by \$628,865. This will result in an increased use of fund balance in the amount of \$568,800. It is further recommended to transfer \$131,000 in Fixed Assets to Services and Supplies and transfer \$14,000 in Fixed Assets from the Building and Improvements group to the Equipment group.

WORKFORCE DEVELOPMENT

Staffing Requests: The Department is requesting to block-budget four Manager III positions to Manager I/II/III positions to more appropriately align the duties in support of the Department's management team, to

allow the Department the ability to hire managers at a lower level, and to provide succession planning and advancement opportunities as they become available.

The Department is also requesting to reclassify one Administrative Clerk II position upward to an Administrative Clerk III position. The Department has a need for higher clerical support for its Contracts, Planning and Fiscal units. It is recommended that the classification study be conducted.

WORKFORCE DEVELOPMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Workforce Development	4	1501, 1520, 1575, 1622	Manager III	Block-budget	Manager I/II/III - BB
	1	8229	Administrative Clerk II	Reclassify upward	Study

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



A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

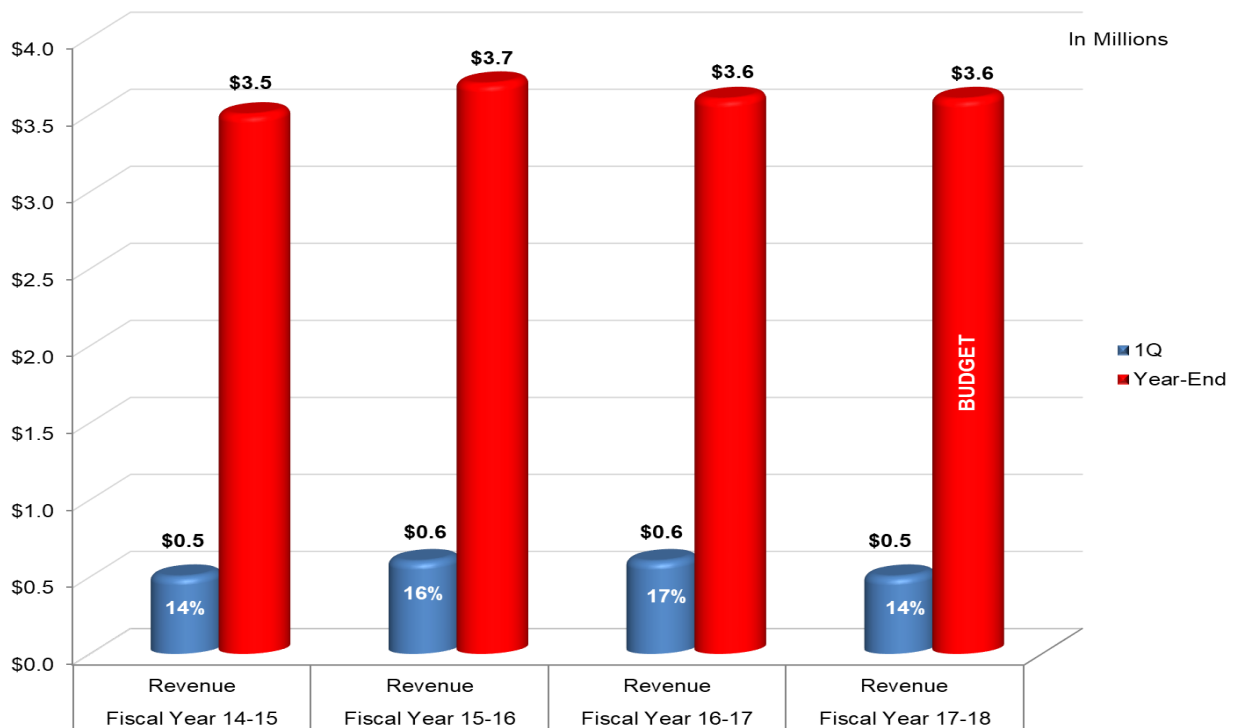
A Strong Agricultural Economy/Heritage

OVERVIEW

The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry which generates approximately \$3.3 billion a 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

A Strong Agricultural Economy/Heritage Four-Year Revenue Comparison

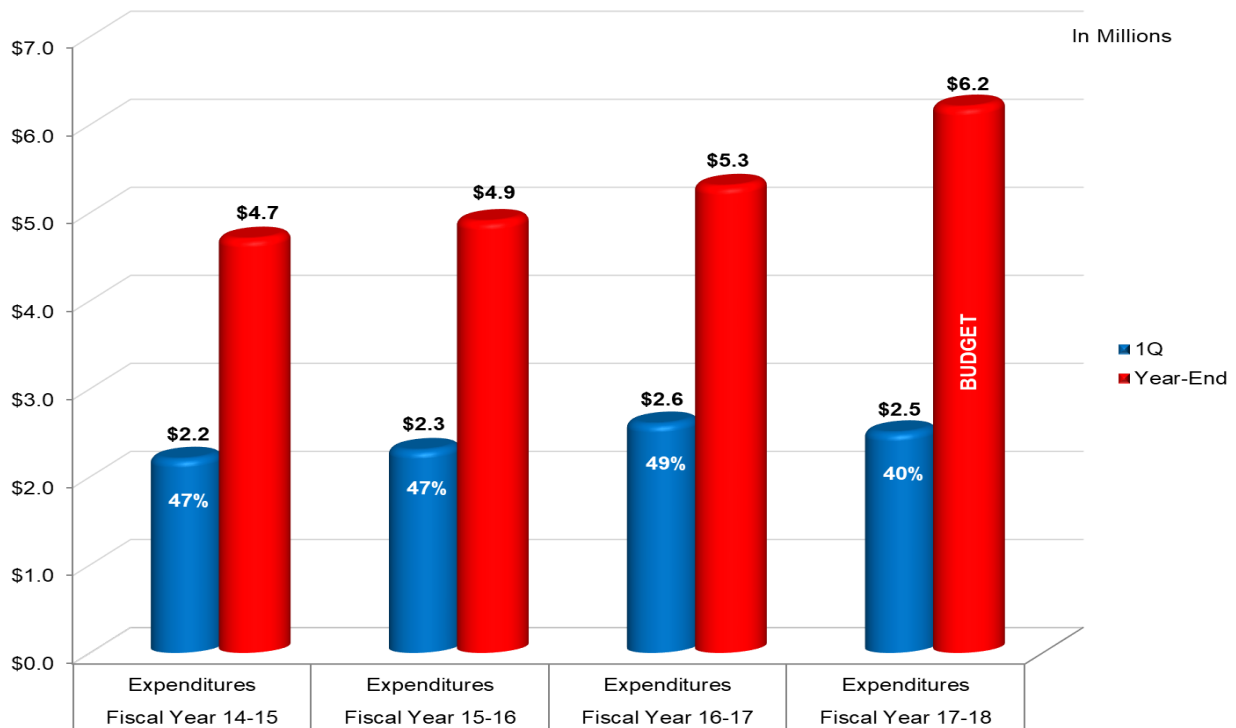


For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of December 31, 2017, actual revenue collected is \$489,626 which represents 14% of the estimated annual revenue. This is within the range when compared to the Midyear point of the prior three years when collections ranged from 14% to 17% of the final actual revenue

DEPARTMENTAL EXPENDITURES

As of December 31, 2017, expenditures are \$2.5 million, representing 40% of the budgeted appropriations. Expenditures at the Midyear point of the prior three years ranged from 47% to 49% of the final actual expenditures, placing this year below the range, which is consistent with departments in this priority who have carried over Net County Cost savings at fiscal year-end in anticipation of funding future increases for salary, health and retirement costs and one-time purchases.

**A Strong Agricultural Economy/Heritage
Four-Year Expenditure Comparison**



Overall, the departments within A Strong Agricultural Economy/Heritage are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report include only technical adjustments for A Strong Local Agricultural Economy/Heritage, which is an increase in appropriations of \$584 funded by additional Net County Cost.

MIDYEAR ISSUES AND RECOMMENDATIONS

There are no Issues or Recommendations for this Priority.



A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

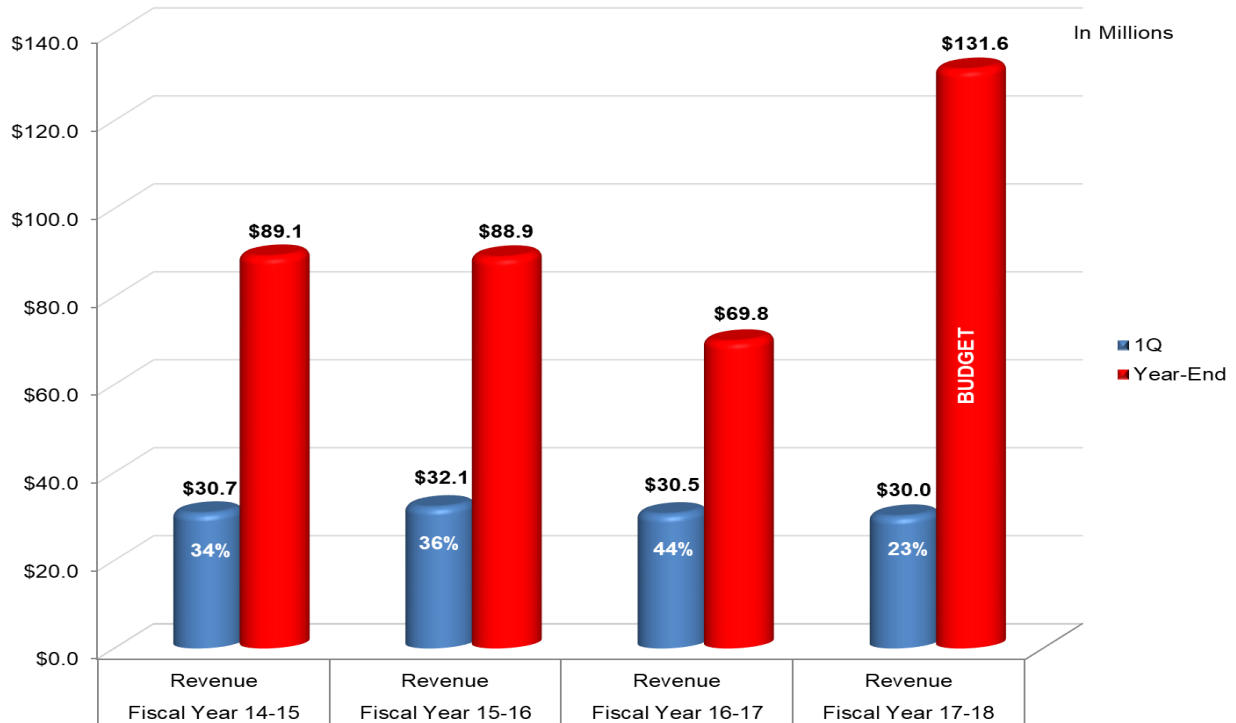
OVERVIEW

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 are supported through 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 December 31, 2017, actual revenue collected is \$30 million, which represents 23% of the estimated annual revenue. This is below the range when compared to the Midyear point of the prior three years when collections ranged from 34% to 44% of the final actual revenue. The lower percentage of revenue is due to the timing of road and bridge projects compared to the prior year. Road capital projects are fully budgeted in the current year, however actual expenditures occur over multiple years.

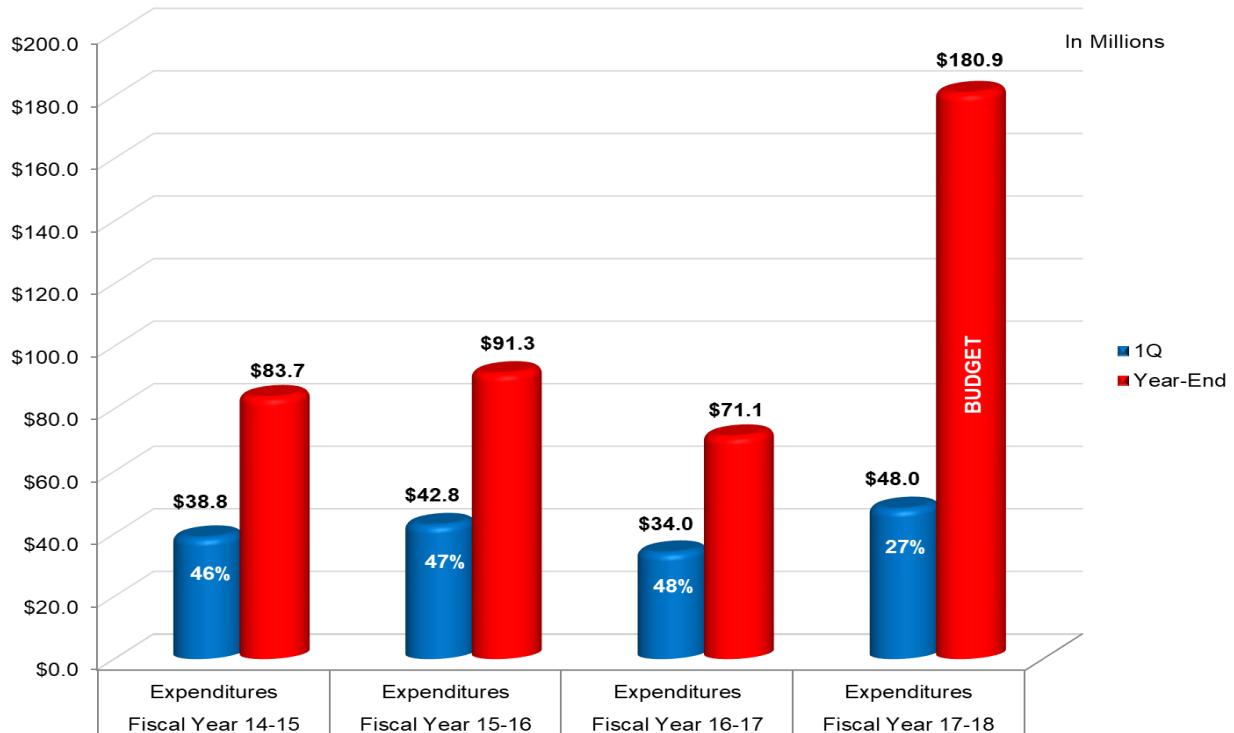
A Well Planned Infrastructure System Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2017, expenditures are \$48 million, representing 27% of the budgeted appropriations. Expenditures at the Midyear point of the prior three years ranged from 46% to 48% of the final actual expenditures, placing this year below the range. The lower percentage is primarily due to the timing of road and bridge projects compared to the prior year. Road capital projects are fully budgeted in the current year, however actual expenditures occur over multiple years. Three large construction and bridge projects have been awarded contracts with the Santa Fe Bridge project currently in construction, and Warnerville/Bentley and Keyes/Faith Home Intersection projects anticipated to begin later this fiscal year.

A Well Planned Infrastructure System Four-Year Expenditure Comparison



Overall, 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, including technical adjustments, for A Well Planned Infrastructure System include an increase in appropriations of \$1,724,842, an increase in estimated revenue of \$3,215,716, and an increase of \$15,310 in Net County Cost, decreasing the use of Department fund balance by \$1,506,184.

MIDYEAR ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES

Fink Road Landfill: The Department is requesting an increase in estimated revenue in the amount of \$747,644, which will decrease the Department's use of retained earnings in Fiscal Year 2017-2018. A reduction in tipping fees for our regional partners has generated an increase in solid waste tonnage. Additionally, tonnage diverted from the Waste-to-Energy (WTE) facility during down-time has resulted in increased tonnage to the landfill. Waste is diverted from the WTE facility to the landfill when the pit is full due to higher than usual volumes of waste or when the facility is undergoing upgrades, maintenance, or repairs. The Department is also requesting an increase in appropriations in the amount of \$44,981 for operating transfers out to cover Geer Road Landfill Post-closure maintenance costs funded by department retained earnings. The retained earnings balance as of July 1, 2017 was \$27.8 million and the total projected use with this request is \$9.9 million. The projected year-end retained earnings is estimated to be \$17.9 million.

Geer Road Landfill: The Department is requesting an increase in estimated revenue in the amount of \$44,981 to cover post-closure maintenance costs. This revenue is a transfer from the Fink Road Landfill budget.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Fink Road Landfill	\$747,644		(\$747,644)	\$0	Increase in revenue from increase in solid waste tonnage, resulting in an increase to retained earnings.
Fink Road Landfill		\$44,981	\$44,981	\$0	Increase in appropriations for operating transfers out to cover Geer Road Landfill Post-closure maintenance costs.
Geer Road Landfill	\$44,981		(\$44,981)	\$0	Increase revenue for operating transfers in to cover Geer Road Landfill Post-closure maintenance costs.
Total	\$792,625	\$44,981	(\$747,644)	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue by \$792,625 and appropriations by \$44,981 in the Environmental Resources budgets. This will result in a decrease use of fund balance of \$747,644.

PARKS & RECREATION

The Department is requesting to increase estimated revenue and appropriations in their General Fund Budget in the amount of \$441,191 to allow the receipt of revenue to fund staffing at the Off-Highway Vehicle Parks. The grant revenue is budgeted in the Off-Highway Vehicle Fund; however, staffing is allocated to the main Parks and Recreation budget. The salary costs are being reclassified from intrafund transfers to revenue to provide greater financial transparency in this budget.

In the 2017-2018 Final Adopted Budget, the Department had designated \$450,997 in Net County Cost carryover savings to be used to expand recreational use to the north side of Woodward Reservoir. The project is currently under contract for environmental studies in the amount of \$92,650. The Department is requesting that the balance of \$358,347 be transferred from the Parks and Recreation General Fund Budget to the Parks Capital Project budget, and that estimated revenue and appropriations in the Capital Project budget be increased by the same amount.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Parks and Recreation	\$441,191	\$441,191		\$0	Increase estimated revenue and appropriations to reimburse main Parks budget for staff costs associated with the OHV Grant.
Parks and Recreation		(\$358,347)		(\$358,347)	Decrease appropriations and transfer carry-over savings to Parks project fund identified for the Woodward Reservoir North Side Project.
Parks and Recreation		\$358,347		\$358,347	Increase appropriations in the Operating Transfers Out account to transfer carryover savings to the Parks Capital Project fund identified for the Woodward Reservoir North Side Project.
Total	\$441,191	\$441,191	\$0	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by \$441,191 in the Parks & Recreation budgets.

PUBLIC WORKS

Administration: The Department is requesting an increase in estimated revenue and appropriations in the amount of \$60,130 as a result of increases in data processing charges and County Counsel charges. Data processing charges are due to an increase in invoices being processed related to Measure L and Senate Bill 1 (SB1) projects. Additionally, the increase in Human Resource cases has resulted in an increase in County Counsel charges. This budget is funded internally by charging the other divisions within Public Works.

Morgan Shop: The Department is requesting an increase in estimated revenue of \$1,921,770 and appropriations of \$1,163,230 for increases associated with Road & Bridge projects and increases in utilities and engineering services as the division transitions to the new building. With the adoption of Measure L and Senate Bill 1 (SB1), the Department slated 11 Road and Bridge projects in Fiscal Year 2017-2018 and 9 roadway resurfacing projects that will be implemented over the next three years. Morgan Shop has experienced an increase in fuel and oil costs associated with these projects. Estimated revenue is increasing primarily due to the receipt of Congestion Mitigation and Air Quality (CMAQ) funding and an increase of Equipment Rental Revenue charged to the Roads Division, which is primarily funded with the Highway Users Tax Account (HUTA). This will result in a decreased use of Department retained earnings of \$758,540. Retained earnings as of July 1, 2017 was \$11.9 million, with a projected use of \$535,644 at the Final Adopted Budget.

Community Service Area 10: The Department is requesting an increase in appropriations of \$44,760 to replace a failing submersible pump for storm water drainage in the Salida area. The Community Service District (CSA) is funded by tax assessments charged to property owners within the district. This request will be funded by CSA fund balance that as of July 1, 2017 was \$418,957.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Administration	\$60,130	\$60,130		\$0	Increase in estimated revenue and appropriations for increases in Data Processing and County Counsel charges, charged out to other Public Works divisions.
Morgan Shop	\$1,921,770	\$1,163,230	(\$758,540)	\$0	Increase in estimated revenue and appropriations for increases in costs associated Road & Bridge projects (fuel and oil costs); and increase in utilities & engineering services with transition to new building.
Total	\$1,981,900	\$1,223,360	(\$758,540)	\$0	

Staffing Request: The Department is requesting to add one new Senior Civil Engineer position to the design unit to sustain the increased workload, including a number of planned road and bridge projects in the next three fiscal years associated with Measure L and SB 1 projects. This position will be funded with Federal, State, and local revenues at an estimated annual cost of \$134,000.

PUBLIC WORKS STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Engineering	1	NEW	Senior Civil Engineer	Add new position	Senior Civil Engineer
PUBLIC WORKS CHANGES	1				
Beginning Allocation	110				
Changes in Allocation	1				
Ending Allocation	111				

Summary of Recommendations: It is recommended to increase estimated revenue by \$1,981,900 and appropriations by \$1,223,360 in the Public Works budgets. This will result in a decreased use of retained earnings of \$758,540. It is also recommended that the staffing change described and outlined in the table above be adopted.



Efficient Delivery of Public Services

COUNTY DEPARTMENTS

Assessor
Auditor-Controller
Board of Supervisors
Chief Executive Office
CEO-County Operations
CEO-Risk Management Division/Self-Insurance Funds
Clerk-Recorder
County Counsel
General Services Agency
Strategic Business Technology
Treasurer-Tax Collector

Efficient Delivery of Public Services

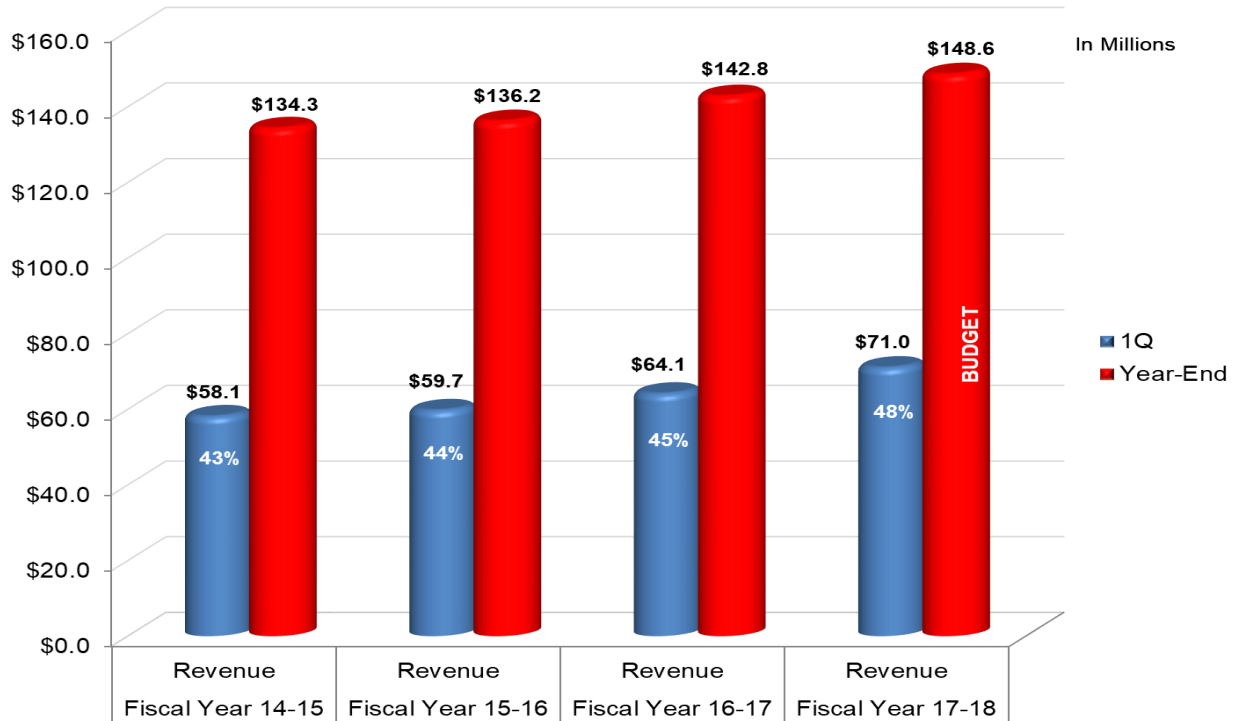
OVERVIEW

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 the services they provide.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of December 31, 2017, actual revenue collected totals \$71 million, which represents 48% of the estimated annual revenue. This is above the range when compared to the Midyear point of the prior three years when collections ranged from 43% to 45% of the final actual revenue. This increase in revenue is an anomaly due to a one-time receipt of \$2.5 million designated to Stanislaus County from the Final State Budget for 2017-2018. These funds have been temporarily deposited in the Chief Executive Office – Focus on Prevention budget unit, until such time as the Board of Supervisors directs their use to community support for housing and navigation services to prevent homelessness.

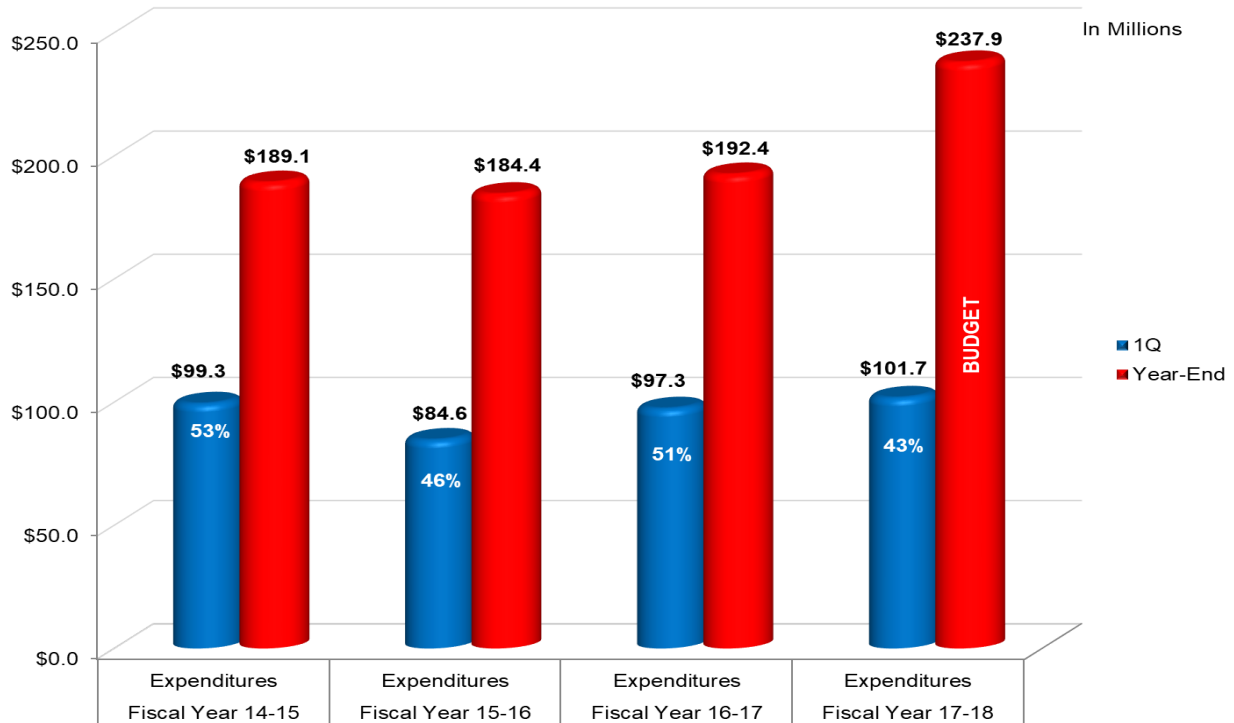
Efficient Delivery of Public Services Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2017, expenditures total \$101.7 million, representing 43% of the budgeted appropriations. Expenditures at the Midyear point of the prior three years ranged from 46% to 53% of the final actual expenditures, placing this year slightly below the historical range. The lower percentage of expenditures at Midyear compared to budget is partially attributable to projects in the Chief Executive Office – Plant Acquisition, Chief Executive Office – County Facilities, and Chief Executive Office – Debt Service budgets that are still in the planning phase and have not expended budgeted funds in the first half of the fiscal year.

Efficient Delivery of Public Services Four-Year Expenditure Comparison



Overall, 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 increased appropriations of \$11,449,316 including technical adjustments of \$62,465, funded from an increase of \$8,118,744 in estimated revenue, an increased use of \$4,506,736 in departmental fund balance/retained earnings, and a decreased use of Net County Cost in the amount of \$1,176,164. As previously described, increased Discretionary Revenue will benefit Net County Cost by an additional \$6 million.

MIDYEAR ISSUES AND RECOMMENDATIONS

AUDITOR-CONTROLLER

The Department is requesting an increase in appropriations of \$6,000 to purchase two new desktop computers in the Administration division and one laser printer for the Revenue division. Both the computers and the printer are ending their useful lives and serve critical functions for the Department as they are used to prepare and process vendor payments, payroll, various refunds and other essential functions. This is a one-time cost. The Department is also requesting an increase in appropriations of \$16,000 to replace 40 guest chairs. The existing guest chairs are 19 years old and have exceeded their useful life. This is a one-time cost.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Auditor-Controller	\$900	\$6,000	\$0	\$5,100	2 New Computers and 1 Laser Printer
Auditor-Controller	\$2,400	\$16,000	\$0	\$13,600	Guest Chairs for Offices (40)
Total	\$3,300	\$22,000	\$0	\$18,700	

Summary of Recommendations: It is recommended to increase appropriations by \$22,000, funded by an increase in estimated revenue of \$3,300 and an increase in Net County Cost of \$18,700.

BOARD OF SUPERVISORS

The Department is requesting an increase in appropriations of \$54,112 as a technical adjustment to cover actual salary and benefits costs not included in the Zero-Based Budget, funded by a transfer from Appropriations for Contingencies.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Board of Supervisors	\$0	\$54,112	\$0	\$54,112	Increase appropriations as a technical adjustment to cover actual salary and benefits costs, funded by Net County Cost.
Total	\$0	\$54,112	\$0	\$54,112	

Summary of Recommendations: It is recommended to increase appropriations by \$54,112 in the Board of Supervisors budget, funded by Appropriations for Contingencies.

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 2017-2018 Adopted Final Budget included a total of \$13,943,669 in appropriations: \$5.9 million in base funding for unexpected County needs that arise during the year; and an additional \$8 million for one-time termination cash-out expenses, 5% vacancy rate rebates to Zero-Based General Fund departments that do not experience vacancies, estimated 2018 health insurance increases, potential labor exposures, and Jail Medical costs for the use of the Outpatient Housing Unit in the Sheriff Detention facilities.

- As of December 31, 2017, \$26,939 was transferred to the Public Defender in the First Quarter Financial Report. Prior to any Midyear recommended adjustments, the balance in Appropriations for Contingencies totals \$13,916,730.

At this time, it is requested that Appropriations for Contingencies be decreased by a total of \$1,751,690, transferring funds as follows:

- \$18,700 to Auditor-Controller for the purchase of new office equipment;
- \$54,112 to the Board of Supervisors for actual salary and benefits costs;

- \$414,449 to the CEO-General Fund Contributions to Other Programs budget for the payments to the City for the North McHenry tax sharing agreement and for a County match of grant funds for the District Attorney;
- \$159,301 to CEO-Office of Emergency Services for a cashout and radio equipment for a replacement vehicle;
- \$728,475 to the Sheriff's Department for various operational needs;
- \$25,800 to the Treasurer-Tax Collector for the purchase and maintenance of a currency machine; and
- \$350,853 to various departments as a technical adjustment to accommodate changes in Health Insurance costs.

These actions require a four-fifths vote by the Board of Supervisors. If the requested use of \$1,751,690 is approved, a remaining balance of \$12,165,040 would be available for use through June 30, 2018.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - Appropriations for Contingencies		(\$18,700)	\$0	(\$18,700)	Transfer to Auditor-Controller for the purchase of new office equipment
CEO - Appropriations for Contingencies		(\$54,112)	\$0	(\$54,112)	Transfer to the Board of Supervisors for actual salary and benefits costs
CEO - Appropriations for Contingencies		(\$414,449)	\$0	(\$414,449)	Transfer to the CEO - General Fund Contributions to Other Programs budget for North McHenry tax sharing agreement payments and for a match of grant funds for the District Attorney
CEO - Appropriations for Contingencies		(\$159,301)	\$0	(\$159,301)	Transfer to CEO - Office of Emergency Services for a cashout and radio equipment for a replacement vehicle
CEO - Appropriations for Contingencies		(\$728,475)	\$0	(\$728,475)	Transfer to the Sheriff's Department for various operational needs
CEO - Appropriations for Contingencies		(\$25,800)	\$0	(\$25,800)	Transfer to the Treasurer-Tax Collector for the purchase and maintenance of a currency machine
CEO - Appropriations for Contingencies		(\$350,853)	\$0	(\$350,853)	Transfer to various departments as a technical adjustment to accommodate changes in Health Insurance costs
Total	\$0	(\$1,751,690)	\$0	(\$1,751,690)	

Summary of Recommendations: It is recommended to transfer appropriations of \$1,751,690 from Appropriations for Contingencies, by a 4/5 vote of the Board of Supervisors.

General Fund Contributions to Other Programs – The division is requesting an overall increase in appropriations of \$414,449, funded by a transfer from Appropriations for Contingencies, for the following adjustments:

- An increase of \$410,270 is requested to cover revised projections for the 2017-2018 North McHenry tax sharing agreement payments that take into account the 2016-2017 Fiscal Year true-up adjustment and increase in current year receipts.

- An increase of \$4,179 is requested to provide the District Attorney – Unserved/Underserved Victim Advocacy and Outreach program grant funding match requirement.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
General Fund Contribution to Other Programs	\$0	\$410,270	\$0	\$410,270	Increase appropriations to cover trued-up costs for the 2017-2018 North McHenry tax sharing agreement payments, funded by Net County Cost.
General Fund Contribution to Other Programs	\$0	\$4,179	\$0	\$4,179	Increase appropriations to provide match requirement for District Attorney - Unserved/ Underserved Victim Advocacy and Outreach program grant funding, funded by Net County Cost.
Total	\$0	\$414,449	\$0	\$414,449	

Summary of Recommendations: It is recommended to increase appropriations by \$414,449 in the General Fund Contribution to Other Programs budget, funded by Appropriations for Contingencies.

General Fund Match Vehicle License Fee (VLF): It is recommended to increase appropriations and estimated revenue by \$7,289,146 million to reflect the increased Vehicle License Fee (VLF) revenue received to date this fiscal year. This pass-through budget receives VLF revenue from the State and distributes it to fund County Social Services realignment programs. Revenue is estimated based on prior year receipts and historical trends, but can vary from year-to-year. Updated projections estimate higher revenue than originally anticipated, which must be immediately allocated to Social Services realignment program departments in the same fiscal year received.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
General Fund Match Vehicle License Fee	\$7,289,146	\$7,289,146	\$0	\$0	Increase appropriations and estimated revenue based on fiscal year receipts to date.
Total	\$7,289,146	\$7,289,146	\$0	\$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue by \$7,289,146 in the General Fund Match Vehicle License Fee budget.

CEO-RISK MANAGEMENT SELF-INSURANCE FUNDS

General Liability: The Division is requesting to increase appropriations by \$910,374 to cover the projected cost of contracted defense attorney fees and loss expenses related to current active claims and lawsuits. The Final Budget anticipated the use of \$1 million in retained earnings to offset department charges and align the fund's retained earnings balance with the State Controller's Office allowable balance. The retained earnings balance as of July 1, 2017 was \$2.8 million. In addition to the \$1 million already planned, the use of \$910,374 will result in a retained balance of approximately \$.9 million at year-end.

Medical Self-Insurance: The Division is requesting to increase appropriations by \$1,968,976 to cover the projected cost of medical claims and stop loss insurance related to the County's self-insured medical plan. The request will be funded by \$161,888 in estimated revenue and \$1,807,088 in retained earnings. The Final Budget anticipated that the 2018 rates would generate a surplus of \$800,000 by fiscal year-end. The increase in expenditures at Midyear will result in the use of approximately \$1 million. Retained earnings as of July 1, 2017 was \$4.7 million; the projected use of \$1,007,088 will result in a balance of approximately \$3.7 million at year-end.

Other Employee Benefits: The Division is requesting to increase estimated revenue and appropriations in the amount of \$10,000 to fund supplemental insurance premiums which are fully funded by departmental revenue.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - RMD General Liability Self-Insurance	\$0	\$910,374	\$910,374	\$0	Increase appropriations and use retained earnings to fund increases in attorney fees, claims and settlements
CEO - RMD Medical Self-Insurance	\$161,888	\$1,968,976	\$1,807,088	\$0	Increase estimated revenue and appropriations and use retained earnings to fund increases in medical claims and stop loss insurance
CEO - RMD Other Employee Benefits	\$10,000	\$10,000	\$0	\$0	Increase estimated revenue and appropriations to fund increases in employee insurance premiums
Total	\$171,888	\$2,889,350	\$2,717,462	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue by \$171,888 and appropriations by \$2,889,350 in the CEO – Risk Management Division budgets. This will result in the use of \$2,717,462 in retained earnings.

CLERK-RECORDER – ELECTIONS DIVISION

The Department is requesting an increase in appropriations of \$146,700 to cover mailing expenses incurred when districts request to change their election dates from odd numbered to even numbered years. Pursuant to Elections Codes 10400-10404.5, the Registrar of Voters is mandated to notify all voters residing in a district when a change in election date is made. Several districts throughout the County have already requested changing their election dates from odd to even years and the Department anticipates additional districts will request the same change. When a change is requested, the Clerk-Recorder is required to send postcards to each voter in the affected district. The Department incurs the initial mailing expense but the cost is recovered from the district requesting the election change.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Clerk-Recorder-Elections Division	\$146,700	\$146,700	\$0	\$0	Increase appropriations and estimated revenue to recognize workload of mailing notifications for other districts requesting a change to their elections from odd to even years.
Total	\$146,700	\$146,700	\$0	\$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by \$146,700 for the Clerk-Recorder Elections Division.

GENERAL SERVICES AGENCY

Central Services: The Department is requesting to increase appropriations in the amount of \$25,000 to purchase Request for Proposal (RFP) management software to improve efficiency of the overall RFP, Request for Qualifications (RFQ), Bid, and Quotation process. The RFP management software initial purchase is funded by Departmental retained earnings, which had a balance of \$271,111 as of July 1, 2017 and a projected total use with this request of \$77,000. The projected year-end retained earnings is estimated to be \$194,111. Ongoing annual costs will be charged to County departments in Fiscal Year 2018-2019. Additionally, the Department is requesting an increase in estimated revenue and appropriations in the amount of \$27,674 due to an A-87 adjustment. A-87 charges are indirect charges that support central service departments.

Facilities Maintenance: The Department is requesting to increase appropriations in the amount of \$6,500 for the purchase and installation of lift gates on County vehicles used by Housekeeper/Custodians. Lift gates assist staff in loading and unloading large cleaning equipment, which reduces the risk of employee injury. This purchase will be funded by Departmental retained earnings, which had a balance of \$1,393,557 as of July 1, 2017 and a total projected use with this request of \$268,503. The projected year-end retained earnings is estimated to be \$1,125,054. Additionally, the Department is requesting an increase in estimated revenue and appropriations in the amount of \$35,236 due to an A-87 adjustment. A-87 charges are indirect charges that support central service departments.

Fleet Services: The Department is requesting an increase in appropriations in the amount of \$17,774 to purchase a work order software server, additional staff training in the new fleet work order management system (AssetWorks), and a portion of the cost for the approved vehicle charging station at the Modesto Main Library. These requests are funded by Departmental retained earnings, which had a balance of \$1,092,468 as of July 1, 2017 and a total projected use with this request of \$136,644. The projected year-end retained earnings is estimated to be \$955,824.

Utilities: The Department is requesting an increase in estimated revenue and appropriations in the amount of \$250,000 due to an increase in utility usage as a result of the increase in building square footage for the new Sheriff facilities. Costs in this budget are distributed based on actual usage at each County department site.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Central Services	\$27,674	\$27,674		\$0	Increase in estimated revenue and appropriations for A-87 Adjustment.
Central Services		\$25,000	\$25,000	\$0	Increase in appropriations to purchase RFP Management software, funded by department retained earnings.
Facilities Maintenance	\$35,236	\$35,236		\$0	Increase in estimated revenue and appropriations for A-87 Adjustment.
Facilities Maintenance		\$6,500	\$6,500	\$0	Increase in appropriations to purchase lift gates to custodian vehicles, funded by department retained earnings.
Fleet Services		\$17,774	\$17,774	\$0	Increase in appropriations for Library charging station, work order software server, and fleet work order mgt system training, funded by departmental retained earnings.
Utilities	\$250,000	\$250,000		\$0	Increase in estimated revenue and appropriations for increase in utility costs.
Total	\$312,910	\$362,184	\$49,274	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue by \$312,910 and increase appropriations by \$362,184 in the General Services Agency budgets. This will result in an increase in the use of departmental retained earnings of \$49,274.

STRATEGIC BUSINESS TECHNOLOGY

Strategic Business Technology: The Department is requesting an increase in appropriations of \$1,640,000, funded by retained earnings, for upfront payment of Office 365 due May 2018. This is the second year payment of the 3-year agreement. Moving forward, Strategic Business Technology, (SBT) will fund the Office 365 annual fee in advance of the Budget Year then include these costs in departmental charges.

This budget had a retained earnings balance of \$3,906,598 as of July 1, 2017 and a projected total use with these requests of \$3,132,784. The projected year-end retained earnings is estimated to be \$773,814.

Telecommunications: The Department is requesting an increase in appropriations in the amount of \$100,000, funded by retained earnings, to cover the cost of enhanced 911 software to allow first responders to locate callers using VoIP systems. Moving forward the recurring costs of this enhancement will be included in the SBT –Telecommunications billing category across all departments.

The Department is requesting to transfer appropriations of \$142,000 from Fixed Assets to Services and Supplies Smart Net license renewal, equipment warranties and phone purchases.

This budget had a retained earnings balance of \$860,946 as of July 1, 2017 and a projected total use with these requests of \$404,969. The projected year-end retained earnings is estimated to be \$455,977.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Strategic Business Technology		\$1,640,000	\$1,640,000	\$0	Payment for second year of Office 365 agreement due May 2018 - ongoing, SBT will pay in advance of the Budget Year and include costs in departmental charges
Strategic Business Technology - Telecommunications		\$100,000	\$100,000	\$0	Increase in appropriations funded from retained earnings to cover the cost of enhanced 911 software to allow first responders to locate callers using VoIP systems. Moving forward the recurring costs of this enhancement will be included in the SBT - Telecom billing category across all departments
Strategic Business Technology - Telecommunications		\$142,000	\$142,000	\$0	Transfer into Services and Supplies from Fixed Assets to cover costs in several accounts including software licenses for Smart Net renewal and rent and leases on phones.
Strategic Business Technology - Telecommunications		(\$142,000)	(\$142,000)	\$0	Transfer out of Fixed Assets into Services and Supplies to cover costs in several accounts including software licenses for Smart Net renewal and rent and leases on phones.
Total	\$0	\$1,740,000	\$1,740,000	\$0	

Staffing Request: The Department is requesting to add one new Assistant Director position to serve as the Cyber Security Officer with County-wide responsibility and authority to implement the 13 IT security-related recommendations of the Information Technology Strategic Plan (ITSP) approved by the Board of Supervisors on May 17, 2017, and to move the County forward to the goal of transforming Stanislaus County into a highly secure enterprise. This position will be funded in Fiscal Year 2017-2018 with savings in Salaries & Benefits due to vacant positions within the department. Going forward, the total annual cost of the position is projected at \$170,000, and will be funded through the Department's cost plan and will be charged to all County Departments via the Overhead/General Administration Indirect Charge methodology.

STRATEGIC BUSINESS TECHNOLOGY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Strategic Business Technology	1	NEW	Assistant Director	Add new position	Assistant Director
SBT CHANGES	1				
Beginning Allocation	30				
Changes in Allocation	1				
Ending Allocation	31				

Summary of Recommendations: It is recommended to increase appropriations by \$1,740,000 funded by retained earnings for in the Strategic Business Technology budgets. This will result in an increase in the use of departmental retained earnings of \$1,740,000. It is further recommended to transfer \$142,000 in Fixed Assets to Services and Supplies. Lastly, it is recommended that the staffing change described and outlined in the table above be adopted.

TREASURER-TAX COLLECTOR

Administration/Taxes: The Department is requesting an increase in appropriations of \$25,800 to purchase and maintain a new currency machine. The new currency machine will replace an older and less efficient model and provide a higher level of security regarding fraudulent paper submission. With the new cannabis program in progress, the Department anticipates the potential for an increase in fraudulent paper submission. An additional feature of the new machine is the ability to sort cash by denomination, creating efficiency for staff who must manually complete this process now. Funding for this project includes \$25,000 as a one-time expense for the purchase of the new machine, and \$800 for the estimated annual cost of maintenance for Fiscal Year 2017-2018.

Revenue Recovery: The Department has determined that the full cost for the FIS Government Payment System was not allocated to the correct budget unit in prior periods and is requesting an increase in revenue and appropriations of \$28,980 to allow the cost to be allocated to the correct budget unit. The Department is also requesting an increase in revenue and appropriations of \$5,137 to provide sufficient appropriations for existing service agreements. The Department is also requesting an increase in revenue and appropriations of \$6,383 to purchase new guest chairs and VoIP compatible phones. The existing guest chairs are 19 years old and have exceeded their useful life; the new phones will be compatible with the VoIP telephone system at Tenth Street Place and are needed so staff can continue to provide quality service.

Treasury: The Department is requesting an increase in revenue and appropriations of \$35,000 to cover the "hard dollar" bank fee payments for the remainder of the fiscal year. This change in methodology will provide greater transparency and the Treasury Budget will reflect the actual cost of bank fees. This is a one-time adjustment, and future budgets will adequately project these charges. The Department is also requesting an increase in revenue and appropriations of \$104,500 to purchase a new remittance processor system and \$14,800 for maintenance and support. The current system is over 10 years old and has reached the end of its useful life; delayed replacement is a risk to current services. The new remittance processor will have Check 21 capability, which means that it can convert physical paper checks to electronic transactions eliminating the need for manual check deposits. The \$104,500 is a one-time expense while the \$14,800 is an annual ongoing expense for contract services for both hardware and software support and replaces existing contracts.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Treasury-Tax Collector - Admin/Taxes	\$0	\$25,800		\$25,800	Increase appropriations for purchase and maintenance of a currency machine
Treasury-Revenue Recovery	\$40,500	\$40,500		\$0	Increase appropriations and corresponding charges to clients for contracts, fees and office equipment
Treasurer-Treasury	\$35,000	\$35,000		\$0	Bank costs
Treasurer-Treasury	\$119,300	\$119,300		\$0	Increase appropriations and estimated revenue for purchase, software, maintenance and licensing of a Remittance processor system
Total	\$194,800	\$220,600	\$0	\$25,800	

Staffing Request: The Department is requesting a classification study of one Manager II position within the Treasurer-Treasury budget unit based on the current duties and responsibilities of the position. It is recommended that a classification study be conducted.

TREASURER-TAX COLLECTOR TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Treasury	1	1630	Manager II	Classification study	Study

Summary of Recommendations: It is recommended to increase appropriations by \$220,600, funded by an increase in estimated revenue of \$194,800 and an increase in Net County Cost of \$25,800. It is also recommended that the staffing change described and outlined in the table above be adopted.

TECHNICAL ADJUSTMENTS

Each year, as the cost of health insurance is known for January of the new calendar year, General Fund departments request adjustments to their budgets to fund the increased costs for January through June of the fiscal year if needed. Funding is set aside in Appropriations for Contingencies for this purpose at the beginning of each fiscal year. In Fiscal Year 2017-2018, health insurance rates increased on average 4% on January 1, 2018. Only departments in Phase II of the Net County Cost Savings Program are eligible for increases to their Net County Cost during the fiscal year. The total cost of the health insurance increase for Phase II departments was \$350,853.

It is recommended that appropriations for the departments listed in the table below be increased to fund the cost of health insurance increases effective January 1, 2018. Appropriations will be transferred from the Chief Executive Office – Appropriations for Contingencies budget to fund the increases to department budgets.

Budget Unit Name	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Area Agency on Aging - Veterans Services	\$0	\$776	\$0	\$776	Increase appropriations for health insurance
Assessor	\$0	\$17,015	\$0	\$17,015	Increase appropriations for health insurance
Auditor-Controller	\$0	\$12,444	\$0	\$12,444	Increase appropriations for health insurance
Board of Supervisors	\$0	\$2,828	\$0	\$2,828	Increase appropriations for health insurance
CEO-Focus on Prevention	\$0	\$533	\$0	\$533	Increase appropriations for health insurance
CEO-Office of Emergency Services	\$0	\$1,842	\$0	\$1,842	Increase appropriations for health insurance
CEO-Operations and Services	\$0	\$13,600	\$0	\$13,600	Increase appropriations for health insurance
Clerk-Recorder	\$0	\$9,248	\$0	\$9,248	Increase appropriations for health insurance
Cooperative Extension	\$0	\$584	\$0	\$584	Increase appropriations for health insurance
County Counsel	\$0	\$4,955	\$0	\$4,955	Increase appropriations for health insurance
District Attorney	\$0	\$36,811	\$0	\$36,811	Increase appropriations for health insurance
Parks and Recreation	\$0	\$11,066	\$0	\$11,066	Increase appropriations for health insurance
Planning and Community Development	\$0	\$4,244	\$0	\$4,244	Increase appropriations for health insurance
Probation	\$0	\$56,940	\$0	\$56,940	Increase appropriations for health insurance
Public Defender	\$0	\$12,584	\$0	\$12,584	Increase appropriations for health insurance
Sheriff	\$0	\$165,383	\$0	\$165,383	Increase appropriations for health insurance
Total	\$0	\$350,853	\$0	\$350,853	

Summary of Recommendations: It is recommended to increase appropriations by \$350,853 in the budgets listed above funded by a transfer from Chief Executive Office – Appropriations for Contingencies.

Third Quarter Financial Report 2017-2018 – A series of technical adjustments will be recommended for departments with the Third Quarter Financial Report in order to ensure that the departments end the year in a positive position. These adjustments may include: retirement termination cash outs; vacancy rate rebates for departments that achieved better than 95% success in filling positions; and professional development support consistent with the Board of Supervisors approved rates.

BUDGET SCHEDULE

The following schedule is recommended for the 2017-2018 Third Quarter Financial Report and the 2018-2019/2019-2020 Proposed Budget:

- February 5, 2018 Issued 2018-2019/2019-2020 Proposed Budget Part II Instructions
- March 2, 2018 Issued 2017-2018 Third Quarter Budget Instructions
- March 19-30, 2018 Department 2017-2018 Third Quarter Budget Submissions due to Chief Executive Office
- March 26, 2018 Department 2018-2019/2019-2020 Proposed Budget Part II Submissions due to Chief Executive Office
- May 8, 2018 2017-2018 Third Quarter Financial Report to the Board of Supervisors
- June 12, 2018 2018-2019/2019-2020 Proposed Budget Public Hearing