

# First Quarter Financial Report July – September 2018

## Board of Supervisors

Jim DeMartini, Chair

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*Submitted by Jody Hayes, Chief Executive Officer*

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## Introduction

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This is the First Quarter Financial Report for Stanislaus County submitted by the Chief Executive Office for the period of July 1, 2018 to September 30, 2018, for the 2018-2019 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership, and the public of the County's fiscal

status. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors' priority area and highlights adjustments to County budgets since the adoption of the Final Budget in September 2018.

## Background

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On September 18, 2018, the Board of Supervisors adopted the Fiscal Year 2018-2019 Final Budget for Stanislaus County. This \$1.4 billion operational plan reflected an increase of \$19.8 million, or 1.5%, over the 2018-2019 Adopted Proposed Budget and a \$93.5 million, or 7.4%, increase over the 2017-2018 Adopted Final Budget.

Approximately 37%, or \$7.3 million of the increase between the 2018-2019 Adopted Proposed Budget and the 2018-2019 Adopted Final Budget occurred in Special Revenue Funds, which are budget units with external funding resources beyond the County General Fund. The increase for Special Revenue Funds is largely attributed to growth in health and human services program needs with \$4 million required to cover administrative costs for CalFresh

programming and \$3 million for increased foster care placements. Approximately \$300,000 was approved to support other departmental needs within Special Revenue Funds.

Adjustments in the General Fund totaled \$12.2 million and included \$4.1 million in technical adjustments for approved labor agreement increases to salaries and benefits; \$2.9 million for the Crows Landing Air Facility; \$2.7 million for unmet needs requested by departments; and \$2.5 million in additional contributions to other agencies.

The 2018-2019 Adopted Final budget also included funding for 4,496 allocated full-time positions, an increase of 27 positions above the 2017-2018 Adopted Final Budget.

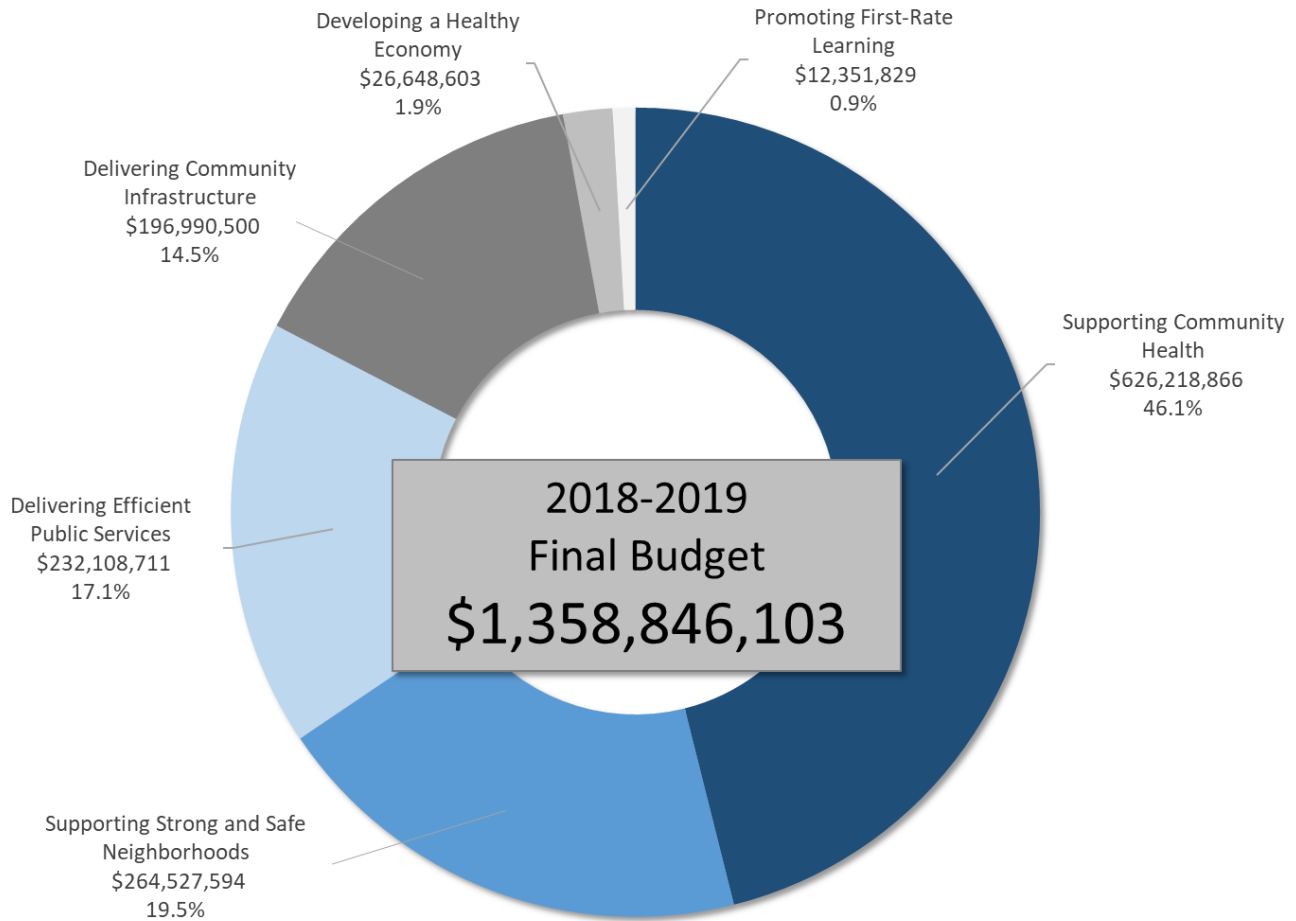
## Budget Overview

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

and reflects the total spending authority approved by the Board in the Fiscal Year 2018-2019 Adopted Final Budget on September 18, 2018.

## Fiscal Year 2018-2019 Adopted Final Budget Expenditures by Board Priority



Consistent with standard accounting practices, the County’s budget is divided into separate financial entities known as “funds.” These fund types are used to segregate financial resources and demonstrate legal compliance. The following table reflects the total Fiscal Year 2018-2019 Adopted Final Budget

spending authority, also referred to as budgeted appropriations, identified by the appropriate governmental or business-type fund. These are provided alongside the 2018-2019 Proposed Budget and the 2017-2018 Adopted Final Budget for comparison purposes.

### Comparison of Fiscal Year 2018-2019 Adopted Final Budget by Fund Type

Fund Type	2017-2018	2018-2019	2018-2019	\$ Variance	% Variance
	Adopted				
	Final	Proposed Budget	Final	to	to
	Budget		Budget	2018-2019 Final	2018-2019 Final
General Fund	\$ 329,856,219	\$ 344,396,220	\$ 356,575,653	\$ 26,719,434	8.1%
Special Revenue	741,292,898	795,543,405	802,880,307	61,587,409	8.3%
Capital Projects	1,434,551	731,000	731,000	(703,551)	-49.0%
Enterprise	86,786,936	83,720,689	84,041,359	(2,745,577)	-3.2%
Internal Service	105,957,443	114,617,784	114,617,784	8,660,341	8.2%
<b>Total</b>	<b>\$ 1,265,328,047</b>	<b>\$ 1,339,009,098</b>	<b>\$ 1,358,846,103</b>	<b>\$ 93,518,056</b>	<b>7.4%</b>

The following table identifies total appropriations for Fiscal Year 2018-2019 Adopted Final Budget along with the respective funding sources, organized by

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

#### Funding Sources for Fiscal Year 2018-2019 Adopted Final Budget by Fund Type

Fund Type	2018-2019		Funding Sources		
	Final Budget Appropriations	Department Revenue	Departmental Fund Balance	General Fund Contribution	
General Fund	\$ 356,575,653	\$ 116,754,369	\$ -	\$ 239,821,284	
Special Revenue	802,880,307	754,799,579	30,412,699	17,668,029	
Capital Projects	731,000	760,000	(29,000)	-	
Enterprise	84,041,359	62,404,756	18,523,206	3,113,397	
Internal Service	114,617,784	111,739,723	2,878,061	-	
<b>Total</b>	<b>\$ 1,358,846,103</b>	<b>\$ 1,046,458,427</b>	<b>\$ 51,784,966</b>	<b>\$ 260,602,710</b>	

For the General Fund budgets, the General Fund Contribution consists of \$223.1 million in estimated Discretionary Revenue, \$14.9 million in assigned fund balance, and \$1.8 million in unassigned fund

balance, for a total of \$239.8 million. The General Fund Contribution for Special Revenue and Enterprise fund types represents mandated match and contributions provided at the Board's discretion.

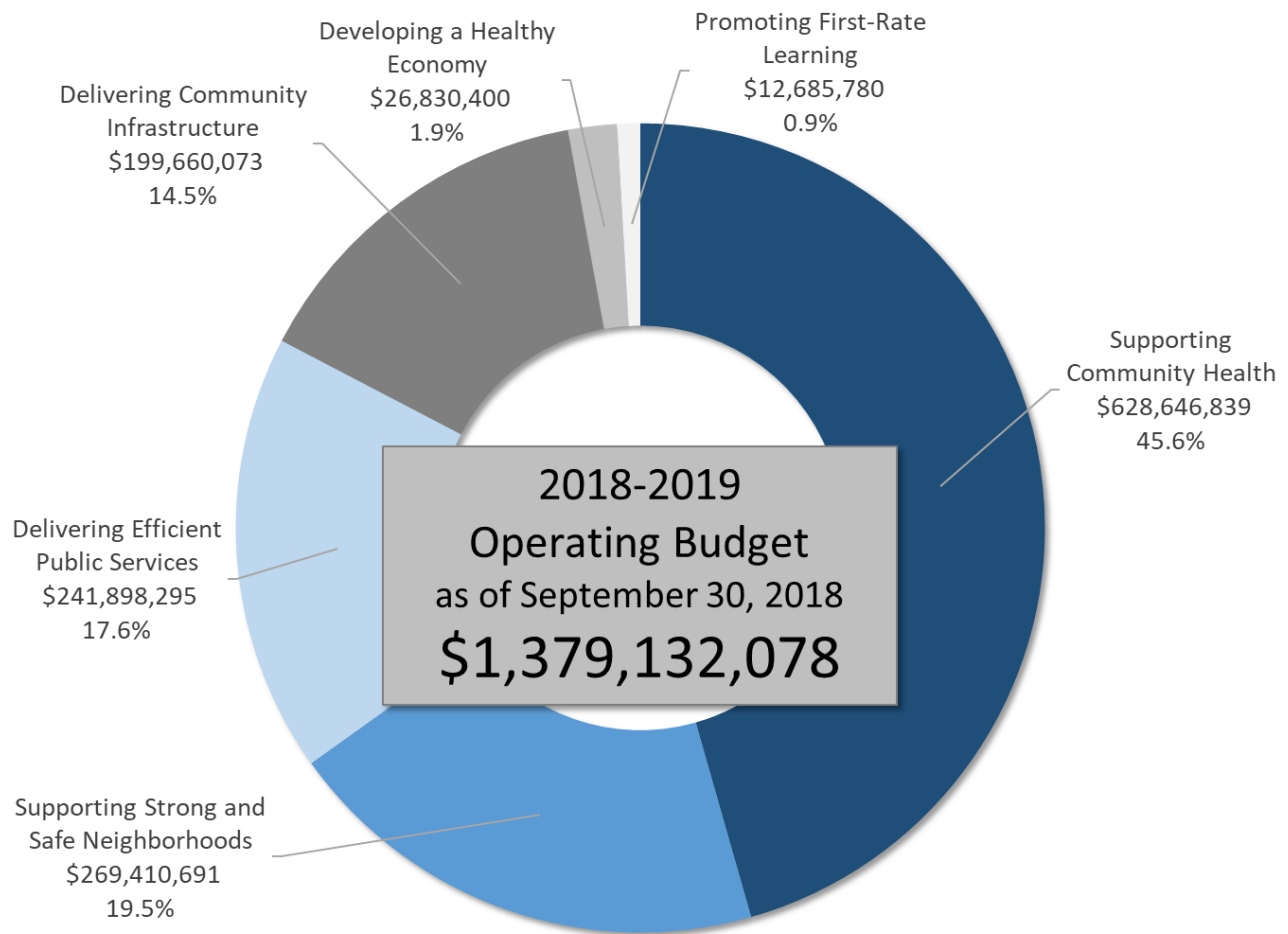
### 2018-2019 Operating Budget

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

projections. The Adopted Final Budget and these various adjustments combine to form the Operating Budget, identified at a specific point in time. The County's Operating Budget as of September 30, 2018, prior to the inclusion of any recommended budget adjustments identified in this First Quarter Financial Report, total \$1,379,132,078. The First Quarter recommended adjustments will increase budget appropriations by \$1,474,859 for a total of \$1,380,606,937.



Fiscal Year 2018-2019 Operating Budget as of September 30, 2018 by Board Priority



**2018-2019 First Quarter Overview**

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

The First Quarter recommendations of the Chief Executive Office include a total increase in estimated revenue of \$1.5 million and a total increase in appropriations of \$1.5 million. If approved, the recommendations contained in this report will result

in an overall \$23,921 decrease in the use of fund balance/retained earnings.

The recommended increases in estimated revenue and appropriations are primarily associated with a \$1 million adjustment in Planning and Community Development’s Special Revenue Grants budget. The Department is making a budget adjustment following the recent approval by the Board to apply for and accept a California Emergency Solutions and Housing Program grant; at the time of approval the Department stated that it would return at First Quarter with the related budget adjustment. The remainder of the increase to budget appropriations of \$449,239 supports staffing and operational adjustments in the following departments: Assessor,

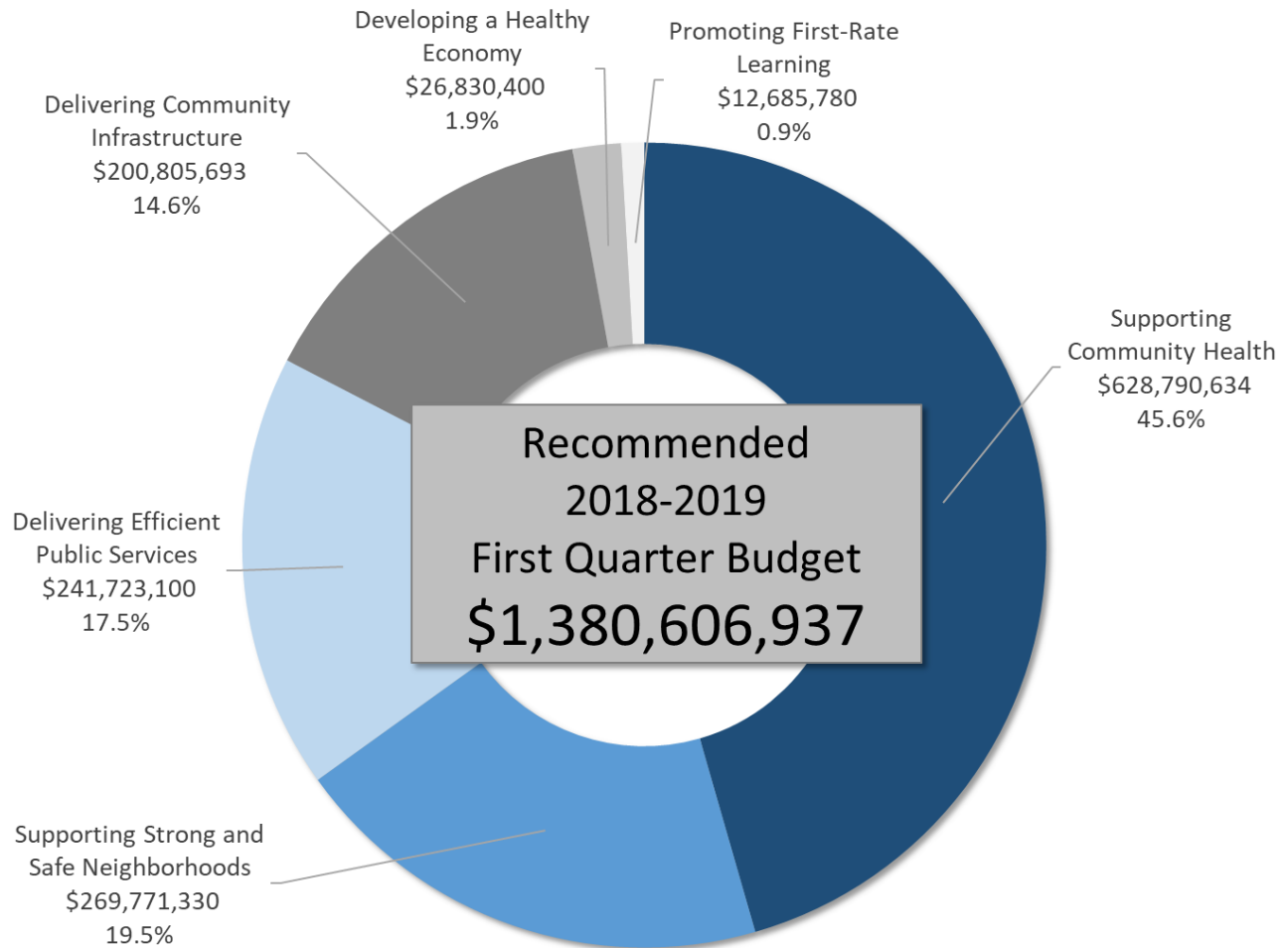
Child Support Services, Parks and Recreation, Public Works, Sheriff, and Treasurer-Tax Collector budgets. The following table shows the components of the Operating Budget, from the Adopted Final Budget, addition of prior year appropriations, and the

incorporation of separate Board agenda item adjustments, along with the recommended First Quarter Budget Adjustments, all by fund type, followed by a chart depicting the recommended First Quarter Budget by Board priority.

### Development of the First Quarter Budget Recommendation

Fund Type	2018-2019 Adopted Final Budget	Prior Year Appropriations	Board Agenda Items Posted Through 9/30/18	Operating Appropriations on 9/30/18	2018-2019 First Quarter Recommendations	Recommended First Quarter Budget
General Fund	\$ 356,575,653	\$ 9,478,988	\$ 2,058,500	\$ 368,113,141	\$ 185,444	\$ 368,298,585
Special Revenue	802,880,307	4,895,471	565,399	808,341,177	1,204,415	809,545,592
Capital Projects	731,000	-	-	731,000	-	731,000
Enterprise	84,041,359	1,897,466	-	85,938,825	-	85,938,825
Internal Service	114,617,784	1,390,151	-	116,007,935	85,000	116,092,935
<b>Total</b>	<b>\$ 1,358,846,103</b>	<b>\$ 17,662,076</b>	<b>\$ 2,623,899</b>	<b>\$ 1,379,132,078</b>	<b>\$ 1,474,859</b>	<b>\$ 1,380,606,937</b>

### Fiscal Year 2018-2019 Recommended First Quarter Budget by Board Priority



The following chart illustrates the beginning fund balances on July 1, 2018, for the various fund types,

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

### Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund Balance on 7/1/2018*	Operating Budget Revenue on 9/30/2018	Operating Budget Appropriations on 9/30/2018	First Quarter Recommended Use of Fund Balance	Projected Fund Balance on 6/30/2019
General Fund	\$ 204,095,235	\$ 339,823,001	\$ 368,113,141	\$ (54,000)	\$ 175,859,095
Special Revenue Funds	228,382,941	773,008,007	808,341,177	5,079	193,044,692
Capital Projects Funds	3,539,295	760,000	731,000	-	3,568,295
Enterprise Funds	60,514,891	65,518,153	85,938,825	-	40,094,219
Internal Service Funds	20,224,095	111,739,723	116,007,935	25,000	15,930,883
<b>Total All Funds</b>	<b>\$ 516,756,457</b>	<b>\$ 1,290,848,884</b>	<b>\$ 1,379,132,078</b>	<b>\$ (23,921)</b>	<b>\$ 428,497,184</b>

\*Note: The Final Budget document reported a total beginning fund balance of \$507,837,597. Since that time, post-closing adjustments totaling \$8,918,860 have been posted for all funds which resulted in a revised beginning fund balance of \$516.8 million, as depicted above. Significant post-closing adjustments included pension expenses for the Enterprise and Internal Service Funds associated with GASB 68; the timing of transfer of funds from Child Support Services' trust fund to their Special Revenue Fund; fair market value adjustments for the Tobacco Endowment Funds; and increased Risk Management Liability amounts.

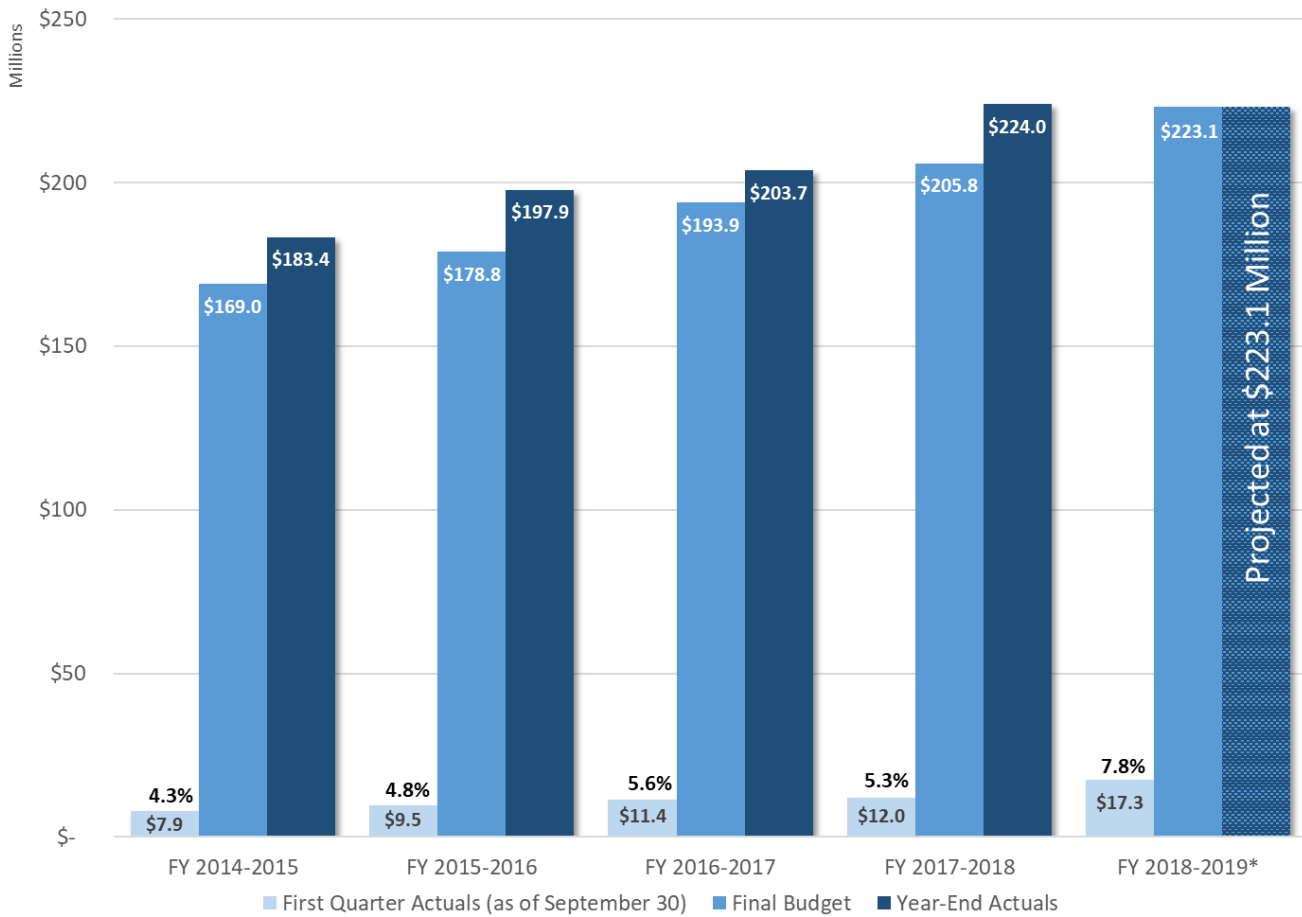
### Discretionary Revenue

As of September 30, 2018, approximately \$17.3 million in Discretionary Revenue has been received, representing nearly 7.8% of the 2018-2019 Adopted Final Budget of \$223.1 million. For the last four years, Discretionary Revenue collected by the end of the first quarter ranged from 4.7% to 5.9% of the Final Budget and from 4.3% to 5.6% of the year-end actual totals. Current year Discretionary Revenue received during the first quarter exceeds both ranges identified in the most recent four years. This is due

to a technical operational variance from prior years associated with the delayed reversal of prior year accruals, an adjustment that typically takes place in August; this year's reversal occurred in October, after the end of the first quarter. Factoring in the delayed adjustment, first quarter receipts would total \$12.1 million, bringing this fiscal year's receipts in line with historical range at 5.4% of projected revenue. The following chart shows a five-year comparison of first quarter activity.



## General Fund – Discretionary Revenue Five-Year Comparison



\*Fiscal Year 2018-2019 Year-End Actuals projected using 2018-2019 Adopted Final Budget

The Chief Executive Office closely monitors Discretionary Revenue and may recommend changes as necessary throughout the remainder of the fiscal year as more information becomes available and receipt totals are updated. Each year

only a small portion of Discretionary Revenue receipts post by the end of the first quarter and adjustments to this budget are generally postponed until at least six months of actuals have been received.

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# Supporting Strong and Safe Neighborhoods

CEO – Capital Projects  
CEO – County Operations  
CEO – Office of Emergency Services/Fire Warden  
District Attorney  
Grand Jury  
Integrated Criminal Justice Information System  
Probation  
Public Defender  
Sheriff





## ***Supporting Strong and Safe Neighborhoods for Individuals and Families to Thrive***

### **Priority Overview**

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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 *Supporting Strong and Safe Neighborhoods* 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.

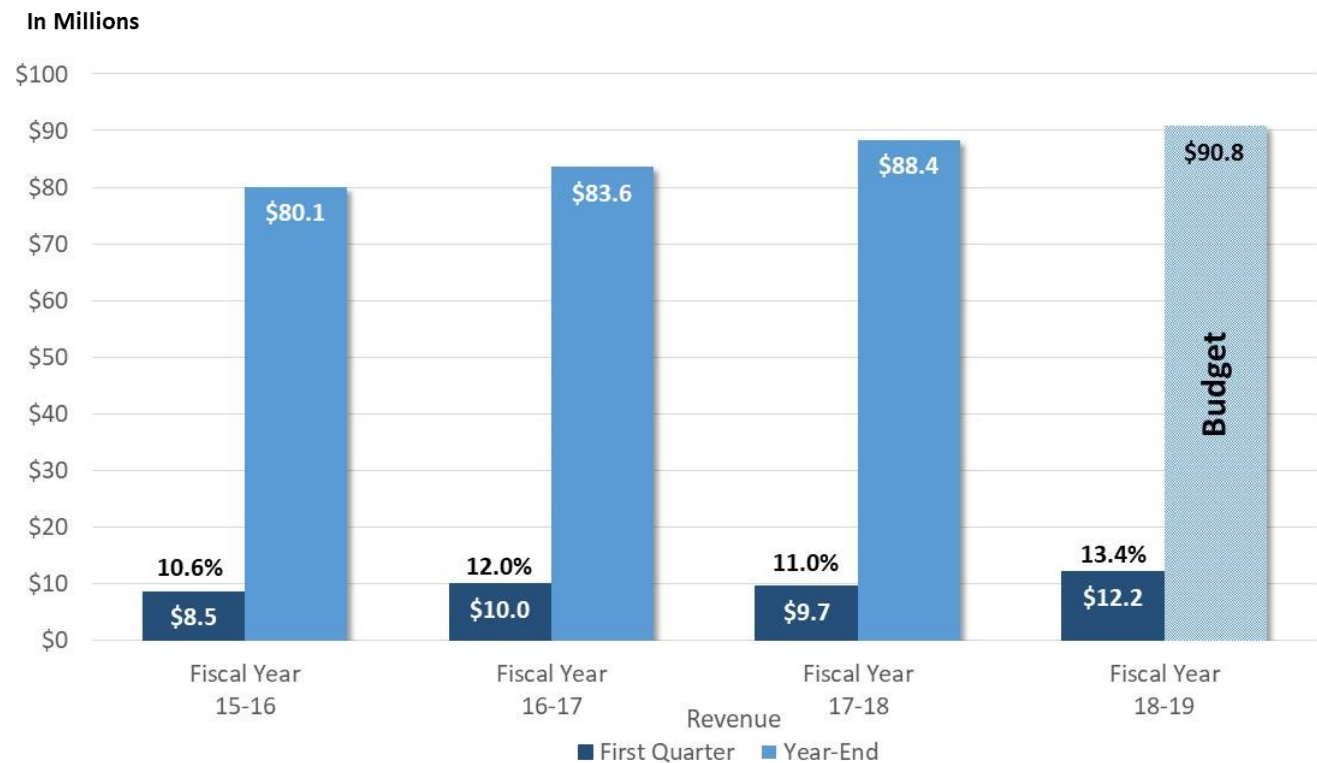
Overall, the departments within the priority *Supporting Strong and Safe Neighborhoods* are on track to end the year within budget and in a positive fiscal position.

## Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors priority area of *Supporting Strong and Safe Neighborhoods* as of September 30, 2018, actual revenue collected is \$12.2 million, which represents 13.4% of the estimated annual revenue. This is slightly above the range when compared to the first quarter point of the prior three

years when collections ranged from 10.6% to 12.0% of the final actual revenue. This is primarily due to a pending correction for revenue related to sales tax inadvertently posted to County Court funding. With that correction, this priority area is within the range of the prior three years at 10.8% of revenue collected.

### Supporting Strong and Safe Neighborhoods Four-Year Revenue Comparison



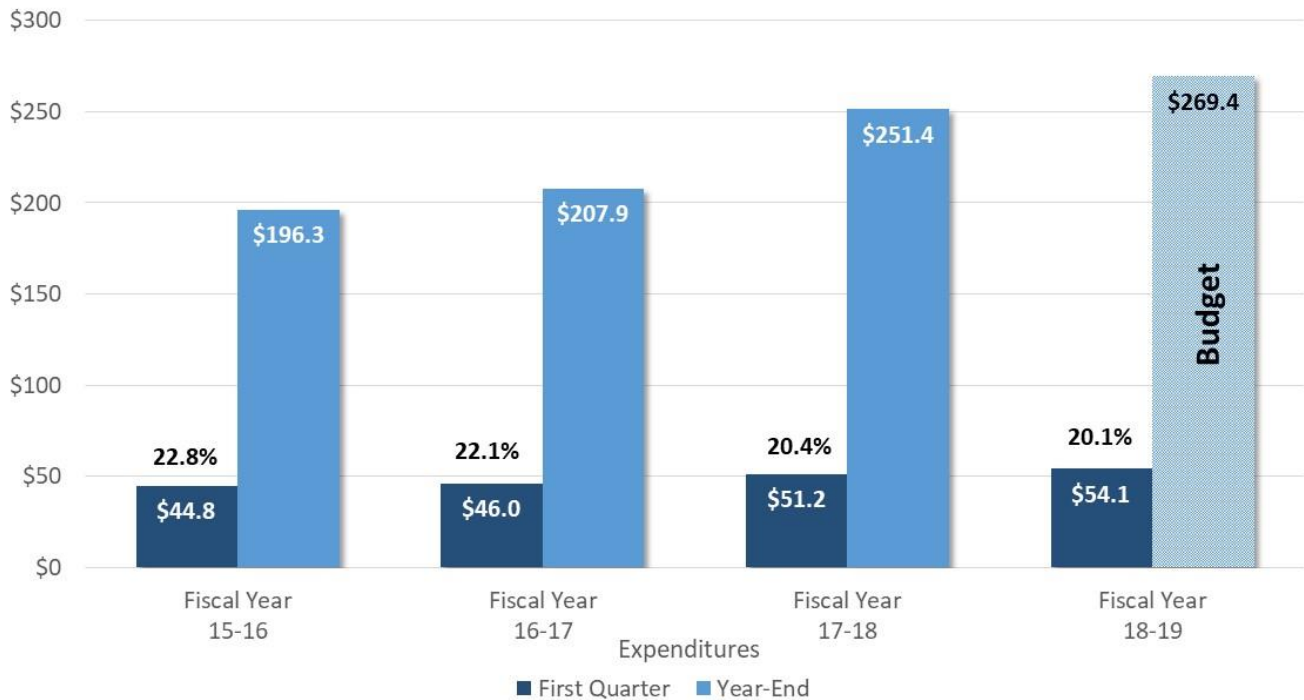
## Departmental Expenditures

As of September 30, 2018, expenditures are \$54.1 million, representing 20.1% of the budgeted appropriations. This is slightly below the range when compared to the first quarter point of the prior three years when expenditures ranged from 20.4% to 22.8% of the final actual expenditures. This is

primarily due to the conclusion of the 5% strategic salary savings program. As a result, additional appropriations were provided in Fiscal Year 2018-2019 to fund salaries at 100%.

### Supporting Strong and Safe Neighborhoods Four-Year Expenditures Comparison

In Millions



## First Quarter Issues and Recommendations

### Sheriff

At Final Budget, the Department was approved to move forward with the implementation of a Body Worn Camera and Taser program to be implemented in January of 2019. Ongoing equipment costs in Fiscal Year 2018-2019 were supported at \$165,000 (six months) with ongoing annual costs beginning in Fiscal Year 2019-2020 projected at \$330,000. The Department has since obtained a final quote from Axon, the vendor providing the program equipment. The final quote identifies startup equipment costs that were not previously budgeted. The additional startup costs increase Fiscal Year 2018-2019 equipment costs to approximately \$526,000 and decrease the annual ongoing costs beginning in Fiscal Year 2019-2020 to \$293,669. An increase of \$360,639 is recommended to support the implementation of this program in Fiscal Year 2018-2019 funded through a transfer from CEO-Appropriations for Contingencies. The new targeted implementation date for the program will be March-June

2019 as the Department works with Axon to schedule training and equipment installation dates once a contract is fully executed.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - Operations	\$0	\$360,639	\$0	\$360,639	Increase appropriations to reflect additional costs related to the Body Worn Camera program. Funded with Appropriations for Contingencies
<b>Total</b>	<b>\$0</b>	<b>\$360,639</b>	<b>\$0</b>	<b>\$360,639</b>	

**Recommendation:** It is recommended to increase appropriations by \$360,639 funded by Net County Cost through a transfer from Appropriations for Contingencies.

**Staffing Recommendation:** A study was requested in the 2017-2018 Final Budget to review the current duties and responsibilities of a Stock/Delivery Clerk II position in the Jail Commissary/Inmate Welfare unit. Based on the results of the study, it is recommended to reclassify upward one Stock/Delivery Clerk II position to a block-budgeted Storekeeper I/II.

In addition, a study was requested in the 2017-2018 Final Budget to review a Storekeeper II position. The classification study has been completed and based on the results of the study, it is recommended to add a new classification of Sheriff’s Support Services Supervisor. This position will be responsible for the supervision, training, and evaluation of the Support Services personnel responsible for the meals, laundry and commissary provided to inmates in the Stanislaus County Adult Detention Facilities. This new classification will have a pay range of \$21.71 - \$26.40 per hour and will reside in the SCEA, AFSCME Local 10 Mid-Management/Supervisory bargaining unit. It is also recommended to reclassify upward one Storekeeper II position to the new Sheriff Support Services Supervisor classification.



# Supporting Community Health

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





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

### **Priority Overview**

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*Supporting Community Health* is vital to the quality of life for our residents. The departments within this Board of Supervisors' priority area focus on protecting and promoting physical health, safety, and overall well-being. They address social problems that include homelessness, incarceration, and fragmented families, assisting with the financial and emotional needs of those in crisis. An emphasis on prevention helps department staff to improve the quality of life for those served and allows them to reach a broader population.

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

Health and Recovery Services, Chief Executive Office – Stanislaus Veterans Center, Child Support Services, Children and Families Commission, Community Services Agency, and Health Services Agency. The major funding sources for the programs provided by these departments include Federal and State funding. The County uses local discretionary funds, where required, to match other governmental funding in support of these programs.

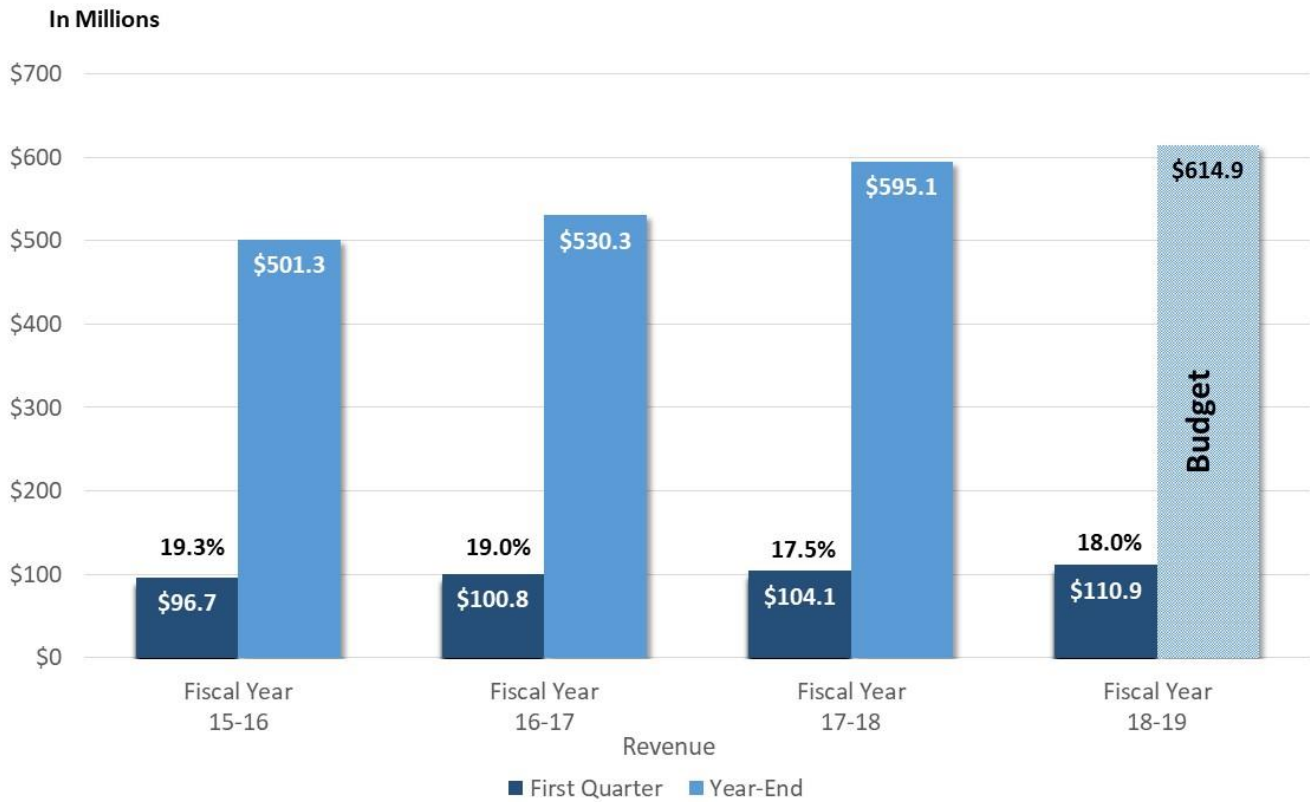
Overall, the departments within the priority *Supporting Community Health* are on track to end the year within budget and in a positive fiscal position.

## Departmental Revenue

For the departmental budgets that are part of the priority *Supporting Community Health*, actual revenue received as of September 30, 2018 totals \$110.9 million, which represents 18% of the

estimated annual revenue. This is within the range of revenue received in the first quarter of the previous three years when collections ran from 17.5% to 19.3% of year-end actual totals.

### Supporting Community Health Four-Year Revenue Comparison

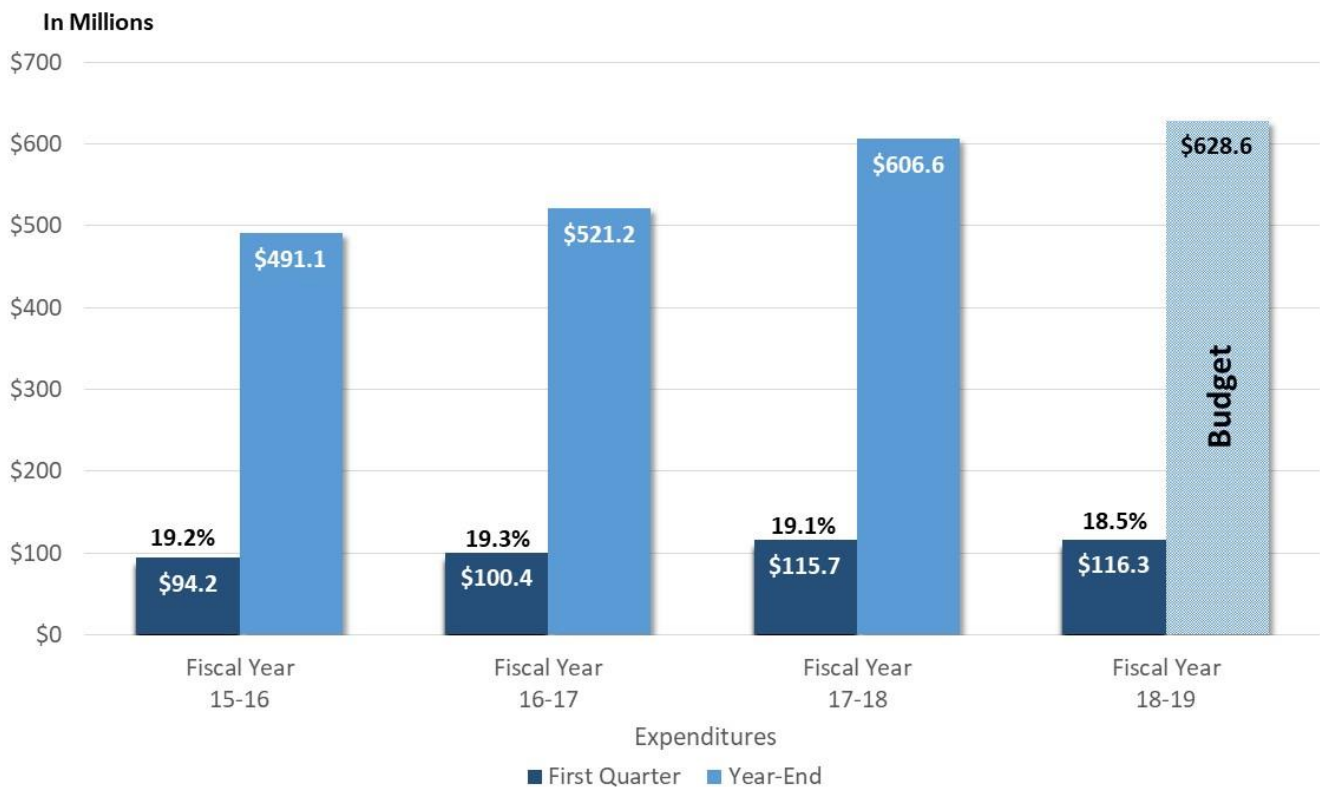


## Departmental Expenditures

As of September 30, 2018, expenditures in this priority area totaled \$116.3 million, representing 18.5% of the budgeted appropriations. Actual expenditures identified at the first quarter point of the previous three years represented a range of 19.1% to 19.3% of the final annual expenditures, placing this year's rate of expenditures below the

historical range from the previous three fiscal years. This variance is primarily due to increased budget authority for the In-Home Supportive Services program for costs that are anticipated to materialize later in the fiscal year.

### Supporting Community Health Four-Year Expenditures Comparison



## First Quarter Issues and Recommendations

### Behavioral Health and Recovery Services

**Staffing Recommendation:** A study was requested in the 2018-19 Proposed Budget to review the current duties and level of responsibilities of the Department's Fiscal Manager III position. Based on the results of the study, it is recommended to reclassify upward the Manager III position to a Manager IV.

In addition, a study was requested in the 2018-19 Proposed Budget to review the current duties and level of responsibilities of the Manager II position in Prevention and Early Intervention Services (PEI) and the Manager II position in the Supportive Services unit. Based on the results of the study, it is recommended to reclassify upward both Manager II positions to Manager III.

Further, a study was requested in the 2018-19 Proposed Budget to review the current duties and responsibilities of three Account Clerk III positions in the Public Guardian division. Based on the results of the study, it is recommended to reclassify upward three Account Clerk III positions to Accounting Technician.

### Child Support Services

The Department of Child Support Services is requesting an increase in estimated revenue and appropriations of \$159,924 due to a one-time state allocation increase. This increase will assist the department to fund the current year staff salaries and benefits consistent with recently approved labor agreements. This allocation is the result of Stanislaus County working with 14 other counties to pursue additional funding through the state legislature. The 14 county consortium continues to work with the state to adjust the funding allocations for state Child Support Programs.

Additionally, the department is requesting to decrease estimated revenue and appropriations by \$16,129 in the Pathways to Self Sufficiency Program due to a state allocation decrease.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Department of Child Support Services	\$159,924	\$159,924	\$0	\$0	Increase revenue and appropriations due to a one-time state allocation.
Department of Child Support Services	(\$16,129)	(\$16,129)	\$0	\$0	Decrease revenue and appropriations in the Pathways to Self Sufficiency Program Grant.
<b>Total</b>	<b>\$143,795</b>	<b>\$143,795</b>	<b>\$0</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase appropriations and estimated revenue by \$143,795.

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# Developing a Healthy Economy

Agricultural Commissioner  
CEO-Economic Development Bank  
UC Cooperative Extension  
Workforce Development







## ***Developing a healthy economy, building upon our strong agricultural foundation***

### **Priority Overview**

The Board of Supervisors' priority area of *Developing a Healthy Economy* recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural 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 Developing a Healthy Economy. Departments and programs assigned to this priority area include: Agricultural Commissioner, Chief Executive Office - Economic Development Bank, UC Cooperative Extension and Workforce Development.

The Board of Supervisors' priority area of *Developing a Healthy Economy*, building upon our strong agricultural foundation recognizes the vital role of the County's number one industry, agriculture, that generates over \$3.6 billion per year for County residents. Farmland conversion, air pollution, soil

salinity and drainage, agricultural water supply and water quality, and preservation of the County's unique agriculture heritage are key aspects of Developing a Healthy Economy. Departments assigned to this priority area focused on agribusiness 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 several 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.

The Workforce Development's major funding source is Federal funds (Workforce Innovation and Opportunity Act).

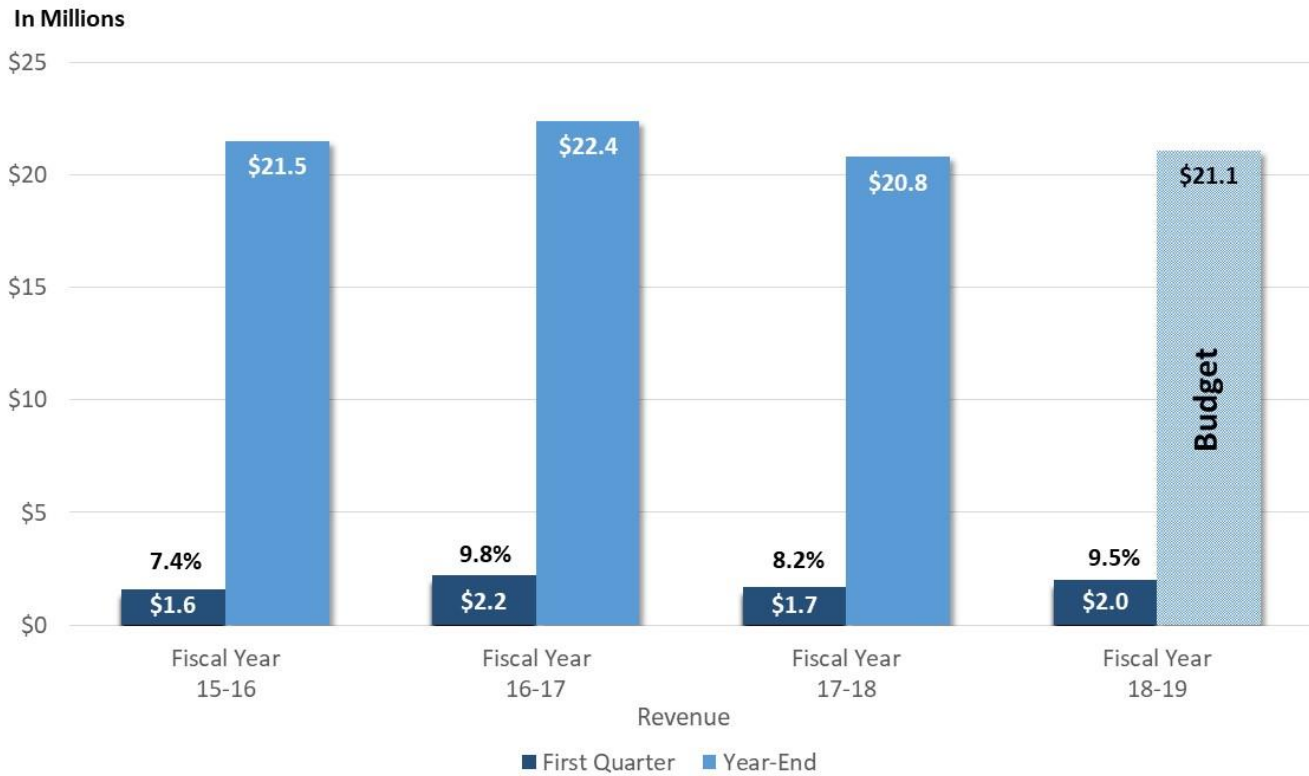
Overall, the departments within the priority *Developing a Healthy Economy* are on track to end the year within budget and in a positive fiscal position.

## Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors’ priority area of *Developing a Healthy Economy* as of September 30, 2018, actual revenue collected is \$2 million, which represents 9.5% of the estimated annual revenue. This is within

the range when compared to the first quarter of the prior three years when collections were 7.4% to 9.8% of the final actual revenue.

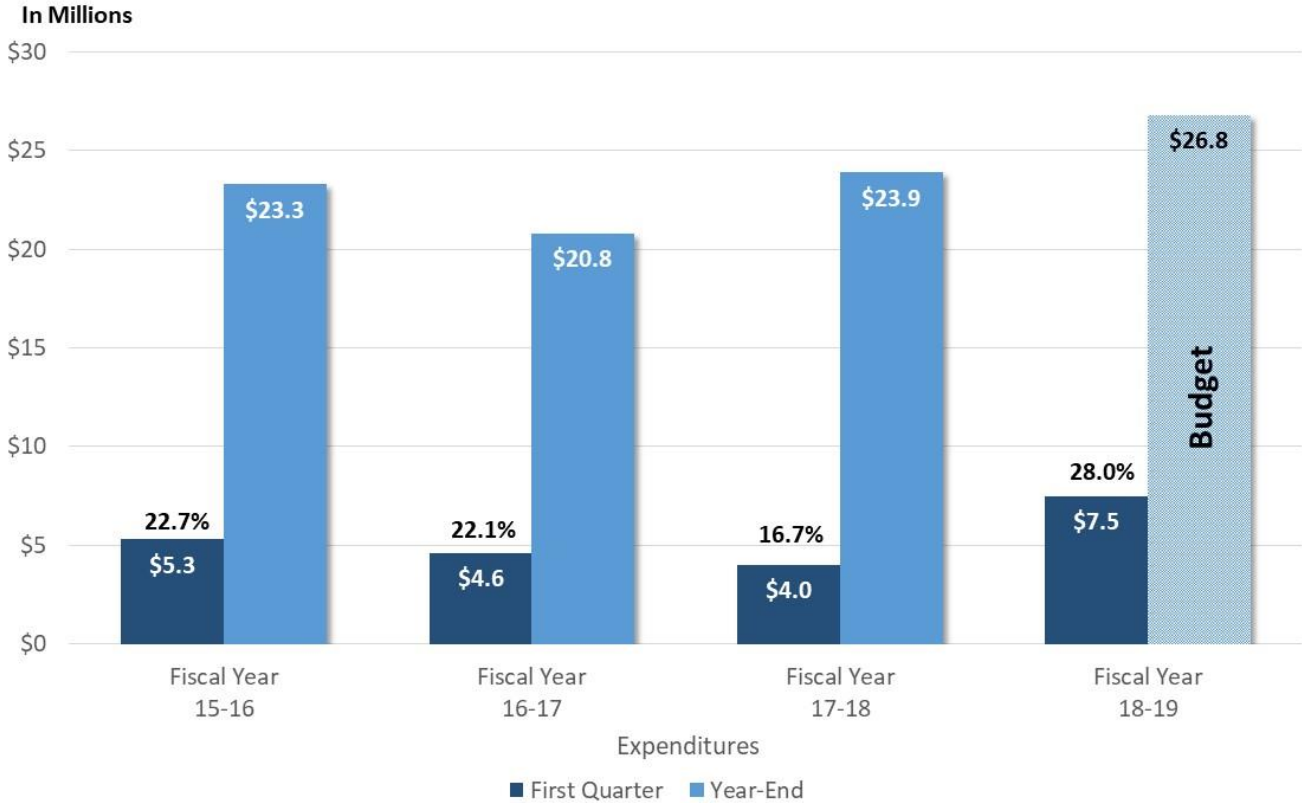
### Developing a Healthy Economy Four-Year Revenue Comparison



## Departmental Expenditures

As of September 30, 2018, expenditures are \$7.5 million, representing 28% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 16.7% to 22.7% of the final actual expenditures, placing this year above the range. This is primarily the result of \$2.9 million being transferred out of the Chief Executive Office - Economic Development Bank (Fund 0105) to the CEO - Crows Landing Air Facility for costs associated with the Crows Landing Industrial Business Park (CLIBP) as approved in the 2018-2019 Adopted Final Budget.

### Developing a Healthy Economy Four-Year Expenditures Comparison



## First Quarter Issues and Recommendations

### Workforce Development

There are two recommended staff reclassifications that do not have a material fiscal impact on the Department budget.

**Staffing Recommendation:** A study was requested in the 2017-2018 Mid-Year Budget to review the current duties and responsibilities of an Administrative Clerk II position at Workforce Development. Based on the results of the study, it is recommended to reclassify upward the Administrative Clerk II position to Administrative Clerk III.

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In addition, a study was requested in the 2018-2019 Proposed Budget to review the current duties and responsibilities of another Administrative Clerk II position. Based on the results of the study, it is recommended to reclassify upward the Administrative Clerk II position to a block-budgeted Family Services Specialist I/II.

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# Promoting First-Rate Learning

Library





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

### **Priority Overview**

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

The Library is responsible for implementing the Board of Supervisors' priority of *Promoting First-Rate Learning* opportunities for all residents to advance community and individual prosperity. The Stanislaus County Library engages members of the community and offers access to information, knowledge, and the tools for innovation and personal development. The Library offers early literacy programs for children, basic literacy services to adults, workforce readiness programs, resources for veterans and their families, and outreach services beyond the physical walls of

the libraries including online e-resources and community outreach activities such as home delivery service for customers who are unable to come to the library due to advanced age, injury or illness. The library also offers unique services such as the Veterans Resource Center, passport application processing, and citizenship information sessions.

The Library is primarily funded by a voter approved 1/8-cent sales tax, which represents approximately 91% of the Library's total estimated revenue to support the Library operations in Fiscal Year 2018-2019. The voter approved 1/8-cent sales tax was extended for 12 years when Measure S passed in the November 7, 2017 election.

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

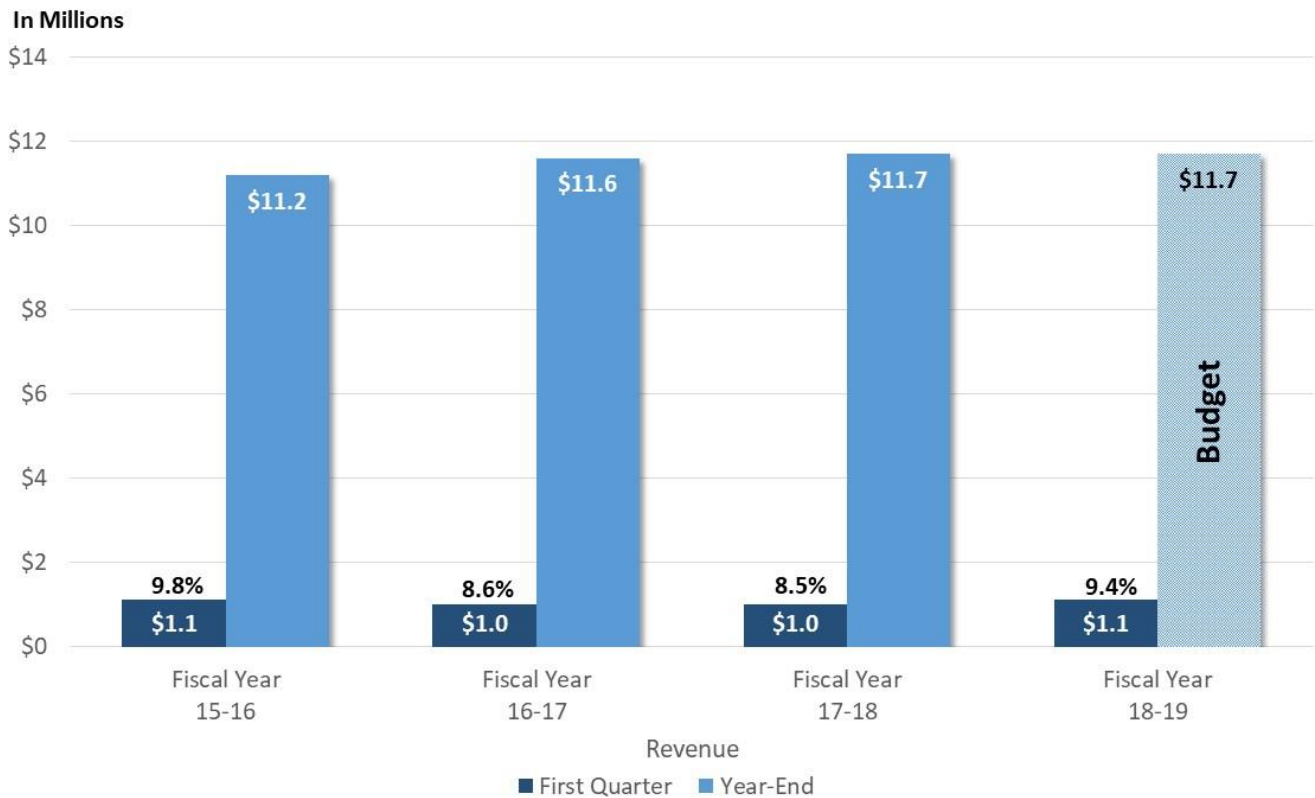


## Departmental Revenue

For the departmental budget that is part of the Board of Supervisors' priority area of *Promoting First-Rate Learning* as of September 30, 2018, actual revenue collected is \$1.1 million, which represents 9.4% of

the estimated annual revenue. This is within the range when compared to the first quarter of the prior three years when collections were 8.5% to 9.8% of the final actual revenue.

### Promoting First-Rate Learning Four-Year Revenue Comparison

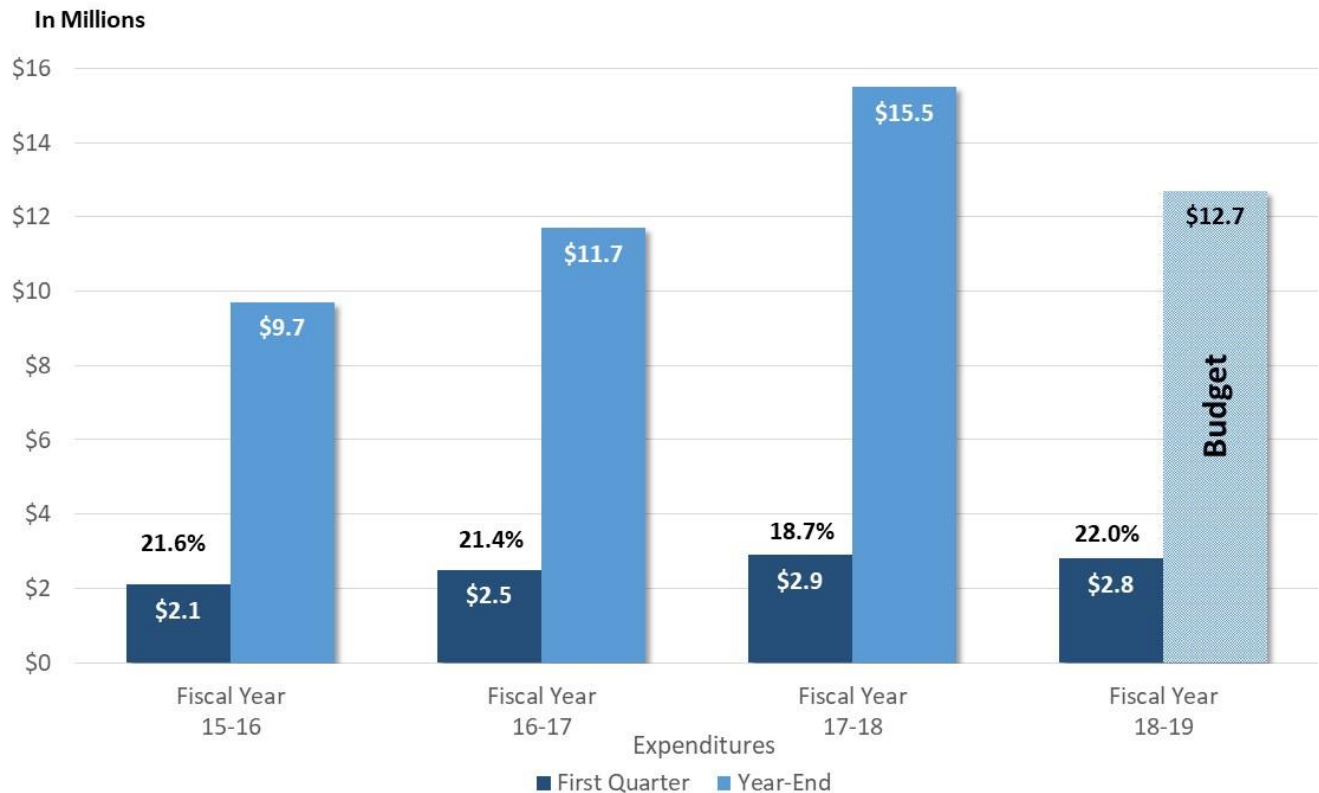


## Departmental Expenditures

As of September 30, 2018, expenditures total \$2.8 million, representing 22% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 18.7% to 21.6% of the final actual expenditures, placing this

year slightly above the range. This is primarily the result of a retirement cash out and increased costs of annual subscriptions in Library products and services due First Quarter.

### Promoting First-Rate Learning Four-Year Expenditures Comparison



## First Quarter Issues and Recommendations

### Library

There is one recommended staff reclassification that does not have a material fiscal impact on the Department budget.

**Staffing Recommendation:** A study was requested in the 2018-2019 Proposed Budget to review the current duties and responsibilities of the Administrative Clerk II position at the Library. Based on the results of the study, it is recommended to reclassify upward one Administrative Clerk II position to Administrative Clerk III.

# Delivering Efficient Public Services

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





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## ***Delivering efficient public services to benefit our residents and businesses***

### **Priority Overview**

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

Departments assigned to the Board of Supervisors' priority area of *Delivering Efficient Public Services*

include the Assessor, Auditor-Controller, Chief Executive Office, Clerk-Recorder/Elections, County Counsel, General Services Agency, 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, sales tax, various fees, franchises, charges for services, and a variety of other discretionary funding sources.

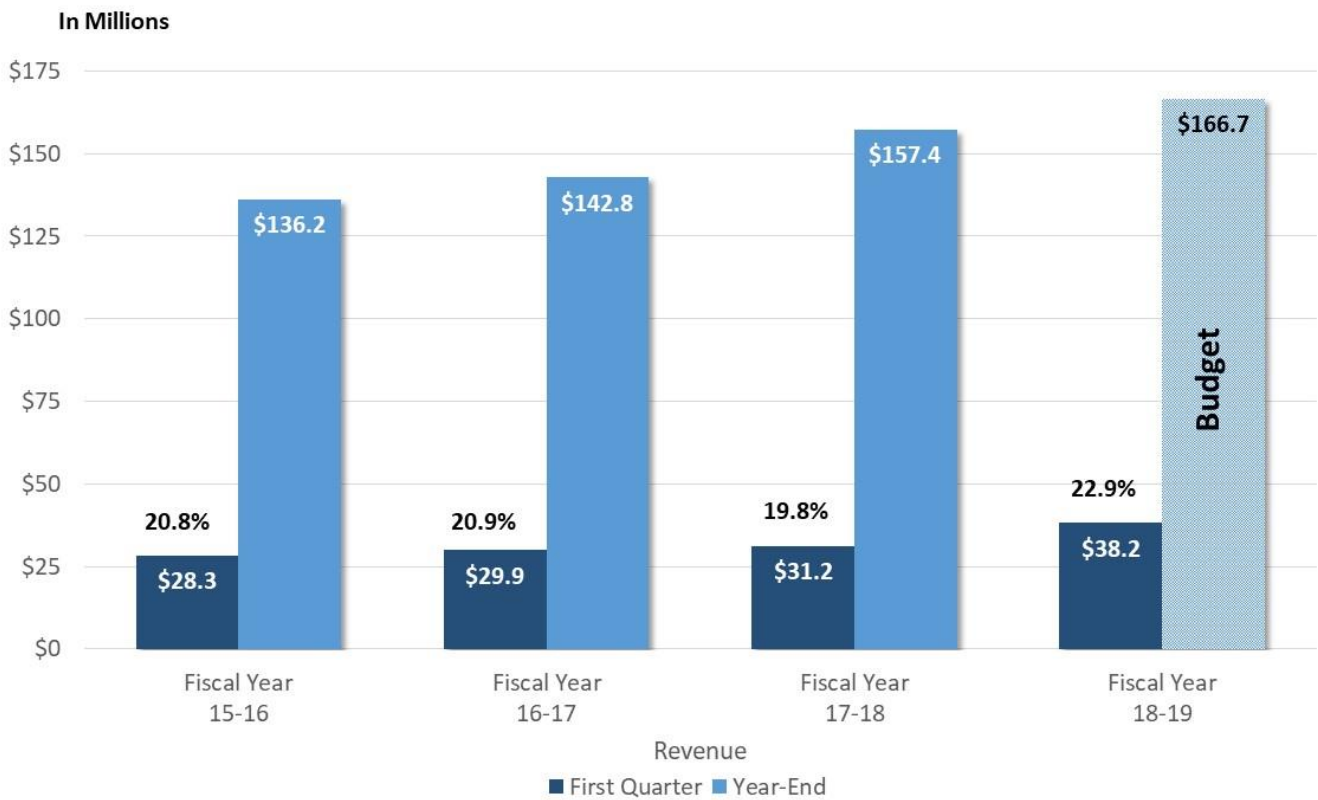
Overall, departments within the priority *Delivering Efficient Public Services* are on track to end the year within budget and in a positive fiscal position.

## Departmental Revenue

For the departmental budgets that make up the Board of Supervisors' *Delivering Efficient Public Services* priority area, the actual revenue collected as of September 30, 2018, totaled \$38.2 million. This represents 22.9% of the estimated annual revenue and is slightly above the range compared to the first quarter point of the prior three years when collections ranged from 19.8% to 20.9% of the final

actual revenue. This is primarily due to additional administrative fees collected in the Clerk-Recorder Department. Effective January 1, 2018, the Building Homes and Jobs Act mandated that Clerk-Recorder Departments collect \$75 per eligible recording and remit 90% of the fees collected to the state on a quarterly basis.

### Delivering Efficient Public Services Four-Year Revenue Comparison



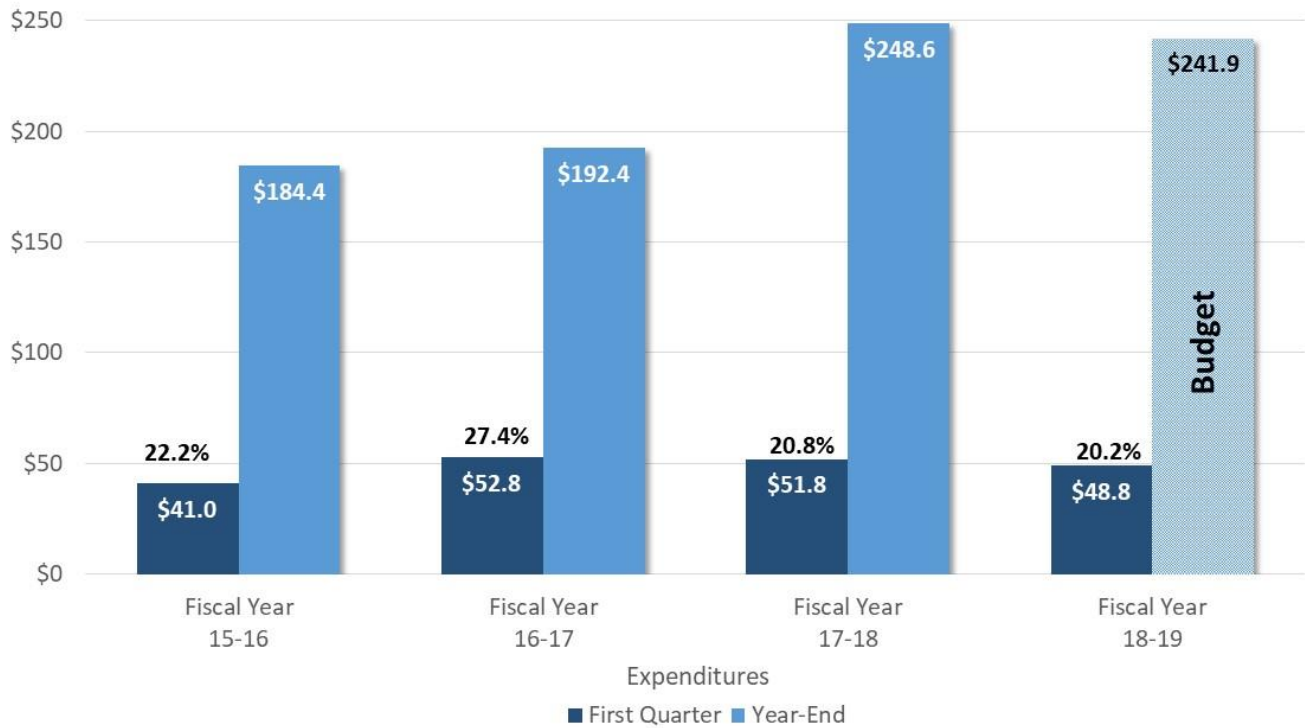
## Departmental Expenditures

As of September 30, 2018, expenditures in this Board priority area totaled \$48.8 million, representing 20.2% of the appropriations budgeted for the year. Expenditures at the first quarter point of the previous three fiscal years ranged from a low of 20.8% to a high of 27.4% of the final actual expenditures, placing this year below the range.

This variance is primarily due to the payoff of external General Fund debt, which has decreased expenditures by approximately \$5.5 million in First Quarter. In addition, there is a delay in posting mandate match for departments *Supporting Community Health* which will be resolved in the remainder of the fiscal year.

### Delivering Efficient Public Services Four-Year Expenditures Comparison

In Millions



## First Quarter Issues and Recommendations

### Assessor

The Department is requesting an increase in appropriations of \$25,350, funded by a transfer from CEO-Appropriations for Contingencies, to upgrade AssessorWeb Application utilized by the Department. Updates include security and functionality improvements for public and agency valuation inquiries, electronic value notices, agency user administration access and the Map Book viewer.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Assessor	\$0	\$25,350	\$0	\$25,350	Increase appropriations to upgrade AssessorWeb Application to increase security and improve functionality funded by Net County Cost.
<b>Total</b>	<b>\$0</b>	<b>\$25,350</b>	<b>\$0</b>	<b>\$25,350</b>	

**Recommendation:** It is recommended to increase appropriations by \$25,350 funded by Net County Cost through a transfer from Appropriations for Contingencies.

### Chief Executive Office – Appropriations for Contingencies

This budget serves as the contingency fund for Stanislaus County to provide funds to meeting unexpected and emergency financial exposures, which may arise during the fiscal year. The transfer of funds from Appropriations for Contingencies to departmental operating budgets requires a four-fifths vote by the Board of Supervisors. The 2018-2019 Adopted Final Budget included a total of \$7,915,499 in appropriations for use during the fiscal year for contingencies related to General Fund cash-outs, health insurance increases, labor negotiations exposure, and other miscellaneous unforeseen program or community needs.

At First Quarter, a transfer of \$475,250 is recommended for the implementation of website improvements in the Assessor’s office, to cover additional costs related to the body-worn camera program in the Sheriff’s Department, and to accommodate updated costs associated with the reconfiguration of the office space and a new Manager II position in the Treasurer-Tax Collector Department. If approved, \$7,440,249 will remain in CEO - Appropriations for Contingencies for use in Fiscal Year 2018-2019.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CEO - Appropriations for Contingencies	\$0	(\$25,350)	\$0	(\$25,350)	Transfer appropriations to the Assessor budget for website improvements
CEO - Appropriations for Contingencies	\$0	(\$360,639)	\$0	(\$360,639)	Transfer appropriations to the Sheriff-Operations budget for body-worn camera program costs
CEO - Appropriations for Contingencies	\$0	(\$34,795)	\$0	(\$34,795)	Transfer appropriations to the Treasurer-Tax Collector - Admin/Taxes division for additional electrical/phone costs
CEO - Appropriations for Contingencies	\$0	(\$54,466)	\$0	(\$54,466)	Transfer appropriations to the Treasurer-Tax Collector - Admin/Taxes division for new Manager II position
<b>Total</b>	<b>\$0</b>	<b>(\$475,250)</b>	<b>\$0</b>	<b>(\$475,250)</b>	

**Recommendation:** It is recommended that a transfer of \$475,250 from Appropriations for Contingencies to the Assessor, Sheriff-Operations, and Treasurer-Tax Collector – Admin/Taxes budgets be approved.

### Treasurer-Tax Collector

The department is requesting an increase in appropriations of \$89,261 for Treasurer-Admin Taxes division funded by a transfer from CEO-Appropriations for Contingencies; \$34,795 will fund unanticipated electrical and phone work needed for a Departmental reconfiguration approved at Final Budget and \$54,466 will fund one new Manager II position. The Department will submit a request to delete a vacant position in an upcoming budget cycle.



The department is requesting an increase in appropriations and estimated revenue of \$185,838 for the Revenue Recovery division; an increase of \$46,133 will fund unanticipated electrical and phone work needed for a Department reconfiguration approved at Final Budget and \$50,444 will fund one new Accountant II position. The Department will submit a request to delete a vacant position in an upcoming budget cycle. In addition, a technical adjustment of \$45,000 is recommended to correct the Net County Cost inadvertently provided at Final Budget for a Departmental reconfiguration. The Departmental reconfiguration will be funded by estimated revenue.

A technical adjustment of \$9,000 is recommended to correct the Net County Cost inadvertently provided to the Treasury division at Final Budget for maintenance of remittance processors. The maintenance of the remittance processors will be funded by estimated departmental revenue. Additionally, the division is requesting an increase in appropriations and estimated revenue of \$88,867 to fund one Accountant II position and one Accounting Technician position. The Department will submit a request to delete two vacant positions in an upcoming budget cycle.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Treasurer - Admin/Taxes	\$0	\$34,795	\$0	\$34,795	Increase appropriations to cover unanticipated electrical and phone work for reconfiguration funded by a transfer from Appropriations for Contingencies
Treasurer - Admin/Taxes	\$0	\$54,466	\$0	\$54,466	Increase appropriations to fund one Manager II position funded by a transfer from Appropriations for Contingencies
Revenue Recovery	\$46,133	\$46,133	\$0	\$0	Increase appropriations and estimated revenue to cover unanticipated electrical and phone work for reconfiguration
Revenue Recovery	\$50,444	\$50,444	\$0	\$0	Increase appropriations to fund one Accountant II position funded by estimated revenue.
Revenue Recovery	\$45,000	\$0	\$0	(\$45,000)	Technical adjustment to correct the Net County Cost provided by error at Final Budget for the office reconfiguration.
Treasury	\$9,000	\$0	\$0	(\$9,000)	Technical adjustment to correct the Net County Cost provided by error at Final Budget for the miscellaneous cost (maintenance of the remittance processors).
Treasury	\$50,444	\$50,444	\$0	\$0	Increase appropriations and estimated revenue to fund one Accountant II position
Treasury	\$38,423	\$38,423	\$0	\$0	Increase appropriations and estimated revenue to fund one Accounting Technician position
<b>Total</b>	<b>\$239,444</b>	<b>\$274,705</b>	<b>\$0</b>	<b>\$35,261</b>	

**Recommendation:** It is recommended to increase appropriations by \$274,705, funded by estimated revenue of \$239,444 and Net County Cost of \$35,261. The Net County Cost is funded by transfer from CEO-Appropriations for Contingencies of \$89,261, offset by Net County Cost savings resulting from the technical correction to return \$54,000 approved in error in the Adopted Final Budget, resulting in a net General Fund Contribution of \$35,261.

**Staffing Recommendation:** Several new positions were requested in the 2018-2019 Proposed Budget as part of a reorganizational need in the Treasurer-Tax Collector’s Office. In exchange, the Department would return in a near future budget to delete vacant positions as a result of staff filling the new positions. It was recommended to study the request for new positions. Based on the results of the study, it is recommended to add four new positions: one block-budgeted Accountant I/II in Revenue Recovery, one block-budgeted Manager I/II in Tax/Administration, and one block-budgeted Accountant I/II and one Accounting Technician in Treasury. The Department will then submit requests to delete four vacancies in an upcoming budget.

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# Delivering Community Infrastructure

Environmental Resources  
Parks and Recreation  
Planning and Community Development  
Public Works





## ***Delivering community infrastructure to benefit our residents and businesses***

### **Priority Overview**

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

Community Development, and Public Works. The major funding sources for these departments include State and Federal funding, fees and charges for services, the General Fund, special revenue grants and tax increment payments.

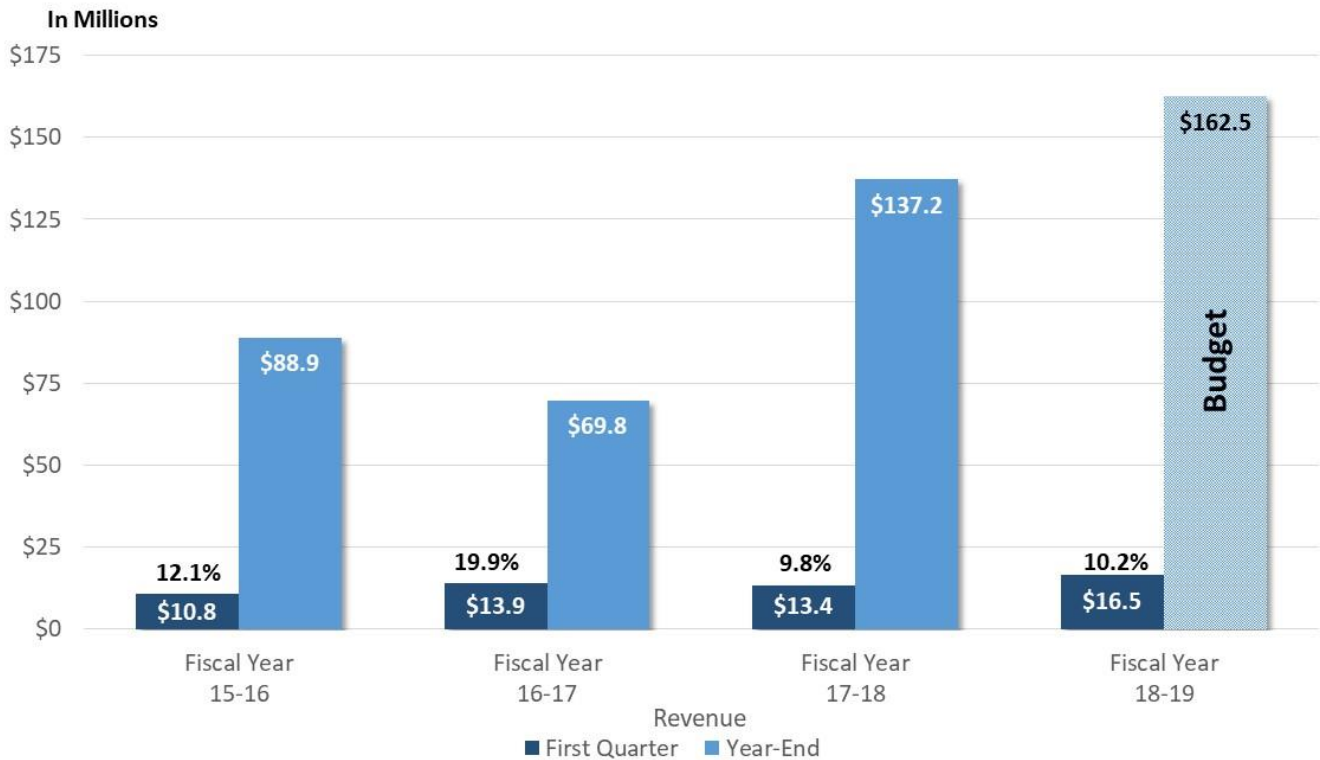
Overall, the departments *Delivering Community Infrastructure* are on track to end the year within budget and in a positive fiscal position.

## Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors' priority *Delivering Community Infrastructure* as of September 30, 2018, actual revenue collected is \$16.5 million, which represents

10.2% of the estimated annual revenue. This is within the range when compared to the first quarter of the prior three years when collections ranged from 9.8% to 19.9% of the final actual revenue.

### Delivering Community Infrastructure Four-Year Revenue Comparison

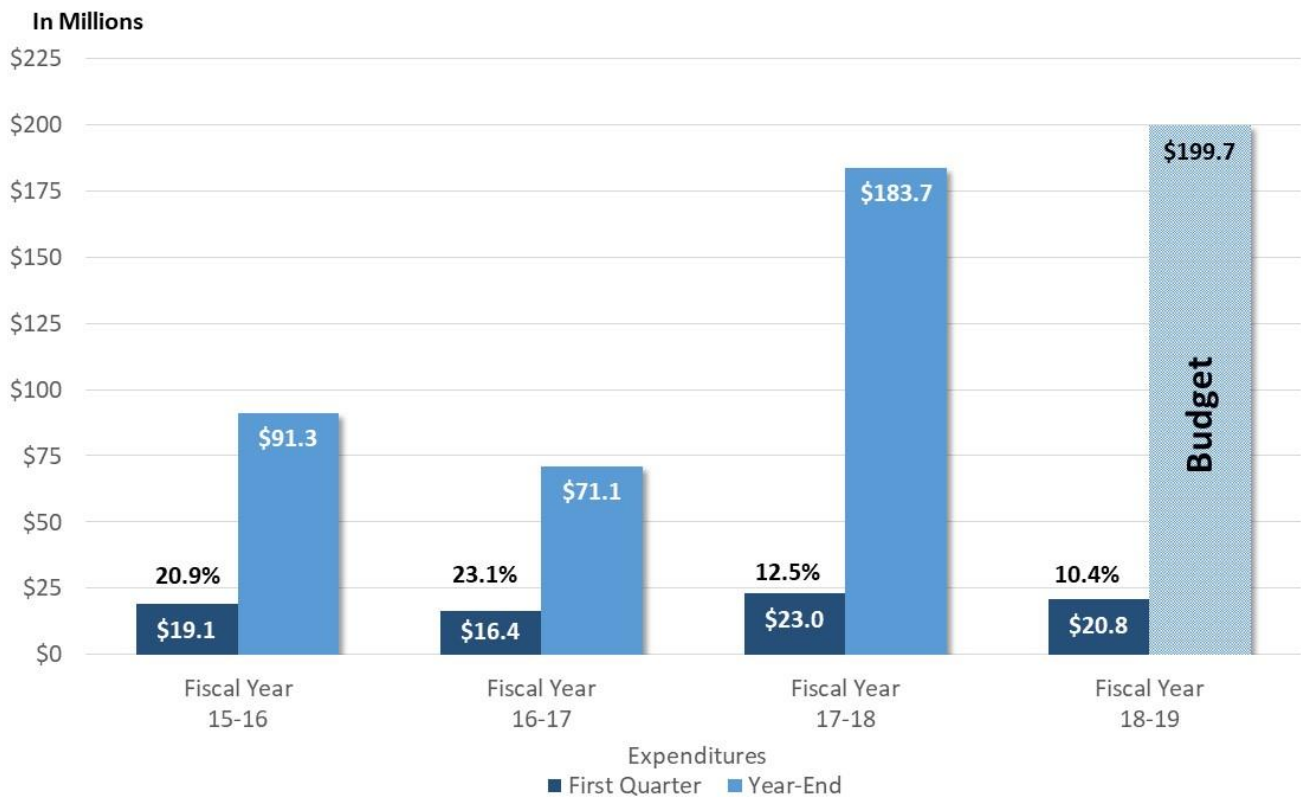


## Departmental Expenditures

As of September 30, 2018, expenditures are \$20.8 million, representing 10.4% of the budgeted appropriations. Expenditures at the first quarter of the prior three years ranged from 12.5% to 23% of the final actual expenditures, placing this year's expenditures below the range. The lower percentage at first quarter compared to the same time last year

is primarily due to the timing of road projects. Projects are fully budgeted in the current year; however, actual expenditures occur over multiple years. Two traffic signal projects: Geer Road at Santa Fe and Geer Road at Whitmore are scheduled for completion Winter 2018.

### Delivering Community Infrastructure Four-Year Expenditures Comparison



## First Quarter Issues and Recommendations

### Environmental Resources

**Staffing Recommendation:** A study was requested in the 2018-19 Proposed Budget to review the current duties and level of responsibilities of the Code Enforcement Manager I position. Based on the results of the study, it is recommended to reclassify upward the Manager I position to a block-budgeted Manager I/II.

## Parks and Recreation

Off-Highway Vehicle Fund – The Department is requesting an increase in estimated revenue in the amount of \$29,921 and appropriations by \$35,000 for the replacement of the La Grange Off-highway vehicle (OHV) park entrance station. The entrance station’s structure was damaged by a vehicle hit and run, and was demolished due to immediate safety hazards. The entrance station replacement is funded by insurance reimbursement, with the balance funded by department fund balance. The OHV season begins in October, which brings several off-highway vehicles annually to use the Park.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Off-Highway Vehicle Fund	\$29,921	\$35,000	\$5,079	\$0	Increase appropriations and esimated revenue to replace the La Grange OHV Entrance Station. Estimated revenue is a one-time insurance reimbursement, resulting in a use of department fund balance.
<b>Total</b>	<b>\$29,921</b>	<b>\$35,000</b>	<b>\$5,079</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase estimated revenue by \$29,921 and appropriations by \$35,000 for Parks and Recreation Off-Highway Vehicle Fund, resulting in a use of \$5,079 in department fund balance.

## Planning and Community Development

Special Revenue Grants – On September 25, 2018 the Board of Supervisors approved the Department to apply for and accept, if awarded, grant funding provided by the new California Emergency Solutions and Housing Program (CESH). CESH provides funds to assist persons experiencing or at risk of homelessness as authorized by Senate Bill 850 (2018). At the time of Board authorization, it was stated that any necessary budget adjustments would be made as part of the First Quarter Financial Report.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Planning Special Revenue Grants	\$1,025,620	\$1,025,620	\$0	\$0	Increase appropriations and revenue to reflect the funding provided by the California Emergency Solutions and Housing Program (CESH)
<b>Total</b>	<b>\$1,025,620</b>	<b>\$1,025,620</b>	<b>\$0</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase estimated revenue and appropriations by \$1,025,620 for Planning – Special Revenue Grants.

## Public Works

Morgan Shop – The Department is requesting to increase estimated revenue in the amount of \$60,000 and appropriations by \$85,000 to replace a self-propelled broom. The self-propelled broom sustained major damage in a vehicle accident and is non-operational as a result. Morgan shop had five self-propelled brooms in its inventory prior to the accident. The brooms are used by Road and Bridge to clear roads of debris and excess rock from the roadway for chip seal operations and shoulder work. The replacement costs are funded by insurance reimbursement, with the balance funded by department fund balance.

Engineering – The Department has requested a new Staff Services Analyst position. No budget adjustment is needed as there is sufficient revenue and appropriations in the existing legal budget.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Public Works Morgan Shop	\$60,000	\$85,000	\$25,000	\$0	Increase appropriations and esimated revenue to replace one self-propelled broom. Estimated revenue is a one-time insurance reimbursement, resulting in a use of department retained earnings.
<b>Total</b>	<b>\$60,000</b>	<b>\$85,000</b>	<b>\$25,000</b>	<b>\$0</b>	

**Recommendation:** It is recommended to increase estimated revenue by \$60,000 and appropriations by \$85,000 for Public Works Morgan Shop, resulting in a use of \$25,000 in department fund balance.

**Staffing Recommendation:** A study was requested in the 2018-2019 Proposed Budget to review the current duties and responsibilities of the Associate Civil Engineer position in the Engineering Division. Based on the results of the study, it is recommended to reclassify upward one Associate Civil Engineer/Associate Surveyor position upward to Senior Civil Engineer.

A new position was requested in the 2018-2019 Proposed Budget to prepare contracts and grant applications and assist with the Requests for Proposals process to alleviate those duties from the civil engineers. It was recommended to study the request for a new position. Based on the results of the study, it is recommended to add one new Staff Services Analyst position to the Engineering division. This position will be funded with Federal, State, and local revenues.

Furthermore, a study was requested in the 2018-2019 Proposed Budget to review the current duties and level responsibilities of the Manager I position performing the Human Resources functions. Based on the results of the study, it is recommended to reclassify upward the Manager I position to a block-budgeted Manager I/II as the position has assumed the primary role of Human Resources for the Department. In addition, the study shows that due to the Department restructuring, the Business Manager IV position no longer oversees the Transit and GIS divisions, or the Human Resources function. Therefore, it is recommended to reclassify downward the Manager IV position to a Manager III.

## First Quarter Financial Report Conclusion

The First Quarter Financial Report shows the County budget is balanced and actual performance is tracking well with the 2018-2019 Operating Budget and year-end projections. County staff will continue to monitor the 2018-2019 Fiscal Year budget operations and be prepared to make appropriate recommendations and changes at the Midyear

Financial Report on March 5, 2019. Staff will also closely watch the monthly cash report issued by the State Controller to monitor State inflows of revenue. If more urgent budget adjustments are required prior to the Midyear Financial Report, staff will bring appropriate and timely recommendations to the Board of Supervisors for consideration.



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## Budget Schedule

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The following schedule is recommended for the 2018-2019 Midyear Financial Report:

- ◆ November 30, 2018            Issue 2018-2019 Midyear Budget Instructions
- ◆ January 7, 2019             Departments' Midyear Budget Submittals due to CEO
- ◆ March 5, 2019                Midyear Financial Report to the Board of Supervisors