First Quarter Financial Report
July — September 2014

BOARD OF SUPERVISORS

Jim De Martini, Chairman
William O'Brien
Vito Chiesa
Terry Withrow
Dick Monteith

Submitted by
Chief Executive Officer
Stan Risen

TABLE OF CONTENTS

INTRODUCTION 3
BACKGROUND 3
BUDGET OVERVIEW 4
2014–2015 OPERATING BUDGET 5
2014–2015 FIRST QUARTER OVERVIEW 5
DISCRETIONARY REVENUE 6
ISSUES AND ONGOING CHALLENGES 7

A SAFE COMMUNITY 10
OVERVIEW 11
DEPARTMENTAL REVENUE 11
DEPARTMENTAL EXPENDITURES 12
FIRST QUARTER ISSUES AND RECOMMENDATIONS 12

A HEALTHY COMMUNITY 14
OVERVIEW 15
DEPARTMENTAL REVENUE 15
DEPARTMENTAL EXPENDITURES 16
FIRST QUARTER ISSUES AND RECOMMENDATIONS 16

A STRONG LOCAL ECONOMY 23
OVERVIEW 24
DEPARTMENTAL REVENUE 24
DEPARTMENTAL EXPENDITURES 25
FIRST QUARTER ISSUES AND RECOMMENDATIONS 25

A STRONG AGRICULTURAL ECONOMY/HERITAGE 26
OVERVIEW 27
DEPARTMENTAL REVENUE 27
DEPARTMENTAL EXPENDITURES 28
FIRST QUARTER ISSUES AND RECOMMENDATIONS 28

A WELL PLANNED INFRASTRUCTURE SYSTEM 29
OVERVIEW 30
DEPARTMENTAL REVENUE 30
DEPARTMENTAL EXPENDITURES 31
FIRST QUARTER ISSUES AND RECOMMENDATIONS 32

EFFICIENT DELIVERY OF PUBLIC SERVICES 33
OVERVIEW 34

TABLE OF CONTENTS

DEPARTMENTAL REVENUE 34
DEPARTMENTAL EXPENDITURES 35
FIRST QUARTER ISSUES AND RECOMMENDATIONS 36

TECHNICAL ADJUSTMENTS 37
FIRST QUARTER FINANCIAL REPORT CONCLUSION 38
BUDGET SCHEDULE 39

INTRODUCTION

This is the First Quarter Financial Report submitted by the Chief Executive Office for the period of July 1, 2014 to September 30, 2014 for the 2014-2015 Fiscal Year for Stanislaus County. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's fiscal status. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors' Priority and recommends department-requested adjustments to County budgets since the adoption of the Final Budget in September 2014. It also identifies or provides the status of the County's ongoing challenges and issues based on current information.

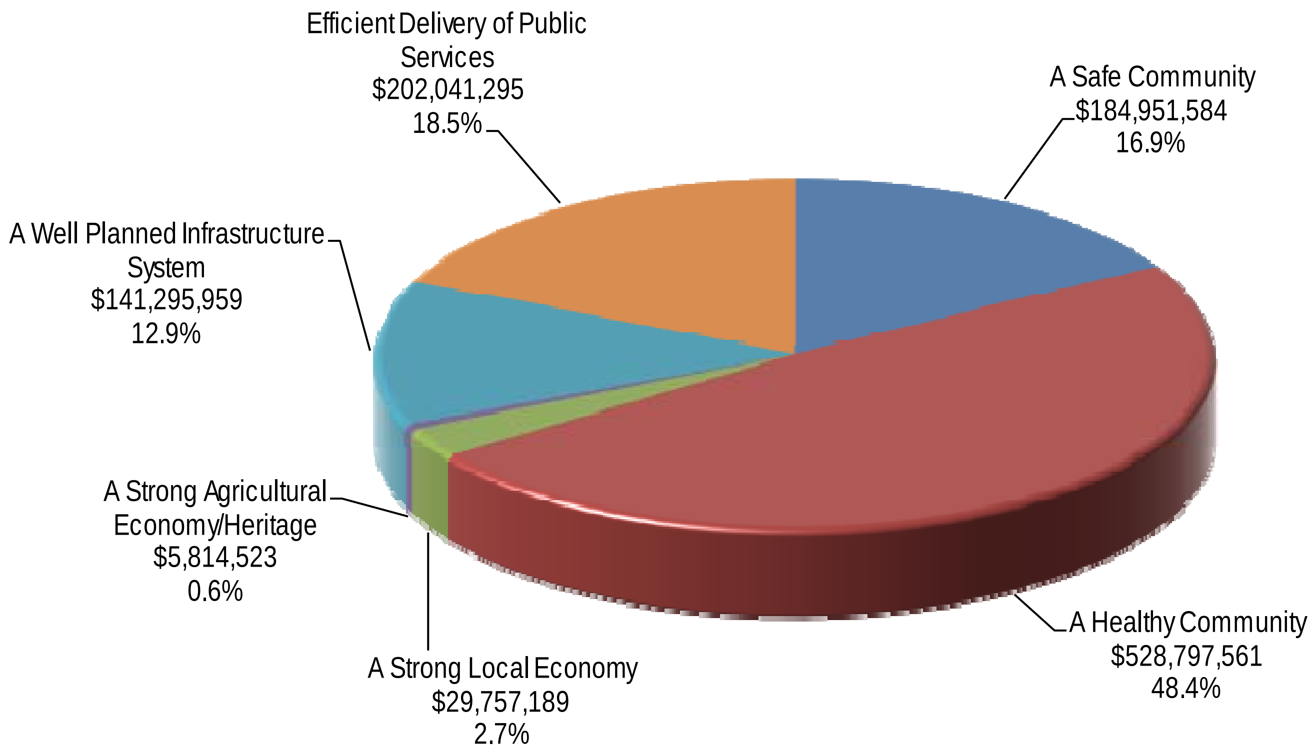
BACKGROUND

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

BUDGET OVERVIEW

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

Fiscal Year 2014-2015
Adopted Final Budget Expenditures
By Board Priority
$1,092,658,111



Comparison of Final Budget by Fund

Fund Type	FY 2013-2014 Final Budget Appropriations	FY 2014-2015 Final Budget Appropriations	Difference	Percent Change
General	$ 256,601,294	$ 271,083,644	$ 14,482,350	5.6%
Special Revenue	627,635,853	643,308,609	15,672,756	2.5%
Capital Projects	731,898	1,215,510	483,612	66.1%
Enterprise	67,174,904	79,199,819	12,024,915	17.9%
Internal Service	90,843,782	97,850,529	7,006,747	7.7%
Total	**$ 1,042,987,731**	**$ 1,092,658,111**	**$ 49,670,380**	**4.8%**

Funding Sources of Final Budget by Fund

Fund Type	FY 2014-2015 Final Budget Appropriations	Funding Sources		
		Department Revenue	Department Fund Balance	General Fund Contribution
General	$ 271,083,644	$ 72,605,544	$ -	$ 198,478,100
Special Revenue	643,308,609	609,312,902	15,452,069	18,543,638
Capital Projects	1,215,510	1,137,000	78,510	$ -
Enterprise	79,199,819	54,410,587	6,675,835	18,113,397
Internal Service	97,850,529	96,227,490	1,623,039	$ -
Total	**$ 1,092,658,111**	**$ 833,693,523**	**$ 23,829,453**	**$ 235,135,135**

The net county cost for General Fund budgets consists of $169 million in discretionary revenue and $29.4 million of assigned fund balance.

General Fund departments were allocated nearly $12.3 million in net county cost savings from Fiscal Year 2013-2014. General Fund departments that achieved savings in appropriations carried forward 100% of unused net county cost savings from Fiscal Years 2009-2010 through to Fiscal Year 2012-2013 and 75% of unused net county cost savings from Fiscal Year 2013-2014. Many departments are using savings for health increases, salary costs and the increased costs from negotiated salary increases. Departments are also setting aside funds for increases in operational costs in 2015-2016 and beyond; including further anticipated increases in salary and retirement charges.

2014–2015 OPERATING BUDGET

The Final Budget is adjusted throughout the year. These adjustments include prior year appropriations for obligations from the previous fiscal year, adjustments approved as part of any separate Board of Supervisors agenda item, as well as adjustments as part of quarterly financial reports such as this. Combined, these adjustments result in the recommended First Quarter Budget.

Operating Budget						
Fund Type	**Prior Year Appropriations**	**FY 2014-2015 Final Budget Appropriations**	**First Quarter Board Agenda Items Posted Through 9/30/2014**	**Operating Budget Appropriations on 9/30/2014**	**FY 2014-2015 First Quarter Recommendations**	**Recommended First Quarter Budget**
General Fund	$ 6,554,721	$ 271,083,644	$ 151,100	$ 277,789,465	-	$ 277,789,465
Special Revenue Fund	12,713,819	643,308,609	158,000	656,180,428	(123,332)	656,057,096
Capital Projects Fund	-	1,215,510	-	$ 1,215,510	-	$ 1,215,510
Enterprise Fund	2,017,400	79,199,819	-	81,217,219	1,221,508	82,438,727
Internal Service Fund	912,235	97,850,529	-	$ 98,762,764	-	$ 98,762,764
Total	**$ 22,198,175**	**$ 1,092,658,111**	**$ 309,100**	**$ 1,115,165,386**	**$ 1,098,176**	**$ 1,116,263,562**

2014–2015 FIRST QUARTER OVERVIEW

Overall Summary of Requested First Quarter Adjustments

The Chief Executive Office's first quarter recommendations include a total increase in estimated revenue of $2.6 million and an increase in appropriations of $1.1 million. If approved, the recommendations contained in this report will result in a decrease in the use of fund balance retained earnings of $1.5 million.

The recommended increase in appropriations and estimated revenue is primarily within Community Services Agency and Health Services Agency, along with technical adjustments to support implementation of the Public Works Geographical Information Systems (GIS) cost distribution to General Fund departments.

Within the Health Services Agency (HSA), an increase of estimated revenue is recommended due to the Rate Year 2012-2013 Intergovernmental Transfer Program as approved by the Board of Supervisors on September 9, 2014 and the expansion of the Agency's 340(b) Complement Program (a federally approved cooperative pharmacy program for federally Qualified Health Centers). An increase in appropriations is also recommended, primarily as a result of negotiated increases in salary costs. Community Services Agency is recommended to increase appropriations and estimated revenue due to the Medi-Cal Outreach Grant related to the Affordable Care Act and for children's mandated programs funded through 2011 realignment. As requested by the Board of Supervisors with adoption of the Final Budget 2014-2015, technical adjustments are recommended within the First Quarter Report to support Public Works GIS cost distribution to General Fund departments.

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

Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund Balance on 7/1/2014	Operating Budget Revenue on 9/30/2014	Operating Budget Appropriations on 9/30/2014	First Quarter Recommendation Use of Fund Balance	Projected Fund Balance on 6/30/2015
General Fund	$ 137,870,659	$ 241,644,022	$ 277,789,465	-	$ 101,725,216
Special Revenue Fund	202,992,705	627,856,540	656,180,428	(594,677)	175,263,494
Capital Projects Fund	5,486,560	1,137,000	1,215,510	-	5,408,050
Enterprise Fund	30,970,240	72,523,984	81,217,219	(932,006)	23,209,011
Internal Service Fund	14,731,297	96,227,490	98,762,764	-	12,196,023
Total	**$ 392,051,461**	**$ 1,039,389,036**	**$ 1,115,165,386**	**$ (1,526,683)**	**$ 317,801,794**

DISCRETIONARY REVENUE

As of September 30, 2014, $7.9 million of discretionary revenue was received, which represents about 4.7% of the 2014-2015 Final Budget of $169 million. For the last five years, discretionary revenue collected by the end of first quarter ranged from 4.4% to 6.3% of the final budget and from 4.4% to 5.6% of the year-end actual collections. This indicates that the current year discretionary revenue at first quarter is within the above-mentioned ranges. Additionally, the five-year average of actual revenue at first quarter is $7.9 million, and the 2014-2015 first quarter revenue of $7.9 million is equal to the average. The following chart shows a five-year history of first quarter activity:

General Fund—Discretionary Revenue Five Year Comparison

It is important to note that the year-end actuals for Fiscal Year 2012-2013 reflected on this chart, included one-time revenue of $11.9 million, of which $8.4 million was for repayment of property tax monies borrowed by the State pursuant to Proposition 1A (2004) and $3.5 million was for dissolution of the Redevelopment District Agencies. Absent this one-time revenue, the 2012-2013 year-end actual was $153.4 million.

The Chief Executive Office closely monitors discretionary revenue and may recommend changes as necessary with the Mid-Year Financial Report in March 2015 when additional months of revenue will be realized. While the sales and use tax revenue showed a decline over the same period last year, it is due to the posting of prior year revenue in first quarter of Fiscal Year 2013-2014. It is too early to establish any trend in this revenue source since only two months of actual revenue had posted by end of first quarter. Proposition 172 Public Safety sales tax revenue showed an increase over the same period last year, and is in line with the 2014-2015 Final Budget. The first installment of the other major source of discretionary revenue, the property tax and related revenue will be received in December. Each year only a small portion of the discretionary revenue posts by the end of the first quarter and any adjustments to this budget are generally postponed until six months of actuals are posted.

ISSUES AND ONGOING CHALLENGES

As discussed in the 2014-2015 Adopted Final Budget, the County faces a number of issues and ongoing challenges in the coming fiscal years. The following is an update on those that have had significant change or progress through the first quarter of the fiscal year.

Social Services and Health Care

We remain in the first year of the implementation of historic health care reform. As the result of the Affordable Care Act (ACA) implementation over 130,000 Stanislaus County individuals now have access to health care. Additionally with the passage of Assembly Bill 109 - 2011 Public Safety Realignment and Assembly Bill 720 - Health Care enrollment for Inmates, the Community Services Agency, Health Services Agency, Behavioral Health and Recovery Services, Probation and the Sheriff's Office continue to work collaboratively to enroll individuals who are in custody and those being released from the County Jail. While the Affordable Care Act has presented great opportunities for individuals who otherwise would not have access to health care or who were part of the County's Medically Indigent Adult program, there have also been operational challenges to meet the high demand of individuals applying for health care coverage. Although the ACA has been operational for less than a year and there have been great strides to work through the workload processes that are components of the ACA, it continues to be a challenge to project out how ultimately the Affordable Care Act will impact County operations. County staff will continue to analyze Affordable Care Act impacts and provide updates to the Board of Supervisors as needed.

As reported in the Fiscal Year 2014-2015 Adopted Final Budget, due to the implementation of the Affordable Care Act the Health Services Agency – Indigent Health Care Program (IHCP) has experienced a significant decline in Medically Indigent Adult (MIA) enrollees. Most individuals previously eligible for MIA are now eligible for health care insurance through Covered California or are eligible for the Medi-Cal Expansion program. As a result, over the past year, the Agency has implemented a phased approach to reduce staffing and program costs, to correspond to fewer MIA enrollees. As the ACA progresses the Agency will continue to monitor and evaluate any fiscal impact to the program.

The Katie A. Lawsuit settlement agreement requires counties to provide comprehensive services to children with an open child welfare case in need of mental health services. This new mandate impacts the Community Services Agency as well as Behavioral Health and Recovery Services. It will increase the number of cases and the intensity of services provided. Both departments will monitor the impact of Katie A. on existing resources and will provide updates to the Board of Supervisors in future financial reports.

Labor Update

On June 30, 2014 contracts with all 12 County labor associations expired. The County has now negotiated new agreements with five of the 12 labor associations: California Nurses Association, American Federation of State, County and Municipal Employees (AFSCME) Local 10, Stanislaus County Sheriff's Supervisor Association, Stanislaus Sworn Deputy Association, and Stanislaus County's Sheriff Management Association. A salary restoration plan is also in place for the Unrepresented Confidential and Management employees, and Elected Officials.

The Service Employee International Union ratified a tentative agreement and is scheduled for consideration by the Board of Supervisors for final approval on November 4, 2014 by a separate Board action. A tentative agreement with the Deputy Sheriff's Association was reached and if ratified is scheduled for consideration by the Board of Supervisors for final approval on November 4, 2014 by a separate Board action. Labor negotiations are still taking place for the following labor groups: County Attorney's Association, Stanislaus County Deputy Probation Officers Association, Stanislaus Regional Emergency Dispatchers' Association, Stanislaus County's Probation Correction Officers Association and Stanislaus County District Attorney Investigators Association.

An agreement has been reached with all County labor organizations and approved by the Board of Supervisors on October 28, 2014 regarding changes in the employee health insurance program for the period of January 1, 2015 through December 31, 2017.

Public Safety Facility Staffing – The County Public Safety Center expansion (AB900 Phase Two Project: Housing/Medical/Mental Health and Intake Release and Transportation Projects) is expected to be completed in Budget Year 2016-2017. There will be significant additional operating costs associated with this including staffing, utilities, maintenance, contracted jail medical services, bedding, inmate clothing and various other costs which are factored into staff's analyses. As previously reported, the County has no obligation to immediately fully operate or staff the new facilities. A phased opening of the AB 900 Phase II Public Safety Center Expansion Project will be based on the County's fiscal recovery and the annual appropriations by the Board of Supervisors. The total estimated cost, including both sworn/non-sworn staff, in today's dollars range from $13.3 million in the Initial Model and $14.6 million in the Optimal Model. Full occupancy of all available jail beds at the Public Safety Center site following AB 900 Phase II construction completion may result in an additional 72 sworn positions needed with an increased General Fund obligation of approximately $7.7 million annually. The companion facility and corresponding functions constructed by Public Facilities Fees, if fully staffed, may result in an additional 22 sworn positions needed with an increased General Fund obligation of approximately $2.3 million.

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

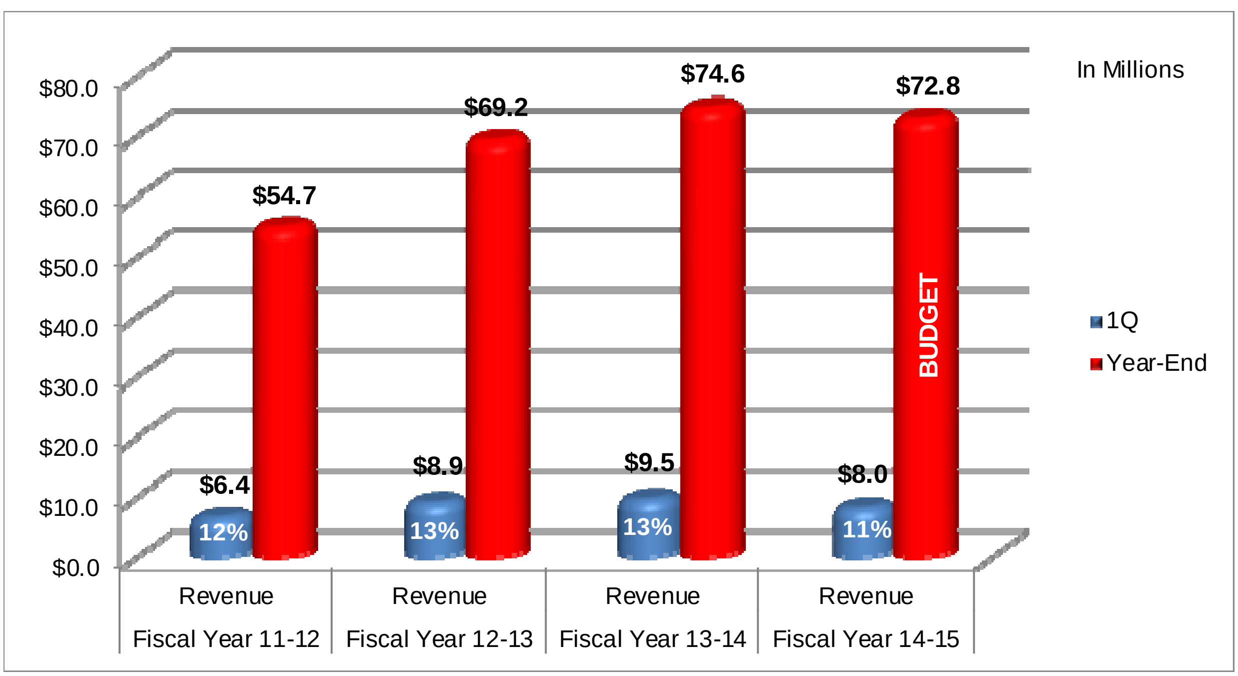
OVERVIEW

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 September 30, 2014, actual revenue collected is $8 million, which represents 11% of the estimated annual revenue. This is slightly below the range when compared to the first quarter point of the prior three years when collections ranged from 12% to 13% of the final actual revenue. This is mainly due to the Sheriff-Court Security revenues from the State being appropriately booked as a receivable for the 2013-2014 Fiscal Year. These funds were previously recognized in the year they were received.

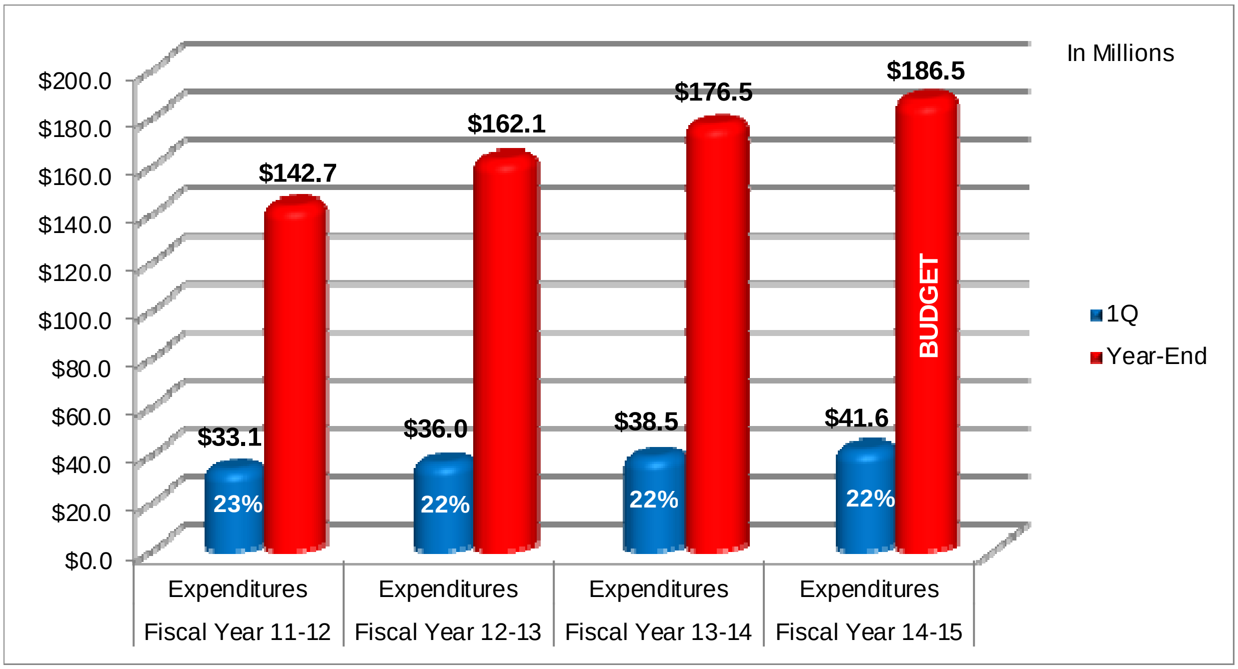
A Safe Community
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2014, expenditures are $41.6 million, representing 22% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 22% to 23% of the final actual expenditures, placing this year within the range.

A Safe Community
Four Year Expenditure Comparison



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

The recommendations contained in this report, including any technical adjustments, for A Safe Community will increase appropriations by $16,679 funded with net county cost.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

SHERIFF

Staffing Requests: The Department is requesting to reclassify upward two Deputy Sheriff-Custodial positions. The first is an upgrade of a Deputy Sheriff to Sergeant-Custodial in Internal Affairs. The Internal Affairs Investigator is responsible for conducting both internal affairs and citizen complaint investigations. These complaints are typically against line staff. A Sergeant-Custodial serves at a higher classification and is more experienced, knowledgeable and trained on departmental policies, practices and legal challenges facing the department. The nature, complexity and skills required to perform this critical function support the need for the higher level classification. This position is funded by the Community Corrections Partnership program. It is recommended to reclassify upward one Deputy Sheriff-Custodial position to Sergeant-Custodial.

The Department is also requesting to reclassify upward one Deputy Sheriff-Custodial position to Sergeant-Custodial in Detention. The change in dynamics seen in the inmate population related to AB 109 Public Safety Realignment creates a challenge of increased grievances due to longer incarceration terms being served and a more criminally sophisticated, more litigious population. The Sergeant-Custodial position will oversee the inmate grievance/appeal process including staff training, monitoring of staff responses for continuity and compliance with State policy. Additionally, the position will facilitate all responses to requests for public information associated with detention operations and provide direct supervision of the Prison Rape Elimination Act (PREA) coordinator. Assigning this responsibility to a Sergeant is a proactive measure to reduce liability on the part of both the Department and County on the expected significant increase of inmate litigation. This position is funded by the Community Corrections Partnership program. It is recommended to reclassify upward one Deputy Sheriff-Custodial position to Sergeant-Custodial.

SHERIFF DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	13069	Deputy Sheriff-Custodial	Reclassify upward	Sergeant-Custodial
Detention	1	12829	Deputy Sheriff-Custodial	Reclassify upward	Sergeant-Custodial

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

A Healthy Community

COUNTY DEPARTMENTS

Area Agency on Aging/Veterans' Services
Behavioral Health and Recovery Services
Child Support Services
Children and Families Commission
Community Services Agency
Health Services Agency

A Healthy Community

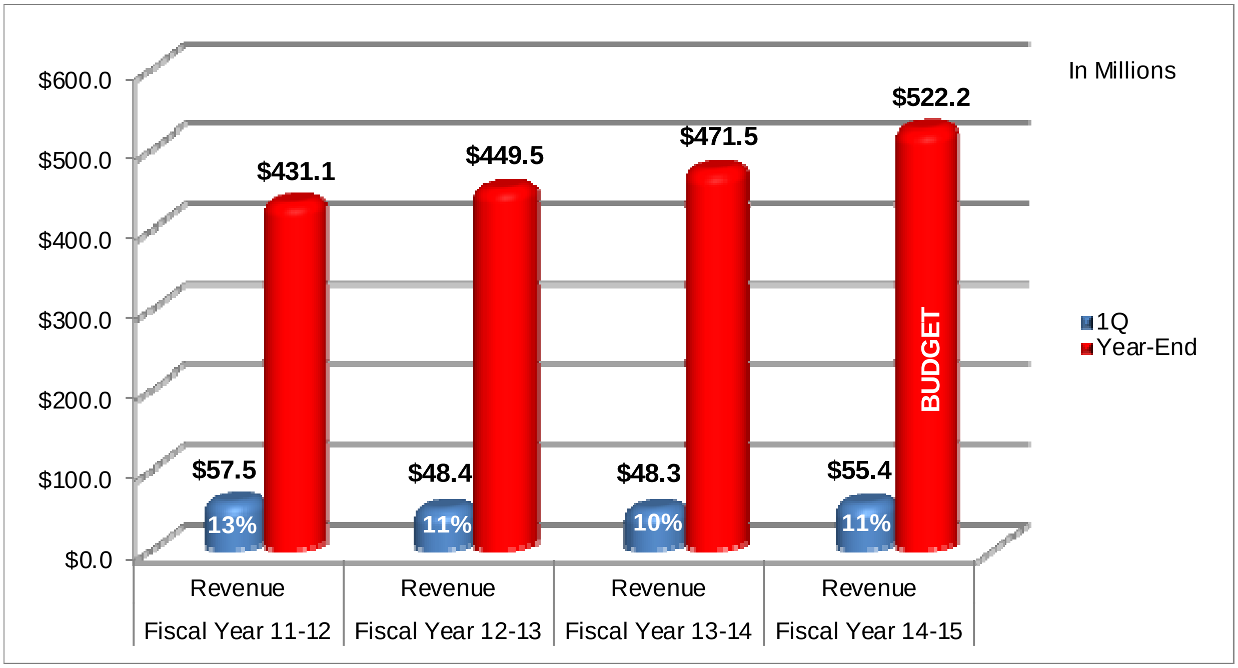
OVERVIEW

The Board of Supervisors priority area of A Healthy Community is vital to the quality of life for County residents. The departments assigned to this priority area are focused on protecting and promoting the health and well-being of County residents including preventing disease, disability and death. Protecting emotional safety focuses on 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 September 30, 2014, actual revenue is $55.4 million, which represents 11% of the estimated annual revenue. This includes the General Fund allocation of $15 million to the Health Services Agency Clinics & Ancillary Services for the accelerated repayment for a long-term deficit. This is within the range when compared to the first quarter point of the prior three years when collections ranged from 10% to 13% of the final actual revenue.

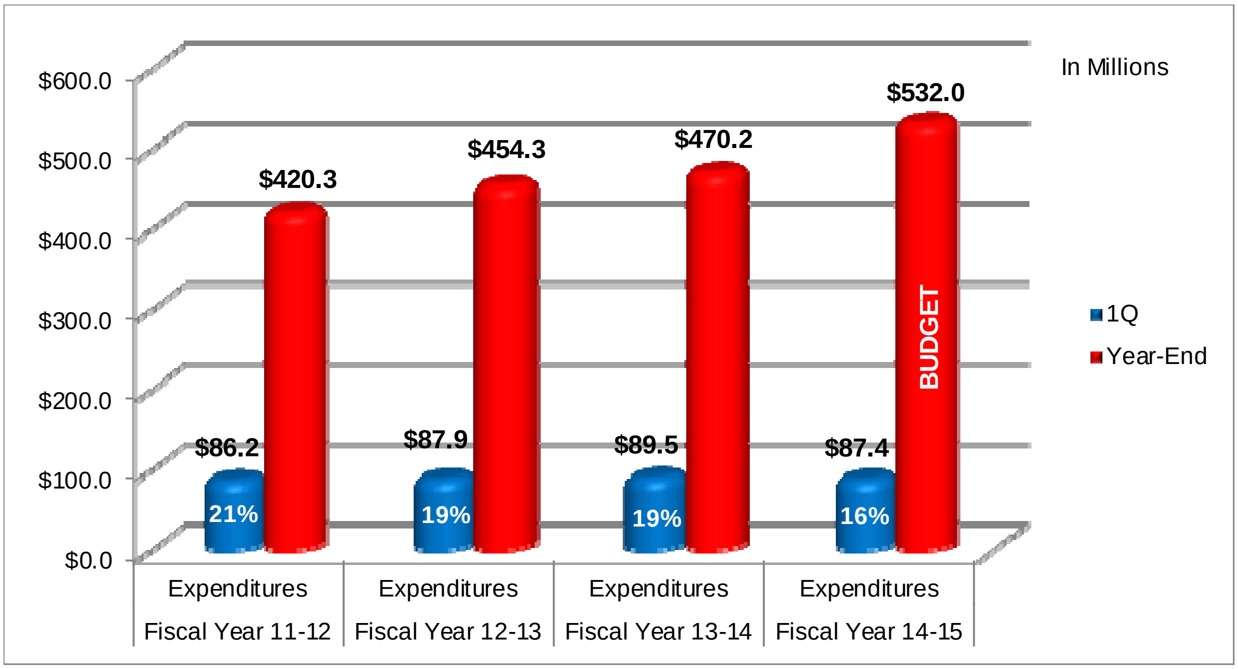
A Healthy Community
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2014, expenditures were $87.4 million, representing 16% of the budgeted appropriations. Expenditures at the first quarter point of the three prior years ranged from 19% to 21% of the final annual expenditures, placing this year's expenditures below the range. This is primarily due to the reduction in services in the Health Services Agency-Indigent Health Care Program, as a result of the Affordable Care Act Implementation and the result of timing of payments for services.

A Healthy Community
Four Year Expenditure Comparison



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

The recommendations contained in this report for A Healthy Community will increase appropriations by $1,098,176 and estimated revenue by $2,624,859, resulting in the contribution of $1,526,683 to departmental fund balance/retained earnings.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

BEHAVIORIAL HEALTH AND RECOVERY SERVICES

Staffing Requests: The Department is requesting to add three block-budgeted Mental Health Clinician II positions. Behavioral Health and Recovery Services and the Community Services Agency partner to provide services to youth/children in the Child Welfare System who also need mental health services. These services are mandated by Katie A., a class action lawsuit settlement. The Mental Health Clinicians will be part of a Child and Family Team who will have the primary responsibility to deliver services to these children including those in Foster Care and those at risk of placement in foster care. These positions will be funded with Medi-Cal revenue generated by billable services and realignment revenue.

As part of the 2012-2013 Mid-Year Budget, the Department requested a classification study of a Manager II position in the Mental Health Services Act. A study has now been completed. This position works in the Forensics Services Division and manages several programs that provide mental health services for individuals who are involved in the criminal justice system. The Criminal Justice Realignment added more complexity to the position. The Manager must develop new programs to treat the individuals involved in the criminal justice program because the traditional methods do not work. This position will analyze and report the desired outcomes to the State of California and local Community Corrections Partnership program. Based on the higher level of responsibility and current job duties, it is recommended to reclassify this position to Manager III. This position will be supported with Mental Health Services Act funding and will not result in an increase to net county cost.

BEHAVORAL HEALTH & RECOVERY SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Behavioral Health & Recovery Services	3	NEW	Mental Health Clinician II	Add new positions	Mental Health Clinician II-block-budget
BHRS CHANGES	3				
Beginning Allocation	396				
Changes in Allocation	3				
Ending Allocation	399				

BEHAVIORAL HEALTH & RECOVERY SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Mental Health Services Act	1	11083	Manager II	Reclassify upward	Manager III

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

COMMUNITY SERVICES AGENCY

Services and Supports: The Department is requesting an increase in appropriations and estimated revenue of $101,345 in direct support of the grant-funded Medi-Cal Outreach and Enrollment (O&E) contract services scheduled to begin January 2015. The goal of contracting the outreach and enrollment services in the community is to serve “hard-to-reach” target populations. The expected outcome is increased enrollment and retention in health coverage for the newly Medi-Cal eligible population under the Affordable Care Act. The 100% federally funded Medi-Cal O&E grant totals $344,573 over two fiscal years, supporting outreach services through June 30, 2016. The grant has no County share requirement; therefore, there is no cost to the County General Fund.

Additionally, the Department is requesting an increase in Children’s programs appropriations and estimated revenue of $370,000 in support of core services for mandated programs in Fiscal Year 2014-2015. These ongoing direct client services are supported with 2011 realignment funding, requiring no County share with no additional cost to the County General Fund.

In the Community Services Agency (CSA), there are two new Social Services program initiatives that were introduced in the Final State Budget that require counties to “opt-in” to these new programs with specific plans for achieving desired outcomes. These new programs include: Commercially Sexually Exploited Children (CSEC) and Approved Relative Caregiver Program. The Department has submitted a letter of interest for the Approved Relative Caregiver Program (ARC) and will be filing claims to draw down the CSEC training allocation.

As reported in Fiscal Year 2014-2015 Adopted Final Budget, the 2014-2015 State Budget identifies another 5% Cost of Living Adjustment (COLA) increase for CalWORKs Temporary Assistance for Needy Families (TANF) effective April 1, 2015. Consistent with past practice, the County would implement an equal COLA for General Assistance recipients at the beginning of the following fiscal year. The Department anticipates requesting the 5% COLA for General Assistance as part of the 2014-2015 Third Quarter Report, in order to complete the necessary processing of cases and data systems changes for the COLA to be effective on July 1, 2015.

The Community Services Agency participated in the State's Housing Support Program Request for Proposal. Although the Department was not awarded additional State funding, staff is continuing to look for opportunities for Homelessness and Housing Support service strategies and will provide updates on potential opportunities.

Also, during this fiscal year CSA will be developing and implementing the California Department of Social Services – Child Welfare Services five year System Improvement Plan (SIP). The SIP is a collaboration between the County's Child Welfare Services, California Department of Social Services and Probation Placement Agencies. This coordinated effort provides an outline as to how counties will improve their overall child welfare system to better provide services to children and families. The SIP is a commitment to developing specific measurable improvements for children and families. In addition, the SIP includes a coordinated service provision plan for how the County will utilize prevention, early intervention and treatment funds to strengthen and preserve families. The SIP five year plan will be presented to the Board of Supervisors for consideration during this fiscal year.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CSA - Services & Support	$101,345	$101,345	$0	$0	Increase revenue and appropriations to add Medi-Cal Outreach Grant, related to Affordable Care Act -100% Federally funded
CSA - Services & Support	$370,000	$370,000	$0	$0	Increase revenue and appropriations for Children's mandated programs-funded through 2011 realignment funds
Total	$471,345	$471,345	$0	$0	

Staffing Requests: As part of the 2014-2015 Final Budget, the Department requested to add 11 Family Services Specialist II block-budgeted positions to process the additional cases resulting from the expansion of the Medi-Cal program. It was recommended to study this request.

In October 2013, the State of California began implementation of the expansion of health coverage and health benefits for many Californians. During the last 12 months, the County has continued to evaluate the impacts of this expansion on requests for services at the Community Services Agency. During this time, the Department has seen a 40% growth in the individuals it serves, however the number of Family Services Specialists providing services has increased by only 16%. The Department continues to evaluate efficiencies and processes but the lack of staff has affected the Department's ability to meet the CalFresh application processing timelines required by the State Department of Social Services. The Department has seen a growth in CalFresh applications by those individuals applying for health coverage through Covered California. The Department must meet these timelines due to federal requirements and to avoid legal action. The open enrollment period for Covered California will begin again on November 15, 2014 and the Department will be continuing to evaluate the appropriate staffing level needed to respond to the requests for services within the time period required by the State potentially resulting in the need for additional staff.

Funding for the additional positions is contained within the current Medi-Cal allocation and there is no General Fund impact.

As part of the 2013-2014 Mid-Year Budget, the Department requested a study of an Administrative Clerk II position. A study has been completed and based on the job duties and responsibilities, it is recommended to reclassify upward the Administrative Clerk II position to Administrative Clerk III.

COMMUNITY SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Services & Support	11	NEW	Family Services Specialist II	Add new positions	Family Services Specialist II-block budget
CSA CHANGES	11				
Beginning Allocation	1,033				
Changes in Allocation	11				
Ending Allocation	1,044				

COMMUNITY SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Services & Support	1	3319	Administrative Clerk II	Reclassify upward	Administrative Clerk III

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by $471,345, funded from State and Federal funding. It is further recommended the staffing changes described and outlined in the table above be adopted.

HEALTH SERVICES AGENCY

Clinics and Ancillary Services: The Health Services Agency – Clinics and Ancillary Services is requesting an overall increase in appropriations of $1,221,508 and estimated revenue of $2,153,514, resulting in the contribution of $932,006 to the department retained earnings. As reported in the Fiscal Year 2014-2015 Adopted Final Budget, the following changes were not incorporated in the budget at that time: (1) anticipated salary and benefits increases related to labor negotiations, (2) the redistribution of various allocations due to changes in the Agency's Indigent Health Care Program. However, the Agency did expect to close the potential gap related to the noted issues via various strategic initiatives.

At this time, the Agency anticipates that two strategic initiatives will materialize this fiscal year to close the gap. The strategic initiatives are: (1) the expansion of the Agency's 340(b) pharmacy complement program to include additional pharmacies, Rite Aid and Wal-Mart and (2) the Intergovernmental Transfer (IGT) for Rate Year 2012-2013. The IGT is essentially a financing practice that allows the County to provide some funding to the State in order to receive an increase in Federal Match, providing a benefit to Health Services Agency revenues. The Agency had originally anticipated $1.8 million as the estimated IGT to be received in Fiscal Year 2014-2015; the IGT is higher than originally projected. The amount, less all related administrative fees for both the State and the health plans, will be approximately $2 million.

As a result, the Agency is requesting an increase in estimated revenue of $2,041,514 and $208,466 in appropriations to include funding for the IGT program. An increase in estimated revenue of $112,000 is requested to reflect the expansion of the 340(b) pharmacy complement program. An increase in appropriations of $758,528 is requested to fully fund negotiated labor costs. An increase in appropriations of $237,085 is requested to reflect adjustments in department allocations. Finally, an increase in appropriations of $17,429 in Fixed Assets is requested for clinic equipment upgrades and repairs.

Indigent Health Care Program: As part of the First Quarter Report, the Agency is requesting to decrease appropriations by approximately $594,677 to reduce salaries and program support costs related to the Affordable Care Act implementation, leaving a remaining budget of approximately $1.8 million. Included in the $1.8 million of budgeted expenditures are the following major costs and projections:

(1) approximately $320,000 in actual year-to-date expenses related to the program (which includes Healthy Cubs activity of approximately $20,000);
(2) approximately $180,000 in remaining Healthy Cubs budgeted appropriations;
(3) $800,000 in estimated healthcare costs for indigent enrollees which includes $658,000 for an estimated exposure due to cases pending a disability determination, which if denied by Social Security, will become an obligation of the Medically Indigent Adult (MIA) Program;
(4) approximately $233,000 remaining in Department overhead allocations as well as county cost allocation plan charges (CAP charges); and
(5) approximately $225,000 in salaries and benefit costs related to the MIA program.

Since the implementation of the Affordable Care Act, the Medically Indigent Adult (MIA) program has seen a significant decline in enrollees. Most individuals previously eligible for the MIA Program are now eligible for Medi-Cal or insurance through Covered California. Due to this significant decline in enrollees, the Agency performed a thorough analysis as part of the First Quarter Report preparation. This analysis encompassed both the staffing needs for IHCP which included looking at all of the remaining duties (those associated with the Agency's Healthy Cubs Program as well as the other recurring activities associated with medically indigent adults that apply to the program). As a source of reference, included are two August 31, 2014 statistics, one related to the MIA Program and one related to the Healthy Cubs Program. As of August 31, 2014 the Healthy Cubs Program enrollment has totaled 135 individuals and while there have been only three enrollees in the MIA Program, the MIA Program has adjudicated 948 claims since the beginning of the Fiscal Year. While most of the MIA claims have been denied, the workload of processing the claims continue to exist. The Health Services Agency and the Chief Executive Office will continue to assess the evolving program changes and report back to the Board of Supervisors on additional adjustments.

It is recognized that IHCP has had significantly decreased services related to the Affordable Care Act implementation; however, the Agency continues to contract with the Stanislaus County Children and Families Commission for the Healthy Cubs (HCUBS) Program. The program consists of two primary components:

(1) to provide health care access and health services to pregnant women and children aged 0-5 in families with an income less than 300% of the Federal Poverty Level; and
(2) to refer and qualify applicants for other health programs funded by other levels of government, non-profits, foundations, or the private sector (Medi-Cal or Kaiser Kids, for example).

For eleven years, HCUBS has served as the provider of last resort when eligible applicants do not qualify for any other health access programs. Services offered to children and pregnant woman enrolled through HCUBS will include only:

(1) those services available at the Health Services Agency medical offices to include primary medical care, ambulatory specialty care and rehabilitation services such as physical therapy;
(2) those primary and obstetrical care and pharmacy services offered at a Golden Valley Health Center location within the County of Stanislaus;
(3) those primary and obstetrical services offered at the Oakdale Community Health Center and Riverbank Community Health Center;
(4) dental care offered at various contracted locations throughout Stanislaus County;
(5) laboratory and radiology services with contracted providers within Stanislaus County; and
(6) pharmacy services with contracted pharmacies.

Services not defined above, including but not limited to inpatient care, are not included in this Program.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
HSA - Clinics and Ancillary Services	$2,041,514	$208,466	($1,833,048)	$0	Increase estimated revenue and appropriations associated with the Rate Year 2012-2013 Intergovernmental Transfer Funds.
HSA - Clinics and Ancillary Services	$112,000	$0	($112,000)	$0	Increase in estimated revenue associated with the expanision of HSA's 340 (b) pharmacy complement plan.
HSA - Clinics and Ancillary Services	$0	$758,528	$758,528	$0	Estimated net increase in Salaries and Benefits related to anticipated salary increase from labor negotiations as well as an increase in retirement benefits anticipated due to a change in reporting standards.
HSA - Clinics and Ancillary Services	$0	$237,085	$237,085	$0	Increase in appropriations to reflect adjustment in department allocations.
HSA - Clinics and Ancillary Services	$0	$17,429	$17,429	$0	Increase in Fixed Assets for clinic equipment upgrades and repairs.
HSA - Indigent Health Care Program	$0	($325,886)	($325,886)	$0	Decrease in salary, program support and allocation costs due to Affordable Care Act Implementation.
HSA - Indigent Health Care Program	$0	($268,791)	($268,791)	$0	Decrease in program costs associated with the Affordable Care Act Implementation.
Total	$2,153,514	$626,831	($1,526,683)	$0	

Staffing Requests: With the implementation of Health Care Reform, the Medically Indigent Adult (MIA) Program has seen a significant decline in enrollees and the number of staff needed to support the program. Most individuals previously eligible for MIA are now eligible for Medi-Cal or insurance through Covered California. Due to this significant decline in enrollees, the Agency has continued to analyze the staffing needs in IHCP. The Agency is taking a phased approach with the reduction of positions in IHCP and has identified ways to share staff between programs, thereby retaining a base infrastructure and knowledge that could support the now limited Medically Indigent Adult program while still meeting the needs of the Healthy Cubs program. The Agency is requesting the following staffing changes effective December 31, 2014: Transfer one Staff Nurse III position from Indigent Health Care Program to Clinics and Ancillary Services to perform case management for patients admitted to the hospital and transfer one Staff Services Technician position from Indigent Health Care Program to Clinics and Ancillary Services; delete one vacant Manager III position and one vacant Staff Services Technician position and unfund one vacant Staff Services Analyst position. With this change there will be no allocated positions remaining in IHCP, down from 34 positions in the 2012-2013 Final Budget.

The Agency is also requesting to transfer one Staff Services Technician from Administration to Clinics and Ancillary Services to support revenue-generating activities and coordinate special projects in the clinics and to delete one vacant Account Clerk III position that is no longer needed in Clinics and Ancillary Services. The Agency is further requesting to reclassify upward one Application Specialist III due to technology needs and continuous improvement. It is recommended to study this request.

HEALTH SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Clinics & Ancillary Services	-1	11608	Account Clerk III	Delete vacant position	Delete position
Indigent Health Care Program	-1	1513	Manager III	Delete vacant position	Delete position 12/31/14
	-1	7186	Staff Services Technician	Delete vacant position	Delete position 12/31/14
	-1	2299	Staff Services Analyst	Unfund vacant position	Unfund position 12/31/14
HSA CHANGES	-4				
Beginning Allocation	464				
Changes in Allocation	-4				
Ending Allocation	460				

HEALTH SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	-1	8660	Staff Services Technician	Transfer out	Transfer to Clinics & Ancillary
	0	699	Application Specialist III	Reclassify upward	Study
Clinics & Ancillary Services	1	8660	Staff Services Technician	Transfer in	Transfer from Administration
	1	1953	Staff Nurse III	Transfer in	Transfer from IHCP 12/31/14
	1	11005	Staff Services Technician	Transfer in	Transfer from IHCP 12/31/14
Indigent Health Care Program	-1	1953	Staff Nurse III	Transfer out	Transfer to Clinics & Ancillary 12/31/14
	-1	11005	Staff Services Technician	Transfer out	Transfer to Clinics & Ancillary 12/31/14

Summary of Recommendations: It is recommended to increase estimated revenue by $2,153,154, and appropriations by $626,831, resulting in an increase in departmental fund balance/retained earnings of $1,526,683. It is further recommended the staffing changes described and outlined in the table above be adopted.

A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
CEO-Economic Development Bank
Library

A Strong Local Economy

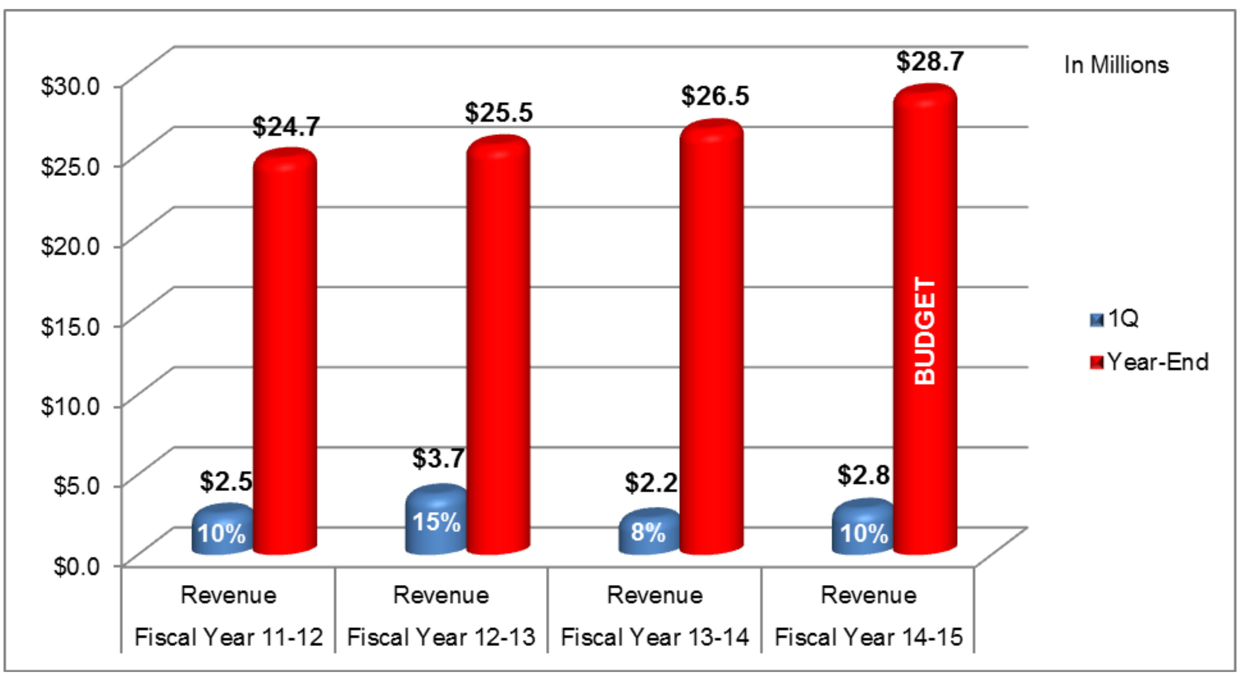
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of September 30, 2014, actual revenue collected is $2.8 million, which represents 10% 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% to 15% of the final actual revenue.

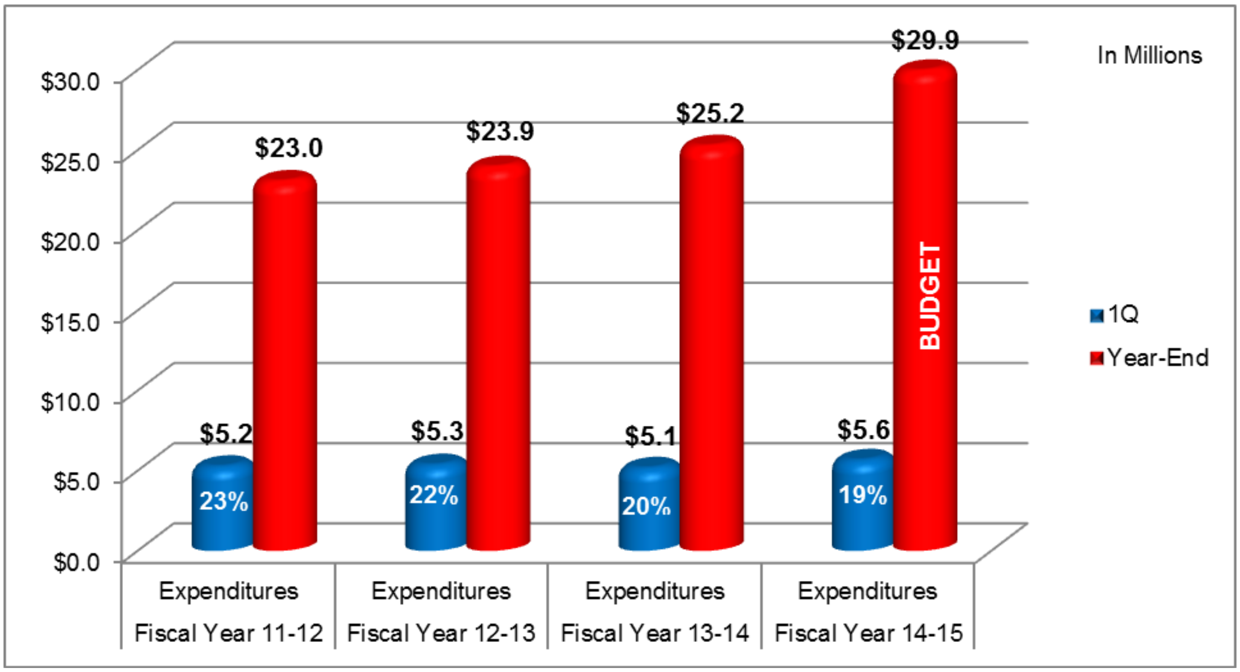
A Strong Local Economy
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2014, expenditures are $5.6 million, representing 19% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 20% to 23% of the final actual expenditures, placing this year just below the range. This is primarily the result of fewer referrals than anticipated in the first quarter for the Welfare to Work subsidized employment program for Alliance Worknet-StanWORKs.

A Strong Local Economy
Four Year Expenditure Comparison



Overall, estimated revenue and appropriations for the Board of Supervisors priority area of A Strong Local Economy are projected to meet budget at year-end.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

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

A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

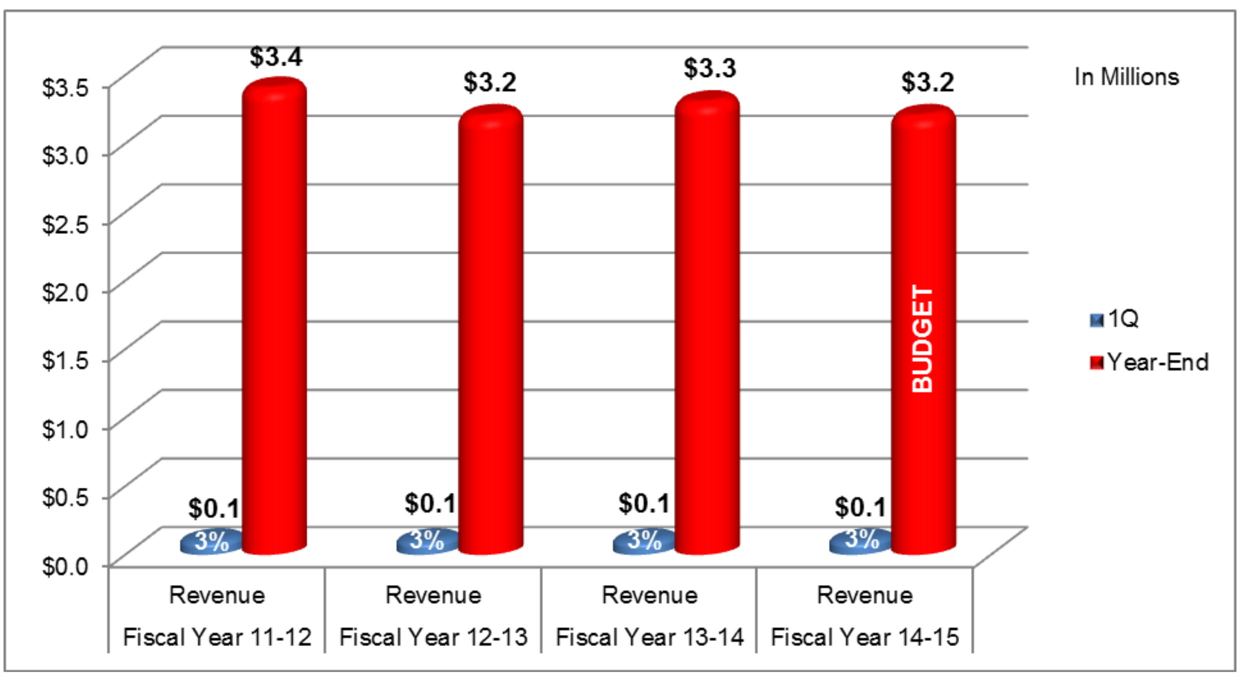
OVERVIEW

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

DEPARTMENTAL REVENUE

As of September 30, 2014, actual revenue collected is $86,976, which represents 3% of the estimated annual revenue. This is within the range when compared to the first quarter of the prior three years when collections were 3% of the final actual revenue.

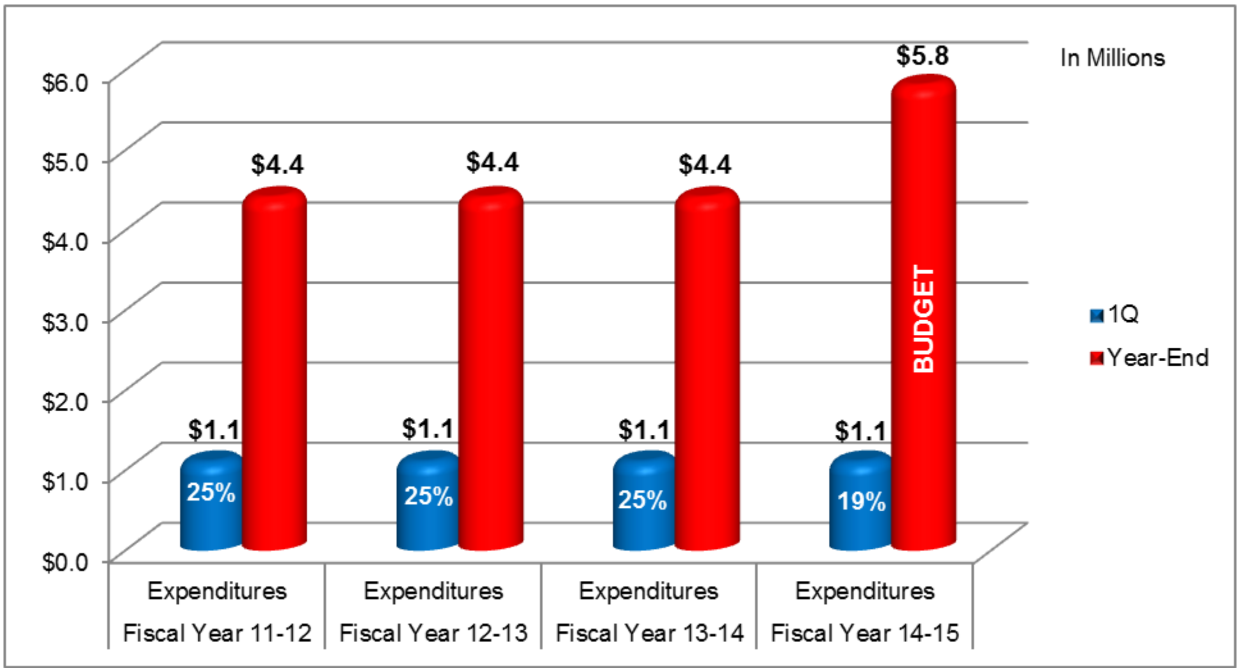
A Strong Agricultural Economy/Heritage
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2014, expenditures are $1.1 million, representing 19% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years were each 25% of the final actual expenditures, placing this year below the range. The variance is due to the Agricultural Commissioner's budgeted $1 million net county cost savings which the department does not anticipate exhausting in Fiscal Year 2014-2015.

A Strong Agricultural Economy/Heritage
Four Year Expenditure Comparison



Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage are projected to meet budget at year-end.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

The recommendations contained in this report, including any technical adjustments for A Strong Agricultural/Economy Heritage will increase appropriations by $6,974, funded with net county cost. There are no recommended staffing changes for this priority area.

A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

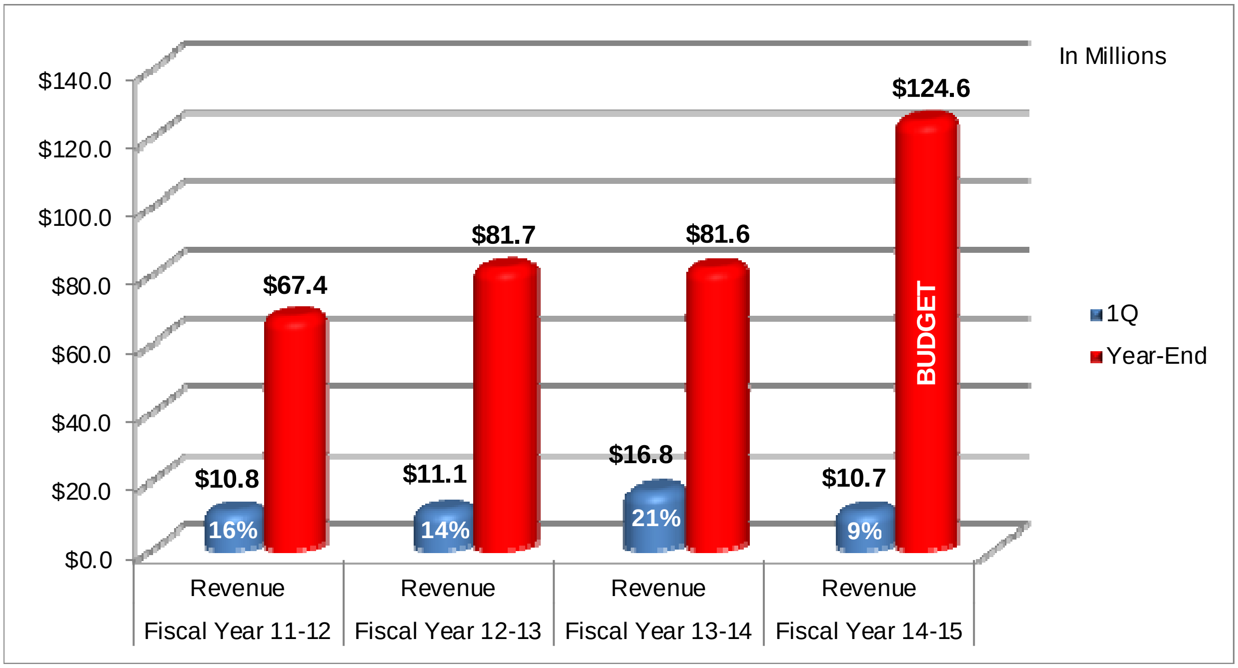
OVERVIEW

The Board of Supervisors priority area of A Well Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to A Well Planned Infrastructure System. Departments assigned to this priority area include: Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. The major funding sources for these departments include State and Federal funding, fees and Charges for Services, the General Fund, special revenue grants and tax increment payments.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of September 30, 2014, actual revenue collected is $10.7 million, which represents 9% of the estimated annual revenue. This is below the range when compared to the first quarter of the prior three years when collections ranged from 14% to 21% of the final actual revenue. At $10.7 million, the lower revenue receipts at first quarter compared to the same time last year is primarily due to the receipt of one-time funding from PTSEMIA (Public Transportation Modernization, Improvement and Service Enhancement Account) last fiscal year, for the purchase of three Compressed Natural Gas (CNG) buses and five light-duty para-transit buses. The lower percentage of revenues at first quarter compared to the prior three years percent to total budget is due to the significant increase to budgeted revenue of $43 million in 2014-2015 linked to the SR 99/Kiernan Interchange project and Claribel Widening project for which actual revenues have not yet been posted.

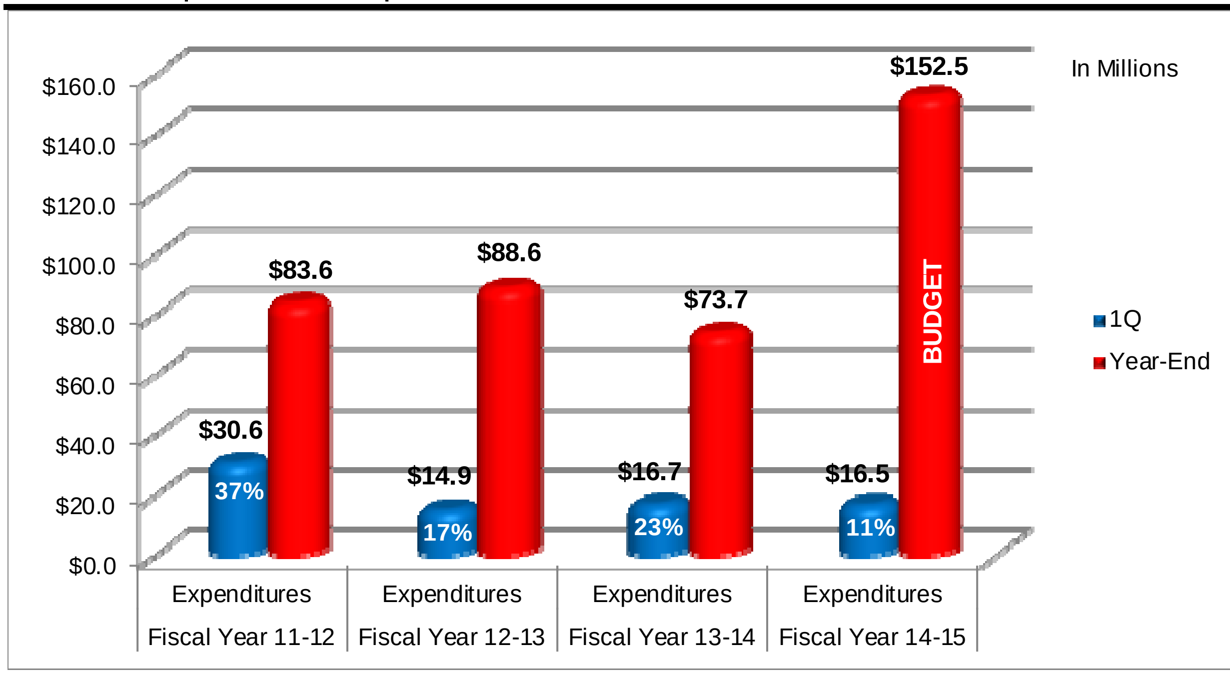
A Well Planned Infrastructure System
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2014, expenditures are $16.5 million, representing 11% of the budgeted appropriations. Expenditures at the first quarter of the prior three years ranged from 17% to 37% 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 two large projects in the Public Works – Road and Bridge budget: SR99/Kiernan Interchange and Claribel Road Widening. Road capital projects are fully budgeted in the current year, however actual expenditures occur over multiple years. The SR99/Kiernan Interchange project is scheduled for completion in the spring of 2016, and the Claribel Road Widening project is scheduled for completion in the spring of 2015.

A Well Planned Infrastructure System
Four Year Expenditure Comparison



Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Well Planned Infrastructure System are projected to meet budget at year-end.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

The recommendations contained in this report, including technical adjustments for A Well Planned Infrastructure will increase appropriations of $26,154 funded with net county cost. There are no recommended staffing changes for this priority area.

Efficient Delivery of Public Services

COUNTY DEPARTMENTS

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

Efficient Delivery of Public Services

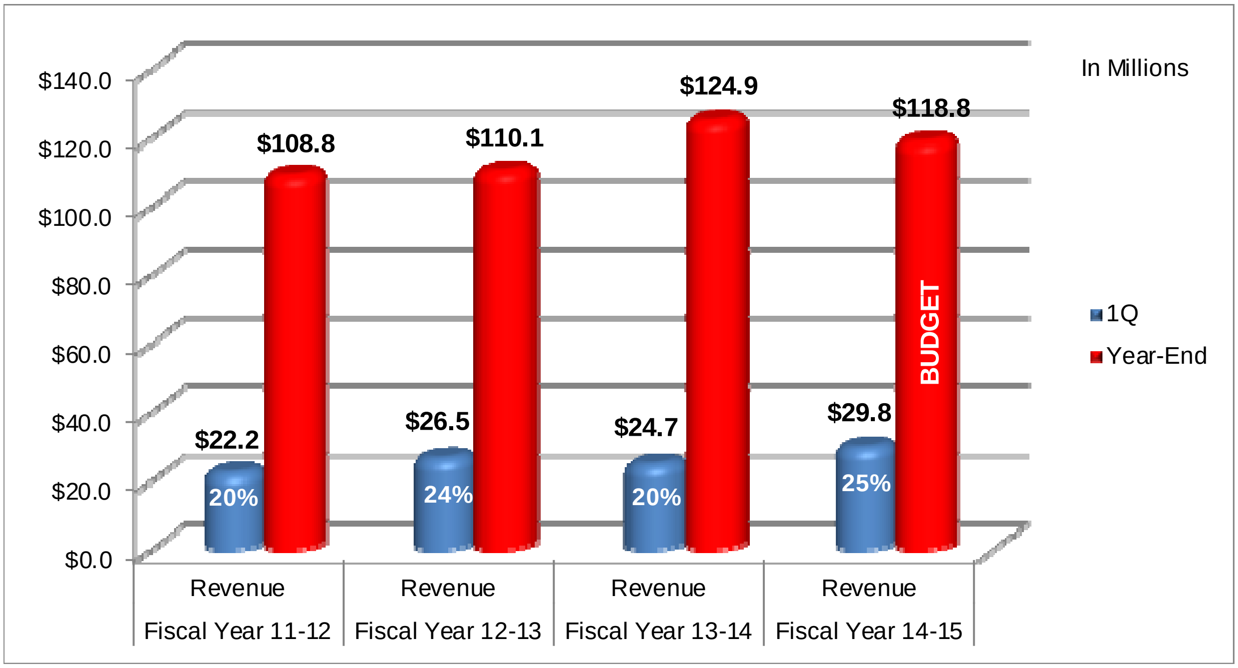
OVERVIEW

The public expects government to be responsive to their needs and to conduct business efficiently. County departments provide services to a diverse customer base. 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, 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.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of September 30, 2014, actual revenue collected is $29.8 million, which represents 25% of the estimated annual revenue. This is above the range when compared to the first quarter point of the prior three years when collections ranged from 20% to 24% of the final actual revenue. This is primarily due to an extra pay period worth of revenue collected within the Risk Management – Medical Self Insurance budget, unexpended funds from a capital project transferred back to the CEO Plant Acquisition budget and an insurance reimbursement related to the Gallo Center for the Arts. Additionally, as a result of Health Care Reform implementation, estimated revenue for Fiscal Year 2014-2015 in the CEO-County Match Vehicle License Fee budget was significantly reduced from prior years affecting the percent of revenue collected compared to the Operating Budget in Fiscal Year 2014-2015.

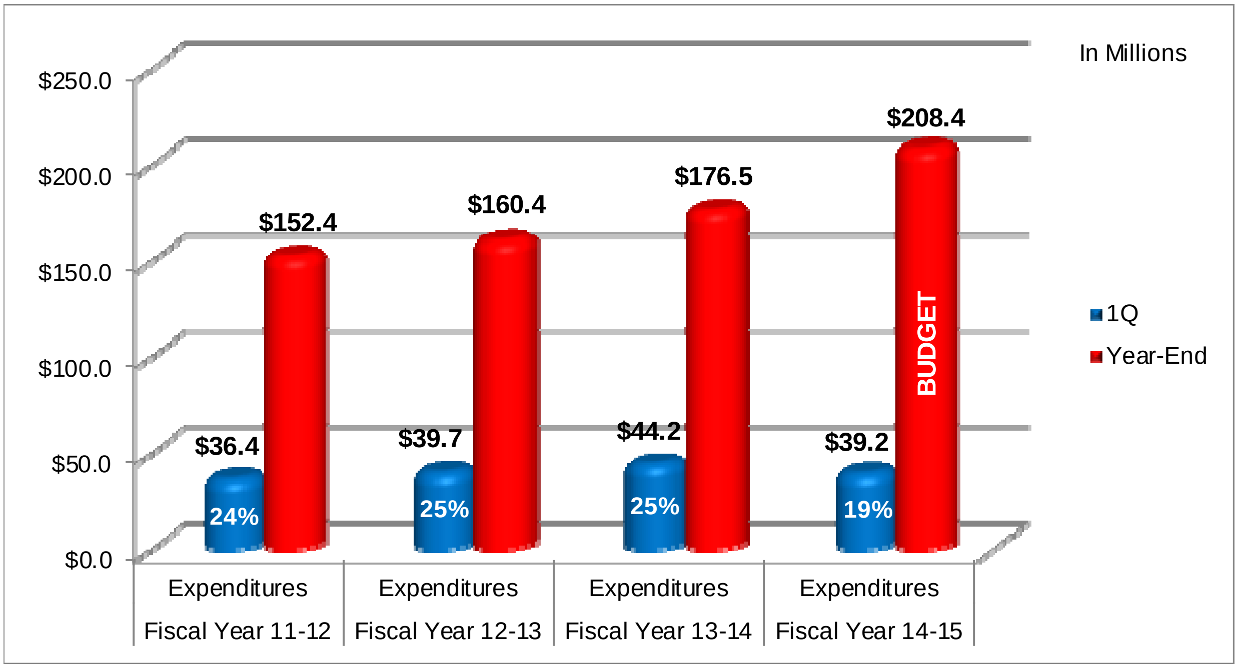
Efficient Delivery of Public Services
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2014, expenditures are $39.2 million, representing 19% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 24% to 25% of the final actual expenditures, placing this year below the range. This is primarily due to a decrease in expenditures in the Chief Executive Office – Debt Service budget. In Fiscal Year 2013-2014, a one-time buy-down of debt occurred in concert with a debt acceleration strategy for the 2004A and 2004B Certificates of Participation. Additionally, due to Health Care Reform implementation, expenditures in the CEO-County Match Vehicle License Fee budget have significantly decreased.

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.

The recommendations contained in this report, including technical adjustments, for Efficient Delivery of Public Services will decrease appropriations by $49,807.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

AUDITOR-CONTROLLER

Staffing Requests: The Department is requesting to delete one vacant Accountant III position. In the 2014-2015 Adopted Final Budget the Department was allocated two Manager II positions with a plan to delete two Accountant positions once the Manager positions were filled. The Department has now filled one Manager II position and is requesting to delete one vacant Accountant III position. The Department will request to delete the second Accountant position when the remaining Manager II recruitment is complete.

The Department is also requesting to add one new Manager II position to provide support and succession to the Manager IV over the Property Tax Division. It is recommended to study this request.

AUDITOR-CONTROLLER STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor-Controller	-1	10134	Accountant III	Delete vacant position	Delete position
AUDITOR-CONTROLLER CHANGES	-1				
Beginning Allocation	40				
Changes in Allocation	-1				
Ending Allocation	39				

AUDITOR-CONTROLLER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor-Controller	1	NEW	Manager II	Add new position	Study

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

CHIEF EXECUTIVE OFFICE

Operations and Services

Staffing Requests: The Department is requesting to restore one unfunded Confidential Assistant IV position and unfund one vacant Confidential Assistant III position in the Clerk of the Board. The higher level classification is needed to take the lead on the on-going archival process and to assist with the weekly agenda process. This will allow the Clerk and Assistant Clerk to dedicate time to the development and implementation of the Americans with Disabilities Act/Civil Rights policies and procedures for the County. The increase in cost for the higher level position will be funded within existing appropriations through net county cost savings.

CHIEF EXECUTIVE OFFICE STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Operations & Services	1	12287	Confidential Assistant IV	Restore unfunded position	Restore position
Operations & Services	-1	7927	Confidential Assistant III	Unfund vacant position	Unfund position
CEO CHANGES	0				
Beginning Allocation	63				
Changes in Allocation	0				
Ending Allocation	63				

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

TECHNICAL ADJUSTMENTS

As part of the Adopted Final Budget for Fiscal Year 2014-2015, County Match in the amount of $122,486 was included for Public Works, to fund the General Fund portion of Geographic Information System (GIS) costs. The recommended technical adjustments result in the General Fund Department users being directly charged for this cost, funded from a corresponding General Fund contribution. The Public Works Department has communicated with all GIS user departments to share the fiscal impacts to their individual budgets and the methodology used to determine the percentage share of costs. The actual technical adjustment for each department is reflected in the table below and in the appropriate priority area in this report.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Public Works - Administration	$122,486	$0	$0	($122,486)	Increase revenue for General Fund portion of GIS costs to be funded by user departments, with a decrease in County Match.
CEO - General Fund Contribution to Other Programs	$0	($122,486)	$0	($122,486)	Decrease funding to Public Works for General Fund portion of GIS Costs.
Ag Commissioner	$0	$6,974	$0	$6,974	Increase appropriations for GIS costs funded by a General Fund contribution.
Assessor	$0	$60,124	$0	$60,124	Increase appropriations for GIS costs funded by a General Fund contribution.
Auditor-Controller	$0	$3,197	$0	$3,197	Increase appropriations for GIS costs funded by a General Fund contribution.
Board of Supervisors	$0	$378	$0	$378	Increase appropriations for GIS costs funded by a General Fund contribution.
Chief Executive Office - Operations & Services	$0	$5,027	$0	$5,027	Increase appropriations for GIS costs funded by a General Fund contribution.
Clerk Recorder	$0	$843	$0	$843	Increase appropriations for GIS costs funded by a General Fund contribution.
Clerk Recorder - Elections	$0	$727	$0	$727	Increase appropriations for GIS costs funded by a General Fund contribution.
County Counsel	$0	$756	$0	$756	Increase appropriations for GIS costs funded by a General Fund contribution.
District Attorney	$0	$436	$0	$436	Increase appropriations for GIS costs funded by a General Fund contribution.
Office of Emergency Services	$0	$12,408	$0	$12,408	Increase appropriations for GIS costs funded by a General Fund contribution.
Planning & Community Development	$0	$26,154	$0	$26,154	Increase appropriations for GIS costs funded by a General Fund contribution.
Probation	$0	$232	$0	$232	Increase appropriations for GIS costs funded by a General Fund contribution.
Sheriff	$0	$3,603	$0	$3,603	Increase appropriations for GIS costs funded by a General Fund contribution.
Treasurer/Tax Collector	$0	$1,627	$0	$1,627	Increase appropriations for GIS costs funded by a General Fund contribution.
Total	$122,486	$0	$0	($122,486)	

Summary of Recommendations: It is recommended to increase revenue by $122,486 for GIS costs in the Public Works Administration budget with a corresponding decrease in Net County Cost. This is a technical adjustment reflecting a change in accounting cost allocation methodology that provides a savings in Net County Cost in CEO County Match. It is also recommended to increase appropriations in each of the above listed budgets totaling $122,486, funded by an increase in Net County Cost.

FIRST QUARTER FINANCIAL REPORT CONCLUSION

The First Quarter Financial Report shows the County is balanced and actual performance is tracking well with the 2014-2015 Operating Budget and year-end projections, with only minor budget adjustments that have been highlighted in this report. Public Safety Restoration analysis is ongoing and the Department Long Range Model is being fully developed through this process, with a planned report to the Board of Supervisors at Mid-Year. County staff will continue to monitor the 2014-2015 Fiscal Year budget operations and be prepared to make appropriate recommendations and changes at the Mid-Year Financial Report on March 3, 2015. 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

Mid-Year Financial Report, staff will bring appropriate and timely recommendations to the Board of Supervisors for consideration.

BUDGET SCHEDULE

The following schedule is recommended for the 2014-15 Mid-Year Financial Report:

♦ December 3, 2014	Issue 2014-2015 Mid-Year Budget Instructions
♦ January 14, 2015	Departments' Mid-Year Budget Submittals due to Chief Executive Office
♦ March 3, 2015	Mid-Year Financial Report to the Board of Supervisors