

Third Quarter Financial Report July 2015 — March 2016

BOARD OF SUPERVISORS

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**Submitted by
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INTRODUCTION

The following is the Chief Executive Office's Third Quarter Financial Report for the period of July 2015-March 2016 for the 2015-2016 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's financial status after 9 months of operations in the current Fiscal Year. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors Priority and recommends adjustments to County budgets needed since the adoption of the Final Budget in September 2015, which are necessary to end the year in a positive fiscal position. In addition, the Third Quarter Financial Report includes an update on Public Safety Restoration and highlights budget strategies to assure a balanced budget in the 2016-2017 Budget Year.

BACKGROUND

On September 15, 2015, the Board of Supervisors adopted the Fiscal Year 2015-2016 Final Budget for Stanislaus County. This spending plan of \$1.1 billion for all funds reflected a 0.4% increase from the 2014-2015 Adopted Final Budget. The 2015-2016 Adopted Final Budget was balanced using a combination of \$1 billion in revenue and \$45.2 million in fund balance and one-time funding sources. It also included funding for 4,152 allocated full-time positions, an increase of 174 positions from the 2014-2015 Adopted Final Budget.

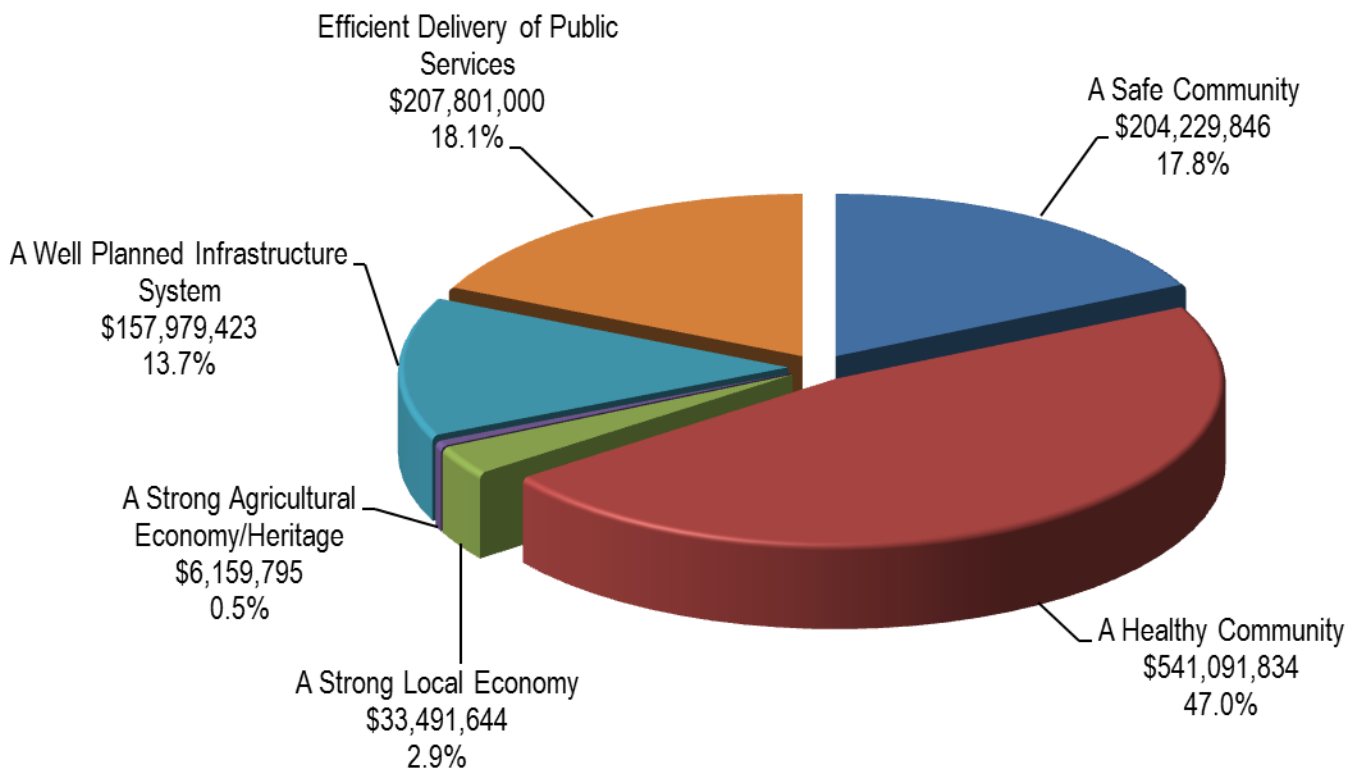
The General Fund totaled \$278.9 million in the 2015-2016 Adopted Final Budget, which was a \$7.8 million or 2.9% increase above the 2014-2015 Adopted Final Budget of \$271.1 million. Discretionary Revenue projected for Fiscal Year 2015-2016 was \$178.8 million, an increase of \$9.8 million when compared to the prior year. The 2015-2016 Adopted Final Budget was balanced using \$19.3 million of General Fund balance.

2015-2016 SUMMARY OF BUDGET ADJUSTMENTS

The Adopted Final Budget is adjusted each year by including appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors, however, not fully completed. Funding for these projects is identified as assigned fund balance by the Auditor-Controller at year-end to ensure these costs are fully funded in the next fiscal year. Also included in the Adopted Final Budget are any departmental savings that carried forward into the current fiscal year. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through quarterly financial reports or in separate Board of Supervisor action agenda items. The sum of all of these adjustments through March 31, 2016, totals \$53,471,629. This includes \$23,147,129 in carry forward of prior year appropriations, and \$30,324,500 in budget adjustments approved by the Board of Supervisors in the current fiscal year through March 2016.

As a result of these adjustments made prior to the Third Quarter review, the Operating Budget for the current fiscal year is \$1,150,753,542 funded with \$1,077,452,443 in estimated revenues and \$73,301,099 in fund balance and one-time funding sources.

Fiscal Year 2015-2016 Adjusted Operating Budget Expenditure by Board Priority \$1,150,753,542 as of March 31, 2016



Summary of Requested Third Quarter Adjustments

The 2015-2016 Third Quarter Financial Report reflects a fiscal review of departmental programs and recommended adjustments to ensure that all departments finish the year within their approved budgets. The Third Quarter recommendations include a total increase in appropriations of \$4,258,765, offset by \$3,433,079 in transfers from Appropriations for Contingencies for a net appropriations increase of \$825,686 along with an increase to estimated revenues of \$760,686. If approved, the recommendations contained in this report will result in an overall increase of \$65,000 in the use of fund balance.

The recommendations included in the Third Quarter Financial Report are primarily due to the use of contingency funding for Public Safety Restoration services and equipment purchases and restoration of salaries to specific General Fund Departments earned through a reduction in the actual vacancy rate below the 5% factored in the Adopted Final Budget. The net overall recommended increase will support services leveraged through grant opportunities in the Probation Department Youthful Offender Block Grant and the Department of Environmental Resources Sustainable Groundwater Planning Grant, along with miscellaneous year-end adjustments in multiple departments to meet operational needs.

The following table depicts the recommended Third Quarter adjustments by fund type:

Summary of Third Quarter Appropriation Adjustments by Fund				
Fund Type	Adopted Final Budget 2015-2016	Third Quarter Operating Budget 2015-2016	Recommended Third Quarter Adjustments	Recommended Third Quarter Budget 2015-2016
General Fund	\$278,921,910	\$296,118,430	\$175,686	\$296,294,116
Special Revenue Fund	\$648,779,448	\$668,812,386	\$650,000	\$669,462,386
Capital Projects Funds	\$1,540,510	\$1,540,510	\$0	\$1,540,510
Enterprise Funds	\$72,492,549	\$78,828,662	\$0	\$78,828,662
Internal Service Funds	\$95,547,496	\$105,453,554	\$0	\$105,453,554
Total	\$1,097,281,913	\$1,150,753,542	\$825,686	\$1,151,579,228

General Fund

The General Fund recommended Third Quarter budget for Fiscal Year 2015-2016 is \$296,294,116, an increase of \$175,686 from the 2015-2016 Third Quarter Operating Budget.

The primary contributors to the recommended increase include funding for two special elections at a cost of \$132,230 funded by the City of Modesto and Burbank-Paradise Fire District, and a change in asset management practices that provides Integrated Criminal Justice Information System (ICJIS) funding for computer hardware purchases necessary to support operations of the District Attorney and Sheriff.

Special Revenue Funds

The Special Revenue Fund recommended for Third Quarter budget for Fiscal Year 2015-2016 is \$669,462,386 an increase of \$650,000 from the 2015-2016 Third Quarter Operating Budget.

The primary contributor to the recommended increase is a \$585,000 increase for Environmental Resources due to the development of a Countywide Programmatic Environmental Impact Report (PEIR). The PEIR relates to implementation of the County's revised Groundwater Ordinance and development of the foundational groundwater planning necessary for the preparation of groundwater Sustainability Plans for each of the four groundwater subbasins located in Stanislaus County's geographical footprint.

Capital Projects Funds

The Capital Projects Fund recommended Third Quarter budget for Fiscal Year 2015-2016 is \$1,540,510 and represents no change from the 2015-2016 Third Quarter Operating Budget.

Enterprise Funds

The Enterprise Fund recommended Third Quarter budget for Fiscal Year 2015-2016 is \$78,828,662 and represents no change from the 2015-2016 Third Quarter Operating Budget.

Internal Service Funds

The Internal Service Fund recommended Third Quarter budget for Fiscal Year 2015-2016 is \$105,453,554 and represents no change from the 2015-2016 Third Quarter Operating Budget.

Overall Fund Balance

The beginning fund balance for all funds on July 1, 2015, was \$441.9 million. Adjustments to appropriations from prior year encumbrance carryovers and Board of Supervisors approved actions since the Adopted Final Budget in September total \$53.5 million. The Operating Budget of \$1.15 billion is balanced with a \$73.3 million use of fund balance. If the recommendations contained in this report are approved the result will be a \$65,000 increase in the use of fund balance. The projected fund balance on June 30, 2016, assuming all budget projections are fully realized, is forecast at \$368.5 million across all funds.

Summary of Fund Balance by Fund Type					
Fund Type	Beginning Fund Balance on 7/1/2015	Operating Budget Revenue on 3/31/2016	Operating Budget Appropriations on 3/31/2016	Third Quarter Recommendation Use of Fund Balance	Projected Fund Balance on 6/30/2016
General Fund	\$ 142,363,127	\$ 281,355,285	\$ 296,118,430	\$ -	\$ 127,599,982
Special Revenue Fund	217,227,276	635,103,141	668,812,386	65,000	183,453,031
Capital Projects Fund	5,307,807	1,006,000	1,540,510	-	4,773,297
Enterprise Fund	54,239,917	65,897,909	78,828,662	-	41,309,164
Internal Service Fund	22,729,699	94,090,108	105,453,554	-	11,366,253
Total	\$ 441,867,826	\$ 1,077,452,443	\$ 1,150,753,542	\$ 65,000	\$ 368,501,727

Note the General Fund beginning fund balance on July 1, 2015, displayed in the preceding table varies from the amount reported at the Adopted Final Budget of \$142,659,411. The adjusted beginning fund balance at Third Quarter, consistent with Mid-Year, is \$296,284 lower in the preceding table and the difference is due to post-closing adjustment entries by the Auditor-Controller, primarily for accounting requirements for fair value adjustments of fund investments.

DISCRETIONARY REVENUE

As of March 31, 2016, \$109.2 million was posted to the General Fund discretionary revenue accounts. This amount represents 57.9% of the 2015-2016 Mid-Year projection of \$188.7 million. For the prior five years, discretionary revenue collected by the end of third quarter ranged from 54.2% to 57.9% of the final

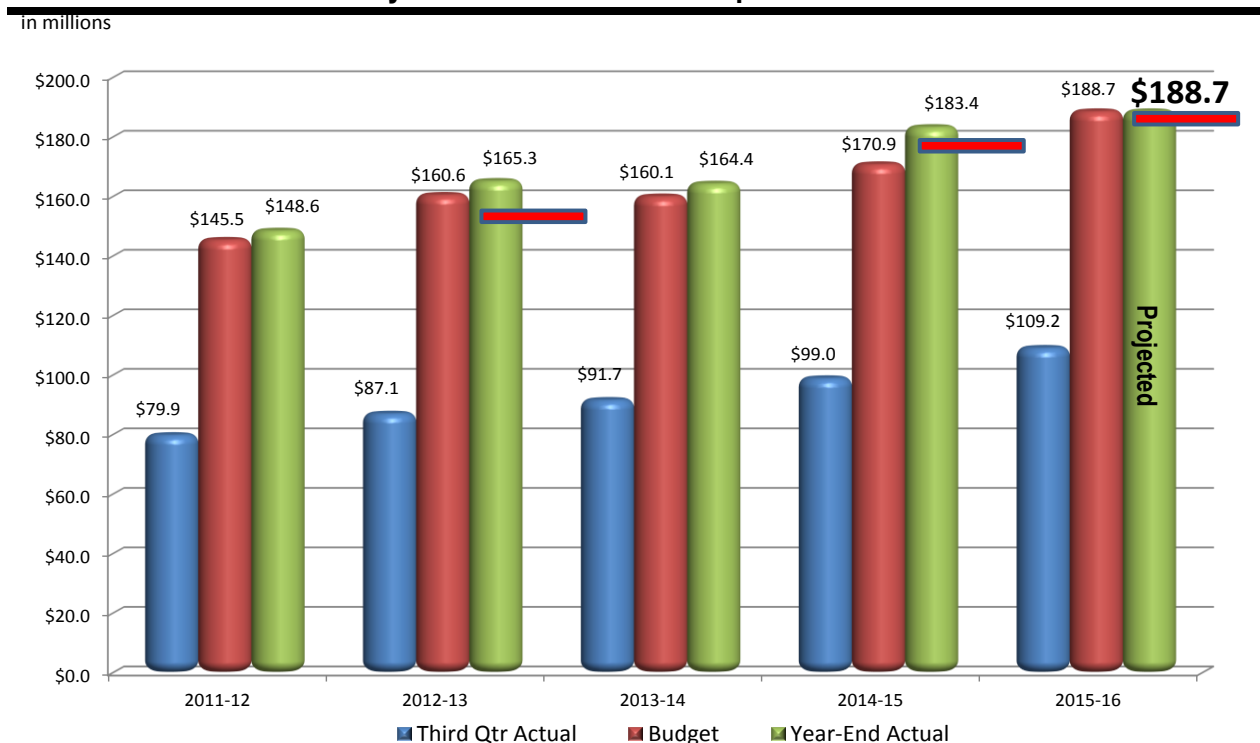
budget and from 52.7% to 55.8% of the year-end actual collections. This indicates that current year actual discretionary revenue is materializing at a higher rate than the five-year range at Third Quarter. This is primarily due to the discontinuance of negative bailout of property tax, a significant increase in actual receipts from SB 90 Mandate Claim reimbursement which is not traditionally budgeted in the final budget, one-time revenues of pre-2004 SB 90 Mandate Claim interest payment from the State, and one-time sales proceeds from the Medical Arts Building, which have been assigned for future support of the Veterans Services Facility.

The 2015-2016 Adopted Final Budget for Discretionary Revenue of \$178.8 million was increased by approximately \$9.9 million at Mid-Year to reflect these and other projections. As the year-end projections are still valid, a Third Quarter budget adjustment is not necessary.

Discretionary Revenue Description	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Mid-Year 2015-2016	Fiscal Year 2015-2016
	Actuals	Final Budget	Projections	Third Qtr Budget
Taxes	\$ 121,567,936	\$ 126,319,000	\$ 132,721,488	\$ 132,721,488
Licenses, Permits & Franchises	1,214,023	1,200,000	1,200,000	1,200,000
Fines, Forfeitures & Penalties	4,655,637	2,500,000	2,500,000	2,500,000
Revenue from Use of Money	1,509,449	1,842,944	2,900,800	2,900,800
Intergovernmental Revenue	48,592,259	42,102,000	43,225,948	43,225,948
Charges for Services	2,089,502	1,574,002	1,648,812	1,648,812
Miscellaneous Revenues	353,392	-	23,708	23,708
Other Financing Sources	3,393,229	3,263,845	4,446,132	4,446,132
Total	\$ 183,375,427	\$ 178,801,791	\$ 188,666,888	\$ 188,666,888

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

General Fund—Discretionary Revenue Five Year Comparison



For a fair comparison, note that in the chart on the previous page, a red line appears in two prior fiscal years in which one-time revenue receipts have inflated the year-end actual revenue. Fiscal Year 2012-2013 included one-time revenue for a total amount of \$11.9 million. Adjusted for this one-time revenue, Fiscal Year 2012-2013 revenue was \$153.4 million. Fiscal Year 2014-2015 included one-time revenue for a total amount of \$6 million. Adjusted for this one-time revenue, Fiscal Year 2014-2015 revenue was \$177.4 million. The projected Fiscal Year 2015-2016 revenue of \$188.7 million, also includes one-time revenue, estimated at \$3.2 million, and compares favorably with the prior fiscal years shown in the chart.

NET COUNTY COST SAVINGS

In the 2015-2016 Adopted Final Budget, Phase I departments that achieved savings in appropriations were able to carry forward 75% of their 2014-2015 Net County Cost savings and 100% of their unused Net County Cost savings balance from prior years. Phase II departments that achieved strategic savings in appropriations were eligible to carry forward up to 50% of their 2014-2015 Net County Cost savings. Net County Cost savings of \$5,340,939 were added to department budgets as part of the Adopted Final Budget. In preparation for the Third Quarter Financial Report, General Fund departments were asked to identify their projected use of Net County Cost savings in the current fiscal year. Departments are projecting to use \$1.6 million of the total \$5.3 million allocated in the beginning of Fiscal Year 2015-2016 to end the year with approximately \$3.7 million in remaining savings. This amount will be available to carry forward and reduce reliance on the General Fund in balancing the 2016-2017 Recommended Proposed Budget.

Departments	Phase	Net County Cost Savings Included in 2015-2016 Final Budget	Department Projection for Savings/(Use) in Fiscal Year 2015-2016	Department Projection Available for Budget Year 2016-2017
Agricultural Commissioner	I	1,300,473	(71,006)	1,229,467
Auditor-Controller	I	213,665	(213,665)	-
Board of Supervisors	I	144,580	(75,965)	68,615
Chief Executive Office Total	I	2,576,237	(668,078)	1,908,159
Parks and Recreation	II	12,673	(12,673)	-
Planning & Community Development	I	381,053	(381,053)	-
Public Defender	I	128,714	(128,714)	-
Treasurer - Admin/Taxes	I	583,544	(104,933)	478,611
Department Totals		\$ 5,340,939	\$ (1,656,087)	\$ 3,684,852

VACANCY RATES IN ZERO-BASED BUDGETS

As part of the Zero-Based Budget process, Phase II departments are provided with appropriation authority and Net County Cost support for their current Board approved service levels. This financial support is identified as the projected Funded Service Level, which is then adjusted by a 5% reduction to salaries and benefits equal to the assumption of a 5% vacancy rate. Historical analysis reflects County department vacancy rates generally average around 8%. This practice is intended to ensure that departments are not over-appropriated such that General Funds are not committed in excess of what will be required to sustain actual filled positions.

At Third Quarter, actual vacancy rates for General Fund Departments averaged to 6.8%. The Assessor, County Counsel, and Sheriff have successfully minimized their individual vacancy rates and require increased Net County Cost to support their positions and services for the remainder of the year. The recommended restoration amounts are calculated using the following methodology: 100% refund of the

vacancy factor if the actual vacancy rate is less than 2.5% or 50% refund of the vacancy factor if the vacancy rate is between 2.6% and 4.99%. The following table summarizes the funding recommended for restoration to departments at Third Quarter:

2015-2016 Zero-Based Budget Vacancy Rate Analysis			
Department	Zero-Based Budget 5% Adjustment Amount	Actual Third Quarter Vacancy Rate	Refund 100% if less than 2.5%; Refund 50% if between 2.6% and 5%
AAA - Veterans	\$0	2.38%	
Assessor	(\$249,060)	3.44%	\$124,530
Clerk-Recorder	(\$82,824)	14.58%	
Clerk-Recorder Elections	(\$53,818)	23.08%	
Cooperative Extension	\$0	0.00%	
County Counsel	(\$110,024)	1.59%	\$110,024
District Attorney - Criminal	(\$657,104)	7.44%	
Parks & Recreation	(\$79,374)	9.21%	
Probation - Administration	(\$101,496)	11.11%	
Probation - Field Services	(\$451,263)	10.64%	
Probation - Juvenile Commitment Facility	(\$155,969)	15.50%	
Probation - Institutions	(\$267,084)	7.34%	
Sheriff - Administration	(\$195,526)	2.27%	\$195,526
Sheriff - Detention	(\$1,532,220)	2.27%	\$1,532,220
Sheriff - Operations	(\$1,065,779)	2.27%	\$1,065,779
Total Base Budget Reduction	(\$5,001,541)		\$3,028,079

Note the actual vacancy rate for the three Sheriff Divisions, as displayed in the above table, is the composite rate for Administration, Detention and Operations. This methodology was selected, unique to the Sheriff, consistent with the Board of Supervisors Mid-Year approval authorizing the Chief Executive Officer and Auditor Controller to transfer appropriations among these budgets to ensure ending the year in a positive position.

LOOKING FORWARD

Staff will present the 2016-2017 Proposed Budget to the Board of Supervisors for consideration on June 14, 2016. The theme is "Focus on the Future" and goals and objectives will be designed to position the County to best meet customer needs through new tools and technologies supported by sustainable financing strategies. County staff will continue to view budget impacts through the multi-year, long-range financial model that provides guidance for financial policy and strategy. Prudent and targeted spending, continued implementation of the Public Safety Restoration Plan, Technology Innovation Program, and Focus on Prevention along with establishment and maintenance of appropriate financial reserves will be some of the key projects in Budget Year 2016-2017. The County will continue to carefully evaluate staffing levels and the related service to the Community. Departments will continue to be incentivized for creativity and cost-efficiency through the Net County Cost Savings Program and it is anticipated more departments will transition into Phase II during this next year.

State Budget Update

The State continues to show strong financial performance through March of 2016. Revenue for the 2015-2016 Fiscal Year that began July 1, 2015, is \$78.37 billion, exceeding the Governor's budget by \$512.5 million (0.7%).

Personal income tax and corporate tax both beat projections, but sales tax has fallen short by .9% year-to-date. Compared to the 2014-2015 Fiscal Year, revenues are up by \$5.2 billion (7.1%).

Staff will closely watch the Governor's May Budget Revision to see what changes have been made to the January 2017 Proposed Budget and the related impacts to local concerns.

2016-2017 PROPOSED BUDGET SCHEDULE

The following schedule is recommended for the 2016-2017 Proposed and Final Budget:

2016-2017 PROPOSED AND FINAL BUDGET SCHEDULE	
June 3, 2016	2016-2017 Proposed Budget available to the public on County website
June 14, 2016	2016-2017 Proposed Budget Presentation to the Board of Supervisors
August 30, 2016	2016-2017 Final Budget Public Hearing and Presentation to the Board of Supervisors

While the beginning of the 2015-2016 Third Quarter Financial Report gives an update and overview of the County budget as a whole, the following sections of the report detail the recommended Third Quarter budget adjustments. These adjustments are presented by department, which are further categorized within the Board of Supervisors Priorities of: A Safe Community, A Healthy Community, A Strong Local Economy, A Strong Agricultural Economy/Heritage, A Well Planned Infrastructure System, and Efficient Delivery of Public Services.



A Safe Community

COUNTY DEPARTMENTS

CEO-OES/Fire Warden

CEO-Capital Projects

CEO-County Operations

District Attorney

Grand Jury

Integrated County Justice Information System

Probation

Public Defender

Sheriff

A Safe Community

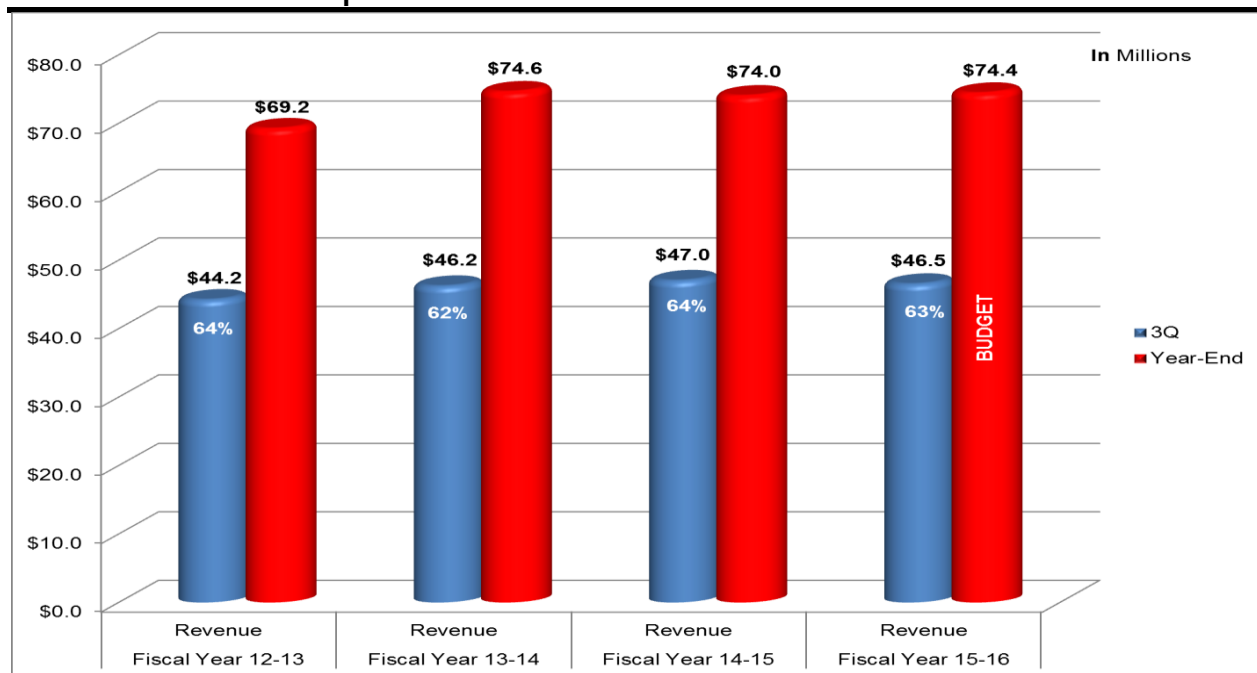
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of March 31, 2016, actual revenue collected is \$46.5 million, which represents 63% of the estimated annual revenue. This is within the range when compared to the third quarter point of the prior three years when collections ranged from 62% to 64% of the final actual revenue.

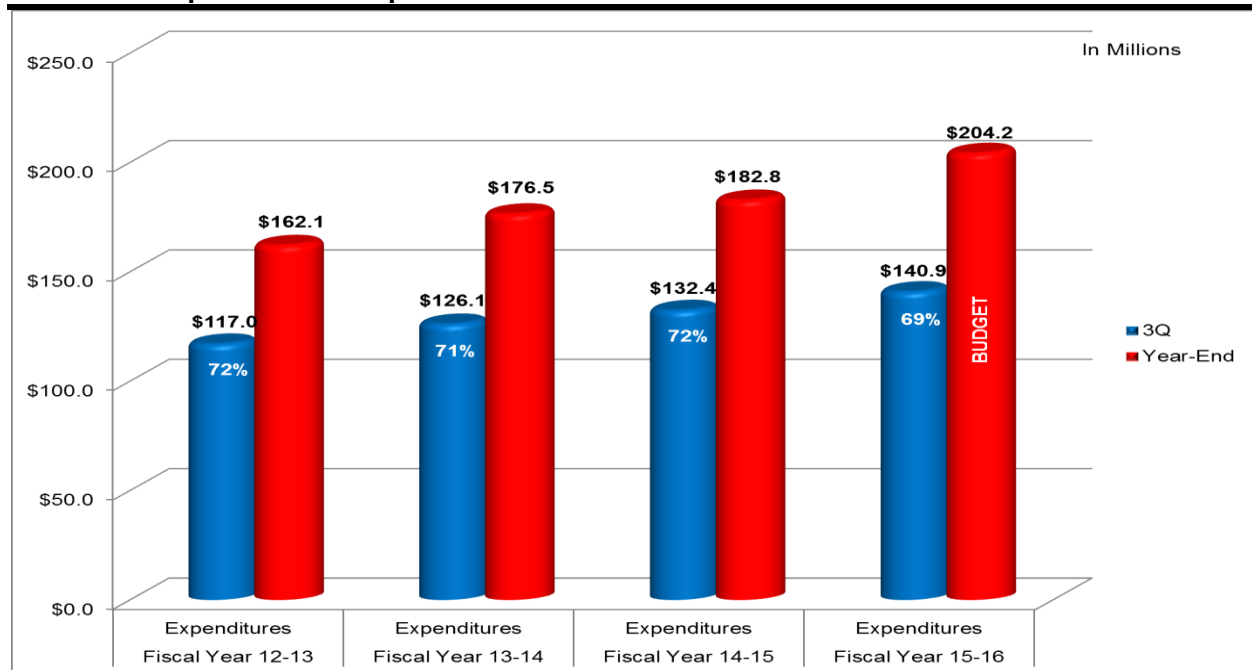
A Safe Community Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2016, expenditures are \$140.9 million, representing 69% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 71% to 72% of the final actual expenditures, placing this year below the range. This is mainly due to the timing of invoices charged to the Local Community Corrections fund.

A Safe Community Four-Year Expenditure Comparison



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

The recommendations contained in this report for A Safe Community will increase appropriations by \$2,918,525 and increase estimated revenue by \$60,000, which includes \$65,000 increased use of departmental fund balance and a transfer of \$2,793,525 from Appropriations from Contingencies.

PUBLIC SAFETY RESTORATION

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

The following is an update on the implementation status of approved PSR services. At the time of the 2015-2016 Adopted Final Budget, as of June 30, 2015, 12 full-time positions and five extra-help Deputy Sheriff Intern positions had been filled. During the reporting period of July 1, 2015 to September 30, 2015, departments filled three additional positions. For the reporting period of October 1, 2015 to December 31, 2015, the departments filled six additional positions. For the reporting period of January 1, 2016 to March 31, 2016, the departments have filled 10 additional positions. Of the 39 original positions approved by the Board of Supervisors as part of the 2014-2015 Mid-Year Financial Report, 31 full-time positions are currently filled. The five extra-help positions are not counted within the 39 authorized full-time positions approved for PSR, although funding is provided for the extra-help salaries, as included on the attached PSR table. In Fiscal Year 2015-2016 the 36 positions and one-time support costs require the use of \$3,023,162 in PSR funding plus leveraged funds available from department savings and other non-General Fund revenues.

District Attorney

- No positions filled during this reporting period.
- At this time, the District Attorney has filled all four of their approved positions for Phase I.

Probation

- Filled one position during the reporting period: Crime Analyst
This position will evaluate the effectiveness of juvenile programs in the Probation Department. The position will use Integrated Criminal Justice Information System data to increase the Department's ability to report on program outcomes and support future efforts to pursue grant-funding opportunities.
- At this time, the Probation Department has filled all 13 of their approved positions.

Public Defender

- Filled one position during the reporting period: Attorney V
This position will provide increased staffing resources to support the distribution and alignment of cases assigned to each individual attorney.
- The Public Defender has conducted interviews for the Investigator position and plans to extend an offer of employment as a result.
- The Department had planned to use Net County Cost Savings in the 2015-2016 Fiscal Year to fund approved Public Safety Restoration positions. It is now anticipated that in order to remain in a positive position at year-end, the Department will use Public Safety Restoration funding set aside in Departmental Appropriations for Contingencies for the filled positions.
- The Public Defender has two vacant authorized positions in Phase I and is in the process of filling all remaining approved positions.

Sheriff

- Filled eight positions during this reporting period: Deputy Sheriff
These positions will allow the Department to re-establish Community Resource Deputy positions for patrolling unincorporated communities throughout the County and to restore positions in General Crime Investigations.
- The Sheriff's Department has filled 12 of their 18 approved positions for Phase I and is working to fill all remaining vacancies to restore services approved through the PSR program.
- The Department currently has candidates identified and scheduled to participate in Basic POST training to fill all remaining vacancies at the beginning of the 2016-2017 Budget Year.

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

Public Safety Restoration - Quarterly Update

Data as of March 31, 2016

District Attorney

Positions/Services Approved	Implementation Status	PSR Funds to be Used in FY 2015-2016
Lieutenant - Investigations Unit	Initiated in Q4 FY 14-15	\$192,140
System Technician I - IT Support and Automation	Initiated in Q4 FY 14-15	\$71,500
Vehicle for Investigator	Initiated in Final Budget FY 15-16	\$34,640
Attorney V (Replaced a Criminal Investigator II)	Initiated in Q1 FY 15-16	\$111,705
Victim Advocate II - Victim Services	Initiated in Q1 FY 15-16	\$74,169
Total Funds Used in FY 15-16		\$484,154
Total Approved in FY 15-16 (1)		\$584,000
Balance Remaining		\$99,846

Probation

Positions/Services Approved	Implementation Status	PSR Funds to be Used in FY 2015-2016
Supv. Probation Officer - Day Reporting Center	Initiated in Q3 FY 14-15	\$143,480
Deputy Probation Officer III - Day Reporting Center	Initiated in Q3 FY 14-15	\$133,000
Deputy Probation Officer I/II - Day Reporting Center	Initiated in Q4 FY 14-15	\$124,616
Supv. Probation Corrections Officer - Alternative to Custody Program	Initiated in Q4 FY 14-15	Funded in JJCPA
(2) Probation Corrections Officer III - Institutions Programs	Initiated in Q4 FY 14-15	Funded in YOBG
Manager II - Clerical Management Support	Initiated in Q1 FY 15-16	\$94,320
Systems Technician - IT Support	Initiated in Q2 FY 15-16	\$48,732
(4) Probation Corrections Officer I/II - Institutions Programs	Initiated in Q2 FY 15-16	Funded by YOBG
Crime Analyst - Juvenile Programs	Initiated in Q3 FY 15-16	Funded by YOBG
Total Funds Used in FY 15-16		\$544,148
Total Approved in FY 15-16		\$700,000
Balance Remaining		\$155,852

Public Defender

Positions/Services Approved	Implementation Status	PSR Funds to be Used in FY 2015-2016
Manager II - Investigations Unit Manager	Initiated in Q2 FY 15-16	\$82,414
(2) Special Investigator - Investigations Unit	In Progress	\$0
Attorney V - General Defense	Initiated in Q3 FY 15-16	\$66,586
Total Funds Used in FY 15-16		\$149,000
Total Approved in FY 15-16		\$220,000
Balance Remaining		\$71,000

Sheriff

Positions/Services Approved	Implementation Status	PSR Funds to be Used in FY 2015-2016
Lieutenant - Watch Commander	Initiated in Q3 FY 14-15	\$167,138
Lieutenant - Emergency Services/County Security	Initiated in Q4 FY 14-15	MRFA/CEO-OES
(16) Deputy Sheriff - Community Resources, Investigations, etc.	Initiated in Q4 FY 14-15 (2/16)	\$244,000
	Initiated in Q3 15-16 (8/16)	\$630,482
(5) Deputy Sheriff Intern - extra help (1st Training Academy)	Initiated in Q4 FY 14-15	\$57,007
(5) Deputy Sheriff Intern - extra help	In Progress	\$0
One-Time Equipment Support Costs	Initiated in Q4 FY 14-15	\$383,787
One-Time Equipment Support Costs	Initiated in Q FY 15-16	\$363,446
Total Funds Used in FY 15-16		\$1,845,860
Total Approved in FY 15-16 (2)		\$2,496,000
Balance Remaining		\$650,140

Summary Total

Total Funds To Be Used in FY 15-16	\$3,023,162
Total Approved in FY 15-16	\$4,000,000
Balance Remaining	\$976,838

THIRD QUARTER ISSUES AND RECOMMENDATIONS

DISTRICT ATTORNEY

Criminal Division: The Department is requesting an increase to estimated revenue and appropriations in the amount of \$20,000 due to additional funding received from the Integrated Criminal Justice Information System (ICJIS). This increase in funding is to purchase necessary hardware to support the ICJIS infrastructure. This request is a one-time funding expense.

The Department is also requesting a transfer of \$47,388 from Departmental Appropriations for Contingencies related to Public Safety Restoration to Services and Supplies. These appropriations will fund supplies related to Public Safety Restoration allocated positions. Funds that are not used in the 2015-2016 Fiscal Year will be carried over to the 2016-2017 Budget Year as part of the funds available process.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
District Attorney - Criminal Division	\$20,000	\$20,000	\$0	\$0	Increase in appropriations and estimated revenue for ICJIS hardware transferred from the ICJIS budget unit.
District Attorney - Criminal Division	\$0	\$47,388	\$0	\$47,388	Transfer from Departmental Appropriations for Contingencies to Services and Supplies for Public Safety Restoration related expenses.
District Attorney - Criminal Division	\$0	(\$47,388)	\$0	(\$47,388)	Transfer to Services and Supplies from Departmental Appropriations for Contingencies for Public Safety Restoration related expenses.
Total	\$20,000	\$20,000	\$0	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue by \$20,000 and appropriations by \$20,000 for the District Attorney – Criminal Division.

INTEGRATED CRIMINAL JUSTICE INFORMATION SYSTEM

It is requested to transfer \$60,000 in appropriations from Fixed Assets to Operating Transfers Out to the District Attorney and Sheriff Departments to allow for the purchase of necessary hardware to support the ICJIS infrastructure.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Integrated Criminal Justice Information Systems	\$0	(\$60,000)	(\$60,000)	\$0	Transfer appropriations from Fixed Assets to Operating Transfers Out to allow departments to purchase necessary computer hardware.
Integrated Criminal Justice Information Systems	\$0	\$60,000	\$60,000	\$0	Transfer appropriations to Operating Transfers Out from Fixed Assets to allow departments to purchase necessary computer hardware.
Total	\$0	\$0	\$0	\$0	

Summary of Recommendations: It is recommended to transfer \$60,000 in appropriations from Fixed Assets to Operating Transfers Out within the Integrated Criminal Justice System budget.

PROBATION

Field Services: The Department is requesting to transfer \$166,934 in appropriations from Services and Supplies to Fixed Assets. This funding is needed to install a proximity card system and four exterior doors at the Blue Gum Facility. As part of the review of the Blue Gum Facility, potential safety concerns related to building accessibility led to a recommendation for implementation of a proximity card system and the replacement of four exterior doors. The Department has identified year-end savings that will be used to fund this project.

The Department has identified Information Technology (IT) costs estimated at \$71,000 for server storage, Wi-Fi at the Day Reporting Center, Adult Probation and Blue Gum, a smart board and projector and scanners for the clerical staff. Of this amount, \$50,000 has been identified as Fixed Assets. The Department is requesting to transfer \$50,000 in appropriations from Services and Supplies to Fixed Assets.

The Department is also requesting a transfer of \$54,445 from Departmental Appropriations for Contingencies related to Public Safety Restoration to Fixed Assets. These appropriations will fund two vehicles related to Public Safety Restoration allocated positions. These vehicles will be used by staff to conduct home visits and assist clients in obtaining necessary services. At year-end these funds will be carried over to the 2016-2017 Budget Year as part of the funds available process. Vehicles will be purchased as part of the County's Fleet Services Policy in the 2016-2017 Proposed Budget.

Youthful Offender Block Grant: The Department is requesting an increase in appropriations of \$65,000 to cover services with increased costs in Salaries and Cost Allocation Plan charges in order to end the year in a positive position. Funding for this increase in appropriations will come from Departmental Fund Balance. As of March 31, 2016, this budget had a fund balance of \$5,680,490.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Probation - Field Services	\$0	\$166,934	\$0	\$166,934	Transfer to Fixed Assets from Services and Supplies to fund the proximity card system and four exterior doors at the Blue Gum Facility.
Probation - Field Services	\$0	(\$166,934)	\$0	(\$166,934)	Transfer from Services and Supplies to Fixed Assets to fund the proximity card system and four exterior doors at the Blue Gum Facility.
Probation - Field Services	\$0	\$50,000	\$0	\$50,000	Transfer to Fixed Assets from Services and Supplies to fund the identified IT needs.
Probation - Field Services	\$0	(\$50,000)	\$0	(\$50,000)	Transfer from Services and Supplies to Fixed Assets to fund the identified IT needs.
Probation - Field Services	\$0	\$54,445	\$0	\$54,445	Transfer to Fixed Assets from Departmental Appropriations for Contingencies to fund two vehicles related to Public Safety Restoration.
Probation - Field Services	\$0	(\$54,445)	\$0	(\$54,445)	Transfer from Departmental Appropriations for contingencies to Fixed Assets to fund two vehicles related to Public Safety Restoration.
Probation - Youthful Offender Block Grant	\$0	\$65,000	\$65,000	\$0	Increase appropriations to cover increased costs of services in Salaries and Cost Allocation Plan charges, funded from Departmental Fund Balance.
Total	\$0	\$65,000	\$65,000	\$0	

Summary of Recommendations: It is recommended to increase appropriations by \$65,000 supported by Fund Balance for the Probation Youthful Offender Block Grant program and to make the transfers as noted in the above table.

PUBLIC DEFENDER

The Department is requesting a transfer of \$47,800 from Departmental Appropriations for Contingencies related to Public Safety Restoration to Fixed Assets. These appropriations will fund two vehicles related to Public Safety Restoration allocated positions. These vehicles will be used by investigative staff to conduct investigations in the field, visits to the Public Safety Center and to conduct all other investigative duties. At year-end these funds will be carried over to the 2016-2017 Budget Year as part of the funds available process. Vehicles will be purchased as part of the County's Fleet Services Policy in the 2016-2017 Proposed Budget.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Public Defender	\$0	\$47,800	\$0	\$47,800	Transfer to Fixed Assets from Departmental Appropriations for Contingencies to fund two vehicles related to Public Safety Restoration.
Public Defender	\$0	(\$47,800)	\$0	(\$47,800)	Transfer from Departmental Appropriations for Contingencies to Fixed Assets to fund two vehicles related to Public Safety Restoration.
Total	\$0	\$0	\$0	\$0	

Summary of Recommendations: It is recommended to transfer \$47,800 from Departmental Appropriations for Contingencies to Fixed Assets for the Public Defender, to support the purchase of two vehicles related to Public Safety Restoration.

SHERIFF

The Sheriff's Department transitioned to a new zero-based budget process with several other County departments starting in Fiscal Year 2014-2015. As part of the zero-based budgeting strategy, the Chief Executive Office reduced budgets to assume a five percent vacancy rate for all allocated positions in the zero-based budget process. The Department was successful in reducing the vacancy rate in three budget units, Administration, Detention and Operations for which a request for restoration of the vacancy rate follows.

Administration: It is requested to increase appropriations by \$195,526 for restoration of the five percent vacancy rate to cover projected salary costs in the Administration budget. Funding has been reserved for this purpose in Appropriations for Contingencies.

The Department is also requesting to increase estimated revenue and appropriations by \$40,000 for a one-time expenditure to upgrade servers related to the Integrated Criminal Justice Information System (ICJIS). The revenue will be provided by the ICJIS budget through an Operating Transfer In.

Detention: It is requested to increase appropriations by \$1,532,220 for restoration of the five percent vacancy rate to cover projected salary costs in the Detention budget. Funding has been reserved for this purpose in Appropriations for Contingencies.

Operations: It is requested to increase appropriations by \$1,065,779 for restoration of the five percent vacancy rate to cover projected salary costs in the Operations budget. Funding has been reserved for this purpose in Appropriations for Contingencies.

The Sheriff is also requesting a transfer of appropriations of \$122,000 from Departmental Appropriations for Contingencies to Salaries and Benefits associated with overtime costs generated by patrolling the Salida area. This was intended to be a full time function of one of the Public Safety Restoration positions. The Department was not able to immediately fill all of the Public Safety Restoration positions and staffed the need with overtime hours to provide the additional department presence in the community of Salida.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Sheriff - Administration	\$0	\$195,526	\$0	\$195,526	Increase appropriations to fund the restoration of zero-based budget five percent vacancy rate applied in the 2015-2016 Adopted Proposed Budget, funded from Appropriations for Contingencies.
Sheriff - Administration	\$40,000	\$40,000	\$0	\$0	Increase in estimated revenue and appropriations to cover one time purchase for ICJIS equipment.
Sheriff - Detention	\$0	\$1,532,220	\$0	\$1,532,220	Increase appropriations to fund the restoration of the zero-based budget five percent vacancy rate applied in the 2015-2016 Adopted Proposed Budget, funded from Appropriations for Contingencies.
Sheriff - Operations	\$0	\$1,065,779	\$0	\$1,065,779	Increase appropriations to fund the restoration of the zero-based budget five percent vacancy rate applied in the 2015-2016 Adopted Proposed Budget, funded from Appropriations for Contingencies.
Sheriff - Operations	\$0	\$122,000	\$0	\$122,000	Transfer to Salary and Benefits from Departmental Appropriations for Contingencies for Public Safety Restoration related expenses.
Sheriff - Operations	\$0	(\$122,000)	\$0	(\$122,000)	Transfer from Departmental Appropriations for Contingencies to Salary and Benefits for Public Safety Restoration related expenses.
Total	\$40,000	\$2,833,525	\$0	\$2,793,525	

Summary of Recommendations: It is recommended to increase estimated revenue by \$40,000 and appropriations by \$2,833,525 for the Sheriff, resulting in a \$2,793,525 increase in Net County Cost funded through transfer from Appropriations for Contingencies. It is further recommended to approve the transfers as reflected in the table above.



A Healthy Community

COUNTY DEPARTMENTS

Area Agency on Aging/Veterans Services

Behavioral Health and Recovery Services

Child Support Services

Children and Families Commission

Community Services Agency

Health Services Agency

A Healthy Community

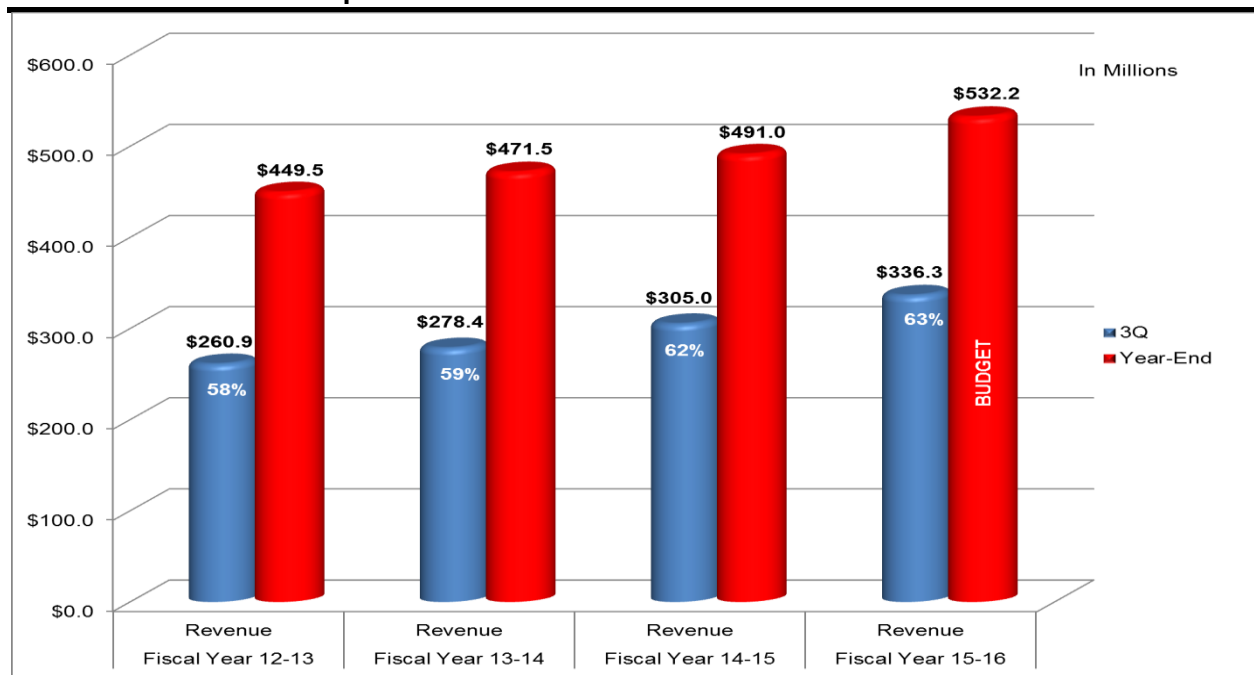
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community as of March 31, 2016, actual revenue is \$336.3 million, which represents 63% of the estimated annual revenue. This is slightly above the range when compared to the third quarter point of the prior three years when collections ranged from 58% to 62% of the final actual revenue. This is primarily due to the Community Services Agency (CSA) increased revenue of \$34.2 million due to CSA implementing a new process of accruing revenue on a monthly basis instead of waiting until the revenues are received.

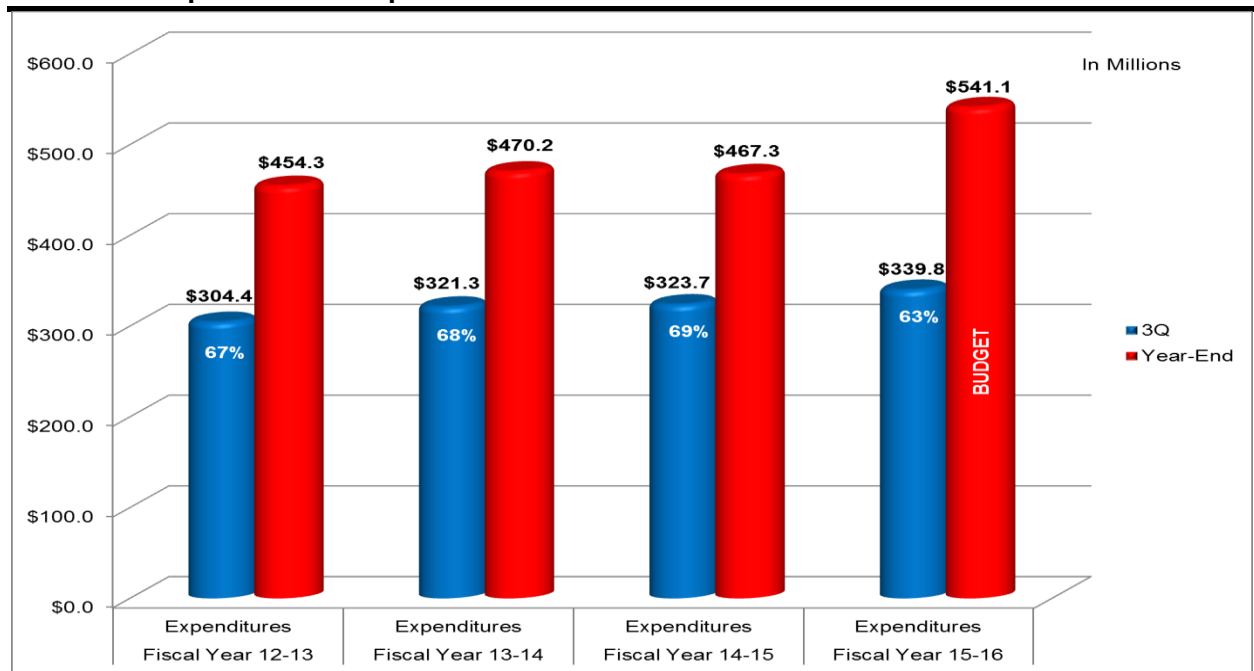
A Healthy Community Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2016, expenditures were \$339.8 million, representing 63% of the budgeted appropriations. Expenditures at the third quarter point of the three prior years ranged from 67% to 69% of the final annual expenditures, placing this year's expenditures below the range. This is primarily due to reduced program spending in the Community Services Agency Public Assistance programs reflecting an increase in family self-sufficiency.

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

THIRD QUARTER ISSUES AND RECOMMENDATIONS

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



A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
CEO – Economic Development Bank
Library

A Strong Local Economy

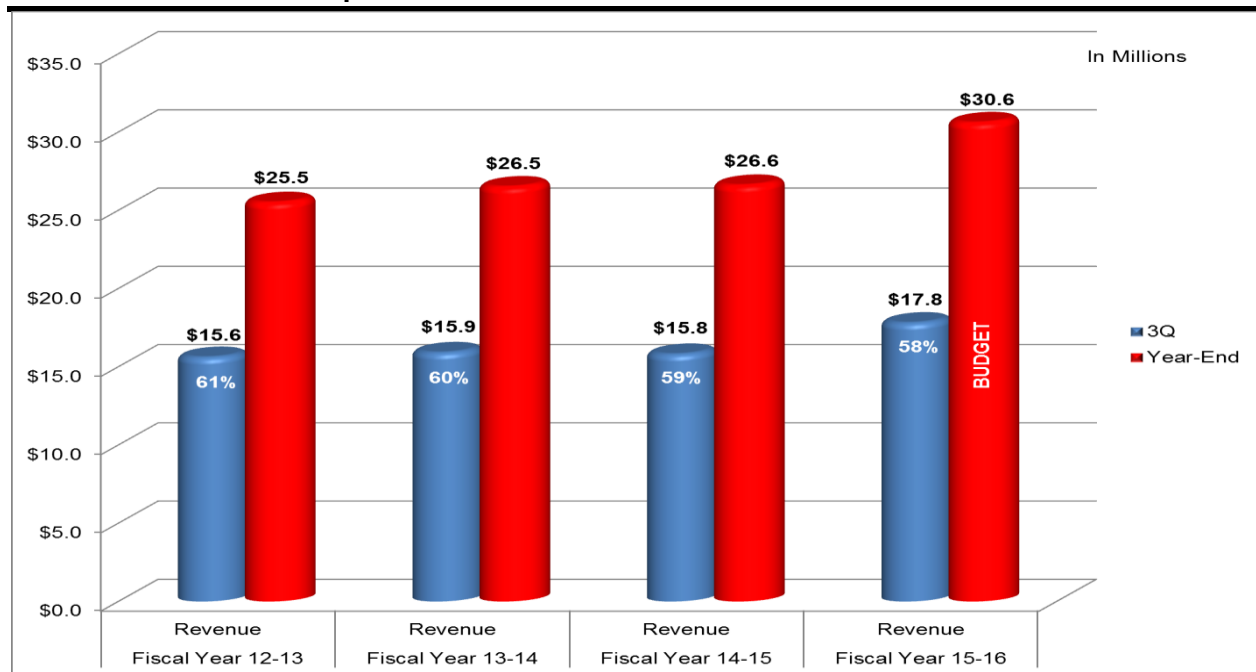
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of March 31, 2016, actual revenue collected is \$17.8 million, which represents 58% of the estimated annual revenue. This is below the range when compared to third quarter of the prior three years when collections were 59% to 61% of the final actual revenue. This is due to reduced costs associated with Workforce Innovation and Opportunity Act services, which generates less revenue for Alliance Worknet.

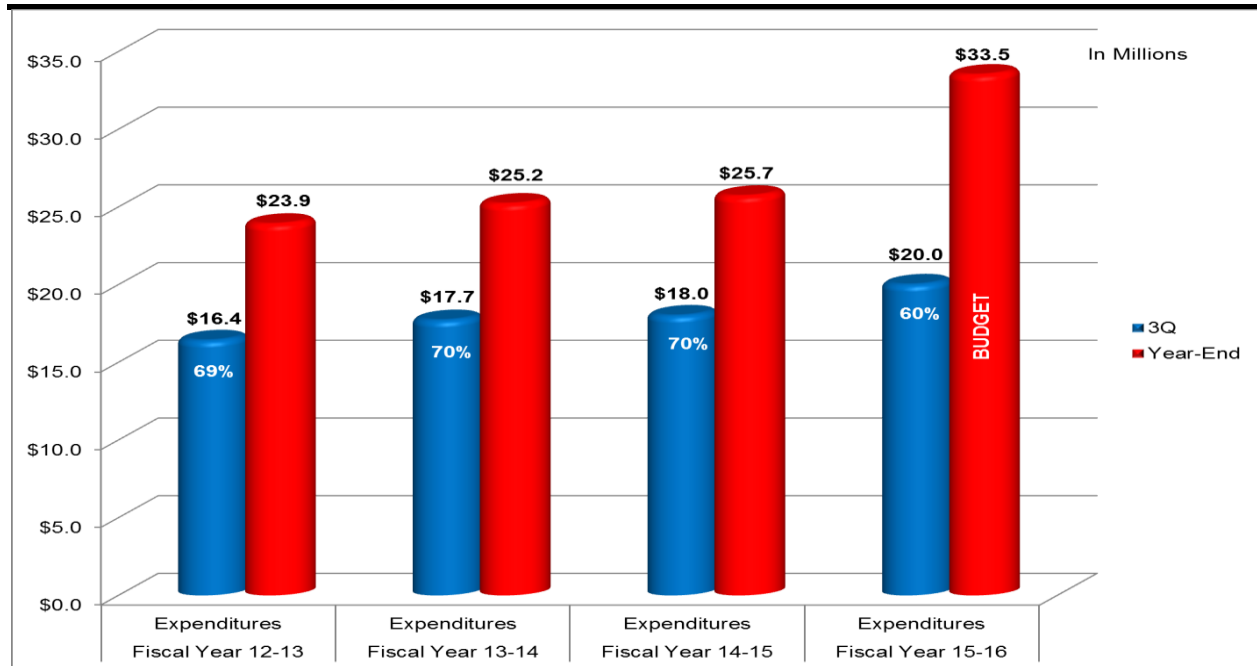
A Strong Local Economy Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2016, expenditures are \$20.0 million, representing 60% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 69% to 70% of the final actual expenditures, placing this year below the range. This is primarily due to projects that have been budgeted in the Library that have not been fully expensed, a \$1.5 million budget increase in the Community Benefit Fund for future projects, and reduced expenditures associated with Workforce Innovation and Opportunity Act services provided by the Alliance Worknet.

A Strong Local Economy Four-Year Expenditure Comparison



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

THIRD QUARTER ISSUES AND RECOMMENDATIONS

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



A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

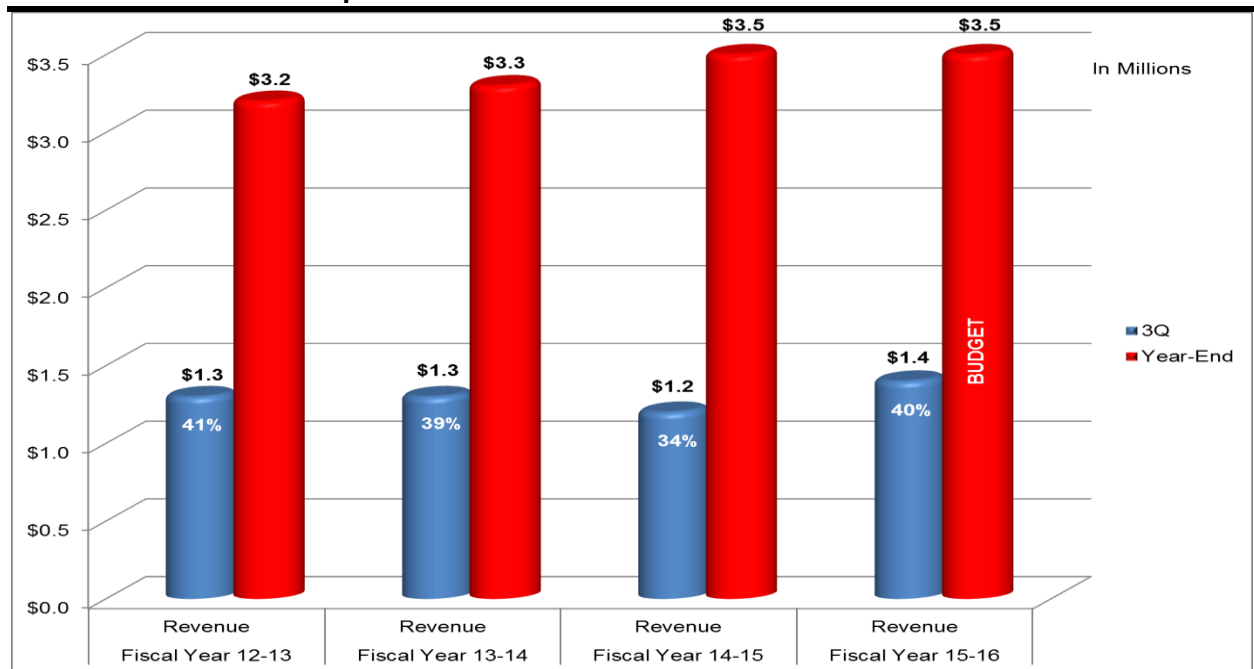
OVERVIEW

The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry that generates over \$4 billion per year for County residents. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply and water quality, and preservation of our unique agriculture heritage are key aspects of A Strong Agricultural Economy/Heritage. Departments assigned to this priority area include: Agricultural Commissioner's Office and Cooperative Extension. The major funding source for these County budgets includes contributions from the General Fund. The Agricultural Commissioner receives State funding for a number of programs as well as charges for specific services. While not part of the County budget, Cooperative Extension's University of California advisors are funded through the University of California system.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage, as of March 31, 2016, actual revenue collected is \$1.4 million, which represents 40% of the estimated annual revenue. This is within the range when compared to third quarter of the prior three years when collections were 34% to 41% of the final actual revenue.

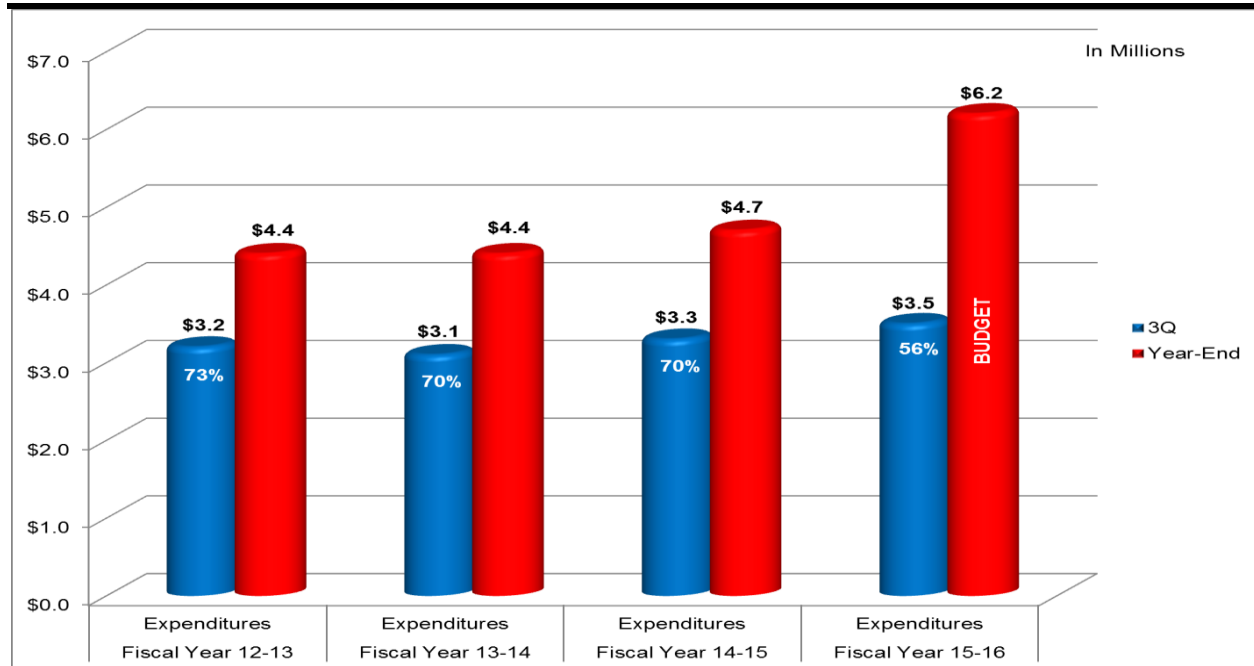
A Strong Agricultural Economy/Heritage Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2016, expenditures are \$3.5 million, representing 56% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 70% to 73% of the final actual expenditures, placing this year below the range, which is consistent with departments in this priority that have carried over Net County Cost savings at fiscal year-end.

A Strong Agricultural Economy/Heritage Four-Year Expenditure Comparison



Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage are projected to end the year within budget and in a positive fiscal position. The recommendations contained in this report for A Strong Agricultural Economy/Heritage will increase appropriations and estimated revenue by \$21,726.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

AGRICULTURAL COMMISSIONER

Within the Agricultural Commissioner's Fiscal Year 2015-2016 Adopted Final Budget, \$50,000 in appropriations was budgeted for the installation of a vehicle scale, funded with the Department's Net County Cost savings. The Department is requesting a technical adjustment to transfer these appropriations into the correct Fixed Asset group. Additionally, initial bids received to install the scale came in higher than the estimates used when developing the Fiscal Year 2015-2016 Final Budget. The Department has Net County Cost savings that can cover the additional cost, and is requesting to transfer \$30,000 of appropriations from Salaries & Benefits into Fixed Assets.

Asian Citrus Psyllid (ACP) was detected in Turlock in October 2015 and in Oakdale in December 2015. As a result, the California Department of Food and Agriculture (CDFA) established quarantines covering a combined 234 square miles in these locations. The Agricultural Commissioner routinely contracts with the State to trap and monitor this pest. Due to detection of ACP, additional insect traps were placed in the quarantine area requiring additional monitoring. Due to the increased workload, the ACP Trapping

Agreement with the CDFA was increased. Therefore, the Department is requesting to increase appropriations and estimated revenue by \$21,726 to reflect the increased workload.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Agricultural Commissioner	\$0	\$50,000	\$0	\$50,000	Technical adjustment to transfer appropriations between Fixed Asset Groups from On-Site Improvements to Equipment for the installation of a vehicle scale.
Agricultural Commissioner	\$0	(\$50,000)	\$0	(\$50,000)	Technical adjustment to transfer appropriations between Fixed Asset Groups from On-Site Improvements to Equipment for the installation of a vehicle scale.
Agricultural Commissioner	\$0	\$30,000	\$0	\$30,000	Transfer appropriations from Salaries & Benefits (net county cost carryover savings) to Fixed Assets to cover full cost of the vehicle scale installation.
Agricultural Commissioner	\$0	(\$30,000)	\$0	(\$30,000)	Transfer appropriations from Salaries & Benefits (net county cost carryover savings) to Fixed Assets to cover full cost of the vehicle scale installation.
Agricultural Commissioner	\$21,726	\$21,726	\$0	\$0	Increase in appropriations and estimated revenue due to additional monitoring and trapping of the Asian Citrus Psyllid in quarantined areas.
Total	\$21,726	\$21,726	\$0	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by \$21,726 for the Agricultural Commissioner budget. It is further recommended to approve the transfers as reflected in the above table.



A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

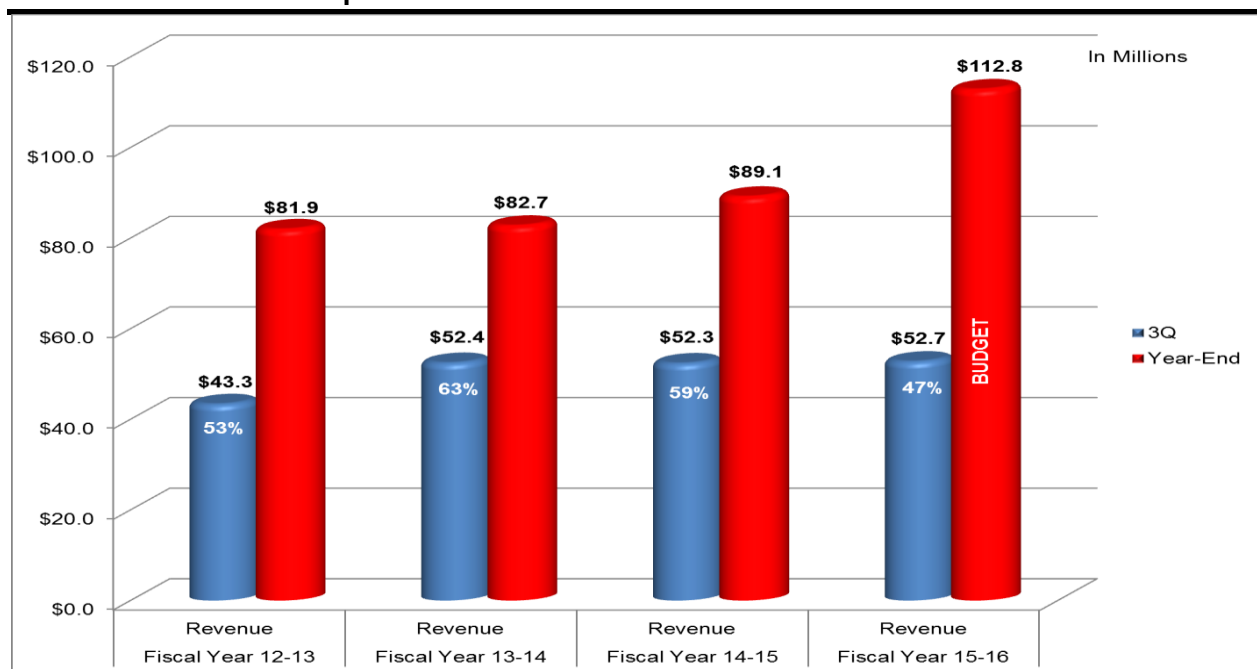
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System, as of March 31, 2016, actual revenue collected is \$52.7 million, which represents 47% of the estimated annual revenue. This is below the range when compared to third quarter of the prior three years when collections ranged from 53% to 63% of the final actual revenue. The lower percentage of revenue is the result of actual revenue that has not yet been posted for the SR 99/Kiernan Interchange project and Claribel Widening projects. Road capital projects are fully budgeted in the current year, however actual revenue occurs over multiple years. The Claribel Road Widening project was completed in December 2015, and the SR99/Kiernan Interchange project is scheduled for completion in June 2016.

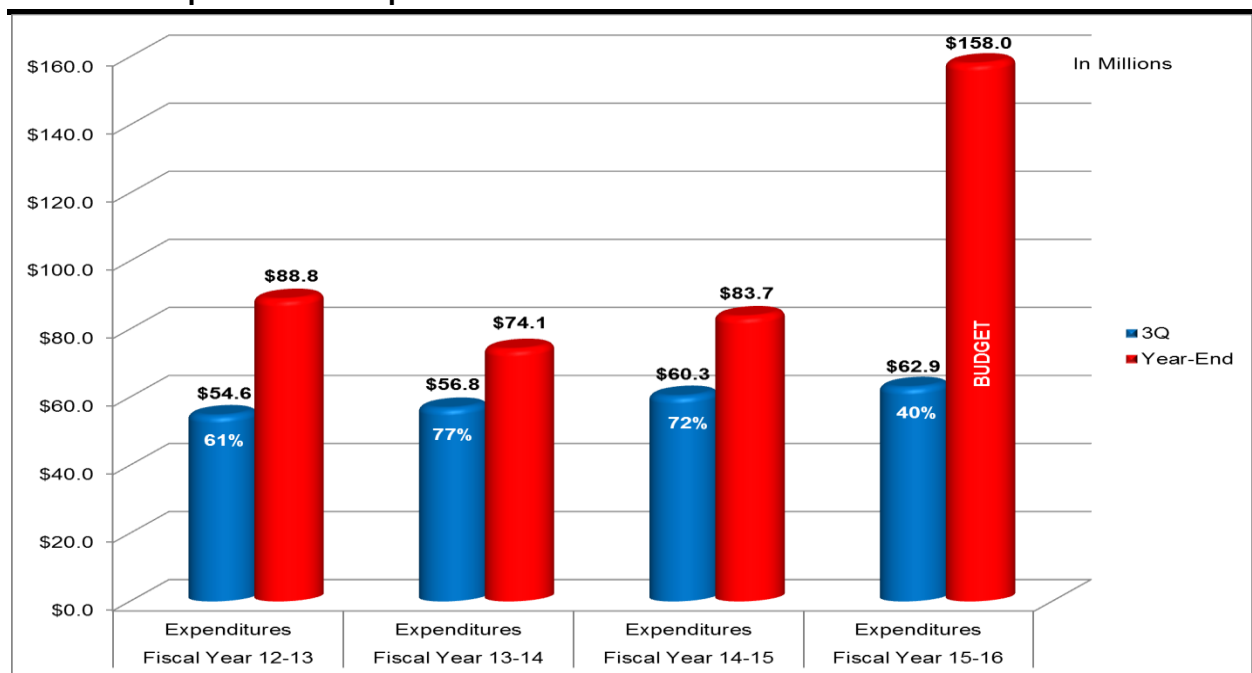
A Well Planned Infrastructure System Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2016, expenditures are \$62.9 million, representing 40% of the budgeted appropriations. Expenditures at the third quarter of the prior three years ranged from 61% to 77% of the final actual expenditures, placing this year's expenditures below the range. The lower percentage at Third Quarter compared to the same time last year is primarily due to a decrease in contract expenses for the Claribel Road Widening project that was delayed due to PG&E gas line issues. This project was completed in December 2015. Further, 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 June 2016. Additionally, Public Works Transit has budgeted for enhancements to bus shelters and the replacement of CNG and paratransit buses that have not been completed yet.

A Well Planned Infrastructure System Four-Year Expenditure Comparison



Overall, estimated revenue and appropriations for the departments within A Well Planned Infrastructure System are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report for a Well Planned Infrastructure System will increase appropriations by \$585,000, estimated revenue by \$250,000, and Net County Cost up to \$335,000.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES

On November 24, 2015, the Department received approval from the Board of Supervisors to apply for and receive a Sustainable Groundwater Planning (SGWP) grant for Stressed Basins from the California Department of Water Resources. The SGWP is designed to encourage sustainable management of groundwater resources by providing funding for projects that support the Sustainable Groundwater Management Act (SGMA) through planning and implementation. A Countywide Programmatic Environmental Impact Report (PEIR) relates to implementation of the County's revised Groundwater Ordinance and development of the foundational groundwater planning necessary for the preparation of Groundwater Sustainability Plans for each of the four groundwater subbasins located within Stanislaus

County's geographical footprint. The estimated cost of the development of a Countywide PEIR is \$585,000, of which \$250,000 is provided by the SGWP grant.

The County has suggested a cost-sharing approach for the local cost share balance of \$335,000. This share will be funded through contributions from the County, the cities, and the water districts whom will also be beneficiaries of the PEIR related to long-term sustainable groundwater resources management. Partners have begun to contribute their cost-share, therefore the Department is requesting an up to amount of \$335,000 and the final County contribution will be the balance needed to move forward in funding the Countywide PEIR.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Environmental Resources	\$250,000	\$585,000	\$0	\$335,000	Increase appropriations for the Countywide Programmatic Environmental Impact Report estimated cost, funded by Sustainable Groundwater Planning grant and County match.
Total	\$250,000	\$585,000	\$0	\$335,000	

Summary of Recommendations: It is recommended to increase estimated revenue by \$250,000 and appropriations by \$585,000 for Environmental Resources, resulting in an increase of Net County Cost up to \$335,000.

PLANNING & COMMUNITY DEVELOPMENT

Building Permits: The Department is requesting to transfer \$20,000 in existing appropriations from Salaries & Benefits to Fixed Assets for the purchase of a replacement server to house the Accela Building Permits program. Replacing the existing server prior to July 1, 2016 is essential in order to avoid experiencing service interruption. Due to salary savings because of vacancies, this budget has capacity to purchase the server without the need of increased appropriations.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Building Permits Division	\$0	(\$20,000)	(\$20,000)	\$0	Transfer appropriations from Salaries & Benefits to Fixed Assets for the purchase and installation of a replacement server for the Accela Building Permits program.
Building Permits Division	\$0	\$20,000	\$20,000	\$0	Transfer appropriations from Salaries & Benefits to Fixed Assets for the purchase and installation of a replacement server for the Accela Building Permits program.
Total	\$0	\$0	\$0	\$0	

Summary of Recommendations: It is recommended to transfer \$20,000 in appropriations from Salaries & Benefits to Fixed Assets for the Building Permits Division of Planning & Community Development.



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

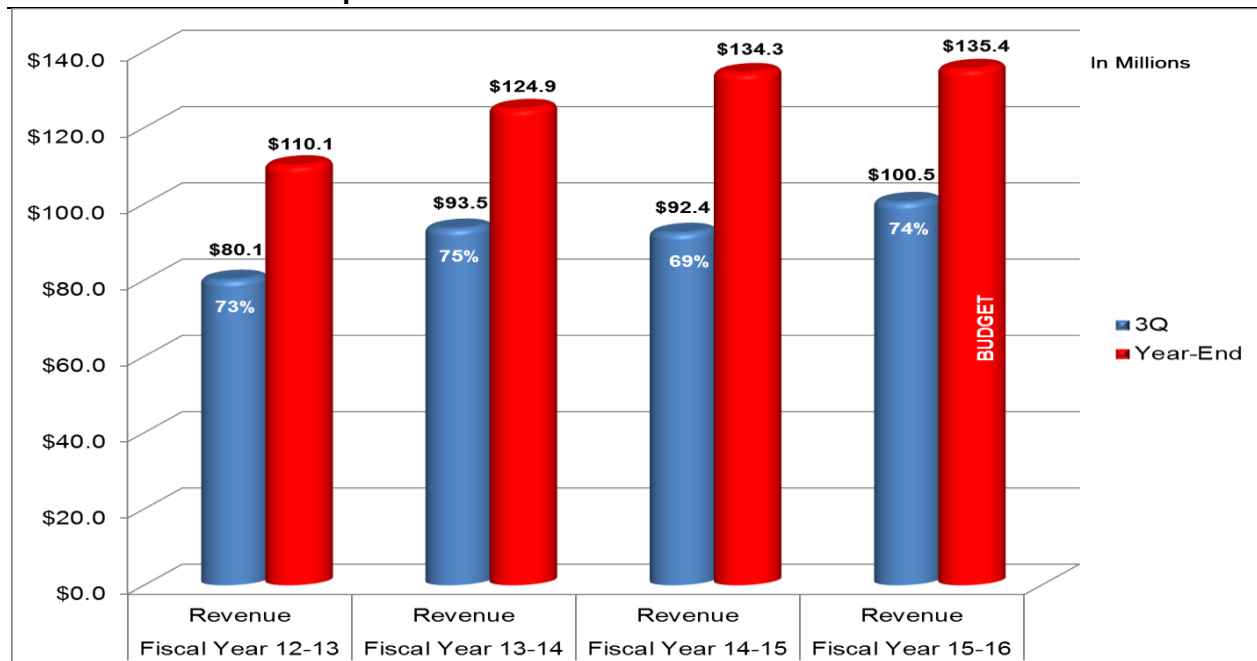
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors' priority area of Efficient Delivery of Public Services, actual revenue collected as of March 31, 2016 is \$100.5 million, which represents 74% of the estimated annual revenue. This is within the historical range when compared to the third quarter point of the prior three years when collections ranged from 69% to 75% of the final actual revenue.

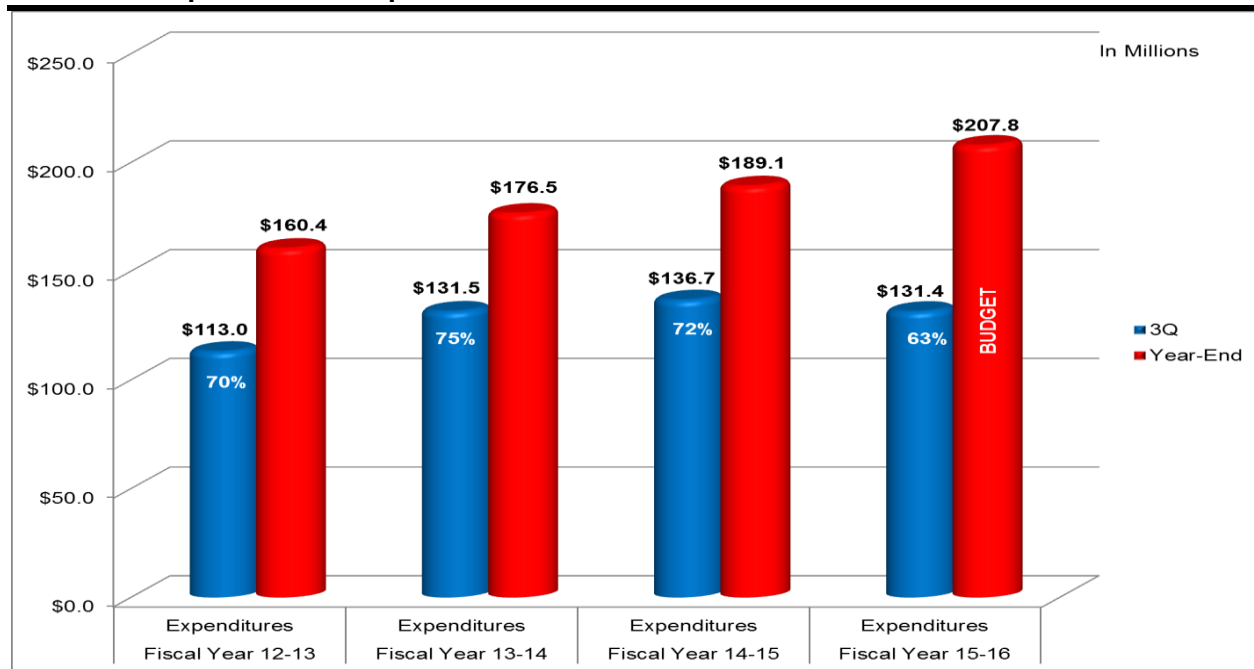
Efficient Delivery of Public Services Four-Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of March 31, 2016, expenditures are \$131.4 million, which represents 63% of the budgeted appropriations. Expenditures at the third quarter point of the prior three years ranged from 70% to 75% of the final actual expenditures, placing this year below the range. This spending level compared to the budget projection is consistent with departments in this priority that have carried over Net County Cost savings at fiscal year-end in anticipation of future increases for health and retirement costs. In addition, this priority area includes the budget for Appropriations for Contingencies that have not been fully required for emergent, unplanned costs to this point in the fiscal year.

Efficient Delivery of Public Services Four-Year Expenditure Comparison



Overall, estimated revenue and appropriations for the departments within Efficient Delivery of Public Services are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report for Efficient Delivery of Public Services include a decrease in appropriations of \$2,699,565 offset by an increase in estimated revenue of \$93,960 resulting in a savings in Net County Cost of \$2,793,525.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ASSESSOR

As a Phase II department in the Strategic Savings Program, the Assessor went through the zero-based budgeting process at the beginning of the fiscal year and had a 5% vacancy rate applied to salaries in the base budget. The Department has successfully reduced their actual vacancy rate and has requested the restoration of \$124,530 in appropriations to cover projected salary costs in Fiscal Year 2015-2016. Funding has been reserved for this purpose in Appropriations for Contingencies.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Assessor	\$0	\$124,530	\$0	\$124,530	Increase appropriations to fund the restoration of the zero-based budget five percent vacancy rate applied in the 2015-2016 Adopted Proposed Budget funded from Appropriations for Contingencies.
Total	\$0	\$124,530	\$0	\$124,530	

Summary of Recommendations: It is recommended to increase appropriations in the Assessor budget by \$124,530, funded by transfer from Appropriations for Contingencies.

CHIEF EXECUTIVE OFFICE – COUNTY OPERATIONS

Appropriations for Contingencies: Appropriations for Contingencies serves as a contingency fund for the County to provide sufficient funding for emergencies and unanticipated expenses. Transfers from this fund require a four-fifths vote of the Board of Supervisors. The 2015-2016 Adopted Final Budget included a total of \$8,170,864 in appropriations: \$5,170,864 in base funding for unexpected fiscal and program financial exposures or emergencies which may occur as a result of the economic decline, reductions in Federal and State revenues, Zero-Based Budget adjustments or other program and community needs; and an additional \$3.0 million for additional program exposures and opportunities, including a countywide Technology Innovation Program, improved security, cash-out expenses and any future labor opportunities.

Through March 31, 2016, transfers from Appropriations for Contingencies were approved by the Board of Supervisors totaling \$2,661,014, which included up to \$1,232,173 for Technology Innovation Funding projects in Animal Services, Behavioral Health and Recovery Services, the Library, Public Works, Assessor, District Attorney, Probation, Chief Executive Office – Office of Emergency Services, Clerk-Recorder – Elections, and Chief Executive Office – Operations and Services, \$503,616 to fund termination and retirement cash-out costs in Aging and Veterans Services, Assessor, District Attorney, Probation and Sheriff, \$391,028 to Sheriff Administration, Detention and Operations for increased costs associated with comp time, equipment and software purchases, and mutual aid, \$292,832 to District Attorney Criminal Division for increased costs associated with overtime, litigation, witness, transcription and IT equipment, \$186,299 to CEO General Fund Contribution to Other Programs for increased costs associated with the N. McHenry Revenue Sharing Agreement with the City of Modesto, and \$55,066 to Assessor for increased costs associated with GIS charges and staffing costs for extra help positions and reclassification costs. As a result of these transfers, the 2015-2016 available contingency balance is \$5,509,850.

At this time, it is requested that appropriations totaling \$3,433,079 be transferred as follows:

- ◆ \$124,530 to the Assessor to fully fund salary costs associated with filling allocated positions greater than the 95% funding provided at Final Budget;
- ◆ \$70,000 to the Clerk-Recorder for lost revenue from a nation-wide paper shortage that limited production and sale of vital records from July 2015- through November 2015;
- ◆ \$110,024 to County Counsel to fully fund salary costs associated with filling allocated positions greater than the 95% funding provided at Final Budget;
- ◆ \$335,000 to Chief Executive Office – General Fund Contribution to Other Programs for local funding requirement of the Sustainable Groundwater Planning Grant in Environmental Resources;
- ◆ \$195,526 to the Sheriff Administration to fully fund salary costs associated with filling allocated positions greater than the 95% funding provided at Final Budget;
- ◆ \$1,532,220 to the Sheriff Detention to fully fund salary costs associated with filling allocated positions greater than the 95% funding provided at Final Budget; and

- ◆ \$1,065,779 to the Sheriff Operations to fully fund salary costs associated with filling allocated positions greater than the 95% funding provided at Final Budget;

These actions require a four-fifths vote by the Board of Supervisors. If the requested use of \$3,433,079 is approved, a remaining balance of \$2,076,771 would be available for use through June 30, 2016.

Following is a summary of recommended adjustments for the Chief Executive Office – Appropriations for Contingencies:

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - Appropriations for Contingencies	\$0	(\$124,530)	\$0	(\$124,530)	Transfer appropriations to Assessor to fund 5% vacancy rate.
CEO - Appropriations for Contingencies	\$0	(\$70,000)	\$0	(\$70,000)	Transfer appropriations to Clerk-Recorder for lost revenue resulting from paper shortage.
CEO - Appropriations for Contingencies	\$0	(\$110,024)	\$0	(\$110,024)	Transfer appropriations to County Counsel to fund 5% vacancy rate.
CEO - Appropriations for Contingencies	\$0	(\$335,000)	\$0	(\$335,000)	Transfer appropriations to CEO - General Fund Contribution to Other Programs for development of a County-wide Programmatic Environmental Impact Report in the Department of Environmental Resources.
CEO - Appropriations for Contingencies	\$0	(\$195,526)	\$0	(\$195,526)	Transfer appropriations to Sheriff Administration to fund 5% vacancy rate.
CEO - Appropriations for Contingencies	\$0	(\$1,532,220)	\$0	(\$1,532,220)	Transfer appropriations to Sheriff Detention to fund 5% vacancy rate.
CEO - Appropriations for Contingencies	\$0	(\$1,065,779)	\$0	(\$1,065,779)	Transfer appropriations to Sheriff Operations to fund 5% vacancy rate.
Total	\$0	(\$3,433,079)	\$0	(\$3,433,079)	

Summary of Recommendations: It is recommended to transfer appropriations of \$3,433,079 from Appropriations for Contingencies, by a fourth-fifths vote of the Board of Supervisors.

County Facilities: The Chief Executive Office – County Facilities budget includes funding for minor facility improvements and costs associated with maintaining certain County property. As part of the 2015-2016 Adopted Final Budget, the Board of Supervisors approved funding of \$2.5 million in County Facilities to address improvements and refurbishments of multiple county facilities.

The Office of Emergency Services/Fire Warden is located at 3705 Oakdale Road in Modesto and over the past several months, there have been multiple camera failures resulting in the loss of visibility of persons coming into the building. Additionally, the proximity card readers on the exterior and interior doors are failing, resulting in doors being inappropriately unlocked. There are also sections of the building without proximity cards, allowing unmonitored access to critical areas such as the telecommunications room and County data center. These security systems are aging and in need of immediate repair or replacement. In order to ensure the security of these vital elements, it is recommended to transfer \$113,000 from Services and Supplies into Fixed Assets, so that the proximity card and security camera systems can be upgraded as soon as possible.

Crows Landing Air Facility: An increase in estimated revenue and appropriations of \$31,730 is requested. The Crows Landing Air Facility has seen an increase in special events revenue as a result of temporary uses of the air facility. It is projected that estimated revenue for temporary use of the facility would total \$80,625 this fiscal year. This revenue will fund increased costs for airport consulting services.

Debt Service: As part of the 2014-2015 Adopted Final Budget, the Board of Supervisors authorized the use of \$6.2 million of General Fund fund balance to fully fund the Coroner Project, including the full pay-off of debt incurred on the Project from an internal borrowing from the 2006 Tobacco Endowment Fund. On November 4, 2014, the Board committed \$1,771,470 of the unassigned fund balance to the Capital Acquisition account, for repayment of cash drawn down from the 2006 Tobacco Endowment Fund for use in the Coroner Project. At this time, a technical adjustment is necessary to record the final pay-off in the County's Oracle Financial Management System. As part of the 2015-2016 year-end processing, the Auditor-Controller will recognize an operating transfer of the actual outstanding balance of the payoff, \$1,757,834, between the Debt Service and the Discretionary Revenue budgets. There is no impact to the General Fund as a result of this correction.

General Fund Contribution to Other Programs: The Chief Executive Office – General Fund Contribution to Other Programs budget was established to fund those programs for which no State or Federal mandate exists. These programs have a General Fund contribution as a result of a Board of Supervisors' policy decision or contractual obligation. This budget also includes payments to outside agencies. In the Department of Environmental Resources, a Sustainable Groundwater Planning requires a local match of up to \$335,000 to implement a Countywide Programmatic Environmental Impact Report (PEIR).

Coroner Project: Construction of the Coroner Project located at County Center III was completed in the Fall of 2015 and the facility is in use by the Sheriff. A technical adjustment is recommended to move \$46,000 in existing Fixed Assets funds within the approved Project budget for the purchase of critical equipment for use in the modern, up-to-date facility. The recommended equipment includes three additional air conditioning units, air sealing roof ducts, a communication network switch and specialized autopsy equipment.

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

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - County Facilities	\$0	(\$113,000)	\$0	(\$113,000)	Transfer appropriations out of Services & Supplies into Fixed Assets for security systems upgrades.
CEO - County Facilities	\$0	\$113,000	\$0	\$113,000	Transfer appropriations out of Services & Supplies into Fixed Assets for security systems upgrades.
CEO - Crows Landing Air Facility	\$31,730	\$31,730	\$0	\$0	Increase in special use revenue and appropriations for consulting services.
CEO - General Fund Contribution to Other Programs	\$0	\$335,000	\$0	\$335,000	Transfer to Department of Environmental Resources for County-wide Programmatic Environmental Impact Report.
CEO - Coroner Project	\$0	(\$46,000)	(\$46,000)	\$0	Transfer appropriations out of Construction contingency into Fixed Assets equipment.
CEO - Coroner Project	\$0	\$46,000	\$46,000	\$0	Transfer appropriations out of Construction contingency into Fixed Assets equipment.
Total	\$31,730	\$366,730	\$0	\$335,000	

Summary of Recommendations: It is recommended to increase estimated revenue by \$31,730 and appropriations by \$366,730 in the Chief Executive Office – County Operations budgets resulting in an increased General Fund contribution of \$335,000. It is further recommended to approve the transfers as reflected in the table above.

CLERK-RECORDER

Clerk-Recorder Division: The County Clerk-Recorder Division provides copies of vital documents using secure Intaglio printed banknote paper, as required by the State of California. Early in the Fiscal Year, the State's singular vendor suspended its Intaglio printing operation without notice. At the time, the Division had a limited supply of banknote paper. While the Division worked to locate a replacement vendor, the County Clerk Recorder rationed the number of certified copies issued from the office, from July 2015 through November 2015, to emergency requests only. This limitation significantly reduced the number of copies issued and associated copy revenue receipts for vital records during this time.

Division staff continued to attend to customer needs during the shortage. The County Clerk-Recorder provided staff support without charge to the County Health Department in order to provide birth and death certificates locally. County Health maintains birth and death records for a one-year period. Division staff assisted customers who required certificates outside that timeframe by accepting, packaging, confirming identities, collecting, and forwarding payment and applications to the State of California for processing.

Location of a new paper supplier capable of printing the banknote paper using the legally required Intaglio security anti-counterfeiting features enabled the Division to resume the distribution of certified copies of birth, death, and marriage records beginning in December 2015. Associated revenue receipts have picked back up, but the Division expects a significant shortfall for the Fiscal Year. The Division has made it a priority to minimize the impact to the budget. Planned purchases have been re-examined and postponed wherever possible and the use of extra help staffing has been limited. The Division is requesting a one-time increase in Net County Cost of \$70,000 to compensate for the estimated reduction in revenue due to the banknote paper shortage.

Clerk-Recorder – Elections Division: The Division conducted two unplanned elections during the year that were not included in the 2015-2016 Adopted Final Budget. The Burbank-Paradise Fire District enlisted the Division to conduct a Special Election on August 31, 2015 at a cost of \$13,417. The City of Modesto required that a Municipal Run-Off Election be held on February 2, 2016 at a cost of \$118,813. The costs associated with these Special Elections are fully reimbursable by the entities requesting them.

The Division is requesting a one-time increase in appropriations and revenue in the amount of \$132,230 associated with conducting two Special Elections during the 2015-2016 Fiscal Year.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Clerk-Recorder	(\$70,000)	\$0	\$0	\$70,000	One-time request to address revenue shortfall due to nationwide banknote paper shortage funded by Appropriations for Contingencies.
Clerk-Recorder- Elections Division	\$132,230	\$132,230	\$0	\$0	Increase appropriations and estimated revenues for two unanticipated special elections that were conducted by the Division.
Total	\$62,230	\$132,230	\$0	\$70,000	

Summary of Recommendations: It is recommended to increase estimated revenue by \$62,230 and appropriations by \$132,230 for the Clerk-Recorder, funded by \$70,000 in Net County Cost transferred from Appropriations for Contingencies.

COUNTY COUNSEL

As a Phase II department in the Strategic Savings Program, County Counsel went through the zero-based budgeting process at the beginning of the fiscal year and had a 5% vacancy rate applied to salaries in the base budget. The Department has successfully reduced their actual vacancy rate and has requested the restoration of \$110,024 in appropriations to cover projected salary costs in Fiscal Year 2015-2016. Funding has been reserved for this purpose in Appropriations for Contingencies.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
County Counsel	\$0	\$110,024	\$0	\$110,024	Increase appropriations to fund the restoration of the zero-based budget five percent vacancy rate applied in the 2015-2016 Adopted Proposed Budget funded from Appropriations for Contingencies.
Total	\$0	\$110,024	\$0	\$110,024	

Summary of Recommendations: It is recommended to increase appropriations in the County Counsel budget by \$110,024, funded by transfer from Appropriations for Contingencies.