

First Quarter Financial Report July – September 2019

Board of Supervisors

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Introduction

This is the First Quarter Financial Report for Stanislaus County submitted by the Chief Executive Office for the period of July 1, 2019 to September 30, 2019, for the 2019-2020 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership, and the public of the County's fiscal

status. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors' priority area and highlights adjustments to County budgets since the adoption of the Final Budget in September 2019.

Background

On September 17, 2019, the Board of Supervisors adopted the Fiscal Year 2019-2020 Final Budget for Stanislaus County. This \$1.4 billion operational plan reflected an increase of \$17.9 million, or 1.3%, over the 2019-2020 Adopted Proposed Budget and a \$40.4 million, or 3%, increase over the 2018-2019 Adopted Final Budget.

Nearly two thirds of the increase from the 2019-2020 Adopted Proposed Budget to the 2019-2020 Adopted Final Budget was for General Fund departments' Performance Visioning Carryover Savings (PVCS), funding that was set aside at the end of Fiscal Year 2018-2019 due to departmental budgetary savings or excess revenue received in the prior year. The PVCS program was implemented as part of the two-year budget model allowing General

Fund departments to transfer savings realized in year one to their year-two budget at Final Budget. The remaining increase of approximately \$6.2 million was primarily provided in support of programs and services in the *Delivering Efficient Public Services* Board priority area. Funding was provided for various Countywide initiatives such as developing an information technology strategic plan, technical adjustments for projects in process through Focus on Prevention, increased insurance costs, funding for the Cannabis program including a Cannabis Manager, and contributions to other agencies.

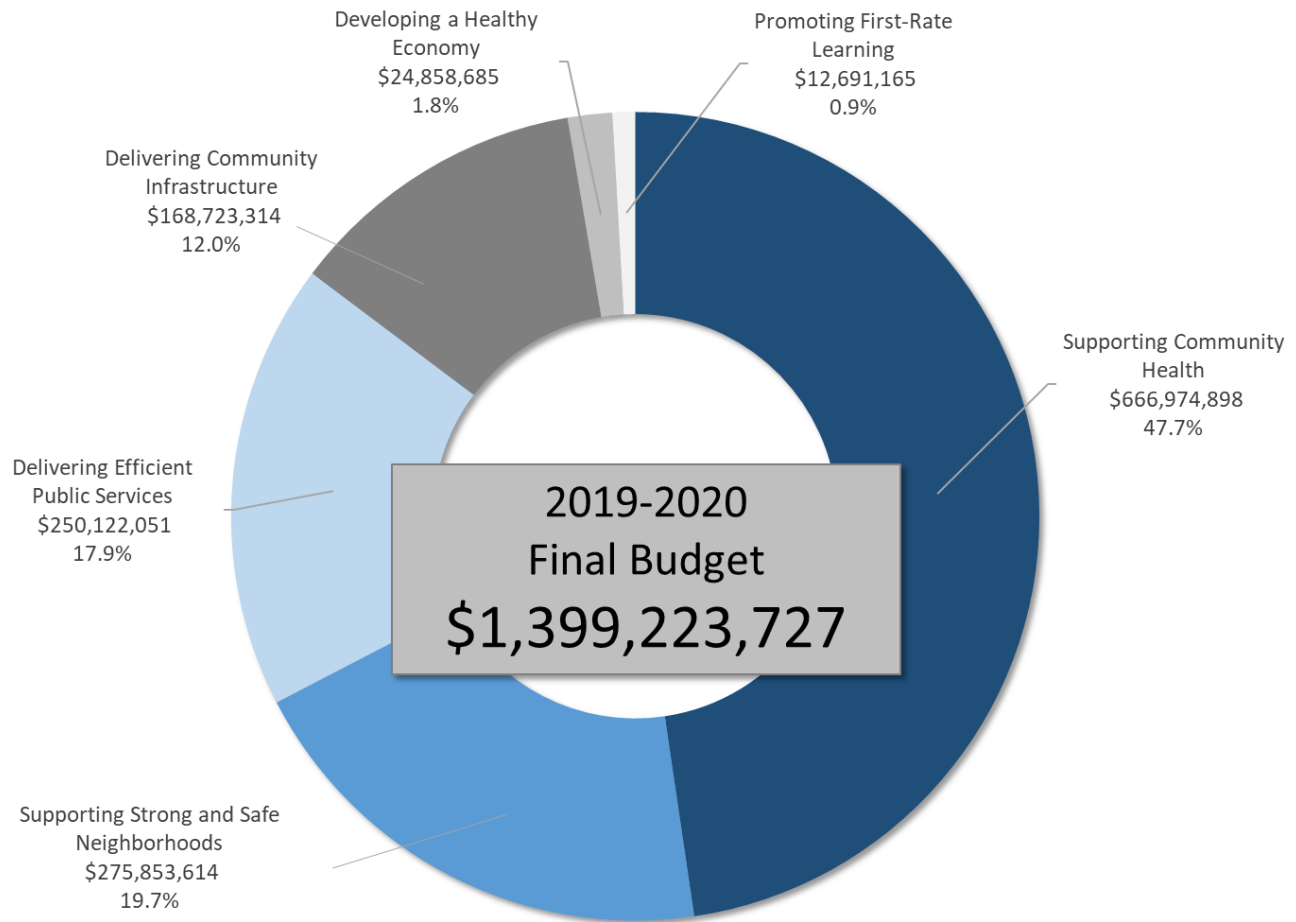
The 2019-2020 Adopted Final budget also included funding for 4,516 allocated full-time positions, a decrease of 42 positions from the 2019-2020 Adopted Proposed Budget.

Adopted Final Budget Overview

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

and reflects the total spending authority approved by the Board in the Fiscal Year 2019-2020 Adopted Final Budget on September 17, 2019.

Fiscal Year 2019-2020 Adopted Final Budget Expenditures by Board Priority



Consistent with standard accounting practices, the County’s budget is divided into separate financial entities known as “funds.” These fund types are used to segregate financial resources and demonstrate legal compliance. The following table reflects the total Fiscal Year 2019-2020 Adopted Final Budget

spending authority, also referred to as budgeted appropriations, identified by the appropriate governmental or business-type fund. These are provided alongside the 2019-2020 Adopted Proposed Budget and the 2018-2019 Adopted Final Budget for comparison purposes.

Comparison of Fiscal Year 2019-2020 Adopted Final Budget by Fund Type

Budget by Fund Type	2018-2019 Adopted Final Budget	2019-2020 Adopted Proposed Budget	2019-2020 Adopted Final Budget	\$ Variance 2018-2019 Final to 2019-2020 Final	% Variance 2018-2019 Final to 2019-2020 Final
General Fund	\$ 356,575,653	\$ 361,786,034	\$ 377,581,748	\$ 21,006,095	5.9%
Special Revenue Fund	802,880,307	812,968,354	812,597,772	9,717,465	1.2%
Capital Projects Fund	731,000	731,000	731,000	-	0.0%
Enterprise Fund	84,041,359	84,847,591	84,847,591	806,232	1.0%
Internal Service Fund	114,617,784	120,999,858	123,465,616	8,847,832	7.7%
Total	\$ 1,358,846,103	\$ 1,381,332,837	\$ 1,399,223,727	\$ 40,377,624	3.0%

The following table identifies total appropriations for Fiscal Year 2019-2020 Adopted Final Budget along with the respective funding sources, organized by

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

Funding Sources for Fiscal Year 2019-2020 Adopted Final Budget by Fund Type

Fund Type	2019-2020 Adopted Final Budget	Funding Sources		
		Department Revenue	Departmental Fund Balance	General Fund Contribution
General Fund	\$ 377,581,748	\$ 122,933,677	\$ -	\$ 254,648,071
Special Revenue	812,597,772	770,277,007	24,814,792	17,505,973
Capital Projects	731,000	760,000	(29,000)	-
Enterprise	84,847,591	64,617,967	17,116,227	3,113,397
Internal Service	123,465,616	120,130,293	2,335,323	1,000,000
Total	\$ 1,399,223,727	\$ 1,078,718,944	\$ 44,237,342	\$ 276,267,441

For the General Fund budgets, the General Fund Contribution consists of \$234.3 million in estimated Discretionary Revenue and \$20.3 million in a combination of assigned and unassigned fund

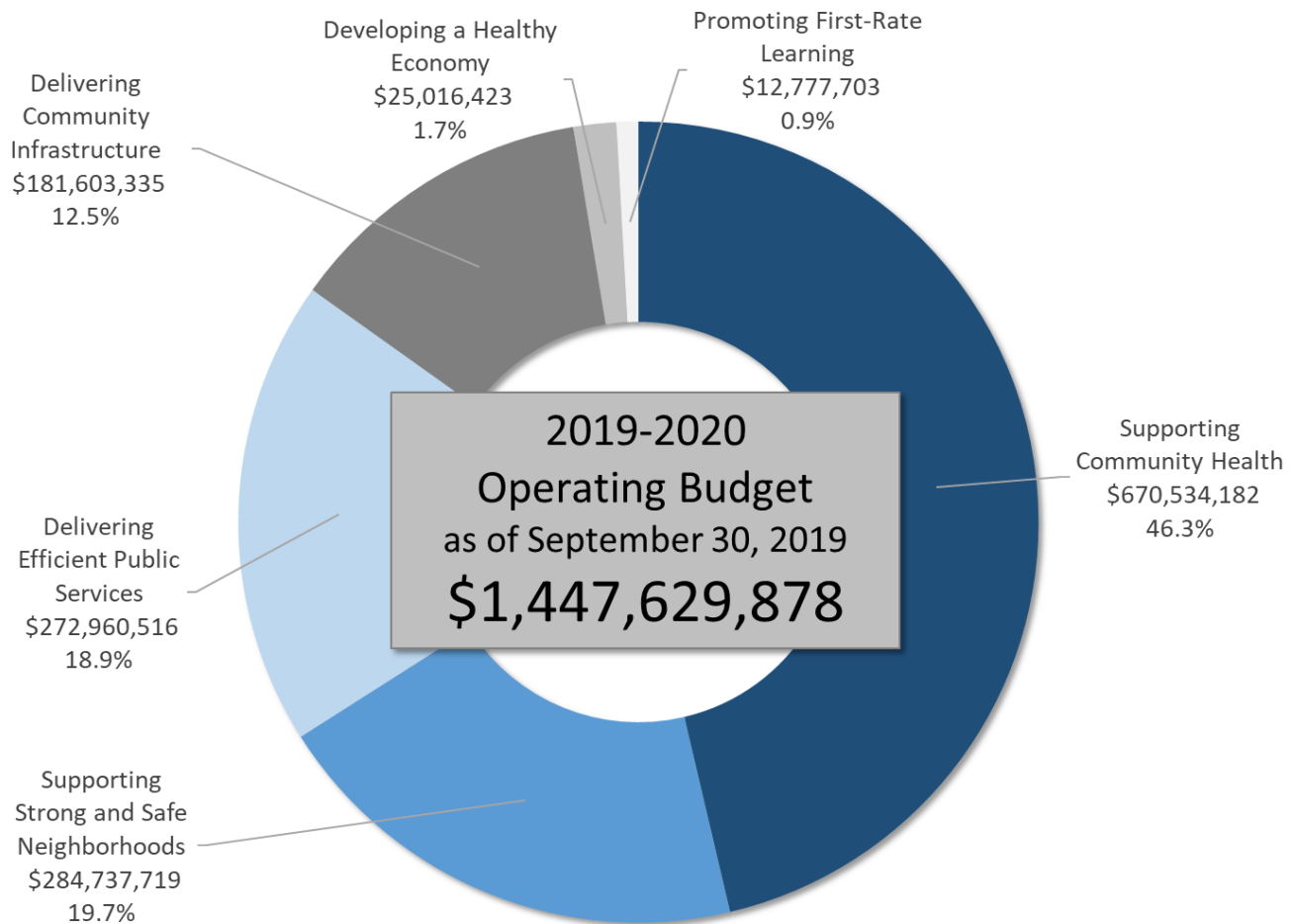
balance, for a total of \$254.6 million. The General Fund Contribution for non-General Fund types represents mandated match and contributions provided at the Board's discretion.

2019-2020 Operating Budget

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

reporting process, as needed, based on updated projections. The Adopted Final Budget and these various adjustments combine to form the Operating Budget, identified at a specific point in time. The County's Operating Budget as of September 30, 2019, prior to the inclusion of any recommended budget adjustments identified in this First Quarter Financial Report, total \$1,447,629,878.

Fiscal Year 2019-2020 Operating Budget as of September 30, 2019 by Board Priority



2019-2020 First Quarter Financial Report Overview

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

The First Quarter recommendations of the Chief Executive Office include a total increase in estimated revenue of \$101,542 and a total increase in appropriations of \$893,912 for a total of \$1,448,523,790. If approved, the recommendations

contained in this report will result in an overall \$792,370 increase in the use of fund balance/retained earnings.

The recommended increases in appropriations are primarily related to technical adjustments in General Fund departments for increased Cost Allocation Plan (CAP) charges. These increases are a result of changes that were made to CAP service departments' budgets in the 2019-2020 Fiscal Year, such as providing additional Office 365 licenses, funding increased insurance costs in the County's General Liability program, and providing additional services through the General Services Agency. The remainder of the increase is to transfer \$792,370 in funding from the General Fund assignment of fund

balance for revenue previously received from the State of California for homelessness services to the Community Services Agency for emergency shelter operations, and other small adjustments in programs fully funded by departmental revenue.

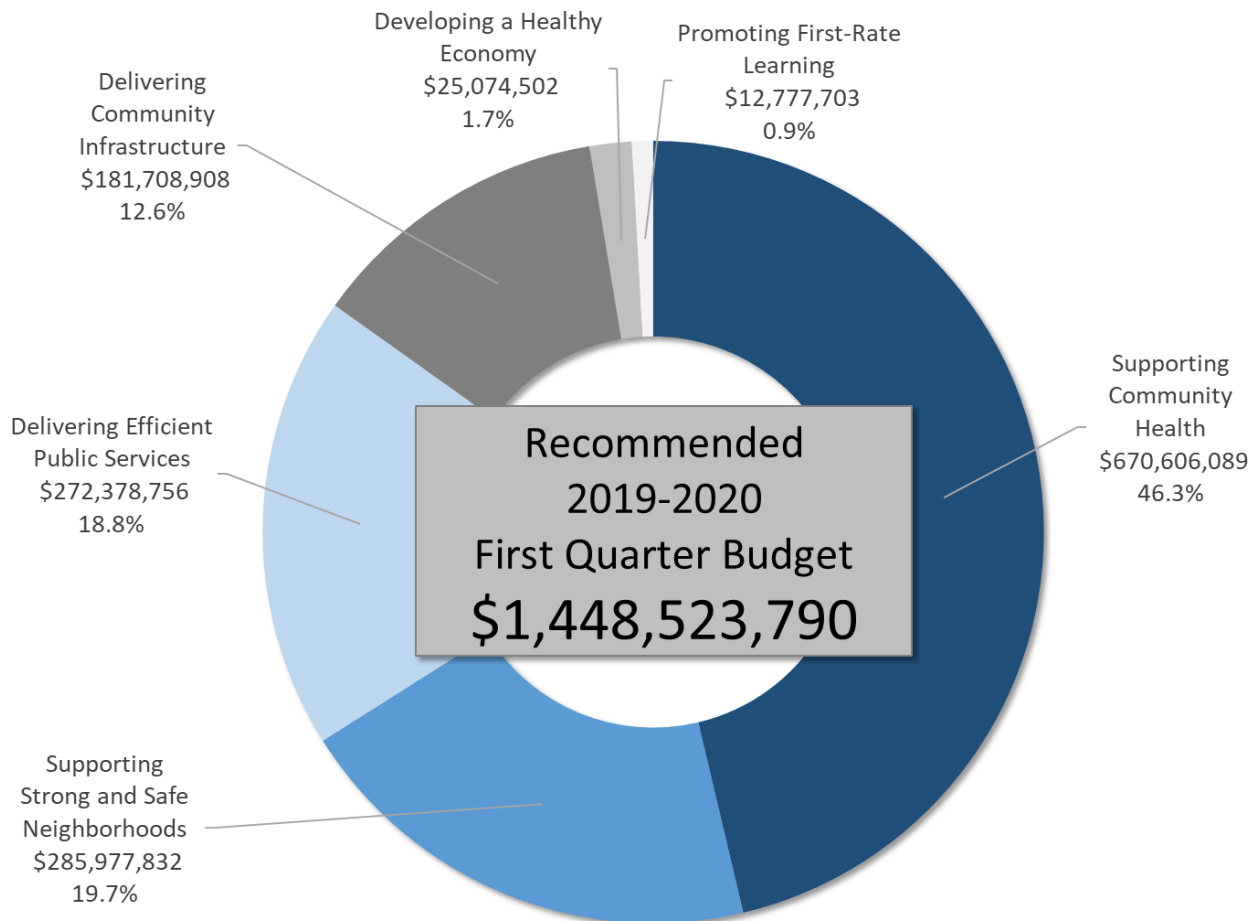
addition of prior year appropriations, and the incorporation of separate Board agenda item adjustments, along with the recommended First Quarter Budget Adjustments, all by fund type, followed by a chart depicting the recommended First Quarter Budget by Board priority.

The following table shows the components of the Operating Budget, from the Adopted Final Budget,

Development of the First Quarter Budget Recommendation

Fund Type	2019-2020 Adopted Final Budget	Prior Year Appropriations	Board Agenda Items Posted Through 9/30/19	Operating Appropriations on 9/30/19	2019-2020 First Quarter Recommendations	Recommended First Quarter Budget
General Fund	\$ 377,581,748	\$ 15,523,327	\$ 11,361,164	\$ 404,466,239	\$ 822,005	\$ 405,288,244
Special Revenue	812,597,772	8,396,085	915,000	821,908,857	71,907	821,980,764
Capital Projects	731,000	-	-	731,000	-	731,000
Enterprise	84,847,591	10,550,866	-	95,398,457	-	95,398,457
Internal Service	123,465,616	1,659,709	-	125,125,325	-	125,125,325
Total	\$ 1,399,223,727	\$ 36,129,987	\$ 12,276,164	\$ 1,447,629,878	\$ 893,912	\$ 1,448,523,790

Fiscal Year 2019-2020 Recommended First Quarter Budget by Board Priority



The following chart illustrates the beginning fund balances on July 1, 2019, for the various fund types,

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

Summary of Fund Balance by Fund Type

Fund Type	Beginning Fund Balance on 7/1/2019*	Operating Budget Revenue on 9/30/2019	Operating Budget Appropriations on 9/30/2019	First Quarter Recommended Use of Fund Balance	Projected Fund Balance on 6/30/2020
General Fund	\$ 222,036,688	\$ 359,392,089	\$ 404,466,239	\$ 792,370	\$ 176,170,168
Special Revenue Funds	221,266,187	787,852,980	821,908,857		187,210,310
Capital Projects Funds	3,857,287	760,000	731,000	-	3,886,287
Enterprise Funds	68,464,893	67,731,364	95,398,457	-	40,797,800
Internal Service Funds	24,473,121	121,130,293	125,125,325		20,478,089
Total All Funds	\$ 540,098,176	\$ 1,336,866,726	\$ 1,447,629,878	\$ 792,370	\$ 428,542,654

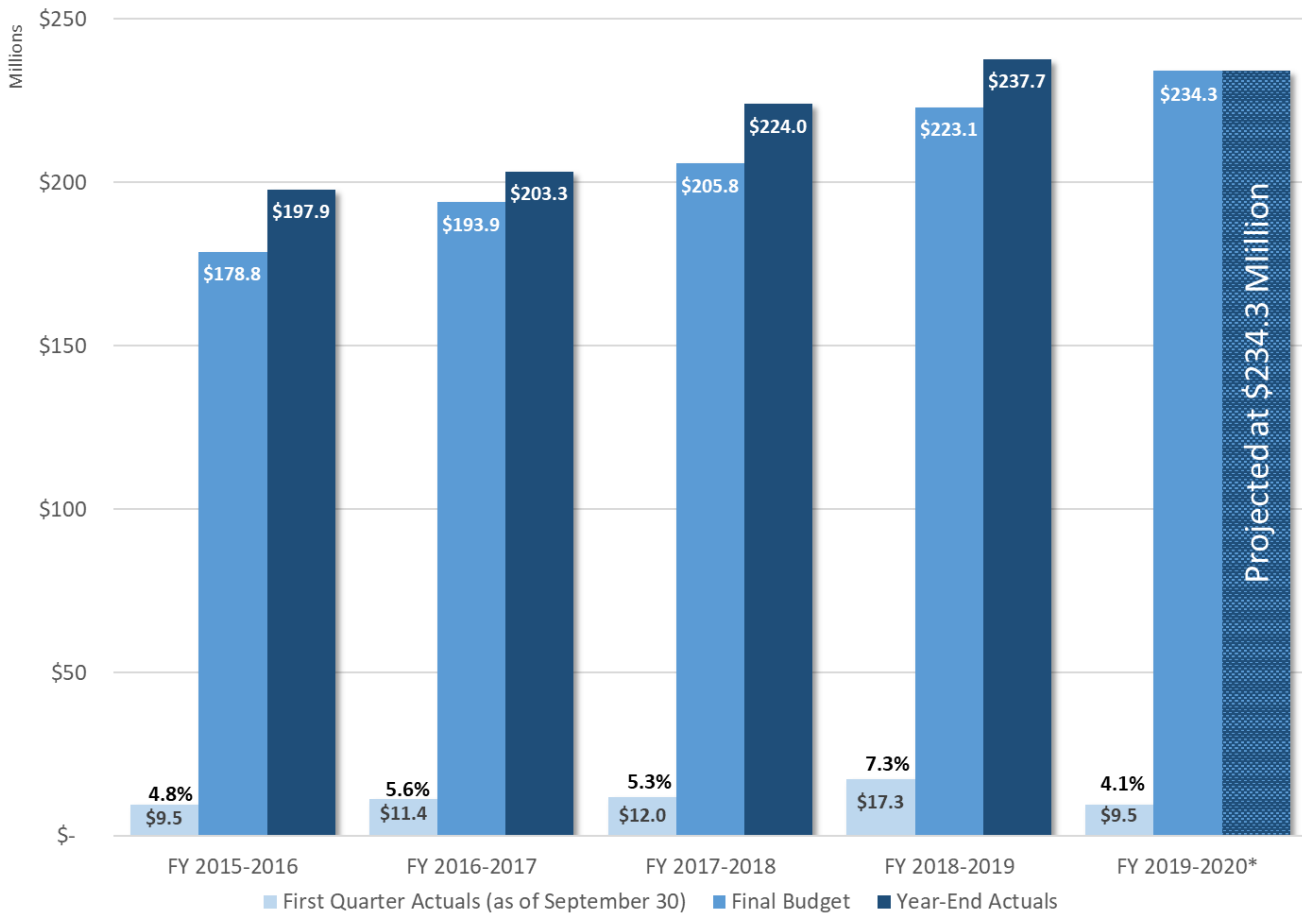
*Note: The Final Budget document reported a total beginning fund balance of \$529,719,518. Since that time, post-closing adjustments totaling \$10,378,658 have been posted for all funds which resulted in a revised beginning fund balance of \$540.1 million, as depicted above. Significant post-closing adjustments included pension expenses for the Enterprise and Internal Service Funds associated with GASB 68; interest accruals and fair market value adjustments for all funds; increase in the Teeter Receivable in the General Fund; and increased Risk Management Liability amounts in the Internal Service Funds.

Discretionary Revenue

As of September 30, 2019, approximately \$9.5 million in Discretionary Revenue has been received, representing 4.1% of the 2019-2020 Adopted Final Budget of \$234.3 million. For the last four years, Discretionary Revenue collected by the end of the first quarter ranged from 5.3% to 7.8% of the Final Budget and from 4.8% to 7.3% of the year-end actual totals. Current year Discretionary Revenue received during the first quarter falls short of both ranges identified in the most recent four years. This is due to a technical operational variance from prior years associated with the timing of the distribution of earnings from the Tobacco Endowments. In prior years, the investment income from the entire prior fiscal year was transferred to Discretionary Revenue in July of the following year. Effective July 1, 2018,

the Tobacco Investment Policy was changed to distribute the investment income to the General Fund on a monthly basis. The result was that in Fiscal Year 2018-2019, the entire year of investment income from Fiscal Year 2017-2018 was distributed to the General Fund in July 2018, in addition to monthly distributions per the updated policy. In Fiscal Year 2019-2020, only the monthly distributions have been received, resulting in a decrease from prior years of nearly \$3.2 million. Also, at this time in the fiscal year, no Property Tax revenue has been transferred and only one month of Sales Tax and Proposition 172 Sales Tax has been received, making year-end estimates difficult. The following chart shows a five-year comparison of first quarter activity.

General Fund – Discretionary Revenue Five-Year Comparison



*Fiscal Year 2019-2020 Year-End Actuals projected using 2019-2020 Adopted Final Budget

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

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

Supporting Strong and Safe Neighborhoods

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





Supporting Strong and Safe Neighborhoods for Individuals and Families to Thrive

Priority Overview

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. The departments within this priority area focus on the safety of our neighborhoods and strengthening our communities. The impact of gangs, drugs, and vagrancy directly contributes to the decline of the physical economic and social health of the County. Robust partnership within the organization, local municipalities, and community-based organizations throughout the region can maintain effective public safety programs and the ability to respond to emergencies on behalf of our community.

Departments assigned to the Board of Supervisors' priority area of *Supporting Strong and Safe Neighborhoods* include: Chief Executive Office -

Office of Emergency Services/Fire Warden, District Attorney, Probation, Public Defender and Sheriff. The revenue used to pay for these services comes primarily from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary revenue sources. Public Safety Sales Tax revenue (Proposition 172) is also used to partially fund the District Attorney, Probation, and Sheriff's Department budgets. These departments also receive dedicated funds for specific grant funded programs.

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

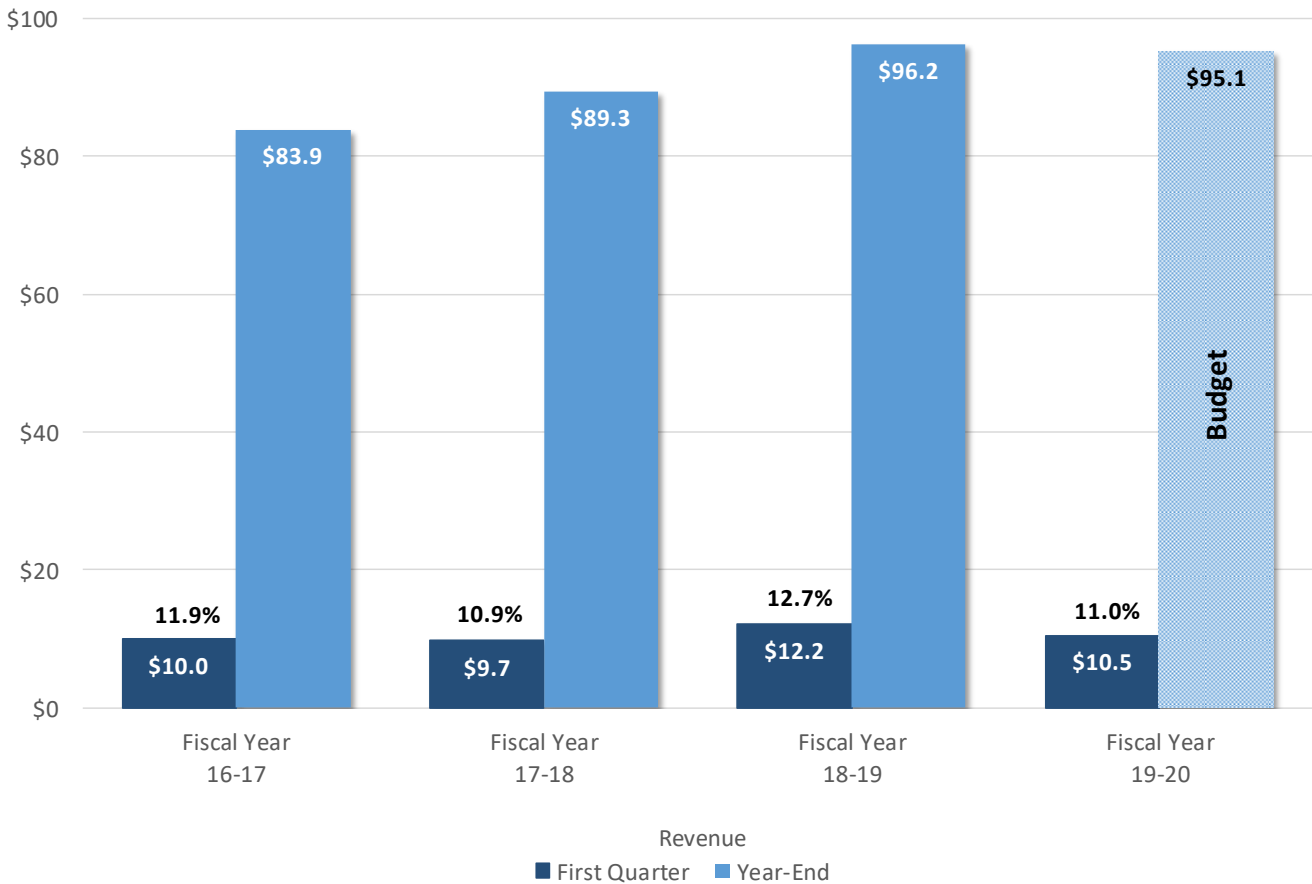
Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors priority area of *Supporting Strong and Safe Neighborhoods* as of September 30, 2019, actual revenue collected is \$10.5 million, which represents 11.0% of the estimated annual

revenue. This is within the range when compared to the first quarter point of the prior three years when collections ranged from 10.9% to 12.7% of the final actual revenue.

Supporting Strong and Safe Neighborhoods Four-Year Revenue Comparison

In Millions



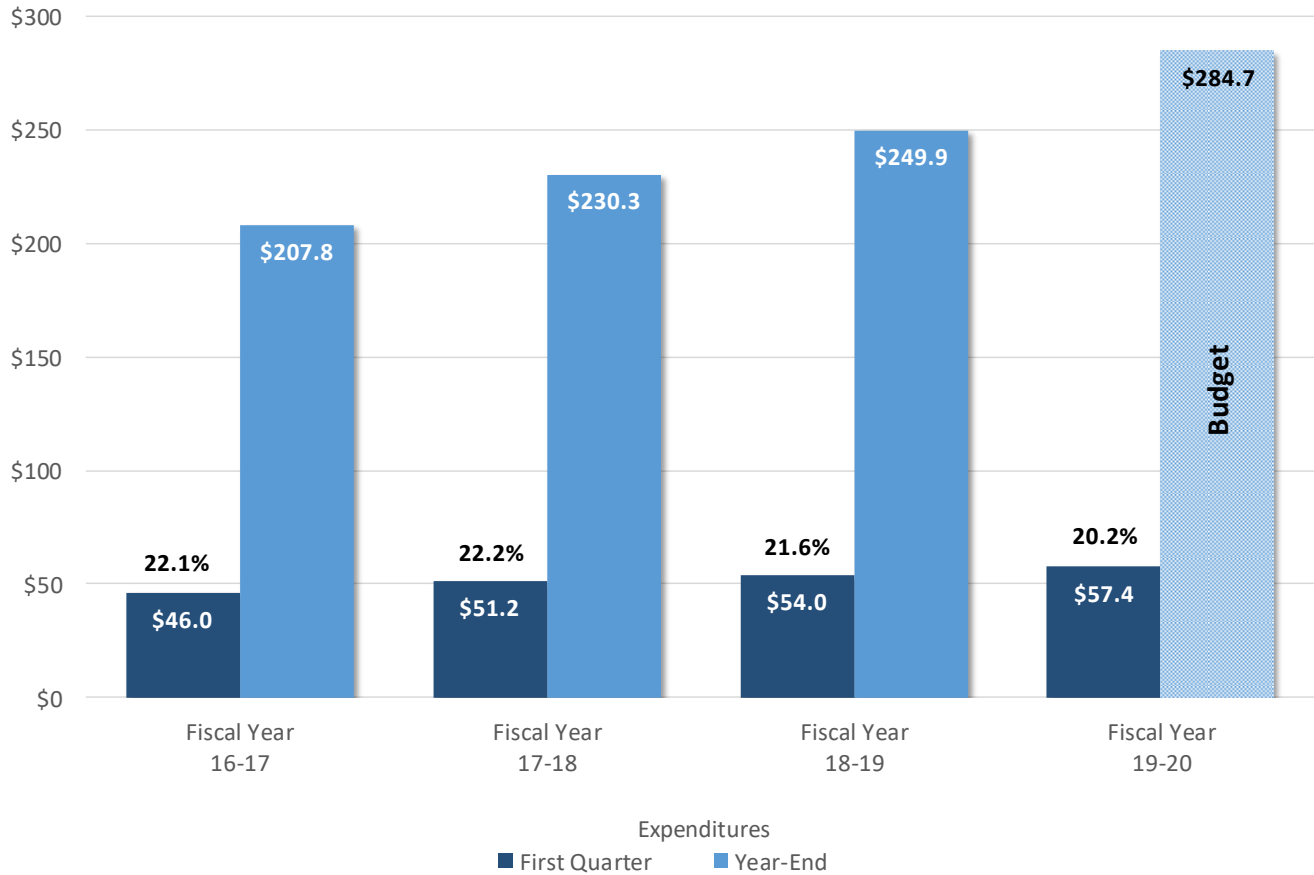
Departmental Expenditures

As of September 30, 2019, expenditures are \$57.4 million, representing 20.2% of the budgeted appropriations. This is below the range when compared to the first quarter point of the prior three years when expenditures ranged from 21.6% to 22.2% of the final actual expenditures. This is

primarily due to the new two-year model and carryover of Performance Visioning Carryover Savings into Year two of the two-year budget, which provided additional appropriations generated by prior year Net County Cost Savings.

Supporting Strong and Safe Neighborhoods Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

The recommendations contained in this report for Strong and Safe Neighborhoods will increase appropriations by \$1,240,113, which includes an increase of \$1,210,478 as a technical adjustment for increased Cost Allocation Plan (CAP) charges. The budget adjustments are funded by \$29,635 in department revenue and \$1,210,478 in General Fund Contribution.

Sheriff

Operations - The Sheriff's Office held an Officer Safety Tactical Update class on behalf of the Commission on Peace Officer Standards and Training (POST) and received one-time revenue for holding the class in the amount of \$29,635. The Department Special Weapons and Tactics (SWAT) will use this revenue to purchase a tactical micro-robot system and a kinetic breaching tool to use for SWAT operations. The tactical micro-robot will be used for vital video and audio surveillance and can be thrown or dropped from a safe location. The kinetic breaching tool will be used to safely and effectively breach locked doors with minimal effort for the SWAT operators.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Sheriff - Operations	\$29,635	\$29,635	\$0	\$0	Increase appropriations and estimated revenue to recognize funds from the Commission on Peace Officer Standards and Training for Officer Tactics Update Class to be used for the purchase of SWAT team equipment.
Total	\$29,635	\$29,635	\$0	\$0	

Recommendation: It is recommended to increase appropriations and estimated revenue by \$29,635 for Sheriff – Operations.

Supporting Community Health

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





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

Priority Overview

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

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

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

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

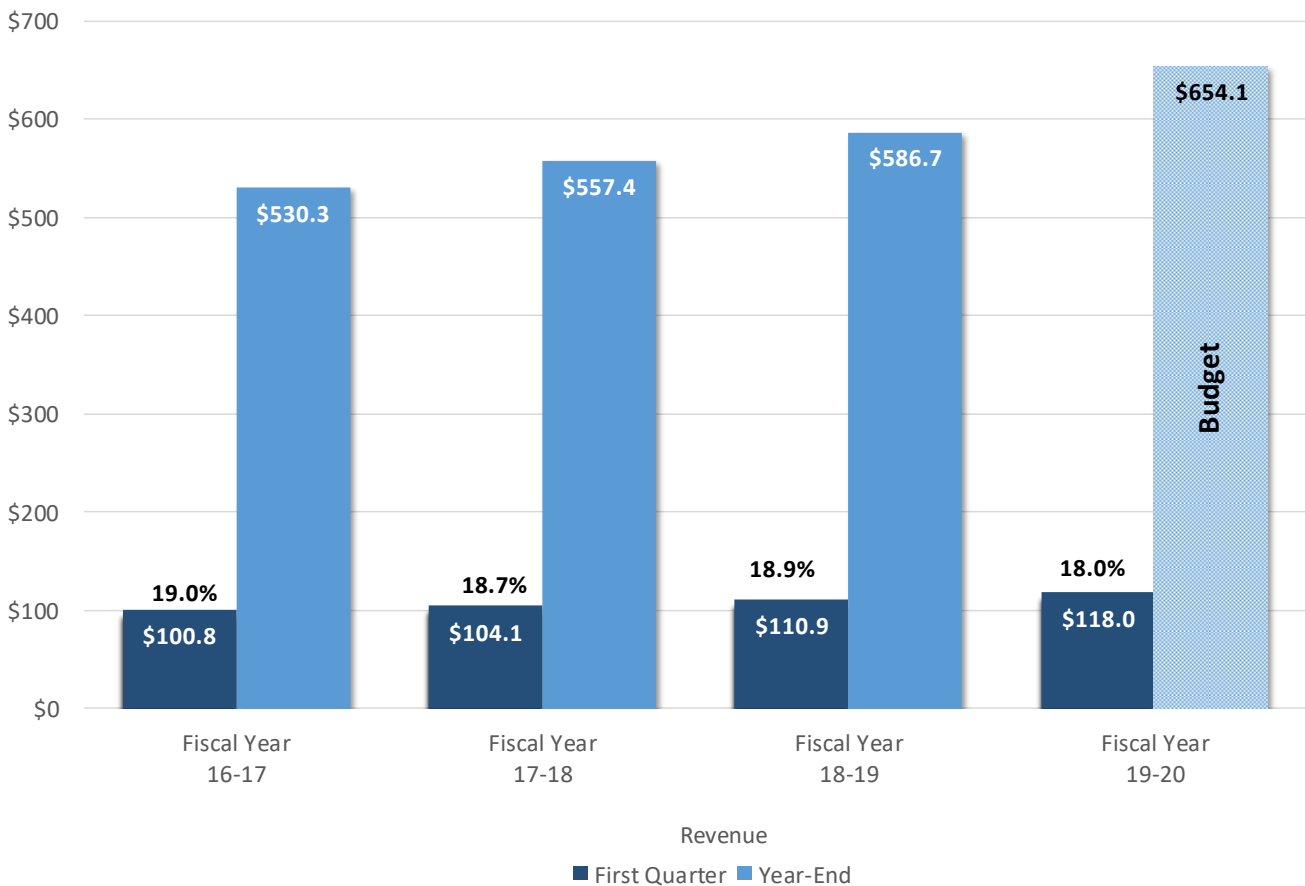
Departmental Revenue

For the departmental budgets that are part of the priority *Supporting Community Health*, actual revenue received as of September 30, 2019 totals \$118.0 million, which represents 18% of the estimated annual revenue. This is slightly below the range of revenue received in the first quarter of the previous three years when collections ran from 18.7% to 19.0% of year-end actual totals. This variance is primarily due to timing between realized revenue within mandated program funding during

the first three months of the fiscal year. Of note, Behavioral Health and Recovery Services (BHRS), Alcohol and Drug is down approximately 137% or \$2.8 million for first quarter 2019-2020 from the same period last year. The decrease is due to the delay in reimbursement for substance use disorder (SUD) services that are payable through Drug Medi-Cal. The revenue is anticipated to materialize later in the fiscal year.

Supporting Community Health Four-Year Revenue Comparison

In Millions



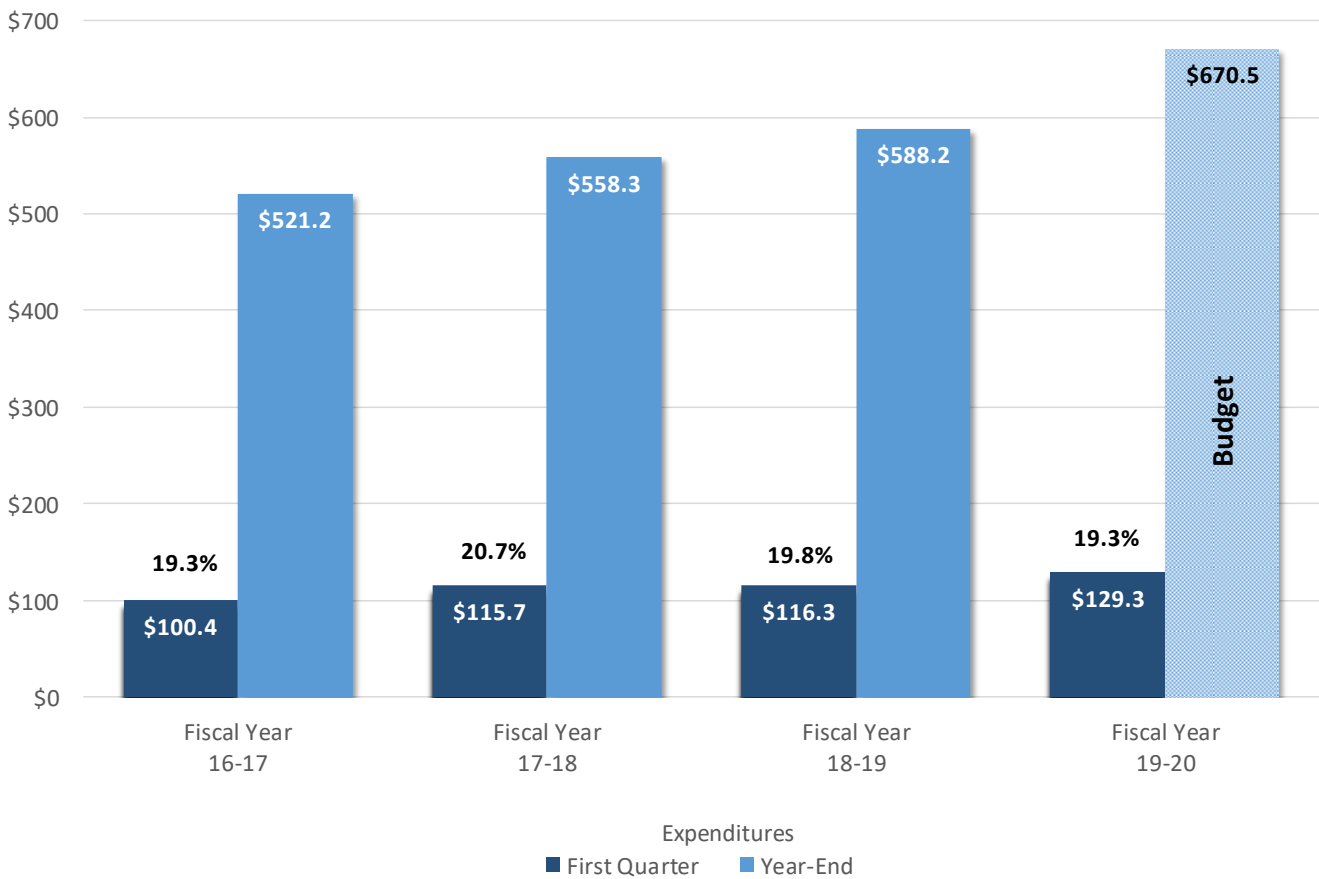
Departmental Expenditures

As of September 30, 2019, expenditures in this priority area totaled \$129.3 million, representing 19.3% of the budgeted appropriations. Actual expenditures identified at the first quarter point of

the previous three years represented a range of 19.3% to 20.7% of the final annual expenditures, placing this year's rate of expenditures within the historical range from the previous three fiscal years.

Supporting Community Health Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

The recommendations contained in this report for Supporting Community Health will increase appropriations by \$71,907, funded by estimated revenue of \$71,907.

Area Agency on Aging and Veterans Services

The Department is requesting an increase in revenue and appropriations of \$71,907 to reflect one-time funding received from the California Department of Aging to provide additional support for the Ombudsman Program. The County contracts with Catholic Charities Inc., to administer the Ombudsman Program in Stanislaus County. This additional funding will be allocated to Catholic Charities to provide in-person visits at least once each quarter, to every skilled nursing facility and residential care facility for older adults in the County.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
Area Agency on Aging	\$71,907	\$71,907	\$0	\$0	Increase appropriations and revenue to reflect increased California Department of Aging funding for Title III B General Fund by \$54,473 and Ombudsman Initiative by \$17,434.
Total	\$71,907	\$71,907	\$0	\$0	

Recommendation: It is recommended to increase appropriations and estimated revenue by \$71,907 for the Area Agency on Aging.

Behavioral Health and Recovery Services

Staffing Recommendation: Two Software Developer/Analyst III positions are recommended to be transferred out to Information Technology Central to serve as embedded staff at Behavioral Health Recovery Services to provide support with data warehouse, dashboards, and State and Federal reporting requirements. One position will transfer from the Behavioral Health and Recovery Services division and the other from the Mental Health Services Act Division. Any necessary budget adjustments will be considered at Midyear.

Community Services Agency

Staffing Recommendation: One Family Services Specialist III position was recommended for a classification study in the 2019-2020 Final Budget. The study has been completed and it is recommended to reclassify the position from a Family Services Specialist III to a Family Services Specialist IV.

Health Services Agency

Staffing Recommendation: One Senior Custodian position was recommended for a classification study in the 2018-2019 Proposed Budget. The study has been completed and it is recommended to add a new classification of Health Services Agency Facilities Supervisor and reclassify upward the Senior Custodian to the new established classification. This position will be responsible for planning, coordinating, training, evaluating and supervising subordinate employees performing custodial and facility maintenance work and assist in organizing and managing the division. This position will have a pay range of \$20.66 to \$25.11 per hour and will reside in the SCEA, AFSCME Local Mid-Management/Supervisory Bargaining Unit 5. It is also recommended to delete the Supervising Janitor classification because this classification has not been used by the County for many years.

One Administrative Clerk II position was recommended for a classification study in the 2018-2019 Proposed Budget. The study has been completed and it is recommended to reclassify the position upward from an Administrative Clerk II to an Administrative Clerk III.

One Staff Services Analyst position was recommended for a classification study in the 2019-2020 Proposed Budget. The study has been completed and it is recommended to reclassify the position from a Staff Services Analyst to a Staff Services Coordinator.

Developing a Healthy Economy

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





Developing a healthy economy, building upon our strong agricultural foundation

Priority Overview

The Board of Supervisors' priority area of *Developing a Healthy Economy* recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Supporting job creation, providing a wide range of employment and training services, and educational resources are key aspects of Developing a Healthy Economy. Departments and programs assigned to this priority area include: Agricultural Commissioner, Chief Executive Office - Economic Development, UC Cooperative Extension and Workforce Development.

The Board of Supervisors' priority area of *Developing a Healthy Economy*, building upon our strong agricultural foundation recognizes the vital role of the County's number one industry, agriculture, that generates \$3.6 billion in value of agricultural commodities per year. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply and water quality, and preservation of the County's unique agriculture heritage are key aspects of Developing a Healthy Economy.

While agriculture plays a critical role in the local economy placing the economic viability of the County on a limited number of sectors puts the County at risk. Diversification strengthens the local economy and provides for a better, more stable, quality of life for residents. Departments assigned to this priority area focused on agribusiness include: Agricultural Commissioner's Office and Cooperative Extension.

There are various funding sources for departments in this priority area. The Agricultural Commissioner receives State funding for several programs, charges for specific services and receives funding from the General Fund. Cooperative Extension's University of California advisors are funded through the University of California system however the County provides funding from the General Fund for support staff and operational expenses. Workforce Development's major funding source is Federal funds (Workforce Innovation and Opportunity Act).

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

Departmental Revenue

For the Departments contained in the Board of Supervisors' priority area of *Developing a Healthy Economy* as of September 30, 2019, actual revenue collected is \$1.7 million, which represents 8% of the estimated annual revenue. This is below the range when compared to the first quarter of the prior three

years when collections were 9.0% to 9.7% of the final actual revenue. Revenue is below the prior three-year range due to fluctuations in the timing of reimbursement for StanWORKs program services for Workforce Development.

Developing a Healthy Economy Four-Year Revenue Comparison

In Millions



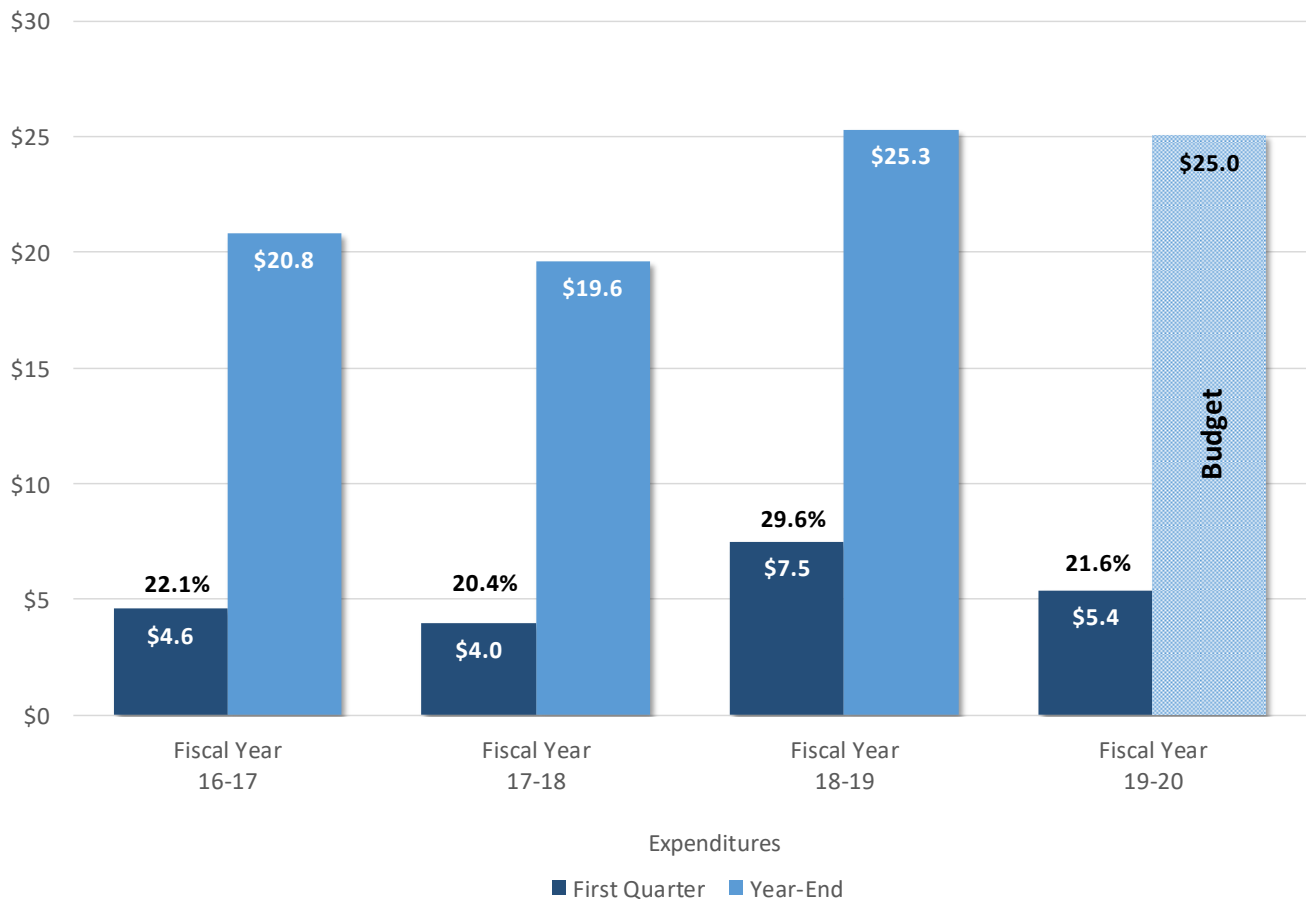
Departmental Expenditures

As of September 30, 2019, expenditures are \$5.4 million, representing 21.6% of the budgeted appropriations. Expenditures at the first quarter

point of the prior three years ranged from 20.4% to 29.6% of the final actual expenditures, placing this year within the three-year range.

Developing a Healthy Economy Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

The recommendations contained in this report for the priority of Developing a Healthy Economy will increase appropriations by \$58,079, all of which is a technical adjustment for increased Cost Allocation Plan (CAP) charges. The budget adjustments are funded by a \$58,079 General Fund Contribution.

Promoting First-Rate Learning

Library





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

Priority Overview

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

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

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

The Library is primarily funded by a voter approved 1/8-cent sales tax, which represents approximately 90% of the Library's total estimated revenue to support the Library operations in Fiscal Year 2019-2020. The voter approved 1/8-cent sales tax was extended for 12 years when Measure S passed in the November 7, 2017 election.

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

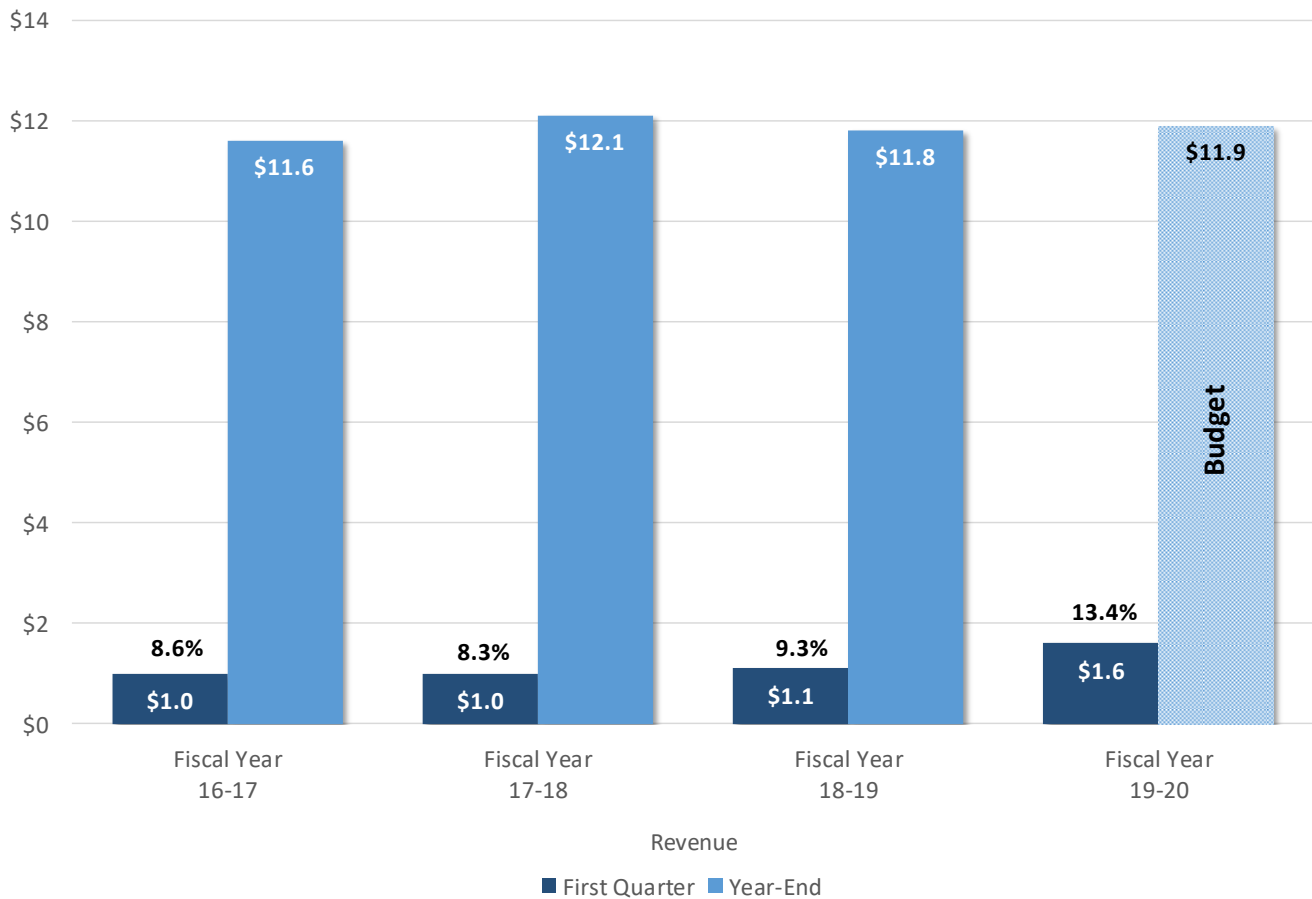
Departmental Revenue

For the Department budget that is part of the Board of Supervisors' priority area of *Promoting First-Rate Learning* as of September 30, 2019, actual revenue collected is \$1.6 million, which represents 13.4% of the estimated annual revenue. This is above the

range when compared to the first quarter of the prior three years when collections were 8.3% to 9.3% of the final actual revenue. The estimated revenue is above the prior three years due to voter approved 1/8 cent sales tax coming in higher than projected.

Promoting First-Rate Learning Four-Year Revenue Comparison

In Millions



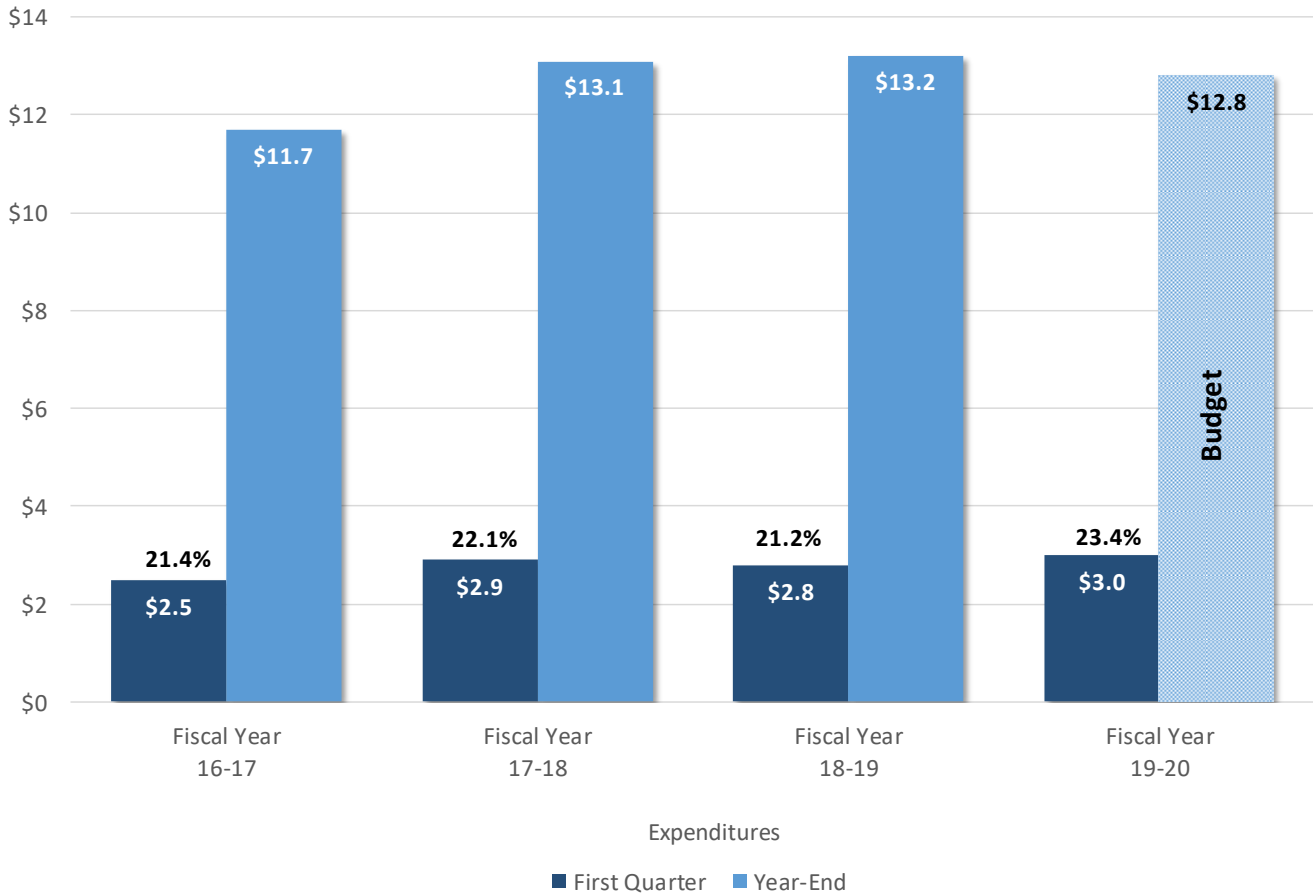
Departmental Expenditures

As of September 30, 2019, expenditures total \$3.0 million, representing 23.4% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 21.2% to

22.1% of the final actual expenditures, placing this year above the range. This is primarily the result of increased salaries and benefits consistent with recently approved labor agreements.

Promoting First-Rate Learning Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

There are no First Quarter issues or recommendations for the Library.

Delivering Efficient Public Services

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





Delivering efficient public services to benefit our residents and businesses

Priority Overview

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

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

include the Assessor, Auditor-Controller, Chief Executive Office, Clerk-Recorder/Elections, County Counsel, General Services Agency, Information Technology Central, and Treasurer-Tax Collector. The revenue used to pay for the majority of these services comes from local taxes such as property tax, sales tax, various fees, franchises, charges for services, and a variety of other discretionary funding sources.

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

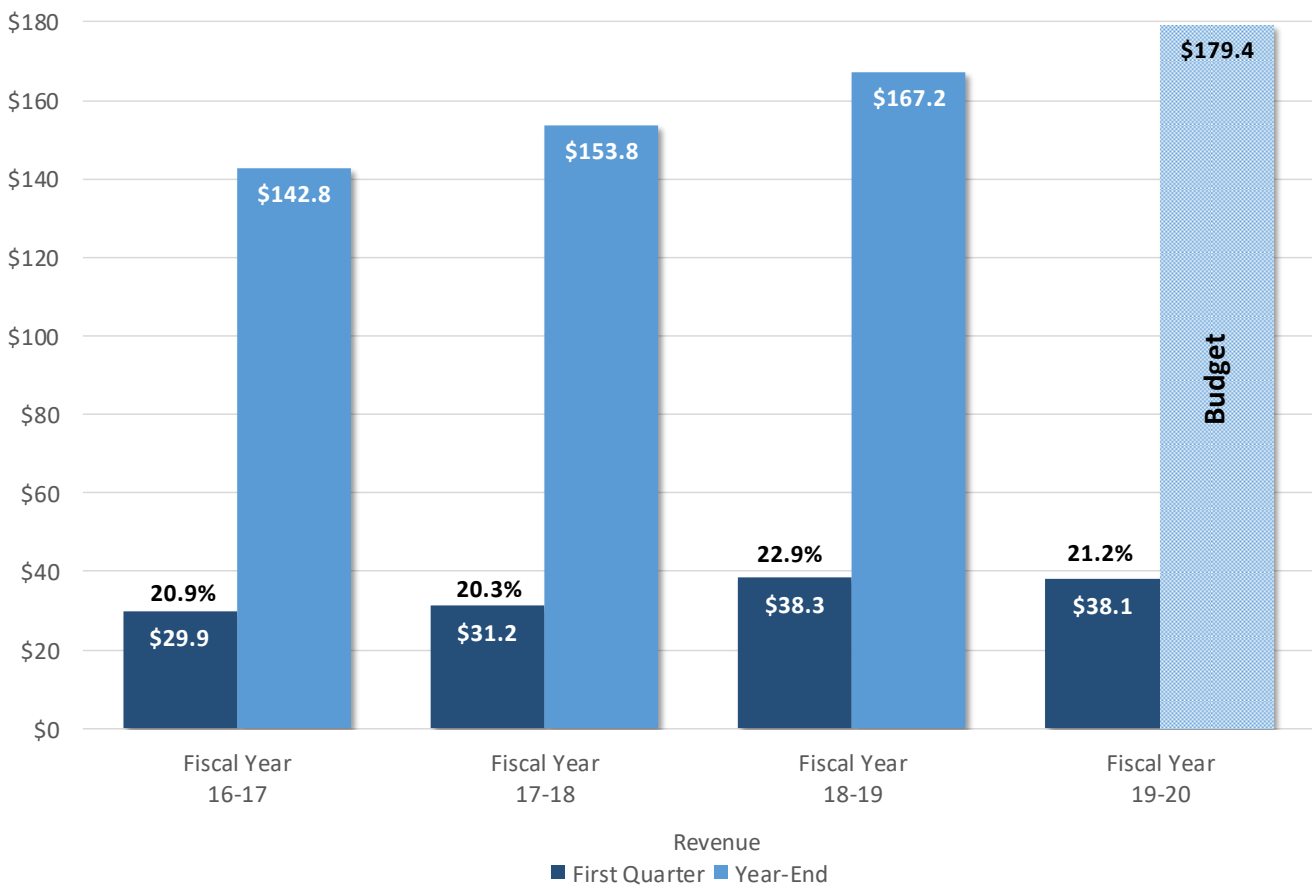
Departmental Revenue

For the departmental budgets that make up the Board of Supervisors' *Delivering Efficient Public Services* priority area, the actual revenue collected as of September 30, 2019, totaled \$38.1 million, which represents 21.2% of the estimated annual revenue.

This is within the range of revenue received in the first quarter point of the previous three years when collections ranged from 20.3% to 22.9% of the final actual revenue.

Delivering Efficient Public Services Four-Year Revenue Comparison

In Millions



Departmental Expenditures

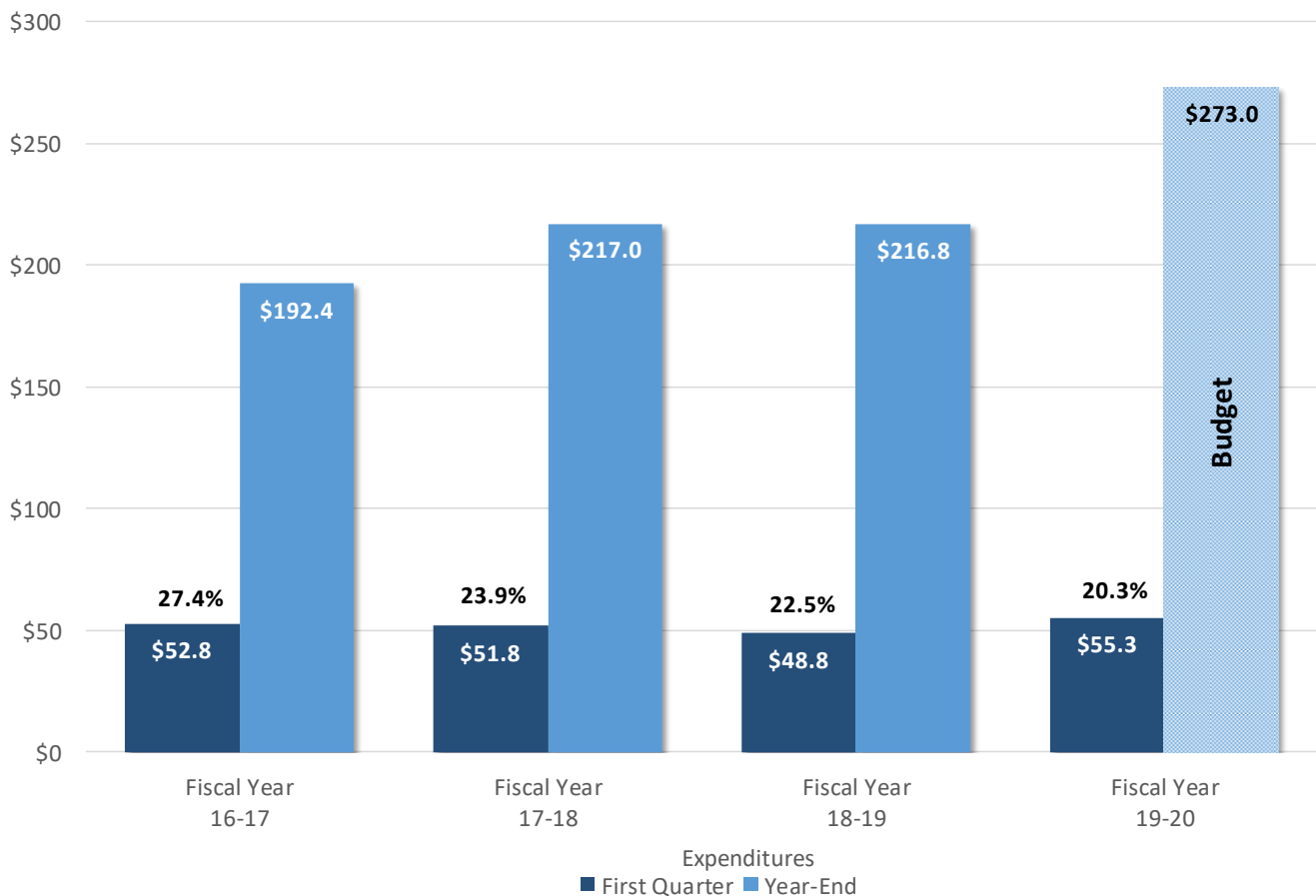
As of September 30, 2019, expenditures in this Board priority area totaled \$55.3 million, representing 20.3% of the appropriations budgeted for the year. Expenditures at the first quarter point of the previous three fiscal years ranged from a low of 22.5% to a high of 27.4% of the final actual expenditures, placing this year below the range.

Both actual expenditures and budgeted appropriations have increased over the prior year, but the increase in budgeted appropriations has outpaced the increase in actual expenditures,

resulting in a lower percent of budget utilization when compared to the previous three years. This is primarily due to new funding for projects and services that were included in the 2019-2020 Adopted Final Budget or through subsequent Board action in the first quarter of the fiscal year, for which expenditures have not yet materialized. In addition, departments were able to carry forward savings from the prior year as part of the Performance Visioning Carryover Savings (PVCS) program for multi-year projects, funding which was just added in mid-September and has not yet been spent.

Delivering Efficient Public Services Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

The recommendations contained in this report for Delivering Efficient Public Services include decreased appropriations of \$766,341 offset by technical adjustments of \$184,581 for increased Cost Allocation Plan (CAP) charges, for a net appropriation decrease of \$581,760. Appropriation adjustments are funded by the use of \$792,370 in General Fund balance and a transfer from appropriations for contingencies of \$1,558,711. The use of fund balance exceeds the next appropriation decrease resulting in a General Fund savings of \$210,610 for this priority.

Chief Executive Office – County Operations

A net decrease of \$766,341 in appropriations is recommended for CEO – County Operations.

Appropriations for Contingencies – This budget serves as the contingency fund for Stanislaus County to provide funds for meeting unexpected and emergency financial exposures, which may arise during the fiscal year. The transfer of funds from Appropriations for Contingencies to departmental operating budgets requires a four-fifths vote by the Board of Supervisors. The 2019-2020 Adopted Final Budget included a total of \$12,008,510 in appropriations for use during the fiscal year for contingencies related to General Fund cash-outs, health insurance increases, Cost Allocation Plan (CAP) charges, and other miscellaneous unforeseen program or community needs.

At First Quarter, a transfer of \$1,558,711 is recommended to fund Cost Allocation Plan (CAP) charge increases in multiple General Fund departments as described in the Technical Adjustments section of this report. If these transfers are approved, \$10,449,799 will remain in CEO - Appropriations for Contingencies for use throughout the balance of Fiscal Year 2019-2020.

General Fund Contribution to Other Agencies – On October 1, 2019, the Board of Supervisors authorized the Chief Executive Officer to negotiate and execute an agreement with the Salvation Army to operate the new Access Center Emergency Shelter at 330 9th Street, and authorized a \$950,000 increase in appropriations and estimated revenue for the Community Services Agency to begin emergency shelter operations. The majority of the initial funding for this program remains in a Fund Balance assignment in the General Fund (Assemblymember Adam Gray Homelessness Funds) and is the final designation of the original \$2.5 million provided to Stanislaus County through the 2017 California State Budget for homelessness services. As a result, an increase in appropriations of \$792,370 is recommended to transfer funding from the General Fund to the Community Services Agency.

Recommended Budget Adjustment					
Budget Unit Name	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost/ General Fund Contribution	Description
CEO - Appropriations for Contingencies	\$0	(\$1,558,711)	\$0	(\$1,558,711)	Transfer to General Fund departments for Cost Allocation Plan (CAP) technical adjustment
CEO - General Fund Contribution to Other Agencies	\$0	\$792,370	\$0	\$792,370	Increase appropriations to transfer funding to CSA for the new Access Center Emergency Shelter, using the Assemblymember Adam Gray Homelessness Funds previously received through the 2017 California State Budget and held in General Fund balance
Total	\$0	(\$766,341)	\$0	(\$766,341)	

Recommendation: It is recommended to decrease appropriations by \$766,341 funded by use of General Fund balance of \$792,370 and transfer from appropriations for contingencies of \$1,558,711.

Information Technology Central

Staffing Recommendation: Two Software Developer/ Analyst III positions are recommended to be transferred in from Behavioral Health and Recovery Services to serve as embedded staff at Behavioral Health and Recovery Services to provide support with the data warehouse, dashboards, and State and Federal reporting requirements.

It is recommended to change the current Director of SBT classification title to Director of ITC to reflect the recent name change of the Department approved by the Board of Supervisors at the 2019-2020 Proposed Budget.

Delivering Community Infrastructure

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works





Delivering community infrastructure to benefit our residents and businesses

Priority Overview

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

major funding sources for these departments include State and Federal funding, fees and charges for services, the General Fund, special revenue grants and Measure L one-half cent sales tax.

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

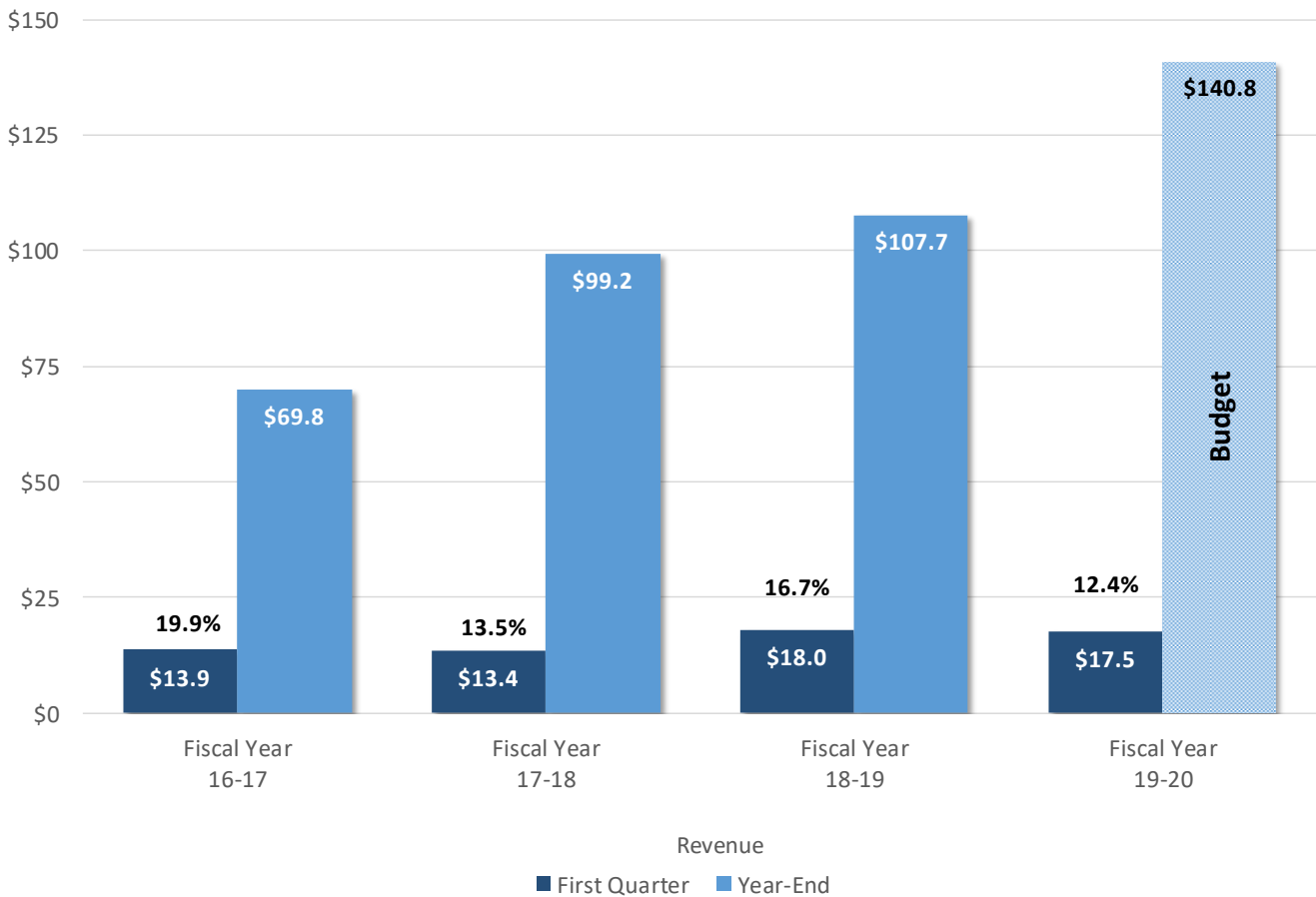
Departmental Revenue

For the departmental budgets that are part of the Board of Supervisors' priority *Delivering Community Infrastructure* as of September 30, 2019, actual revenue collected is \$17.5 million, which represents 12.4% 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 13.5% to 19.9% of the final actual revenue. This is a result of the timing of Road and Bridge projects. Projects are fully budgeted in the current year but occur over multiple years.

Delivering Community Infrastructure Four-Year Revenue Comparison

In Millions



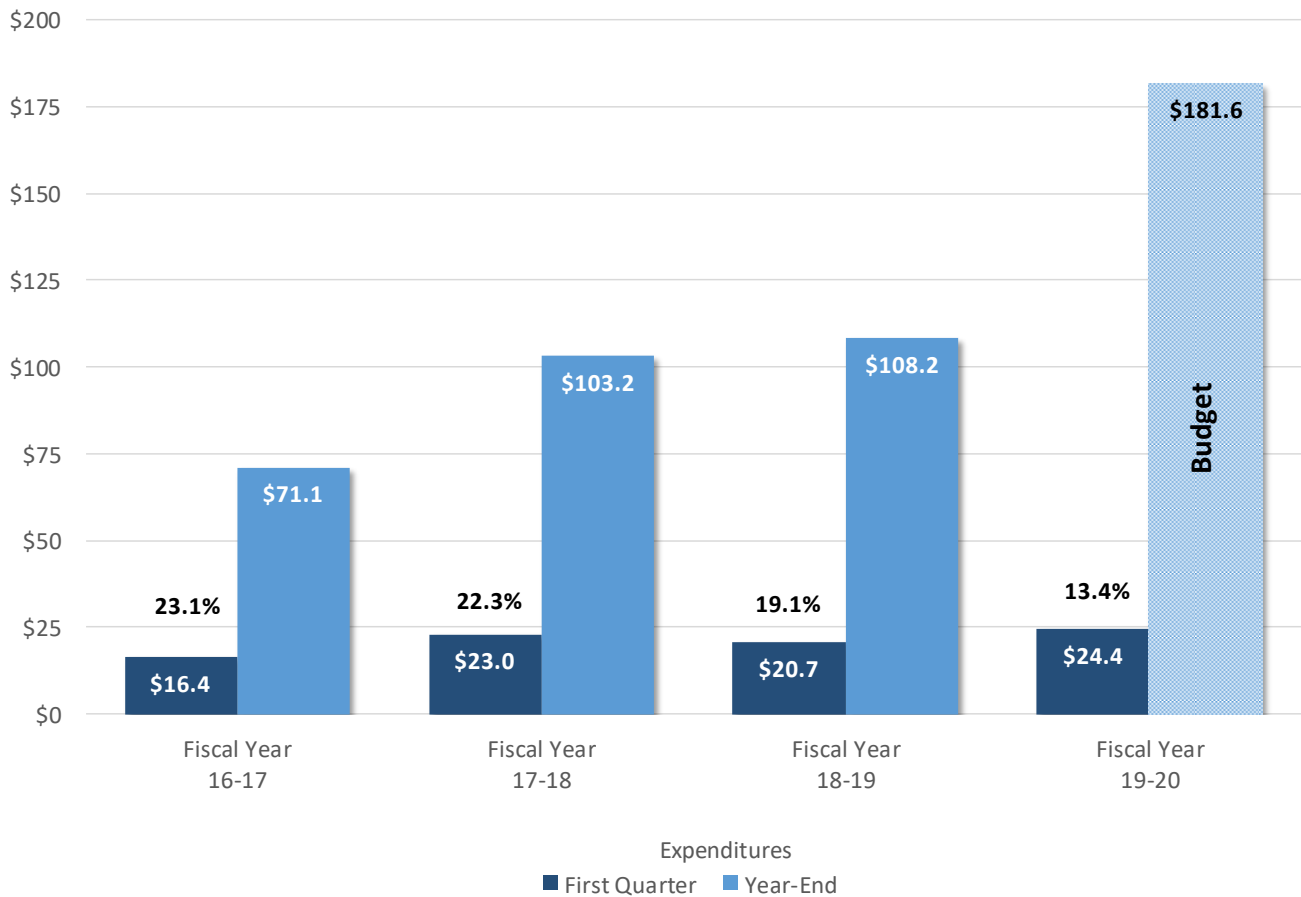
Departmental Expenditures

As of September 30, 2019, expenditures are \$24.4 million, representing 13.4% of the budgeted appropriations. Expenditures at the first quarter of the prior three years ranged from 19.1% to 23.1% of the final actual expenditures, placing this year's expenditures below the range. The lower percentage

at first quarter compared to the same time last year is primarily due to the timing of road projects. Projects are fully budgeted in the current year; however, actual expenditures occur over multiple years.

Delivering Community Infrastructure Four-Year Expenditures Comparison

In Millions



First Quarter Issues and Recommendations

The recommendations contained in this report for the priority of Delivering Community Infrastructure will increase appropriations in the amount of \$105,573, all of which is a technical adjustment for increased Cost Allocation Plan (CAP) charges. The budget adjustments are funded by a \$105,573 General Fund Contribution.

Technical Adjustments

The 2019-2020 Adopted Final Budget included appropriations in department Cost Allocation Plan (CAP) accounts that were consistent with the assumptions contained in the 2019-2020 Spending Plan. The assumptions included in the Spending Plan provided 3.5% increases above amounts included in the 2018-2019 Final Adopted Budget for all CAP accounts. In the 2019-2020 Proposed and Final Budgets, increases to the Cost Allocation Plan service departments' budgets were made for items such as providing additional Office 365 licenses, increased insurance costs in the County's General Liability program, and providing additional services through the General Services Agency. The increases in service departments' costs directly result in increases in receiving departments' costs.

An analysis of Fiscal Year 2019-2020 appropriations for all CAP charges compared to estimated CAP costs resulted in a projected deficit of approximately \$2.7 million Countywide, and nearly \$1.6 million for General Fund departments. Because all General Fund departments participated in the Zero-Based Budget process and CAP accounts are normally fully-funded, it is recommended to transfer appropriations to General Fund departments where deficits are projected, from Chief Executive Office – Appropriations for Contingencies. The following table identifies the increases in appropriations provided by department.

General Fund CAP Charge Increases	
Department	Adjustment
Agricultural Commissioner	15,898
CEO - Office of Emergency Services	52,813
CEO - Risk Management Division	5,815
Clerk-Recorder	158,383
Cooperative Extension	42,181
County Counsel	1,894
District Attorney	95,719
Planning and Community Development	105,573
Probation	44,409
Public Defender	44,442
Sheriff	973,095
Treasurer-Admin/Taxes	18,489
Total CAP Charge Increases	\$ 1,558,711

Recommendation: It is recommended to increase appropriations by \$1,558,711 in various General Fund departments (as identified in the table above), funded by a transfer from Chief Executive Office – Appropriations for Contingencies.

First Quarter Financial Report Conclusion

The First Quarter Financial Report shows the County budget is balanced and actual performance is tracking well with the 2019-2020 Operating Budget and year-end projections. County staff will continue to monitor the 2019-2020 Fiscal Year budget operations and be prepared to make appropriate recommendations and changes at the Midyear Financial Report on March 3, 2020. Staff will also

closely watch the monthly cash report issued by the State Controller to monitor State inflows of revenue. If more urgent budget adjustments are required prior to the Midyear Financial Report, staff will bring appropriate and timely recommendations to the Board of Supervisors for consideration. There are no such urgent needs on the horizon at this time.

Budget Schedule

The following schedule is recommended for the 2019-2020 Midyear Financial Report:

- ◆ December 2, 2019 Issue 2019-2020 Midyear Budget Instructions
- ◆ January 8, 2020 Departments' Midyear Budget Submittals due to CEO
- ◆ March 3, 2020 Midyear Financial Report to the Board of Supervisors