First Quarter Financial Report
July — September 2013

BOARD OF SUPERVISORS

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TABLE OF CONTENTS

INTRODUCTION

This is the First Quarter Financial Report submitted by the Chief Executive Office for the period of July 1, 2013 to September 30, 2013 for the 2013-2014 Fiscal Year for Stanislaus County. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's fiscal status. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors' Priority and recommends department requested adjustments to County budgets since the adoption of the Final Budget in September 2013. It also identifies or provides the status of the County's ongoing challenges and issues based on current information.

BACKGROUND

On September 10, 2013, the Board of Supervisors adopted the Fiscal Year 2013-2014 Final Budget for Stanislaus County. This spending plan of $1.043 billion for all funds reflected a 3.2% increase from the 2013-2014 Adopted Proposed Budget of $1.010 billion and a 6% increase from the 2012-2013 Adopted Final Budget of $984.2 million. The 6% increase was primarily attributable to several programs not being fully funded in the previous year's Final Budget to meet mandated levels, including the Foster Care/Extended Foster Care and In-Home Supportive Services programs. The 2013-2014 Adopted Final Budget was balanced using a combination of $983.9 million in revenue and $59 million in fund balance and one-time funding sources. It also included funding for 3,920 allocated full-time positions, an increase of 121 positions from the 2012-2013 Adopted Final Budget.

BUDGET OVERVIEW

Comparison of Final Budget by Fund

Fund Type	FY 2012-2013 Final Budget Appropriations	FY 2013-2014 Final Budget Appropriations	Difference	Percent Change
General	$ 258,693,372	$ 256,601,294	$ (2,092,078)	-0.8%
Special Revenue	574,171,841	627,635,853	53,464,012	9.3%
Capital Projects	792,010	731,898	(60,112)	-7.6%
Enterprise	63,624,357	67,174,904	3,550,547	5.6%
Internal Service	86,880,094	90,843,782	3,963,688	4.6%
Total	**$ 984,161,674**	**$ 1,042,987,731**	**$ 58,826,057**	**6.0%**

Funding Sources of Final Budget by Fund

Fund Type	FY 2013-2014 Final Budget Appropriations	Funding Sources		
		Department Revenue	Department Fund Balance	General Fund Contribution
General	$ 256,601,294	$ 79,130,714	$ -	$ 177,470,580
Special Revenue	627,635,853	598,590,114	10,256,119	18,789,620
Capital Projects	731,898	1,096,000	(364,102)	-
Enterprise	67,174,904	59,349,200	4,712,307	3,113,397
Internal Service	90,843,782	89,651,737	1,192,045	-
Total	**$ 1,042,987,731**	**$ 827,817,765**	**$ 15,796,369**	**$ 199,373,597**

The net county cost for General Fund budgets consists of $156.1 million in discretionary revenue, $6.6 million in unassigned fund balance, and $14.8 million of assigned fund balance.

General Fund departments were allocated nearly $14.8 million in net county cost savings from Fiscal Year 2012-2013. General Fund departments that achieved savings in appropriations carried forward 100% of unused net county cost savings from Fiscal Years 2009-2010, 2010-2011 and 2011-2012 and 75% of unused net county cost savings from Fiscal Year 2012-2013. Many departments are using savings for salaries and benefits to absorb costs associated with the 1% salary restoration approved by the Board of Supervisors on July 2, 2013, and to address the increase in retirement charges in 2013-2014 due to the change in the earning assumption.

2013–2014 OPERATING BUDGET

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

Operating Budget						
Fund Type	**Prior Year Appropriations**	**FY 2013-2014 Final Budget Appropriations**	**First Quarter Board Agenda Items**	**Operating Budget Appropriations on 9/30/2013**	**FY 2013-2014 First Quarter Recommendations**	**Recommended First Quarter Budget**
General Fund	$ 5,565,140	$ 256,601,294	$ 7,172,883	$ 269,625,152	129,038	$ 269,754,190
Special Revenue Fund	9,767,666	627,635,853	2,923,316	640,326,835	317,915	640,644,750
Capital Projects Fund	-	731,898	450,000	$ 1,181,898	-	$ 1,181,898
Enterprise Fund	6,293,491	67,174,904	-	73,468,395	-	73,468,395
Internal Service Fund	1,287,523	90,843,782	-	$ 92,131,305	-	$ 92,131,305
Total	**$ 22,913,820**	**$ 1,042,987,731**	**$ 10,546,199**	**$ 1,076,733,585**	**$ 446,953**	**$ 1,077,180,538**

2013–2014 FIRST QUARTER OVERVIEW

Overall Summary of Requested First Quarter Adjustments

The Chief Executive Office's first quarter recommendations include a total increase in estimated revenue of $404,551 and an increase in appropriations of $446,953. If approved, the recommendations contained in this report will result in an increase in the use of fund balance of $42,402.

The recommended increases in appropriations and estimated revenue are primarily within Alliance Worknet ($213,750), and the Area Agency on Aging ($112,009); Community Services Agency ($64,680) and a decrease in District Attorney ($54,052). Technical adjustments are also recommended for the Board of Supervisors ($790), Chief Executive Office ($40,000) and the Auditor Controller ($27,374).

The Alliance Worknet will be awarded the Youth Career Technical Education Grant, Area Agency on Aging is receiving one time funding from the California Department of Aging, Veterans' Services is receiving funding from the State for County Veterans Services Offices, Community Services Agency is funding a Manager I position for the C-IV Regional Project and the District Attorney is reducing appropriations and revenue due to final grant award coming in lower than the application amount. The technical adjustments are a change on how the estimated revenue is allocated due to the transfer of Sheriff – Court Security from the General Fund to the Special Revenue Fund and a transfer from Fixed Assets Equipment to Fixed Assets Structures.

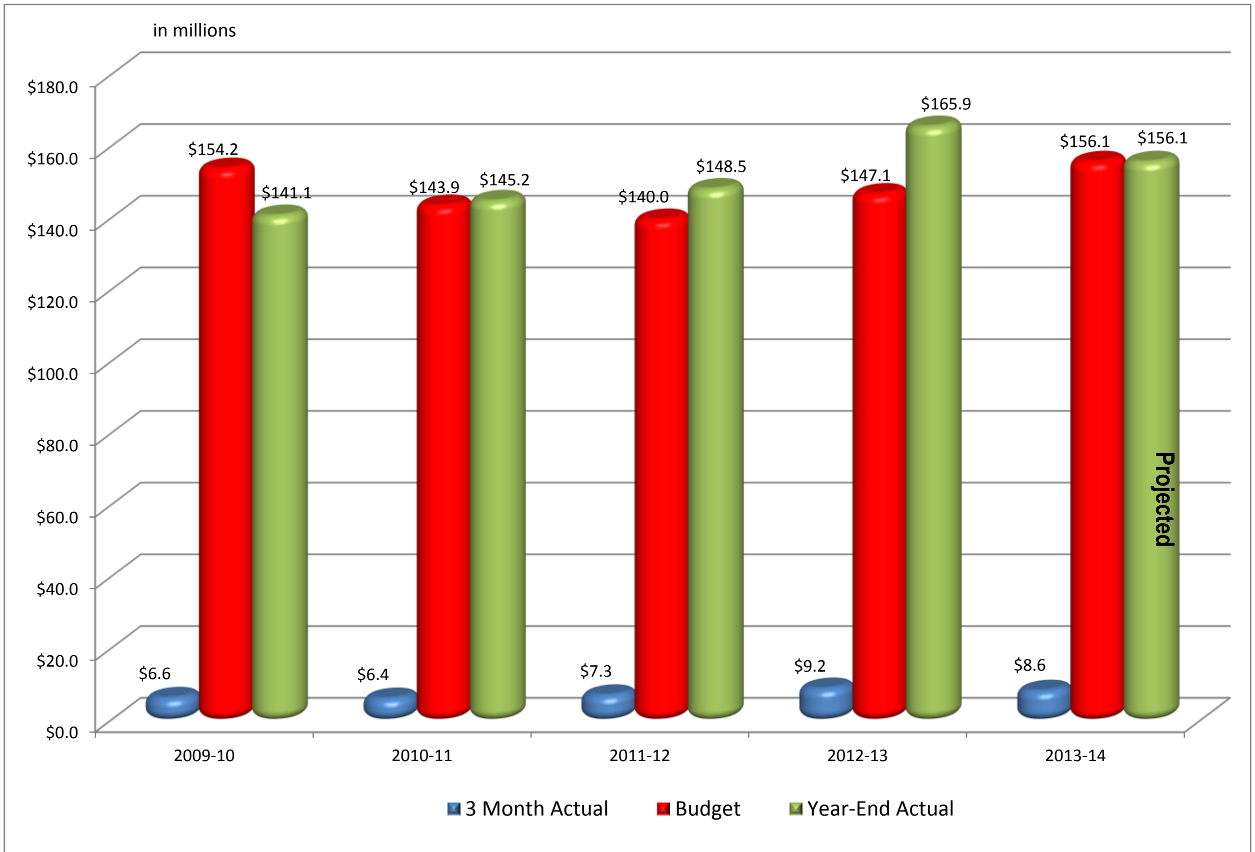
The following chart illustrates the beginning fund balances on July 1, 2013 for the various fund types, as well as the projected fiscal year end balances adjusted for the recommendations contained in this report.

Summary of Fund Balance by Fund Type					
Fund Type	**Beginning Fund Balance on 7/1/2013**	**Operating Budget Revenue on 9/30/2013**	**Operating Budget Appropriations on 9/30/2013**	**First Quarter Recommendation Use of Fund Balance**	**Projected Fund Balance on 6/30/2014**
General Fund	$ 134,437,454	$ 237,092,380	$ 269,625,152	-	$ 101,904,682
Special Revenue Fund	199,752,088	617,758,399	640,326,835	42,402	177,141,250
Capital Projects Fund	5,394,382	1,096,000	1,181,898	-	5,308,484
Enterprise Fund	24,557,167	62,462,597	73,468,395	-	13,551,369
Internal Service Fund	13,310,904	89,651,737	92,131,305	-	10,831,336
Total	**$ 377,451,995**	**$ 1,008,061,113**	**$ 1,076,733,585**	**$ 42,402**	**$ 308,737,121**

DISCRETIONARY REVENUE

Actual discretionary revenue received as of first quarter was $8.6 million compared to $9.2 million for the same period last fiscal year. This amount represents 5.5% of the 2013-2014 Final Budget and is within the following ranges of first quarter revenue of previous five years: 4.3% to 6.3% of the total amount budgeted and 4.4% to 5.5% of the total year-end actuals. The 2013-2014 first quarter revenue of $8.6 million compares favorably with the five-year average of $7.6 million. The following chart shows a five-year history of first quarter activity:

General Fund—Discretionary Revenue Five Year Comparison



It should be noted in the previous chart that the year-end actuals for Fiscal Year 2012-2013 included one-time revenue of $11.9 million, of which $8.4 million was for repayment of property tax monies borrowed by the State pursuant to Proposition 1A (2004) and $3.5 million was for dissolution of the Redevelopment District Agencies. Absent this one-time revenue, the 2012-2013 year-end actual is $154 million.

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

ISSUES AND ONGOING CHALLENGES

As discussed in the 2013-2014 Final Budget, the County faces a number of issues and ongoing challenges in the coming fiscal years. The following is an update on those that have had significant change or progress through the first quarter of the fiscal year.

State Budget Update

The State legislature has recessed and there is minimal legislative activity occurring. State Controller John Chiang has reported on California's General Fund cash receipts for the first three months of the fiscal year totaling $20.2 billion, which is ahead of estimates by $93.2 million. This favorably compares to last fiscal year's first quarter total of $18.04 billion. Actual first quarter disbursements totaled $32.7 billion which was $8.2 million over budget estimates.

Funding for Social Services and Health Care Programs

As reported in the Adopted Final Budget, the Community Services Agency has received notification from the State Department of Finance that the County will be eligible for 1991 Realignment growth revenue earned in the 2011-2012 Fiscal Year, if Fiscal Year 2012-2013 sales tax growth materializes. Current Statewide projections indicate that CSA could receive a one-time payment of approximately $2 million. This one-time funding could be used to reduce the County Match obligation this fiscal year. The Agency will continue to monitor sales tax trends and will work with the Chief Executive Office to develop a recommendation once more information is available.

Self-Insurance Funds

After the fiscal year closes, the Risk Management Division conducts actuarial reviews of nearly all of its self-insurance funds. Outside actuarial firms perform professional analyses of the General Liability, Medical, Professional Liability, and Workers' Compensation Self-Insurance Funds. Those reports recommend an amount to be posted for each fund's incurred but not reported (IBNR) claims for the previous fiscal year, as well as estimates of funding for future fiscal years. At the same time, an internal estimation of the IBNR for the Dental, Unemployment, and Vision Self-Insurance Funds is performed using generally accepted accounting principles reviewed by the Auditor-Controller's Office.

When the IBNR liability for a fund is increased at year-end, the result is a decrease in the fund's retained earnings. Conversely, a decrease in the liability at year-end results in an increase in the fund's retained earnings. The following is a snapshot of each of the fund's liability and how it affected its retained earnings balance at the end of Fiscal Year 2012-2013.

	Changes in Liability		Previous Retained Earnings Balance		New Retained Earnings Balance
Dental	$	(22,811)	$ 1,032,671	$	1,055,482
General Liability	$	(98,000)	$ (2,060,849)	$	(1,962,849)
Professional Liability	$	(133,000)	$ 292,290	$	425,290
Unemployment	$	(48,001)	$ 1,264,800	$	1,312,801
Vision	$	(7,917)	$ 674,628	$	682,545
Workers' Compensation	$	(680,999)	$ (82,048)	$	598,951

The current liability and retained earnings balance for the Medical Self-Insurance Fund is $5.71 million and negative $6 million respectively. This is the first year in which a professional actuarial firm performed an analysis of the Medical Self-Insurance Fund. Due to the desire to use the most up-to-date claims information for the rating of the program for 2014, the report included paid claims through August 2013. Thus, the IBNR calculation did not align with the end of the fiscal year, and resulted in no change in the IBNR liability for the Medical Self-Insurance Fund in Fiscal Year 2012-2013. When analyzed on a prorated basis, it was determined that the current liability of $5.71 million is appropriate for the plan.

Health Insurance

The Medical Self-Insurance Fund was established in January of 2012 when the County transitioned from a fully-insured program to a partially self-funded program. A new non-profit healthcare option, Stanislaus County Partners in Health (SCPH), was created at that time which provided access to high quality medical services in the local community and contained costs through multi-year agreements with providers. The goals of the self-insured program were to establish transparency in order to manage the underlying costs of the program, while reducing the cost of healthcare for Stanislaus County and its employees. Although the program changed significantly in 2012, the cost to Stanislaus County remained relatively unchanged from the previous year.

The new program experienced a slow start, as claims activity was incurred but not paid out until several months into the year. In the summer of 2012, claims were beginning to materialize but were not yet mature or complete. It was at that time that rates for 2013 were set. Given the immaturity of the data, rates were set too low for 2013. Later in the year, it was also discovered that rates for 2012 were set too low to fund the program's expenditures. After its first year of operation, it is estimated that a $3.5 million deficit was accumulated because rates for 2012 were not sufficient to fund program expenses. In addition, it is estimated that another $4 million deficit will be accumulated in calendar year 2013.

In August 2013, an outside actuarial firm was engaged to assist with 2014 rate determination for the Medical Self-Insurance Plan. The final report was delivered to Risk Management staff in early October, and rates for 2014 were presented to the Board of Supervisors for approval on October 29, 2013. Because of the difference in the cost structures of each of the individual plans, the 2014 rates reflect a different level of increase for each plan.

The 2013-2014 Final Budget included revenue estimates that fully funded the program's projected expenditures, as well as an additional $1.25 million to partially recover the self-insurance fund deficit. It is estimated that the rates for 2014, as approved by the Board of Supervisors on October 29, 2013, will accomplish this goal. Budget adjustments in the Medical Self-Insurance Fund will be included in the 2013-2014 Mid-Year Financial Report, and will reflect the rate increases as well as changes resulting from open enrollment. The 2014 medical rates represent a 22.7% increase for the lowest-cost provider, Stanislaus County Partners in Health, with a 36.2% increase for Kaiser and 37.7% for Anthem Blue Cross. Rate increases in the Kaiser and Anthem Blue Cross plans are higher based upon their higher cost of administration and program services.

Detention/Facility Planning

The Public Safety Center expansion is expected to be completed in 2017. These projects combined reflect a total jail expansion budget of $113.6 million, which will have significant economic benefits during construction, generating needed jobs in the region. As previously reported relating to the Public Safety Center Jail Expansion, the cost to operate and staff the additional 456 beds and associated facilities is considerable. Staff anticipates using a flexible implementation strategy to maximize all available tools and resources, including staffing that will allow the County to safely house inmates within appropriately secure facilities. The total estimated cost including staffing (sworn/non-sworn), utilities, maintenance, contracted jail medical services, bedding, inmate clothing, and various other costs in today's dollars range from $13.3 million and $14.6 million. Community Corrections Plan (CCP) funding of $3.0 million was set aside in the adoption of the 2013-2014 CCP Plan and will be instrumental for opening. Additionally, a $2 million one-time General Fund contribution was approved in the 2013-2014 Adopted Final Budget for start-up costs associated with the first year of operation of the AB900 Phase II Jail Expansion project; Assembly Bill (AB) 900 Phase II, 2011 Local Jail Construction Financing Program includes the provision that the County is not obligated to fully staff the new facilities upon opening. Upon construction completion, the staffing and transition to the new jail facilities will be phased based upon the County's economic recovery.

The Board of Supervisors has also authorized staff to submit an application to the Board of State and Community Corrections (BSCC) for Senate Bill (SB) 1022 Construction of Adult Local Criminal Justice Facilities. This funding will allow those counties awarded funding to construct, expand and/or renovate Adult Local Criminal Justice Facilities. The County submitted its application on October 24, 2013 with a funding request of $40 million in SB 1022 jail construction funding, and a county required match of $4.4 million, for a total project budget of $44.4 million. If funding is awarded, the proposed project would construct a Re-entry and Enhanced Alternatives to Custody Training (REACT) Center with up to 288 beds of transitional jail housing facilities at the Public Safety Center (PSC) to primarily replace the Main Jail in downtown Modesto (except for Court holding). The State of California Board of State and Community Corrections and the Department of Corrections and Rehabilitation Executive Steering Committee will meet on January 16, 2014 to recommend SB 1022 Adult Local Criminal Justice Facilities Construction Financing Program conditional funding awards.

Affordable Care Act

On October 1, 2013, enrollment began for Covered California. Approximately 5 million Californians are eligible for subsidized insurance through the Affordable Care Act (ACA), with an estimated 43,390 eligible for tax credits, and another 20,334 eligible for the newly expanded Medi-Cal in Stanislaus County effective January 2014. As of October 19, 2013, the Stanislaus County Regional Call Center, which consists of Stanislaus, Marin and Napa counties, has handled 691 calls transferred from Covered California to assist individuals in determining eligibility for Modified Adjusted Gross Income (MAGI) Medi-Cal. During this initial period, the Call Center has answered these transferred calls from Covered California within 30 seconds, 98% of the time. This is well within the established 80% Service Level Agreement with Covered California. In addition to the transferred calls from Covered CA, the Regional Call Center has signed up over 100 Stanislaus County residents who have called the Call Center directly, and received another 285 paper applications for ACA related health coverage.

While the beginning of the 2013-2014 First Quarter Financial Report gives an update and overview of the County budget as a whole, the following part of the report details the recommended budget adjustments. These adjustments are presented by department, which are further categorized within six of the Board's Priorities: 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 Criminal Justice Information System
Probation
Public Defender
Sheriff

A Safe Community

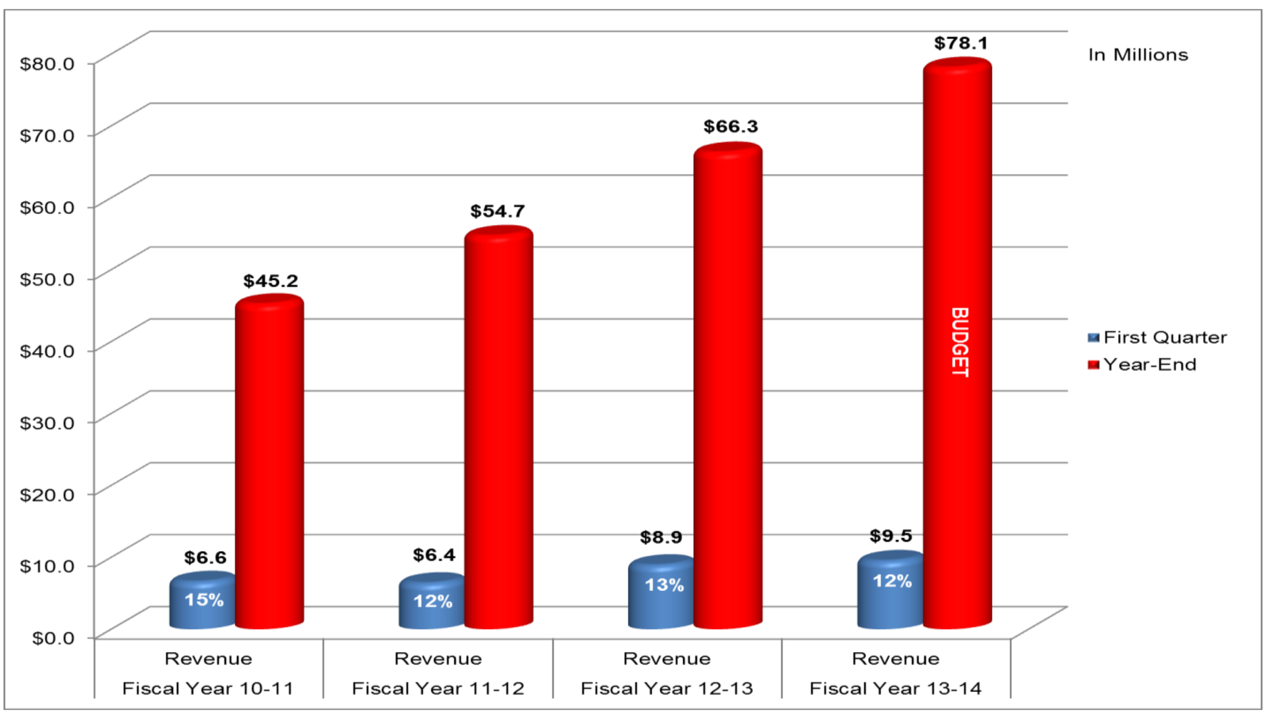
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of September 30, 2013, actual revenue collected is $9.5 million, which represents 12% 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 12% to 15% of the final actual revenue.

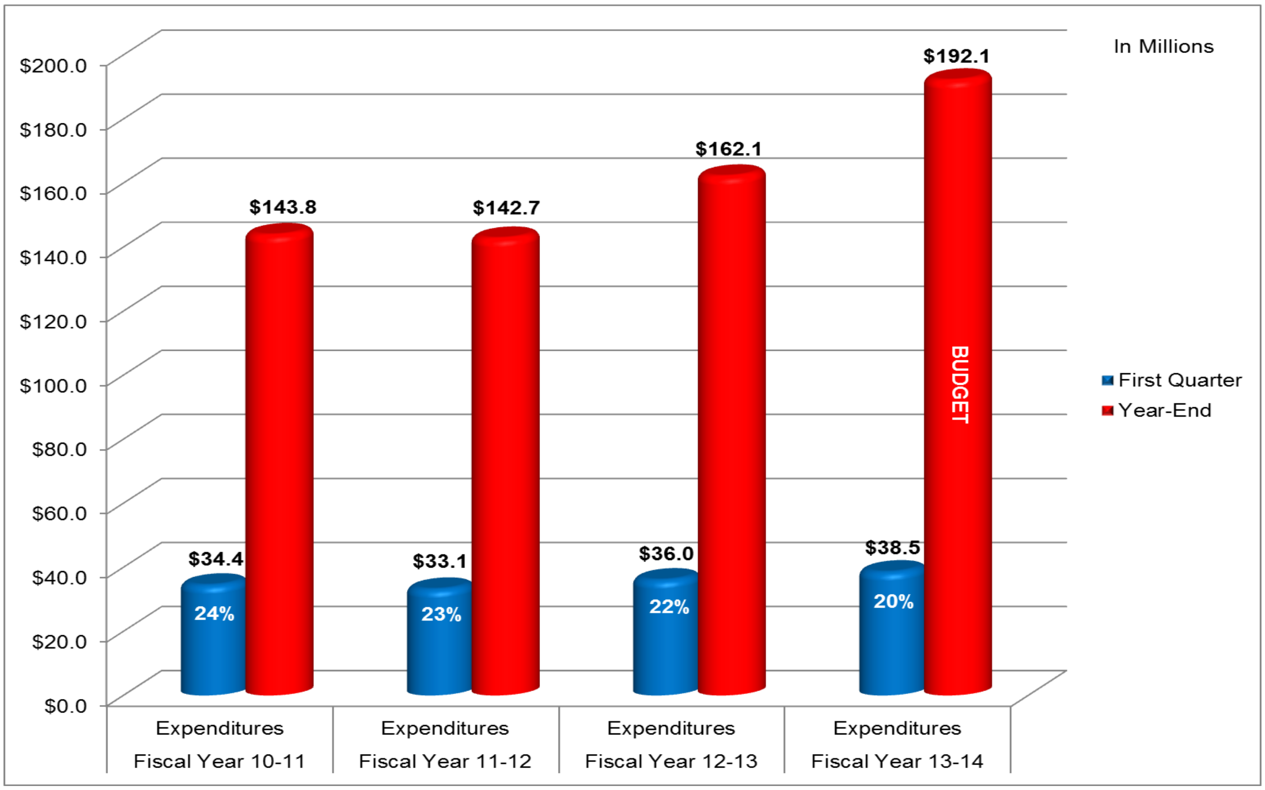
A Safe Community
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2013, expenditures are $38.5 million, representing 20% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 22% to 24% of the final actual expenditures, placing this year below the range. The lower percentage of expenditures at first quarter compared to budget is partially due to debt service payment occurring earlier in the 2012-2013 Fiscal Year.

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 decrease appropriations and estimated revenue by $54,052.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

DISTRICT ATTORNEY

Office of Traffic Safety Impaired Driver Vertical Prosecution Program: This program is funded by a grant administered through the Office of Traffic Safety and provides funding to vertically prosecute all vehicular manslaughter cases, all felony Driving Under the Influence (DUI) cases, all DUI Drug cases, and many misdemeanor DUI cases. Due to the final grant award from the Office of Traffic Safety reflecting a reduction to the original application amount, the Department is requesting a decrease of $54,052 in appropriations and estimated revenue.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
District Attorney-Impaired Driver Vertical Prosecution Program	($54,052)	($54,052)	$0	$0	Final grant award lower than original application amount.
Total	**($54,052)**	**($54,052)**	**$0**	**$0**	

Summary of Recommendations: It is recommended to decrease appropriations and estimated revenue by $54,052 to reflect a reduction in the final grant award from the Office of Traffic Safety.

A Healthy Community

COUNTY DEPARTMENTS

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

A Healthy Community

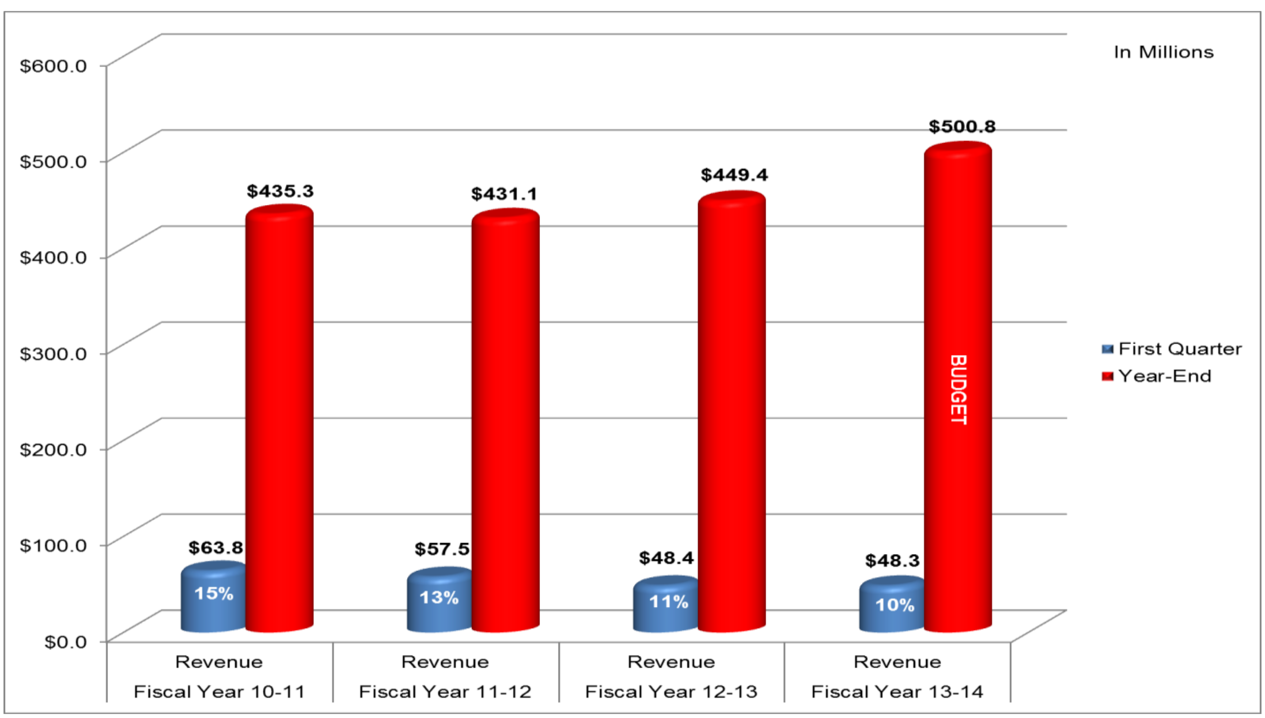
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community, as of September 30, 2013, actual revenue is $48.3 million, which represents 10% of the estimated annual revenue. This is slightly below the range when compared to the first quarter point of the prior three years when collections ranged from 11% to 15% of the final actual revenue. This is primarily due to the timing of recognizing the claiming revenue in several departmental budgets.

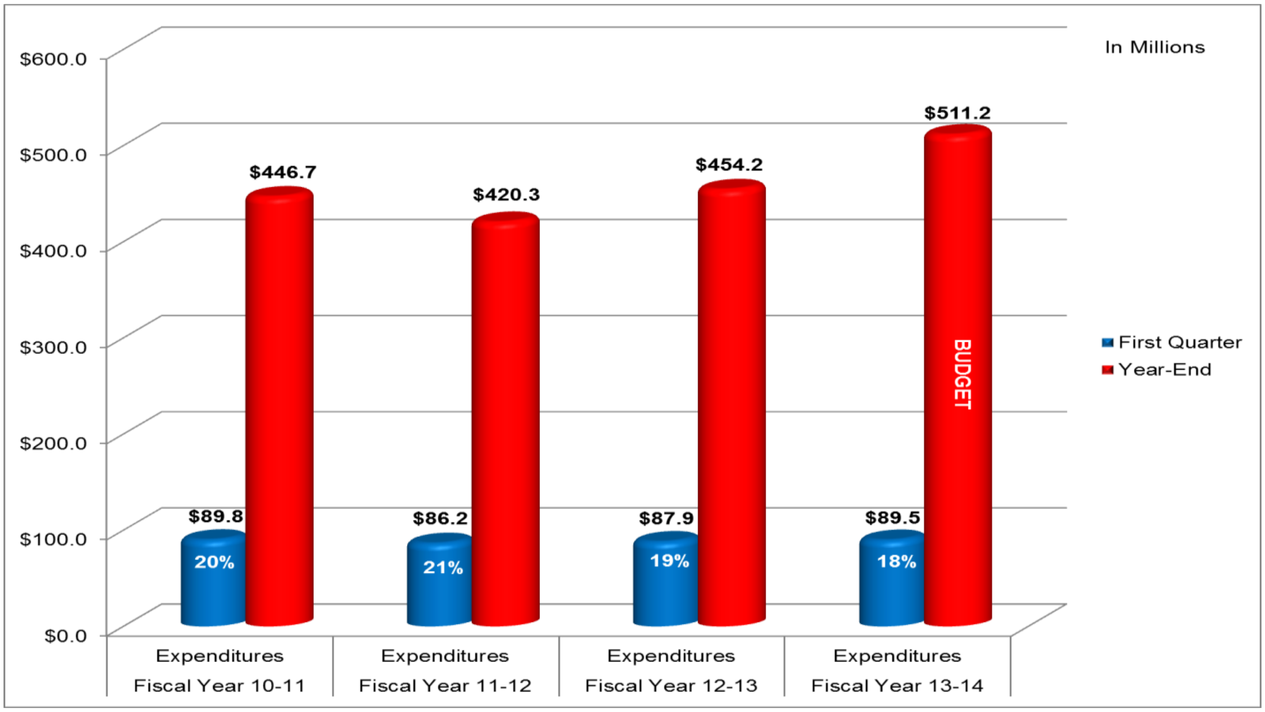
A Healthy Community
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2013, expenditures were $89.5 million, representing 18% of the budgeted appropriations. Expenditures at the first quarter point of the three prior years ranged from 19% to 21% of the final annual expenditures, placing this year's expenditures just below the range. This is primarily the result of timing of payments for services and a reduction in contracts.

A Healthy Community
Four Year Expenditure Comparison



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

The recommendations contained in this report for A Healthy Community will increase appropriations by $219,091 and estimated revenue by $176,689, resulting in the use of $42,402 in departmental fund balance.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

AREA AGENCY ON AGING/VETERAN SERVICES

Area Agency on Aging: The Department is requesting an overall increase in appropriations of $93,537 and an increase in estimated revenue of $51,135, resulting in the use of $42,402 of departmental fund balance. The Department has received $51,135 of one-time funding from the California Department of Aging (CDA) for Fiscal Year 2013-2014 that can be used for equipment purchases only. The additional funding will be used to purchase a van for the Home-Delivered Meals program, computer equipment and outreach materials. The van and equipment will be purchased on behalf of the Senior Meals program by the Howard Training Center, the current service provider for the program, but will remain with the program in the event the service provider changes.

Additionally, the Department is requesting to use $42,402 of departmental fund balance to reimburse the CDA for unspent funds received in Fiscal Year 2012-2013, as now required by the CDA. On May 17, 2013, the Area Agency on Aging (AAA) received a one-time allocation of $42,402 for the Senior Meals Program to be used in Fiscal Year 2012-2013, for equipment purchases only. The contract vendor was unable to negotiate the purchase of a vehicle for the meals program within the short timeframe and therefore, the funds must be returned. In previous years, any unspent funds could be used in the subsequent fiscal year and would be applied in the allocation of the current fiscal year.

Veterans Services: The Department is requesting an increase in appropriations and estimated revenue of $60,874. The Stanislaus County Veterans Services Office (CVSO) will receive a one-time funding increase of $60,874 from the State as authorized in the 2013-2014 State Budget, in support of California's network of 56 County Veterans Services Offices, whose mission is to connect veterans and their families with state and federal benefits and local services available to them. This funding will be used in part to hire an extra-help Veterans Representative to assist with claim preparation and processing in order to decrease the wait period veterans are currently experiencing. Additionally, part of this funding will be used to continue providing outreach to skilled nursing facilities and to seniors in the outlying areas of the County, to ensure qualified veterans are aware of services available to them.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Area Agency on Aging	$51,135	$93,537	$42,402	$0	Senior Meals Program equipment funding from California Department of Aging and return of excess State funding.
Veterans Services	$60,874	$60,874	$0	$0	One-time State funding to support Veterans Services Office functions.
Total	**$112,009**	**$154,411**	**$42,402**	**$0**	

Staffing Requests: The Department is requesting to add one new Director of Volunteer Services position, funded from existing departmental appropriations from the Prevention and Early Intervention (PEI) and Health Insurance Counseling and Advocacy Program (HICAP) funds. This new position will assist with recruiting and maintaining the volunteer workforce for PEI Senior Peer Counseling and Friendly Visitor program and the California Department of Aging (CDA) HICAP. Adding this new position will also ensure the Department to be in compliance with the HICAP staffing regulations. The annual cost of the position is estimated to be $60,300. Funding for this position will be split equally between the HICAP and PEI programs.

The Department is also requesting to add one new Mental Health Clinician I position. Area Agency on Aging (AAA) received a grant from Behavioral Health and Recovery Services (BHRS) to operate three Mental Health Prevention and Early Intervention programs for older adults who are experiencing depression. BHRS's contract language provides that AAA shall hire mental health professionals to provide program oversight and supervision. The Mental Health Clinician position meets the qualifications required to provide mental health counseling services. The annual cost of the position is estimated to be $85,300 and will be funded from the BHRS grant.

AREA AGENCY ON AGING & VETERANS SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Area Agency on Aging	1	NEW	Director of Volunteer Services	Add new position	Director of Volunteer Services
Area Agency on Aging	1	NEW	Mental Health Clinician I	Add new position	Mental Health Clinician I
AAA/VETS CHANGES	**2**				
Beginning Allocation	**16**				
Changes in Allocation	**2**				
Ending Allocation	**18**				

Summary of Recommendations: It is recommended to increase estimated revenue by $112,009 and appropriations by $154,411, resulting in the use of $42,402 in fund balance. As of September 30, 2013, the Department's fund balance was $99,926. With the approval of the requested appropriations increase, the projected fund balance will be $57,506. It is further recommended the staffing changes described and outlined in the table above be adopted.

BEHAVIORAL HEALTH AND RECOVERY SERVICES

Staffing Request: Behavioral Health and Recovery Services (BHRS) is requesting approval to double-fill its Contracts Manager (Manager II) position for a period not to exceed eight weeks. The current Contracts Manager is scheduled to retire on March 26, 2014 after holding the position for five years. This position is responsible for administering and renewing 285 contracts, including 37 revenue contracts, 68 independent contracts, 45 provider contracts, 45 personal service contractors, 61 memorandums of understandings and inter-agency agreements and 29 other contracts. The Department begins the contract renewal process in March and it continues through June when contracts are presented to the Board of Supervisors for approval. During the first six months of 2014 three provider contracts are anticipated to go out to request for proposal (RFP). The Contracts Manager supervises a staff of four (three Staff Services Analysts and an Admin Clerk III).

Since July 1, 2013, the Assistant Director of Administrative Services retired in June 2013 and the position was vacant for three months. The Finance Manager (Manager III) resigned to pursue other career opportunities and the position has been vacant since October 4, 2013, and the Contracts Manager will be retiring on March 26, 2014. The estimated cost to double-fill the position for the requested eight weeks is approximately $15,700 and will be funded from salary savings generated by the vacant Assistant Director and Finance Manager III positions.

BEHAVIORAL HEALTH & RECOVERY SERVICES - TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Behavioral Health Services	1	2104	Manager II	Double fill	Double fill up to 8 weeks

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

COMMUNITY SERVICES AGENCY

The Community Services Agency budget includes funding for the Statewide Automated Welfare System Consortium IV (C-IV) Project, Region 4, consisting of Stanislaus, Napa, Marin and San Joaquin Counties. At this time, the Department is requesting an increase in appropriations and estimated revenue of $64,680 in support of staffing for the C-IV Program. The C-IV system supports the counties efforts to provide assistance and employment programs to needy families. This request is consistent with the existing Memorandum of Understanding (MOU) between the County and C-IV, which is a Joint Powers Agreement, approved in April 10, 2001 that commits the County to provide staffing for the Consortium as directed by

State automation requirement to design, develop, operate and maintain the statewide automated welfare systems. The recommended increase is fully funded by State and Federal funding.

The Agency is requesting to change hours of operations for the StanWORKs division during November and December 2013, to include Saturdays from 9 a.m. to 3:30 p.m. CSA StanWORKs, in partnership with the Health Services Agency (HSA), is working to transition Medically Indigent Adult (MIA) customers to Medi-Cal effective January 2014. HSA has initiated flyers/mailings to existing customers, but an application is required to complete the eligibility determination process and to enroll in Med-Cal which must be completed by StanWORKs staff. StanWORKs will host a series of Health Care Reform enrollment events to assist existing MIA customers and other Stanislaus County residents who may be eligible for the new health coverage available through the Federal Patient Protection and Affordable Care Act (ACA) effective January 2014 with the application process. These events will be conducted on Saturdays during November and December of 2013 between 9 am and 3:30 pm. No appointments will be necessary and staff will be available to assist the public with outreach and enrollment at the Community Services Facility and all current StanWORKs outstations. Each enrollment event will include various partners in health services delivery: Kaiser, Health Net, Blue Cross/Blue Shield and Health Plan of San Joaquin will be invited to set up information tables for consumers to visit and receive information to help with their Health Plan selection decision. Enrollment events will be advertised for the general public, while MIA customers will receive information and invitation specifically to the events. Enrollment information will include the options to apply by phone or on-line, as well as the regular business hours for CSA. It is anticipated that these expanded hours will provide additional opportunities for MIA customers and other Stanislaus County residents to enroll in new health coverage available through ACA.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CSA - Services & Support	$64,680	$64,680	$0	$0	Increase in State and Federal funding to support new staff for C-IV Project.
Total	**$64,680**	**$64,680**	**$0**	**$0**	

Staffing Requests: The Department is requesting one new Manager I position to act as the Region 4 Project Manager to coordinate communications and business processes across the C-IV Region. Region 4 is a Joint Powers Agreement (JPA) with the California Statewide Automated Welfare System, that consists of Stanislaus, Marin, Napa and San Joaquin counties. Staff assigned to the management position rotates between Counties with 100% ongoing reimbursement for salaries, benefits and all related travel. The County has previously had a Manager in this role but other members of the Region have had staff in this position in recent years. The minimum commitment for the C-IV Regional Project Manager is three years and is 100% funded, at an annual estimated cost of $94,500. The allocated position will be re-evaluated when the assignment changes. There is no increase to county cost associated with the addition of the Region 4 Project Manager.

The Department has requested to add one new block budgeted Supervising Account/Administrative Clerk II position to directly supervise seven existing Social Services Assistants assigned to In-Home Supportive Services (IHSS) and the Public Authority (PA). This position was identified as needed within the Adult, Child & Family Services Division reorganization plan. These seven staff currently report directly to the Manager IV over Adult Services Programs. It is recommended to study this new position request.

The Department is further requesting a reclassification of a vacant Application Specialist III position to a Systems Engineer II to meet the telecommunications needs of the Department. The linkage between telephone and information technology has become increasingly complex and in-house knowledge of telecommunications design, implementation and maintenance of the existing Voice Over Internet Protocol (VOIP) and call center systems is essential. It is recommended to study this reclassification request.

COMMUNITY SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
CSA - Services & Support	1	NEW	Manager I	Add new position	Manager I
CSA CHANGES	**1**				
Beginning Allocation	**1003**				
Changes in Allocation	**1**				
Ending Allocation	**1004**				

COMMUNITY SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
CSA - Services & Support	1	NEW	Supervising Account/Admin Clerk II	Add new position	Study
CSA - Services & Support	1	7656	Application Specialist III	Reclassify upward	Study

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by $64,860, funded from State and Federal funding. It is further recommended the staffing changes described and outlined in the table above be adopted.

HEALTH SERVICES AGENCY

Staffing Requests: The Department is requesting to transfer one Staff Services Analyst position from Clinics and Ancillary Services to Public Health. This position will act as the gatekeeper for data collection and assist the medical and health care professional in preparation of various management reports required by the Public Health Department and other state reporting systems. This position will also assist with clerical supervision, analytical reporting, and conduct random periodic workload audits for the Public Health Sexually Transmitted Disease and Refugee programs. The funding for this position is included in the Public Health budget Fiscal Year 2013-2014, and there will be no fiscal impact in the current or subsequent budget cycles.

HEALTH SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Clinics and Ancillary	-1	7101	Staff Services Analyst	Transfer out	Transfer to Public Health
Public Health	1	7101	Staff Services Analyst	Transfer in	Transfer from Clinics and Ancillary

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

A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
CEO-Economic Development Bank
Library

A Strong Local Economy

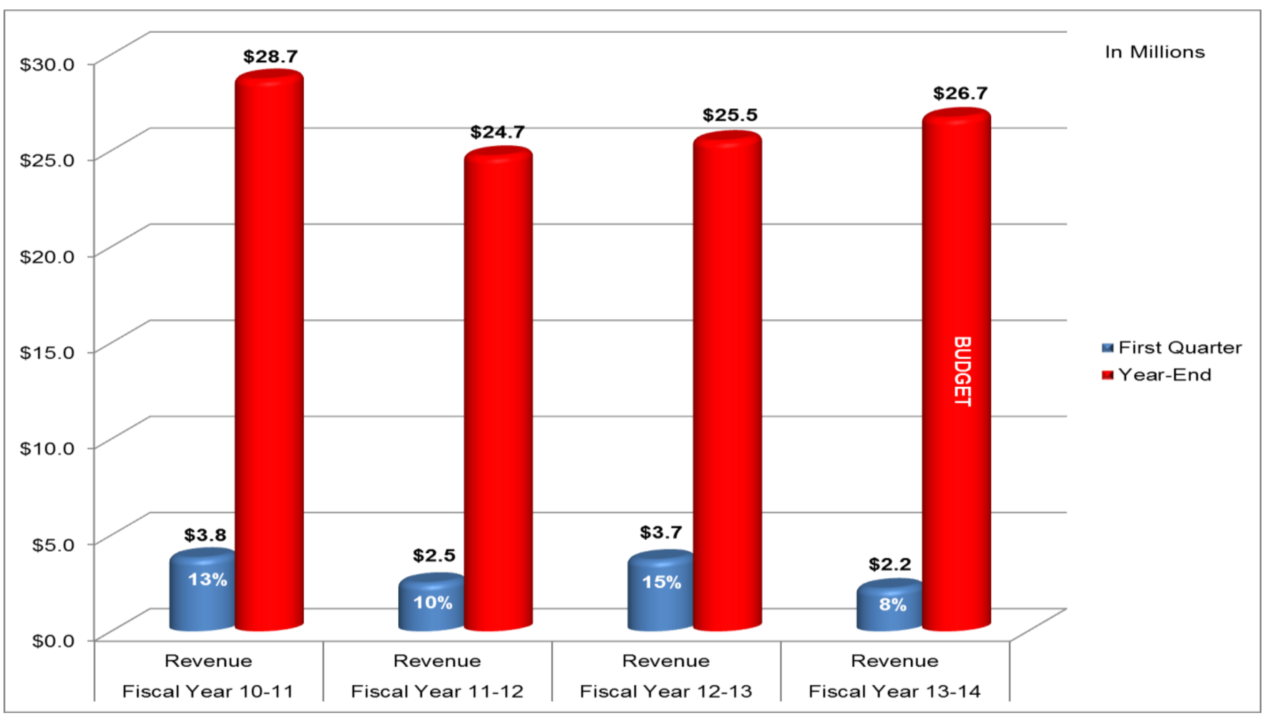
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of September 30, 2013, actual revenue collected is $2.2 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 10% to 15% of the final actual revenue. This is primarily due to zero revenue received to date from the Community Services Agency for the Alliance Worknet – StanWORKs budget, which is expected in the second quarter.

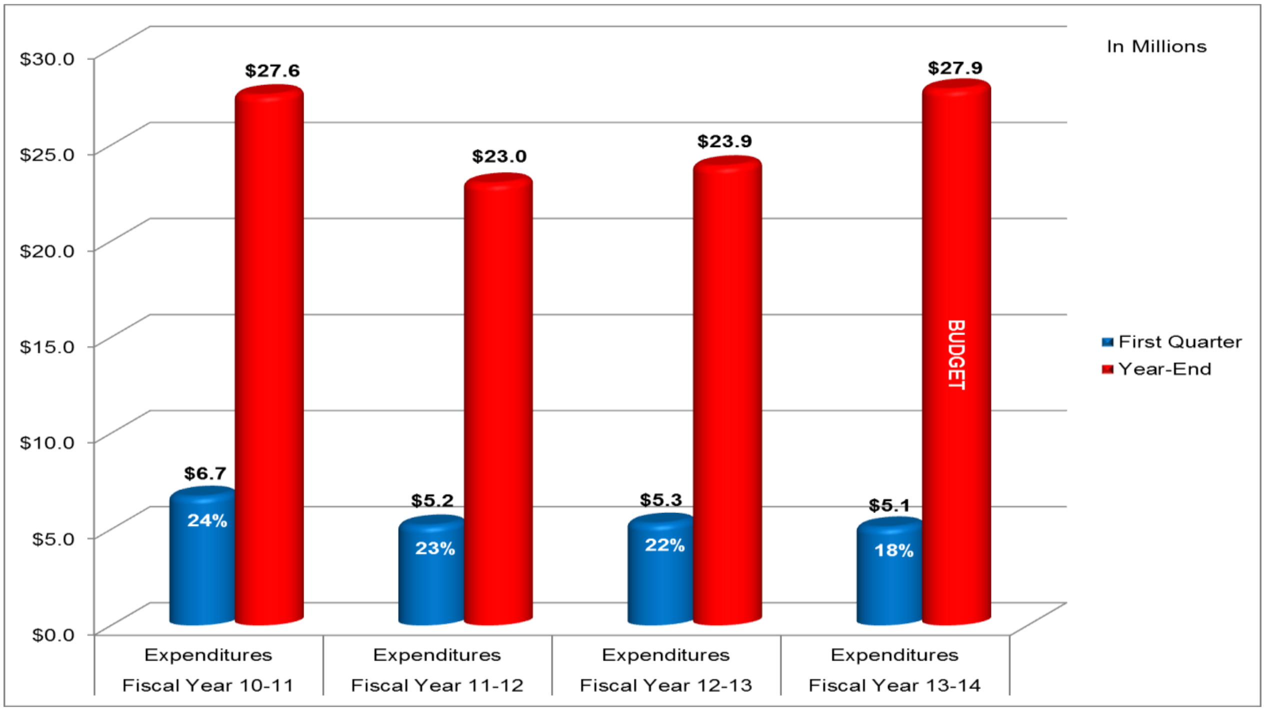
A Strong Local Economy
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2013, expenditures are $5.1 million, representing 18% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 22% to 24% of the final actual expenditures, placing this year below the range. This is due to the Federal sequester resulting in a decrease in Workforce Investment Act (WIA) funding for the Alliance Worknet.

A Strong Local Economy
Four Year Expenditure Comparison



Overall, estimated revenue and appropriations for A Strong Local Economy are recommended to increase by $213,750.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET

The Alliance Worknet was awarded a Youth Career Technical Education (CTE) grant for $213,750. The Alliance Worknet will administer the grant through a partnership with Ceres Unified School District (CUSD) Project YES. Funding for this project will provide occupational skills training guided by the Manufacturing Skills Standard Council (MSSC), work experience, on-the-job training, supportive services, and educational support to approximately 50 eligible youth. The goals for the grant program are unsubsidized employment in the manufacturing industry or entry into post-secondary education.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Alliance Worknet	$213,750	$213,750	$0	$0	Award of the Youth Career Technical Education grant.
Total	**$213,750**	**$213,750**	**$0**	**$0**	

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by $213,750 for the Youth Career Technical Education grant.

A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

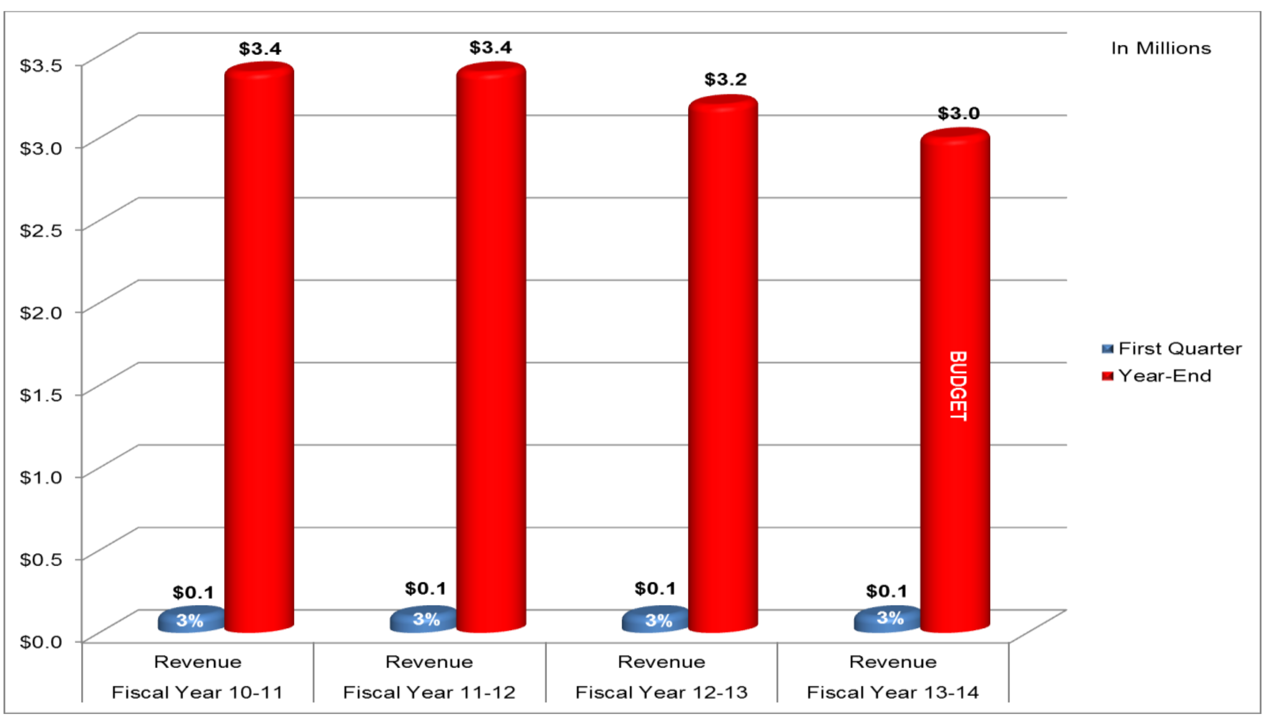
OVERVIEW

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

DEPARTMENTAL REVENUE

As of September 30, 2013, actual revenue collected is $74,545, which represents 3% of the estimated annual revenue. This is within the range when compared to the first quarter of the prior three years when collections were 3% of the final actual revenue.

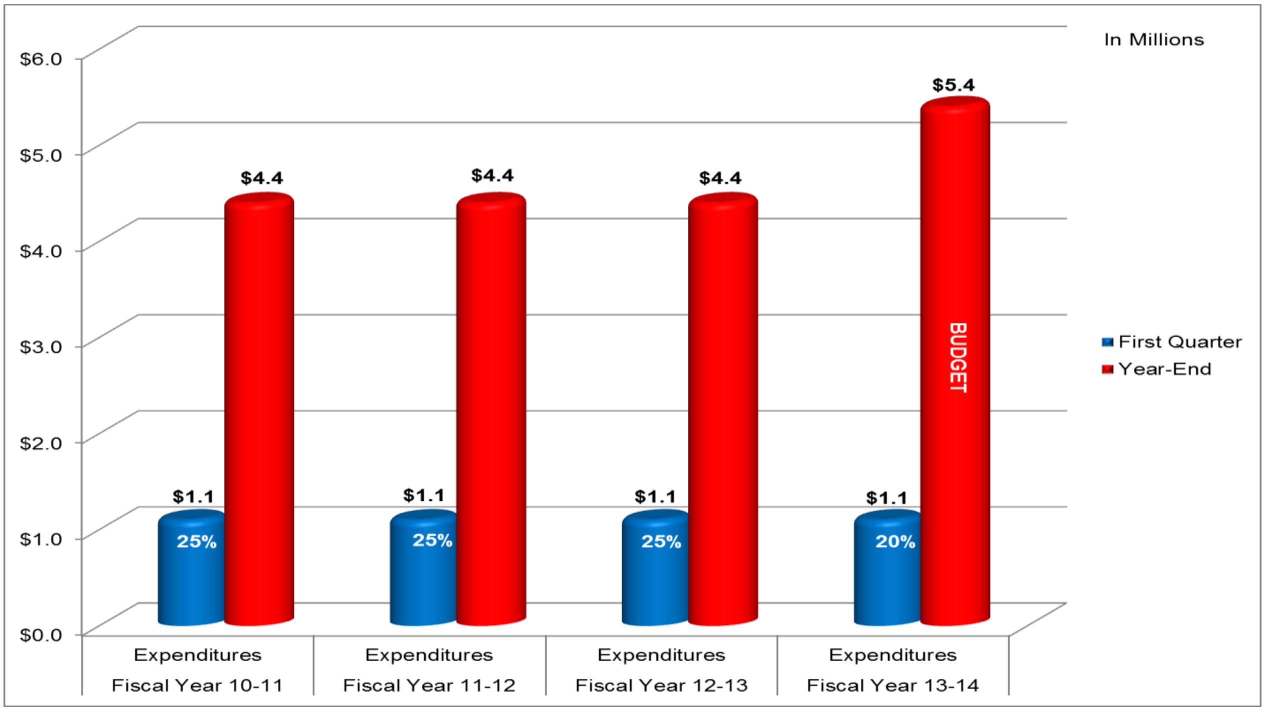
A Strong Agricultural Economy/Heritage
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2013, expenditures are $1.1 million, representing 20% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years were each 25% of the final actual expenditures, placing this year below the range. Expenditures are down due to a reduced number of purchases and the timing of contracts in the Agricultural Commissioner's office.

A Strong Agricultural Economy/Heritage
Four Year Expenditure Comparison



Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage are projected to meet budget at year-end. There are no recommended budget changes for this priority area.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

UNIVERSITY OF CALIFORNIA COOPERATIVE EXTENSION

Staffing Requests: The Department is requesting a classification study for a Confidential Assistant IV position be conducted based on the current job duties and responsibilities of the position.

UC COOPERATIVE EXTENSION - TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Cooperative Extension	1	1754	Confidential Assistant IV	Classification study	Study

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

A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

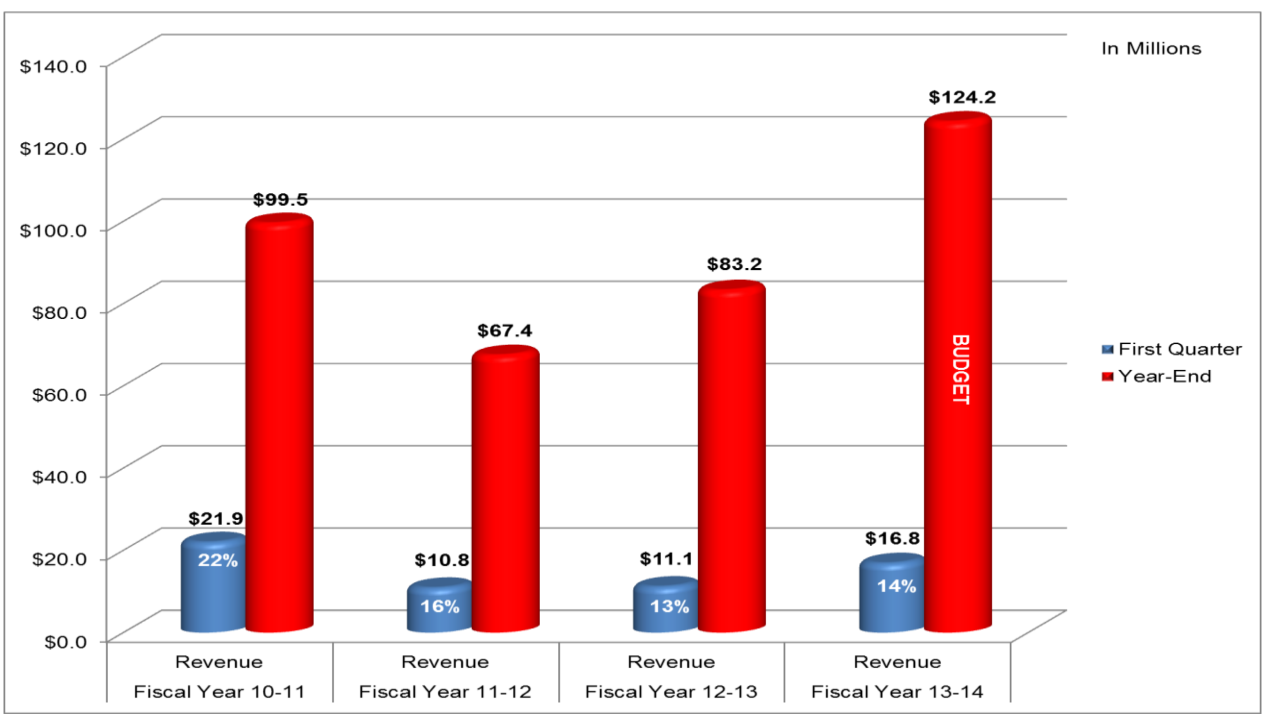
OVERVIEW

The Board of Supervisors priority area of A Well Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to A Well Planned Infrastructure System. Departments assigned to this priority area include: Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. The major funding sources for these departments are supported through State and Federal funding, fees and Charges for Services, the General Fund, special revenue grants and tax increment payments. On February 1, 2012, the Redevelopment Agency was dissolved and the Successor Agency was created.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of September 30, 2013, actual revenue collected is $16.8 million, which represents 14% of the estimated annual revenue. This is within the range when compared to the first quarter of the prior three years when collections ranged from 13% to 22% of the final actual revenue.

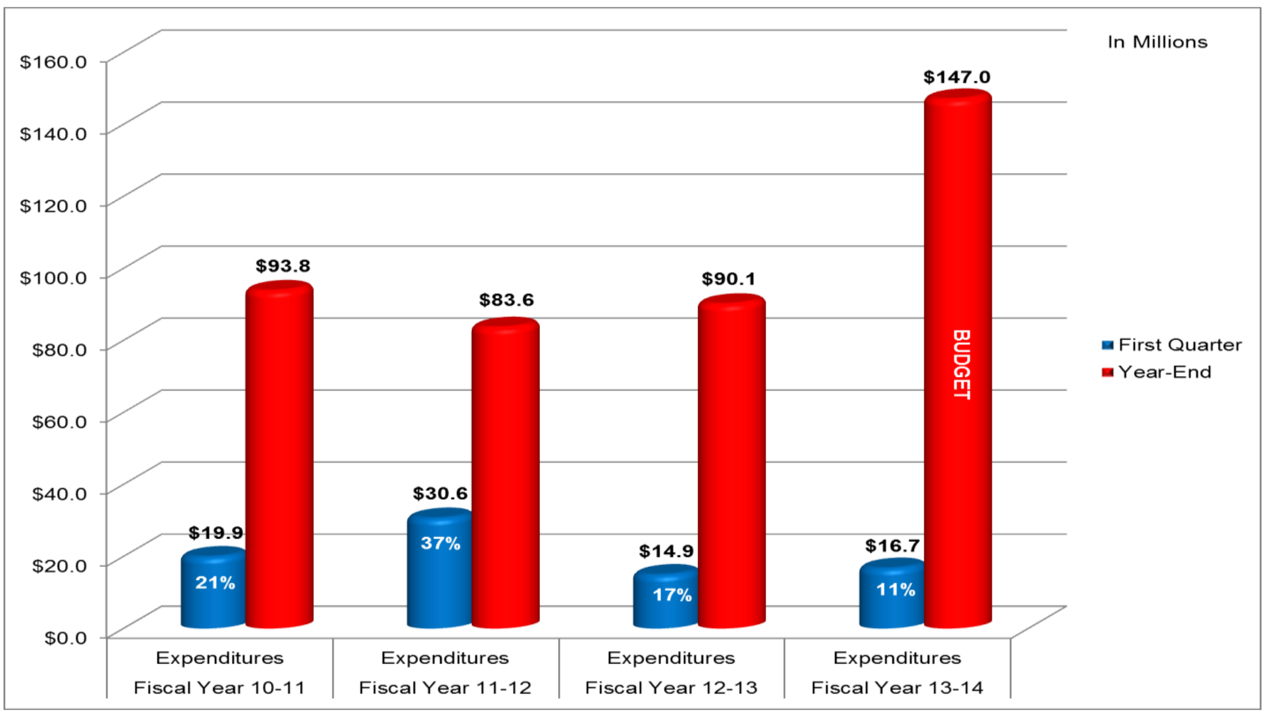
A Well Planned Infrastructure System
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2013, expenditures are $16.7 million, representing 11% of the budgeted appropriations. Expenditures at the first quarter of the prior three years ranged from 17% to 37% of the final actual expenditures, placing this year's expenditures below the range. The lower percentage at first quarter compared to the same time last year is primarily due to the completion of several one-time Federal grants in the Planning – Special Revenue Grants budget and the timing of two large projects in the Public Works – Road and Bridge budget: SR99/Kiernan Interchange and Claribel Road Widening. Road capital projects are fully budgeted in the current year, however actual expenditures occur over multiple years. The SR99/Kiernan Interchange project began in January 2013, while the Claribel Road Widening project is currently in the Right-of-Way acquisition phase.

A Well Planned Infrastructure System
Four Year Expenditure Comparison



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

FIRST QUARTER ISSUES AND RECOMMENDATIONS

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

Efficient Delivery of Public Services

COUNTY DEPARTMENTS

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

Efficient Delivery of Public Services

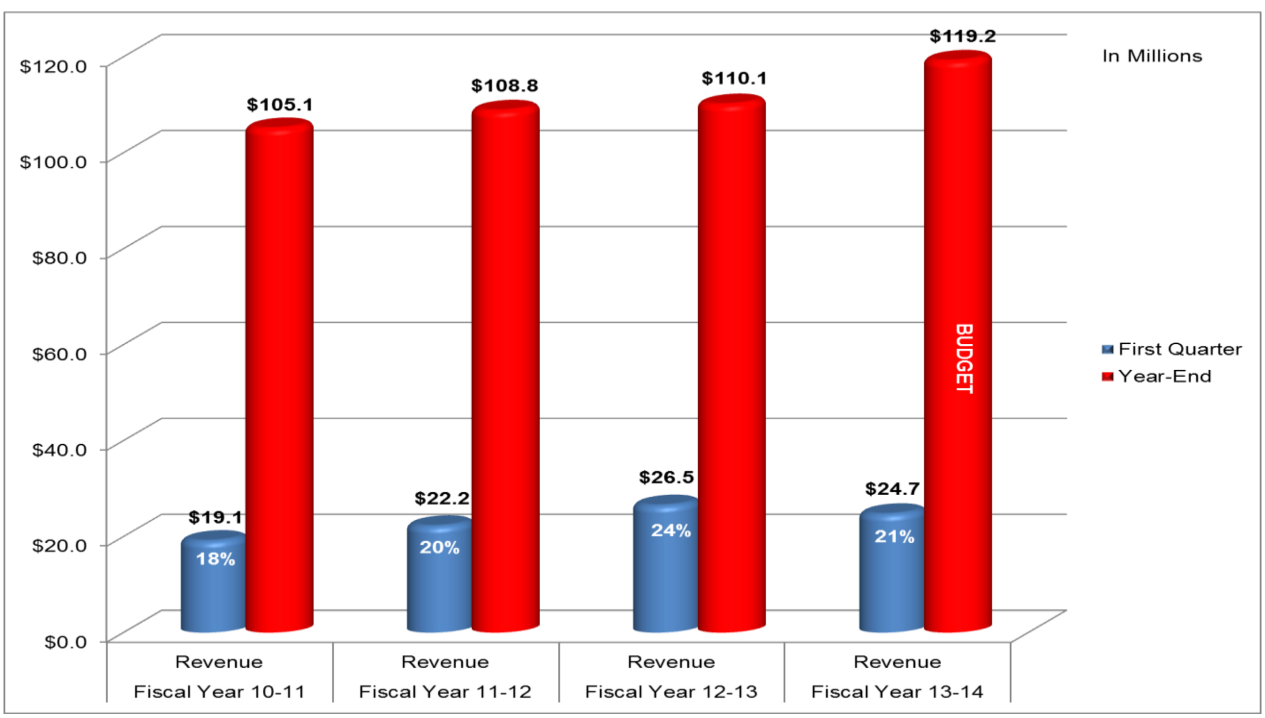
OVERVIEW

The public expects government to be responsive to their needs and to conduct business efficiently. County departments provide services to a diverse customer base. To serve these customers efficiently, it is important to consistently understand and review how to improve County services. Departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services include: Assessor, Auditor - Controller, Chief Executive Office, Clerk-Recorder/Elections, County Counsel, General Services Agency, Strategic Business Technology and Treasurer-Tax Collector. The revenue used to pay for the majority of these services comes from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary sources.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of September 30, 2013, actual revenue collected is $24.7 million, which represents 21% 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 18% to 24% of the final actual revenue.

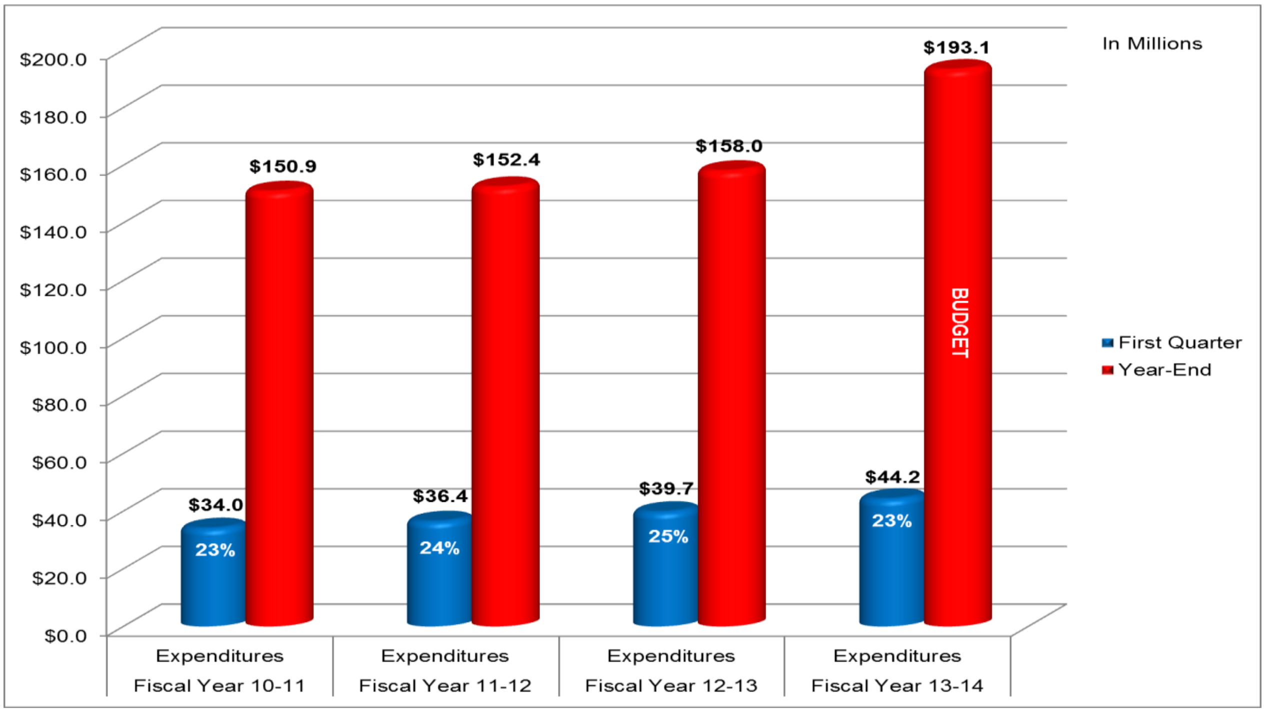
Efficient Delivery of Public Services
Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of September 30, 2013, expenditures are $44.2 million, representing 23% of the budgeted appropriations. Expenditures at the first quarter point of the prior three years ranged from 23% to 25% of the final actual expenditures, placing this year within the range. Although expenditures are within the range, this includes the $5.3 million increase in the Debt Service budget to cover the cost of the debt buy down and accelerated debt payment in Fiscal Year 2013-2014 due to the refinancing of the 2004 A and B Certificates of Participation which was debt incurred for the Gallo Center for the Arts, 12th Street Office Building and Parking Garage, and the Nick W. Blom Salida Regional Library.

Efficient Delivery of Public Services
Four Year Expenditure Comparison



Overall, the departments within Efficient Delivery of Public Services are on track to end the year within budget.

The recommendations contained in this report for Efficient Delivery of Public Services will increase appropriations and estimated revenue by $68,164.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

AUDITOR-CONTROLLER

The Auditor-Controller budget includes estimated revenue of $27,374 from the Sheriff – Court Security budget. In the 2013-2014 Adopted Final Budget, the Sheriff-Court Security budget was transferred out of the General Fund and into the Special Revenue fund. This resulted in a change in the way charges are accounted for and a technical adjustment is required. It is recommended to increase appropriations and estimated revenue by $27,374 to support the technical adjustment.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Auditor-Controller	$27,374	$27,374	$0	$0	Reclassification of revenue from Intrafund to Charges for Services from Sheriff-Court Security Budget.
Total	**$27,374**	**$27,374**	**$0**	**$0**	

Staffing Requests: The Department is requesting to delete four unfunded positions: two Account Clerk III positions, one Confidential Assistant III position, and one Manager IV position.

AUDITOR CONTROLLER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	**POSITIONS**	**POSITION NUMBER**	**CLASSIFICATION**	**REQUEST**	**RECOMMENDATION**
Auditor-Controller	1	3049, 2993	Account Clerk III	Delete unfunded positions	Delete unfunded positions
Auditor-Controller	1	1735	Confidential Assistant III	Delete unfunded position	Delete unfunded position
Auditor-Controller	1	10133	Manager IV	Delete unfunded position	Delete unfunded position

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $27,374. It is further recommended the staffing changes described and outlined in the table above be adopted.

BOARD OF SUPERVISORS

The Board of Supervisors budget includes estimated revenue of $790 from the Sheriff – Court Security budget. In the 2013-2014 Adopted Final Budget, the Sheriff-Court Security budget was transferred out of the General Fund and into the Special Revenue fund. This resulted in a change in the way charges are accounted for and a technical adjustment is required. It is recommended to increase appropriations and estimated revenue by $790 to support the technical adjustment.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Board of Supervisors	$790	$790	$0	$0	Reclassification of revenue from Intrafund to Charges for Services from Sheriff-Court Security Budget.
Total	**$790**	**$790**	**$0**	**$0**	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $790.

CHIEF EXECUTIVE OFFICE

Operations and Services**:** The CEO – Operations and Services budget includes estimated revenue of $34,000 from the Sheriff – Court Security budget. In the 2013-2014 Adopted Final Budget, the Sheriff-Court Security budget was transferred out of the General Fund and into the Special Revenue fund. This resulted in a change in the way charges are accounted for and a technical adjustment is required. It is recommended to increase appropriations and estimated revenue by $34,000 to support the technical adjustment.

Risk Management Division: The CEO – Risk Management budget includes estimated revenue of $6,000 from the Sheriff – Court Security budget. In the 2013-2014 Adopted Final Budget, the Sheriff-Court

Security budget was transferred out of the General Fund and into the Special Revenue fund. This resulted in a change in the way charges are accounted for and a technical adjustment is required. It is recommended to increase appropriations and estimated revenue by $6,000 to support the technical adjustment.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO-Operations and Services	$34,000	$34,000	$0	$0	Reclassification of revenue from Intrafund to Charges for Services from Sheriff-Court Security Budget.
CEO-Risk Management Division	$6,000	$6,000	$0	$0	Reclassification of revenue from Intrafund to Charges for Services from Sheriff-Court Security Budget.

Staffing Requests: The CEO-Operations and Services, Capital Projects division is requesting to reclassify upward one Confidential Assistant III position upward to Confidential Assistant IV. This division is supported by three Confidential Assistant III positions, funded primarily by the capital projects. In light of the complex projects underway and under design, including approximately $110 million in jail expansion projects funded by State Lease Revenue Bond funding and County funding, a need for a higher level of support has been identified. These projects are anticipated to continue for a minimum of five years. The higher classification would result in an increased expense of $2,086 annually, and would be funded through the various capital projects.

The CEO-Risk Management Division is requesting to restore one unfunded Manager II position and reclassify upward to a block budgeted Manager III. This position will serve as the Division's Budget Manager and assist the Deputy Executive Officer with administrative responsibilities. Since the inception of the County's Medical Self-Insurance Program, the financial responsibilities have expanded significantly. There is a now a need to convert the extra-help part-time Budget Manager position to full-time. The total cost of this position is approximately $125,000 annually. The Division's base budget includes $75,000 for the existing extra-help Budget Manager, for a net cost of $50,000 annually. The net cost can be absorbed within existing appropriations. For future fiscal years, the position will be funded by a combination of increased departmental charges, charges to the Risk Management Internal Service Funds, and net county cost.

CHIEF EXECUTIVE OFFICE STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Risk Management Division	1	1776	Manager II	Restore unfunded position/Reclassify upward	Manager III-block budget
CEO CHANGES	1				
Beginning Allocation	57				
Changes in Allocation	1				
Ending Allocation	58				

CHIEF EXECUTIVE OFFICE TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Operations & Services	1	9677	Confidential Assistant III	Reclassify upward	Confidential Assistant IV

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $40,000 in the Chief Executive Office budgets. It is further recommended the staffing changes described and outlined in the table above be adopted.

CHIEF EXECUTIVE OFFICE – COUNTY OPERATIONS

Airport: The Federal Aviation Administration (FAA) has notified the City of Modesto of tree obstructions within and adjacent to the Modesto City-County Airport. The tree obstructions in the vicinity of the Airport represent a significant safety hazard to aviation activity at the Airport and immediate corrective action is necessary. The trees are located on airport property in an area leased to Tuolumne River Regional Park (TRRP). The City of Modesto and the County are part of a Joint Powers Authority (JPA) in which a Memorandum of Understanding for TRRP was established in 1999. As a result of the lease with TRRP, the City is not eligible to receive Airport Improvement Program (AIP) funds for obstruction clearance in the area covered by the TRRP MOU. The first phase to comply with the FAA regulations is to conduct an environmental review, which is estimated to cost $50,000. The City of Modesto has confirmed that they will pay one-half of the cost of the environmental study. Additionally, there may be additional costs to trim or remove the trees as a result of the study. Staff is requesting approval to use a portion of the aircraft property taxes, designated for airport capital improvements, for one-half the costs of the environmental study. The Airport budget has existing appropriations to cover this request.

Psychiatric Health Facility (PHF): The Department is requesting to transfer $45,000 of appropriations from the Fixed Asset Alarm/Security account and $12,000 from the Fixed Asset Equipment account to the Fixed Asset Office Structures and Improvements account in the Psychiatric Health Facility Capital Projects fund. When the budget was established, appropriations were budgeted in multiple fixed asset accounts for work on the project that will be performed by the construction contractor. The contract was awarded as a lump sum amount. Approval of this transfer will ensure sufficient appropriations are available to fund the Fixed Asset Office Structures and Improvements account.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Psychiatric Health Facility (PHF)	$0	($45,000)	$0	($45,000)	Transfer from Fixed Asset Alarm/Security account to Fixed Asset Structures and Improvements.
Psychiatric Health Facility (PHF)	$0	($12,000)	$0	($12,000)	Transfer from Fixed Asset Equipment account to Fixed Asset Structures and Improvements.
Psychiatric Health Facility (PHF)	$0	$57,000	$0	$57,000	Transfer from Fixed Asset Alarm/Security and Equipment accounts to Fixed Asset Structures and Improvements account.
Total	**$0**	**$0**	**$0**	**$0**	

Summary of Recommendations: It is recommended to transfer $45,000 of appropriations from the Fixed Asset Alarm/Security account and $12,000 from the Fixed Asset Equipment account to the Fixed Asset Office Structures and Improvements account.

CLERK-RECORDER

Recorder Division: The Department is requesting to transfer $30,000 of appropriations from the Fixed Asset Remodel account to the Fixed Asset Office Automation Equipment account to purchase additional video surveillance equipment. Funds were set aside last fiscal year for an upcoming office remodel Capital Improvement Project which included the replacement of office automation equipment. After the installation of the video surveillance system, it was determined that more cameras are necessary to adequately cover the Clerk Recorder Office. This request will not change the total expenditures approved in the 2013-2014 Final Adopted Budget and the video surveillance system can be relocated if necessary.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Clerk Recorder-Recorder Division	$0	($30,000)	$0	($30,000)	Transfer from Fixed Asset Remodel account to Fixed Asset Office Automation Equipment.
Clerk Recorder-Recorder Division	$0	$30,000	$0	$30,000	Transfer to Fixed Asset Office Automation Equipment from Fixed Asset Remodel account.

Summary of Recommendations: It is recommended to transfer $30,000 of appropriations from the Fixed Asset Remodel account to the Fixed Asset Office Automation Equipment account.

CONCLUSION

The First Quarter Financial Report shows the County is balanced and actual performance is tracking well with the 2013-2014 Operating Budget and year-end projections with only minor budget adjustments that have been highlighted in this report. County staff will continue to monitor the 2013-2014 Fiscal Year Adopted Final Budget and be prepared to make appropriate recommendations and changes at the Mid-Year Financial Report on March 4, 2014. Staff will also closely watch the monthly cash report issued by the State Controller to monitor State inflows of revenue. If more urgent budget adjustments are required prior to the Mid-Year Financial Report, staff will bring appropriate and timely recommendations to the Board of Supervisors for consideration.