



First Quarter Financial Report July — September 2011

BOARD OF SUPERVISORS

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Introduction

This is the Chief Executive Office's First Quarter Financial Report for the period of July 2011-September 2011 for the 2011-2012 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 and recommends department requested adjustments to County budgets needed since the adoption of the Final Budget in September 2011. It also identifies or provides the status of the County's ongoing challenges and issues based on current information.

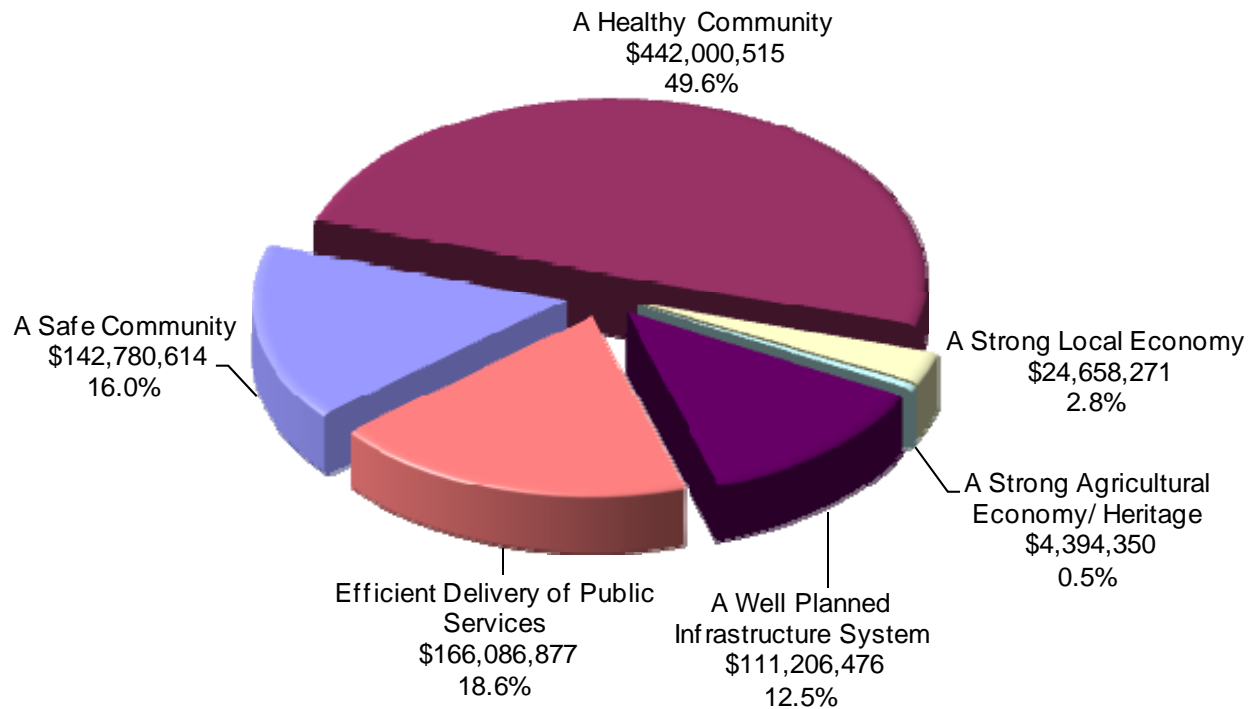
Summary

On September 13, 2011, the Board of Supervisors adopted the Fiscal Year 2011-2012 Final Budget for Stanislaus County. This spending plan of \$891,127,103 for all funds reflected a marginal decrease from the 2011-2012 Adopted Proposed Budget of \$894,271,968 and a 3% decrease from the 2010-2011 Adopted Final Budget of \$918,752,492. The Adopted Final Budget was balanced and used a combination of \$836,968,139 in revenue and \$54,158,964 in fund balance and one-time funding sources.

The County's 2011-2012 General Fund budget totaled \$230,029,775, an increase of \$3,326,104 from the Adopted Proposed Budget adopted in June 2011 and a \$6,981,691 decrease from the 2010-2011 Adopted Final Budget. The Adopted Final Budget for Fiscal Year 2011-2012 includes \$4.4 million in Appropriations for Contingency funds for future exposures.

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

Fiscal Year 2011-2012
Adopted Final Budget Expenditures - By Board Priority
\$891,127,103



BUDGET OVERVIEW

Summary of Adopted Final Budget

The Adopted Final Budget approved on September 13, 2011 totaled \$891.1 million, and reflected a decrease of approximately \$27.7 million for all funds as compared to the 2010-2011 Adopted Final Budget of \$918.8 million. The General Fund totaled \$230 million, which was down 3 percent from the 2010-2011 Adopted Final Budget of \$237 million. Discretionary revenue was reduced by \$3.9 million in the Final Budget Addendum from the 2010-2011 Adopted Final Budget due to a reduction in Property Taxes, Property Tax In-lieu of VLF, Penalties on Delinquent Taxes and Interest Earnings.

Included in departmental recommendations was the use of \$934,428 in 2011-2012 General Fund fund balance for the Net County Cost Savings Program. At the close of Fiscal Year 2010-2011, \$9.2 million was carried forward for this purpose using existing unexpended departmental appropriations. However, because some departments realized their net county cost savings by bringing in excess revenue in 2010-2011, a recommendation was included in the Final Budget Addendum to increase 2011-2012 departmental appropriations by the amount of the additional revenue. Departments have benefited by a total of \$10.2 million through this savings program the past two fiscal years.

The major changes from the 2011-2012 Adopted Proposed Budget to the 2011-2012 Adopted Final Budget by fund are listed below.

General Fund – an overall increase in appropriations of \$3,326,104 to fund the Chief Executive Office – Plant Acquisition budget for critical repairs at the Downtown Men’s Jail, Parks and Recreation budget for Woodward Reservoir Improvements and the Salida Well Development Project and for Probation – Institutions for restored Senate Bill 89 funding for programs that were previously funded under the Vehicle License Fee program.

Special Revenue – an overall increase in appropriations of \$6,434,897 to fund Alliance Worknet to provide employment and training services funded by the Workforce Investment Act for Rapid Response, Veterans Employment and other programs. Behavioral Health and Recovery Services is receiving funding to bridge the transition of the former Seriously Emotionally Disturbed services from Mental Health to Education, additional psychiatric beds at State hospitals, capital improvements and to fund the Mental Health Services Act Innovations contract and administration. Probation is receiving funding from the Juvenile Justice Crime Prevention Act for programs that were previously funded under the Vehicle License Fee program.

Capital Projects Fund – an increase of \$26,272 to complete 12 months of lease costs at the Salida Sub Station Day Reporting Center.

Enterprise Funds – an overall decrease of \$12,947,138 primarily attributed to the reclassification of the Environmental Resources – Waste-to-Energy budget from an enterprise fund to an agency fund and an increase for the Department of Environmental Resources to fund annual Geer Road Landfill administrative costs.

Internal Services Fund – an overall increase of \$15,000 for the General Services Agency Central Services budget for a recycling project.

Staffing - The 2011-2012 Adopted Final Budget included funding for 3,607 allocated full-time positions. This is a decline of 139 positions from the 3,746 full-time allocated positions approved in the 2010-2011 Adopted Final Budget. Approved as part of the 2011-2012 Adopted Final Budget were: one (1) reduction-in-force, unfunding of eight (8) vacant positions, and the deletion of four (4) vacant positions, primarily as a result of reductions in funding. Also approved were: the restoring of four (4) positions, reclassifying of two (2) positions upward, reclassifying of two (2) positions downward and classification studies for four (4) positions. In addition, there were multiple position transfers, which included a department-to-department transfer of three (3) positions and inter-departmental transfers of 14 positions. The recommended changes for the Adopted Final Budget resulted in a net reduction of nine (9) positions from the position allocation count.

In addition, a number of positions were restored or added since the approval of the 2011-2012 Adopted Final Budget through separate Board actions. In support of the Community Corrections Partnership Plan for the 2011 Public Safety Realignment, Probation restored funding to 14 unfunded positions and added eight (8) new positions, Sheriff Department restored funding to five (5) unfunded positions and added 18 new positions, BHRS restored funding to one (1) unfunded position, and Community Services Agency restored funding to one (1) unfunded position for a total of 47 allocated positions effective September 24, 2011. The District Attorney added one (1) position and transferred in one (1) position to the new Impaired Driver Vertical Prosecution Program effective October 22, 2011. In addition, through four separate agenda

items the Sheriff Department restored funding to eight (8) positions and added two (2) new positions to their allocation effective October 22, 2011. Since the 2011-2012 Adopted Final Budget, the recommended changes resulted in an increase of 58 positions bringing the total allocation count to 3,665 full-time positions.

2011-2012 FIRST QUARTER OVERVIEW

Overall Summary of Requested First Quarter Adjustments

The 2011-2012 First Quarter Financial Report reflects recommended adjustments and a fiscal review of department budgets. Departments requested increases in appropriations of \$6,411,334 and increases in estimated revenue of \$6,485,198 resulting in an overall decrease in the use of fund balance/retained earnings of \$73,864. The District Attorney's Office request will result in a \$78,864 increase to fund balance due to an increased grant award and GSA-Central Services is requesting to use \$5,000 in retained earnings to repair the driveway at the County Center III warehouse. All other Department requests are offset by increased departmental revenue. The Chief Executive Office recommends approval of all requested first quarter adjustments as they are funded by non-general fund sources.

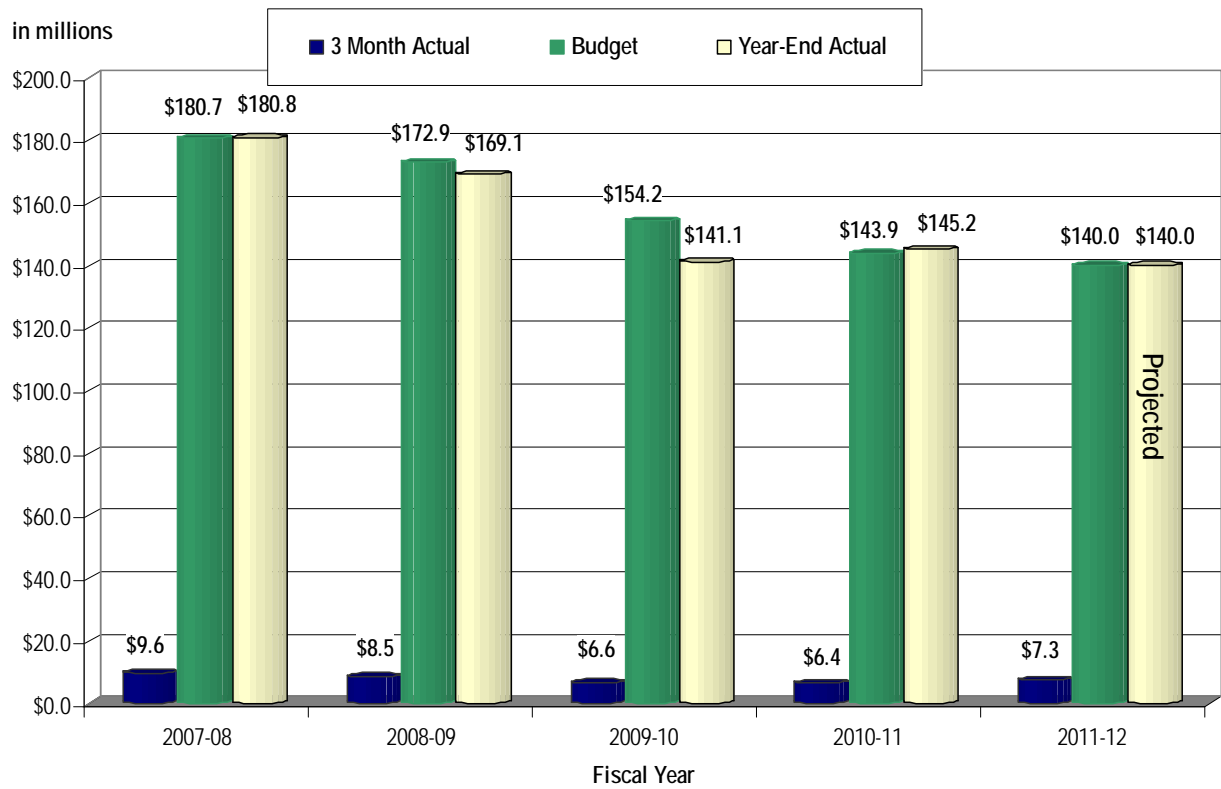
The recommended increases are primarily within the Community Services Agency (CSA)-Services and Support fund (\$3.4 million), the Alliance Worknet (\$1.2 million), Public Works-Morgan Shop (\$790,000), Parks (\$400,000) and Environmental Resources-Geer Road Landfill (\$300,000). Among the CSA requests are the restoration of 41 positions to adequately address increased customer need and to meet mandated workloads, engaging in a lobby automation redesign and software upgrade and supporting one full-time District Attorney for the prosecution of Welfare Fraud. The Alliance Worknet will provide employment and training services to dislocated workers in the community. Public Works will be purchasing new alternative fueled vehicles to meet California air quality standards, and the Parks Department will replace old equipment and vehicles, repair two County bridges and upgrade wastewater treatment plant pumps. The Geer Road Landfill will enter into contracts to comply with the Cease and Desist Order issued by the Regional Water Quality Control Board in April of 2011.

Additional increases above \$100,000 are the Behavioral Health and Recovery Services request of \$170,000 for costs associated with sober living placements for the Adult Drug Court program and County Counsel's request of \$112,000 for a Deputy County Counsel position to provide additional legal representation and support services to the Community Services Agency.

DISCRETIONARY REVENUE

As of first quarter, actual discretionary revenue was \$7.3 million compared to \$6.4 million for the same period one year ago. This amount represents 5.2% of the 2011-2012 Final Adopted Budget. Typically, discretionary revenue at this point of the fiscal year ranges from 4.3% to 5.3% of the total amount budgeted and from 4.4% to 5.3% of the total year actual collections when looking at the prior four years. Since we are within the range when comparing to budget and to actual year-end collections, no changes are recommended to the current discretionary revenue budget. The following chart shows a five-year history of first quarter activity:

General Fund—Discretionary Revenue Five Year Comparison



The Chief Executive Office closely watches this revenue source and will recommend changes as necessary with the Mid-Year Report in February 2012. Early indicators suggest that sales tax revenue (both the 1% sales tax and the Proposition 172 Public Safety sales tax) are stronger than budgeted. Sales Tax received in lieu of property tax and Property Tax received in lieu of Vehicle License Fees are also up from the Adopted Budget amounts. Partially offsetting these increases is the probable decrease in revenue received from delinquent property tax payments. The factors used in the apportionment of secured property taxes should be determined by December and adjustments to the estimated property tax revenue may be in order at that time. Additionally, the State Controller's Office does not issue notification of the new pool rate used in the distribution of the Proposition 172 Public Safety sales tax revenue until mid-November or later which can affect this revenue source. Each year only a small portion of the discretionary revenue is posted before the end of the first quarter, causing a normal "wait and see" reaction to adjusting the discretionary revenue at this time. We will continue to monitor discretionary revenue sources and will request adjustments as necessary at the time of the Mid-Year Financial Report.

CURRENT ISSUES AND CHALLENGES

As discussed in the 2011-2012 Final Adopted Budget, the County faces a number of challenges in the coming fiscal years.

Labor Relations

The County currently has agreements in place with all Labor Associations through June 30, 2012. However, the current Health Insurance Agreement between the County and all employee organizations will expire on December 31, 2011. Chief Executive Office staff has worked with representatives from all County labor groups through the required meet and confer process to develop a new Health Insurance Agreement for employee benefits. The negotiations process included nine negotiation sessions with all bargaining units and multiple proposals exchanged between the County and all labor organizations. The parties reached a final Health Insurance Tentative Agreement on September 22, 2011, which was supported and signed by all County labor organizations. Two labor organizations, American Federation of State, County and Municipal Employees (AFSCME) and Service Employees International Union (SEIU), participated in negotiations and signed the Health Insurance Tentative Agreement but were unable to ratify the agreement with their individual bargaining unit members. The County is currently working through the negotiation and impasse process with these two groups. The Health Insurance Agreement for the remaining ten labor groups was approved by the Board of Supervisors on October 18, 2011.

Additionally, several County Labor Associations have engaged in voluntary salary discussions with the County on a permanent 6% Salary Deduction Agreement to be effective July 1, 2012, after the expiration of the current 5% Salary Deduction Agreement. Included in these agreements is a provision to extend the current contract expiration dates from June 30, 2012 to June 30, 2014. These agreements are tentatively scheduled to come to the Board of Supervisors for approval on November 8, 2011.

Below is a schedule by bargaining units of currently approved contract expiration dates:

Labor Association	Allocated Positions	Percent of Workforce	Contract Expiration Date
County Attorney's Association	67	1.8%	6/30/2012
Emergency Dispatchers' Association	39	1.1%	6/30/2012
Probation Correction Officers' Association	78	2.1%	6/30/2012
California Nurses' Association	81	2.2%	6/30/2012
Stanislaus County Employees Association, (AFSCME) Local 10	1,941	53.3%	6/30/2012
Deputy Probation Officers' Association	114	3.1%	6/30/2012
District Attorney Investigators' Association	13	0.4%	6/30/2012
Deputy Sheriff's Association - Custodial	220	6.0%	6/30/2012
Service Employees' International Union, (SEIU) Local 521	566	15.1%	6/30/2012
Sheriff's Management Association	14	0.4%	6/30/2012
Sheriff Supervisor's Association	20	0.5%	6/30/2012
Stanislaus Sworn Deputies Sheriff's Association	148	4.0%	6/30/2012
Unrepresented	364	9.9%	N/A
Total	3,665	100%	

Not included in this total are the In-Home Supportive Services Individual Providers (IHSS-IP) workers represented by the United Domestic Workers of America (UDWA).

Health and Human Services

A significant unfunded financial exposure of \$5.6 million, up from the original unmet need of \$4.2 million reported in the 2011-2012 Adopted Final Budget, exists in the Community Services Agency for the legislated County share in the following mandated aid programs:

Foster Care Assistance (FC); General Assistance (GA); and In-Home Supportive Services (IHSS) Wages and Benefits. Each of these challenges, as well as the 2011 realignment challenge, is discussed in more detail in the Community Services Agency sub-section of A Healthy Community on pages 19-20.

State Budget Update

State Controller John Chiang recently released his monthly report covering California's cash balance, receipts and disbursements in September, showing revenues came in \$301.6 million below projections from the recently passed State budget. After accounting for September revenues, total year-to-date General Fund revenues are now behind the State budget's estimates by \$705.5 million.

This trend of trailing State revenue could potentially trigger cuts included by the Governor and Legislature in this year's State spending plan. Although the shortfall in revenue does not guarantee that the triggers will be pulled, there is reason for concern if this trend does not improve.

Specifically, Assembly Bill 121 directs the Director of the Department of Finance, by December 15, 2011, to develop an updated revenue forecast of the State's 2011-2012 General Fund revenue and to compare the forecast prepared by the Legislative Analyst's Office in November 2011. Based on these forecasts, trigger reductions may become operative to occur on or after January 1, 2012. The level of the reduction will depend on the revenue shortage projected. A greater than \$1 billion shortage will trigger cuts totaling \$601 million whereas a greater than \$2 billion revenue shortage will trigger an additional \$1.86 billion in cuts. There is the potential for a total of \$2.461 billion in cuts to State programs that will impact local governments if both sets of trigger reductions are effectuated. Impacts to counties include changes in IHSS service hours and anti-fraud efforts, elimination of District Attorney Vertical Prosecution grants, and elimination of all State grant funding for local library services.

The State ended last fiscal year with a cash deficit of \$8.2 billion. The combined current year cash deficit stands at \$17.6 billion. Those deficits are being covered with \$12.2 billion of internal borrowing (temporary loans from special funds) and \$5.4 billion of external borrowing.



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 AND EXPENDITURES

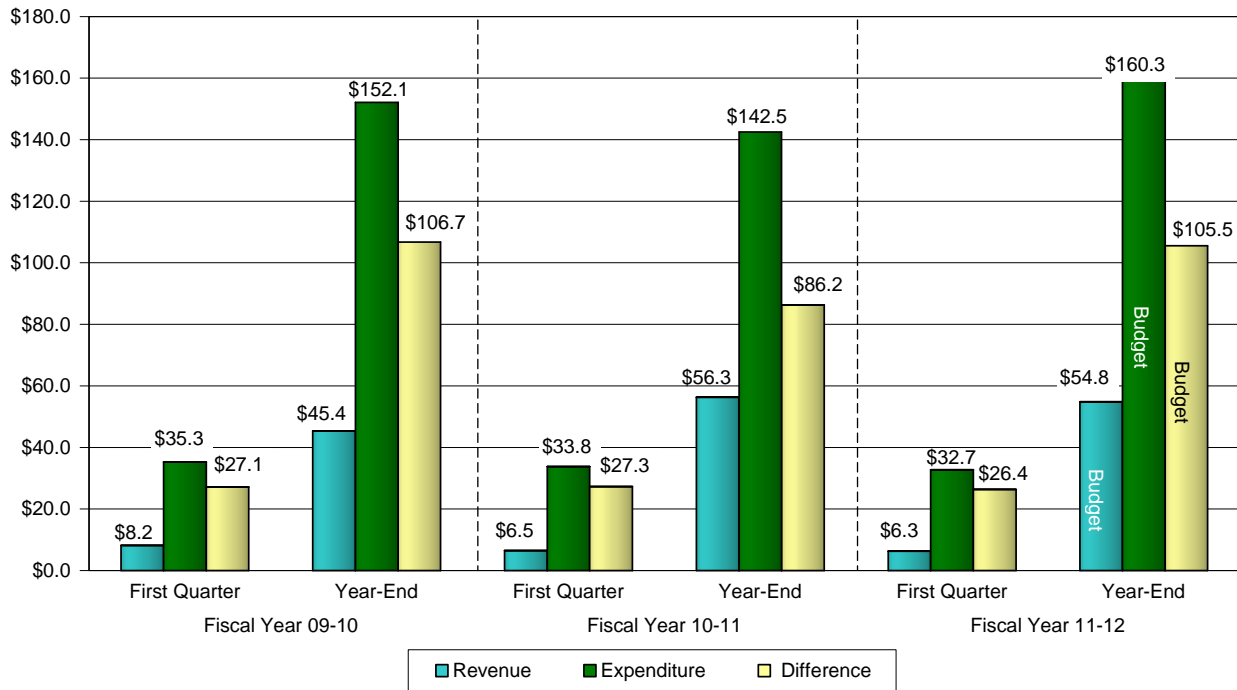
For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of September 30, 2011, actual revenue collected is \$6.3 million, which represents 11.6% of the estimated annual revenue. This is within the range when compared to the first quarter point of the prior two years when collections were at 18.0% and 11.6% of the final actual revenue. As of September 30, 2011, expenditures are \$32.7 million, representing 20.4% of the budgeted appropriations. Expenditures at the first quarter point of the prior two years were 23.2% and 23.7% of the final actual expenditures, placing this year below the range.

Significant variations this year, compared to the same time period one year ago include:

- ◆ Probation - An increase in revenue of approximately \$574,000 in the Correction Performance Incentive Act as a result of the implementation AB109 Public Safety Realignment;
- ◆ Sheriff - A decrease in revenue of approximately \$679,000 in the Contract Cities Budget as a result of the quarterly true up of actual costs with the Cities. In previous years, the cities paid 1/12 of the budget and costs were reconciled up in June. This year the Cities pay 1/12 for the first two months of the quarter and in the 3rd month, costs are trued up. This means September, December and March payments will not be received until the following months (October, January or April). In addition, revenue increased by \$139,000 in Court Security as a result of changes in the allocation for Trial Court funding approved with AB118 (the State 2011 Realignment funding). \$4,597,933 was allocated directly to the County Sheriff's Department for Court Security. This year the monthly allocation from the state is \$338,161 and the department has received two payments totaling \$766,322. Overall expenditures are down in the Sheriff budgets by approximately \$1 million as a result of the Reductions-in-Force (RIF) that occurred 1/29/2011.

The following chart provides a comparison of revenue, expenditures and the difference between the two, which is funded through a General Fund contribution, and the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Safe Community.

A Safe Community Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Safe Community for Fiscal Year 2011-2012 is \$54.8 million with departmental expenditures budgeted at \$160.3 million and the difference of \$105.5 million funded through a General Fund contribution and the use of fund balance/retained earnings. Departmental revenue is down by \$.2 million and expenditures are down by \$1.1 million from First Quarter 2010-2011. The General Fund contribution and use of fund balance/retained earnings is at 24.8% of the budget at first quarter and is tracking slightly below the two previous years. This trend is expected to continue throughout the year.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

DISTRICT ATTORNEY

Rural Crimes Prevention Program: This grant program is fully dependent on revenue received from Vehicle License Fees (VLF) and administered through the Local Safety and Protection Account by the California Emergency Management Agency. Because of the uncertainty of the VLF revenue stream, expenditure reimbursement for costs incurred in Fiscal Year 2010-2011 was considered optimistic and a budget for the Rural Crimes program was not established for Fiscal Year 2011-2012. As revenue figures were firmed up during the final quarter of Fiscal Year 2010-2011, the District Attorney's Office was able to obtain reimbursement with an excess amount of revenue available for use through the end of the calendar year

(12/31/2011). The Department is requesting to establish a budget of \$18,172 in both estimated revenue and appropriations to be used for funding various costs in the Sheriff's Department to address rural and agricultural crime in Stanislaus County. The District Attorney is required to administer this grant and serves as a pass-through to the Sheriff's Department.

Vertical Prosecution Block Grant: Historically, the District Attorney's Vertical Prosecution program has been funded from a combination of grant revenue from Vehicle License Fees (VLF) administered by the California Emergency Management Agency (Cal EMA) and a contribution from the County's General Fund. Because of diminishing VLF revenue over the past year, it was not certain that complete funding from Cal EMA would be received for the 2010-2011 prior fiscal year. Expenditures were posted in Fiscal Year 2010-2011 without the establishment of a corresponding receivable causing the Vertical Prosecution Block Grant fund to end the year with a negative fund balance. The District Attorney's Office was notified in July 2011 of an extension to the 2010-2011 grant and an additional award of \$78,864 was granted in September 2011. It is requested that estimated revenue be increased by \$78,864 in the current fiscal year, which will be used to help offset the negative fund balance from Fiscal Year-End 2010-2011. Any remaining deficit will be covered by the District Attorney's General Fund budget before Fiscal Year-End 2011-2012. Since no grant revenue is expected in the 2011-2012 Fiscal Year, the only other source of revenue for the current fiscal year is the General Fund contribution of \$103,807 as stated in the Adopted Final Budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
District Attorney-Rural Crimes Prevention Program	\$18,172	\$18,172	\$0	Increase appropriations and estimated revenue to account for unspent grant funds remaining from FY 2010-11.
District Attorney-Vertical Prosecution Block Grant	\$0	\$78,864	(\$78,864)	Increase estimated revenue received from the allocation of the Local Safety and Protection Act deposit to be used to offset existing negative fund balance.
Total	\$18,172	\$97,036	(\$78,864)	

Summary of Recommendations: It is recommended to increase appropriations by \$18,172 and estimated revenue by a total of \$97,036. This will allow remaining Rural Crimes grant revenue to be used in Fiscal Year 2011-2012 and will offset the Vertical Prosecution Block Grant negative fund balance position, incurred from expenditures posted in Fiscal Year 2010-2011.

PROBATION

Staffing Requests: The Department is requesting to transfer two previously restored Legal Clerk III positions from Institutional Services to Field Services to appropriately allocate the positions in the correct budget.

PROBATION DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Institutional Services	-2	8766, 9279	Legal Clerk III	Transfer out	Transfer to Field Services
Field Services	2	8766, 9279	Legal Clerk III	Transfer in	Transfer from Institutional Services

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

SUMMARY

Overall, appropriations and estimated revenue for A Safe Community are recommended to increase by \$18,172 and \$97,036 respectively. This will result in an additional \$78,864 in available fund balance in the DA-Vertical Prosecution Block Grant Budget.



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 AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community as of September 30, 2011, actual revenue is \$57.5 million, which represents 13.2% of the estimated annual revenue. This is below the range when compared to the first quarter point of the prior two years when collections were 14.5% and 14.7% of the final actual revenue. As of September 30, 2011, expenditures are \$86.2 million, representing 19.1% of the budgeted appropriations. Expenditures at the first quarter point of the two prior years were 20.5% and 20.1% of the final annual expenditures, placing this year's expenditures below the range.

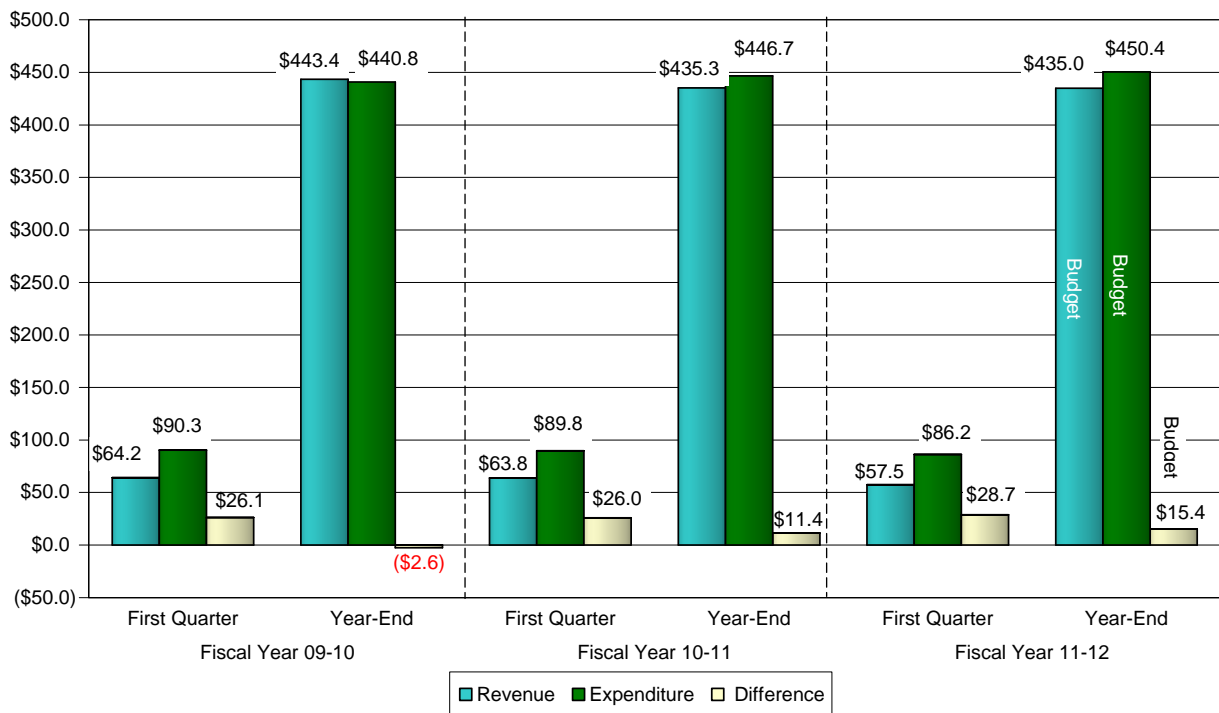
Significant variations this year, compared to the same time period one year ago include:

- ◆ Behavioral Health and Recovery Services – Overall, a decrease in revenue of approximately \$8.1 million primarily as a result of entering entire Mental Health Services Act (MHSA) allocations from the State for Fiscal Year 2011-2012 into deferred revenue, and transferring it into the operating revenue accounts as it is earned. Also, the State allocation this fiscal year was 50%, compared to 75% in Fiscal Year 2010-2011.
- ◆ Child Support Services – Overall, an increase in expenditures of approximately \$3.9 million due to the delay in transferring revenue for the prior fiscal period; and
- ◆ Community Services Agency – Overall, a decrease in expenditures of approximately \$4.5 million is the result of delayed implementation of certain Welfare to Work contracted services, the timing of C-IV project costs and decreases in CalWORKs and General Assistance aid due to the 8% grant reduction and a decrease in In-Home Supportive Services (IHSS) caseload levels. The decrease in revenue of \$1.8 million is primarily the result of the timing of C-IV project costs and revenue adjustments tied to overall program expenditure decreases. It is anticipated that all timing differences will be resolved by year end; and

- ◆ Health Services Agency – Overall, an increase in expenditures of approximately \$1 million resulting from the recent change in which medical expenditures are recorded. In the previous fiscal year, the Indigent Health Care Program (IHCP) recorded medical expenditures using the cash-basis method; posting expenditures when claims were paid, and payments were one to two months behind due to IHCP's 60-day billing limit. Effective Fiscal Year 2011-2012, IHCP began processing a month-end journal entry to accrue year-to-date medical expenditures using the average of the last three months' paid dates of service.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Healthy Community.

A Healthy Community Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Healthy Community for Fiscal Year 2011-2012 is \$435 million with departmental expenditures budgeted at \$450.4 million and the difference of \$15.4 million funded through the use of fund balance/retained earnings. Both revenue and expenditures are down, with revenue collections decreasing by \$6.3 million and expenditures decreasing by \$3.6 million over First Quarter 2010-2011. It is anticipated that this priority area will end the year within budget.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

BEHAVIORAL HEALTH AND RECOVERY SERVICES

The Department is requesting an increase in appropriations and revenues of \$170,000 to cover costs related to sober living placements for the Adult Drug Court program. The revenue source is a grant from the California Emergency Medical Agency (Cal EMA) that was awarded in Fiscal Year 2010-2011; however the program did not commence until July 2011. This funding was inadvertently omitted from the Fiscal Year 2011-2012 Adopted Final Budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Alcohol and Drug	\$170,000	\$170,000	\$0	Increase appropriations and revenue to cover costs related to sober living placements for Adult Drug Court. Revenue source is a CalEMA Grant.
Total	\$170,000	\$170,000	\$0	

Summary of Recommendations: It is recommended to increase revenue and appropriations in the amount of \$170,000 to be funded by a CalEMA Comprehensive Drug Court Implementation grant.

COMMUNITY SERVICES AGENCY

Overall, the Community Services Agency (CSA) is requesting an increase in appropriations of \$3,393,156 from the Adopted Final Budget level of \$114,175,223 to \$117,568,379 in the Services and Support budget. This overall increase is a result of a combination of increases and decreases in various expenditure categories included in the Fiscal Year 2011-2012 final allocations. The allocation increases reflect substantial caseload growth in public assistance programs. Additionally, the Department's County unfunded match exposure has increased to \$5.6 million, up from \$4.2 million reported in the Adopted Final 2011-2012 budget, in the Foster Care Assistance (FC), General Assistance (GA) and In-Home Supportive Services budgets. The recommended increase of \$3.4 million cannot be used to offset this exposure due to the categorical nature of this funding.

The majority of the requested increase is \$2.9 million in the StanWORKs program State and Federal allocations with the balance in Childrens programs. StanWORKs public assistance programs increased \$4.1 million as follows: \$400,000 in CalWORKs, \$900,000 in Medi-Cal and \$2.8 million in CalFresh. These increases are offset by a decrease of \$1.2 million in Stages 2 and 3 Child Care. Acceptance of these funds does not result in any increase in the County Match as these programs require a Maintenance of Effort (MOE) level of funding that has already been achieved in the Adopted Final Budget.

As a result of the ongoing economic situation impacting the community, the Department has experienced significant increases in customer need for public economic assistance.

- ◆ CalFresh (formerly known as Food Stamps) has grown by 72% over the last four years, from an average of 45,655 children and adults in Fiscal Year 2007-2008 to an average of 78,504 in Fiscal Year

2010-2011. This trend continues in Fiscal Year 2011-2012, where in the month of August 2011, 84,234 children and adults received benefits.

- ◆ Medi-Cal eligibility has increased by over 15% over the last four years, from an average of 116,217 in Fiscal Year 2007-2008 to an average of 134,103 in Fiscal Year 2010-2011. This trend continues in Fiscal Year 2011-2012 with over 135,000 children and adults having received benefits in August.

The Department has developed spending plan strategies which have resulted in the following recommended adjustments included in the First Quarter Budget:

- ◆ An increase of \$1,538,849 in salaries/benefits to support the restoration of 34 casework positions and 4 administrative support positions effective December 1, 2011. As mentioned above, the customer need for assistance continues to increase and requires that staff be available to meet the mandated workload. These positions will be supported primarily by additional allocation funding for CalFresh and Medi-Cal programs provided by the State, with the remaining costs spread across all CSA programs.
- ◆ An increase of \$2,393,804 to meet the following necessary upgrades for automation systems and infrastructure:
 - Approximately \$2.0 million for a lobby management automation project that will more efficiently accommodate the significant increase in the number of customers by reducing customer wait time and eliminating congestion in the lobby and parking lot. This project will provide customers with self-service kiosks and will assist in the implementation of a same day service model for all customers applying for assistance.
 - \$436,000 for software upgrades to Office Suite 10 and Windows 7 required by the department's primary eligibility system, CIV and 15 scanners to accommodate increased imaging needs.
- ◆ An increase of \$154,000 to support one full-time District Attorney for the prosecution of Welfare Fraud using available CalWORKs and CalFresh funding.
- ◆ An increase of \$12,540 for StanWORKs eligibility staff development training provided by UC Davis.
- ◆ An increase of \$16,000 in Refugee Social Services (RSS) contract costs to reflect the corresponding increase in RSS grant funding available.
- ◆ A decrease of \$1,119,762 in direct Child Care expenditures and estimated revenue for Stage 1, Stage 2 and Stage 3 due to declining caseloads, legislative action that reduced license-exempt provider rates, and reduced income limits. This is a 100% State and Federally funded program.
- ◆ An increase of \$254,547 to restore two social work positions at \$177,547 and one Public Health Nurse (PHN) at \$77,000 using \$248,772 of Federal and State Family Preservation Allocation and a Public Health contribution of \$5,775.

- ◆ An increase in appropriations and estimated revenue of \$75,978 to restore one additional social work supervisor position at \$59,652 and an increase to contracts services of \$16,326. These recommendations are supported by the increase in StanWORKs positions, which generate an overhead benefit for other social services programs, thus enabling access to available Childrens Services program funding.
- ◆ An increase of \$67,200 in one time fixed asset purchases for a Virtual Server Network system utilizing one time prior year Federal and State revenues received. This system will provide more reliable service delivery, recovery and future expansion and/or driven modifications.
- ◆ Delayed implementation of the HVAC capital project to a future fiscal year will provide a \$400,000 savings that the Department recommends for various efficiency improvements; \$40,000 for 50 VOIP phones, \$61,835 for space efficiency planning, \$74,250 to support one Accounts Payable clerk in the Auditors' Office to ensure timely processing of vendor payments; \$137,072 for one Deputy County Counsel dedicated to Child Welfare Services (CWS) Juvenile Court approved at Adopted Final Budget, and \$86,843 for the remaining departmental Office Suite 10 and Windows 7 Upgrade not related to StanWORKs.

In addition, placeholder funding of \$631,305 already included as part of the Operating Budget has now been dedicated to the C-IV Contact Center which will provide centralized telephone support for customers seeking information and reporting changes. The C-IV Contact Center will allow Family Services Specialist (FSS) to have detailed information on their computer screen when a customer calls.

A significant financial exposure of \$5.6 million, up from the original unmet need of \$4.2 million reported in the 2011-2012 Adopted Final Budget, exists for the legislated county share in the following mandated aid programs:

- ◆ Foster Care Assistance (FC) – an increase of \$1.5 million in unmet need, for a total exposure of \$3.4 million County Match deficit (up from \$1.9 at the 2011-2012 Adopted Final Budget) to meet the projected \$15.7 million appropriation need. Factors contributing to this increased unmet need include the loss of Federal Medical Assistance Percentages (FMAP) which ended in Fiscal Year 2010-2011, court ordered/legislated increases to foster care rates, and 2011 realignment funding exposures, and an estimated increase in the number of children needing care due to the lack of resources in the community to keep those children safe in their home.
- ◆ General Assistance (GA) – a reduction in the unmet need exposure from \$160,126 to \$88,222. Although there continues to be improvements to this budget due to process review and Board supported policy changes, the need for assistance continues to grow as the County's high unemployment rate continues to impact those not eligible for other assistance programs.
- ◆ In-Home Supported Services (IHSS) Wages and Benefits - \$2.1 million County match deficit to meet the \$53.8 million appropriation need. The existing projections include flat growth assumptions and wages and benefits that are consistent with the UDWA MOU agreement approved by the Board on October 11, 2011. This agreement will expire again May 31, 2012, leaving ongoing cost containment plans tied to State Budget triggers and/or proposals for program adjustments. Realignment funding may present some budget balancing opportunities that staff will report on at Midyear.

2011 Realignment

AB 109 Public Safety Realignment has been implemented within Stanislaus County through the Community Corrections Plan approved by the Board on September 20, 2011. CSA operates two Social Services programs that have been identified within the AB 109 Public Safety continuum and are therefore, also included within 2011 Realignment: Adult Protective Services and Child Welfare Services which includes case management, as well as Foster Care and Adoptions Assistance. The revenue shift from the State to 2011 realignment is supposed to be cost neutral to counties, however, significant uncertainty exists as the Foster Care and Adoptions Assistance realignment base was built without consideration of growth in caseload and does not recognize recent legislated/court-ordered grant increases. In addition, verbal instructions have been received regarding a possible new County Maintenance of Effort that would require the County General Funds formerly dedicated to the Seriously Emotionally Disturbed Children's Program (SED) be reinvested in other Children's programs, which could result in an exposure, however no written instructions have been received. The department returned these match funds to the General Fund as part of the 2011-2012 Adopted Proposed Budget. In the absence of more information, there are no recommendations for First Quarter. Staff will continue to monitor the situation and will report back at Mid-year.

1990-1991 Realignment

The original 1990-1991 realignment continues to be budgeted at \$12.3 million. No significant growth in funding has occurred in this area for quite some time due to the economic downturn, however, an unanticipated \$1.3 million in prior year realignment growth funds have been received. These growth funds represent a one-time benefit, but it is anticipated that the State Controller will increase the county realignment base by a corresponding amount. It is unclear whether statewide sales tax receipts will materialize to achieve statewide base. Therefore, it is recommended that the current growth revenue be held in fund balance until Mid-year at which time any estimated revenue adjustments can be made and staff can identify how these funds can mitigate FC and IHSS Unmet Needs.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CSA-Services and Support	\$0	\$4,099,193	(\$4,099,193)	Increase estimated revenues for CalWORKs, CalFresh, and MediCal to reflect increased allocations.
CSA-Services and Support	\$1,538,849	\$0	\$1,538,849	Increase appropriations for Salaries and Benefits to support the restoration of 34 casework positions in CalFresh and MediCal and 4 administrative support positions.
CSA-Services and Support	\$2,393,804	\$0	\$2,393,804	Increase appropriations for systems and automation infrastructure due to elevated workload supported with increased CalWORKs, CalFresh, and MediCal allocations.
CSA-Services and Support	\$154,000	\$0	\$154,000	Increase appropriations to support an increase to the District Attorney contract due to increased CalWORKs and CalFresh allocation.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CSA-Services and Support	\$12,540	\$0	\$12,540	Increase appropriations for Staff Development due to increased CalWORKs, CalFresh, and MediCal allocations.
CSA-Services and Support	\$16,000	\$16,000	\$0	Increase appropriations and estimated revenues for RSS program to the contracted level.
CSA-Services and Support	(\$1,119,762)	(\$1,119,762)	\$0	Decrease appropriations and estimated revenues for Child Care Stage 1, 2, and 3 to reflect reduced funding as a result of declining caseloads.
CSA-Services and Support	\$254,547	\$254,547	\$0	Increase estimated revenues to include State Family Preservation program allocation and partnership contribution from Public Health to support State Family Preservation program.
CSA-Services and Support	\$75,978	\$75,978	\$0	Increase appropriations and estimated revenues for Salaries and Benefits to restore 1 casework supervisor position in support of Children's Services programs and an increase in contract services.
CSA-Services and Support	(\$400,000)	\$0	(\$400,000)	Decrease HVAC repair appropriations and redirect to support Space Consultant, VOIP, Accounts Payable Account Clerk in Auditor's Office, and additional County Counsel.
CSA-Services and Support	\$400,000	\$0	\$400,000	Increase appropriations for various efficiency improvements mentioned above.
CSA-Services and Support	\$67,200	\$67,200	\$0	Increase appropriations and estimated revenues for one time Fixed Asset purchases to support the critical server virtualization project using one time Prior Year Federal/State Revenues.
Total	\$3,393,156	\$3,393,156	\$0	

Staffing Requests: The Department is requesting to restore 41 previously unfunded positions to adequately address increased customer need and meet the mandated workload in key areas including StanWORKs and Childrens Services. The department is requesting to reclassify 35 of the 41 vacant positions to accommodate the staffing levels needed for the operation of core programs. Funding for these positions is sustainable through Fiscal Year 2011-2012 and Budget Year 2012-2013.

A breakdown of where the positions are needed are as follows:

- ◆ 34 casework positions are needed to adequately address the increased customer need and meet the mandated workload in CalFresh and Medi-Cal;
- ◆ Three (3) casework positions are needed to support the Children's programs; and
- ◆ Four (4) administrative positions are needed to support the increased workload in contracts and purchasing as well as improve operational efficiency within the Finance and Operations Division.

In addition, on a separate agenda item approved by the Board of Supervisors on September 20, 2011, the Department requested to restore one unfunded Social Worker IV position (#8184) for the Community

Corrections Partnership Plan, however they did not intend to use one of their existing positions for this program. The department is requesting to make an adjustment in the First Quarter 2011-2012 budget to add a new Social Worker IV position to support the Community Corrections Partnership Plan and unfund the previously restored Social Worker IV position (#8184).

The chart below lists the staffing recommendations:

COMMUNITY SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
CSA - Services and Support	2	3689, 8699	Account Clerk III	Restore unfunded positions/ Reclassify upward	Family Services Specialist II
	1	9418	Account Clerk III	Restore unfunded position/ Reclassify upward	Family Services Specialist IV
	1	12019	Accountant II	Restore unfunded position/ Reclassify downward	Storekeeper I
	1	8895	Accountant II	Restore unfunded position	Restore vacant position
	3	3498, 10726, 10728	Administrative Clerk II	Restore unfunded positions/ Reclassify upward	Family Services Specialist II
	2	3294, 9208	Administrative Clerk II	Restore unfunded positions	Restore vacant positions
	2	2942, 10665	Administrative Clerk III	Restore unfunded positions/ Reclassify upward	Family Services Specialist II
	1	9213	Application Specialist III	Restore unfunded position/ Reclassify downward	Family Services Specialist II
	2	1725, 3603	Confidential Assistant III	Restore unfunded positions/ Reclassify downward	Family Services Specialist II
	2	1556, 1608	Manager II	Restore unfunded positions/ Reclassify downward	Family Services Specialist II
	2	8869, 1676	Manager II	Restore unfunded positions/ Reclassify downward	Family Services Supervisor
	1	1604	Manager III	Restore unfunded position/ Reclassify downward	Family Services Specialist II
	1	1554	Manager IV	Restore unfunded position/ Reclassify downward	Family Services Supervisor
	1	7439	Social Services Assistant	Restore unfunded position/ Reclassify upward	Family Services Specialist II
	1	276	Social Worker III	Restore unfunded position/ Reclassify downward	Family Services Specialist II
	9	561, 6539, 6541, 8126, 8185, 484, 8966, 9218, 549	Social Worker IV	Restore unfunded positions/ Reclassify downward	Family Services Specialist II
	2	8188, 9688	Social Worker IV	Restore unfunded positions	Restore vacant positions
	3	11474, 10852, 10754	Social Worker Supervisor II	Restore unfunded positions/ Reclassify downward	Family Services Specialist II
	1	6546	Social Worker Supervisor II	Restore unfunded position	Restore vacant position
	1	936	Software Developer/Analyst III	Restore unfunded position/ Reclassify downward	Family Services Specialist II
	1	2228	Supv Acct Admin Clerk II	Restore unfunded position/ Reclassify downward	Family Services Specialist II
	1	1187	Systems Technician I	Restore unfunded position/ Reclassify upward	Family Services Specialist II
	-1	8184	Social Worker IV	Unfund vacancy	Unfund vacant position
	1	NEW	Social Worker IV	Add new position	Social Worker IV
CSA CHANGES	41				
Beginning Allocation	884				
Changes in Allocation	41				
Ending Allocation	925				

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by \$3,393,156 due to State and Federal fund increases. 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 restore one unfunded vacant Manager II position in Public Health to provide oversight for the integration of the electronic registration and billing system. This system presents an opportunity to maximize revenues, which will be a key responsibility for the Manager II

position. Funding for the position is available in the Department's existing appropriations. The Department is further requesting to restore one unfunded vacant Community Health Worker III position and reclassify downward to a Community Health Worker II. In addition, the Department is requesting to unfund one vacant Staff Services Technician position and one vacant Administrative Secretary position for salary savings.

HEALTH SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Public Health	1	9444	Manager II	Restore unfunded position	Restore vacant position
	1	8376	Community Health Worker III	Restore unfunded position/ Reclassify downward	Community Health Worker II
	-1	814	Staff Services Technician	Unfund vacancy	Unfund vacant position
	-1	3252	Administrative Secretary	Unfund vacancy	Unfund vacant position
H.S.A. CHANGES	0				
Beginning Allocation	471				
Changes in Allocation	0				
Ending Allocation	471				

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

SUMMARY

Overall, appropriations and estimated revenue for A Healthy Community are recommended to increase by \$3,563,156.



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 creating a local economy that promotes, protects, and sustains our agricultural economies while providing for broader, more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Job creation, providing a wide range of employment and training services, providing educational and recreational opportunities and resources, promoting tourism, and providing a solid information technology infrastructure to support E-government 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, while the Library is supported by a dedicated 1/8-cent sales tax and a contribution from the General Fund.

DEPARTMENTAL REVENUE AND EXPENDITURES

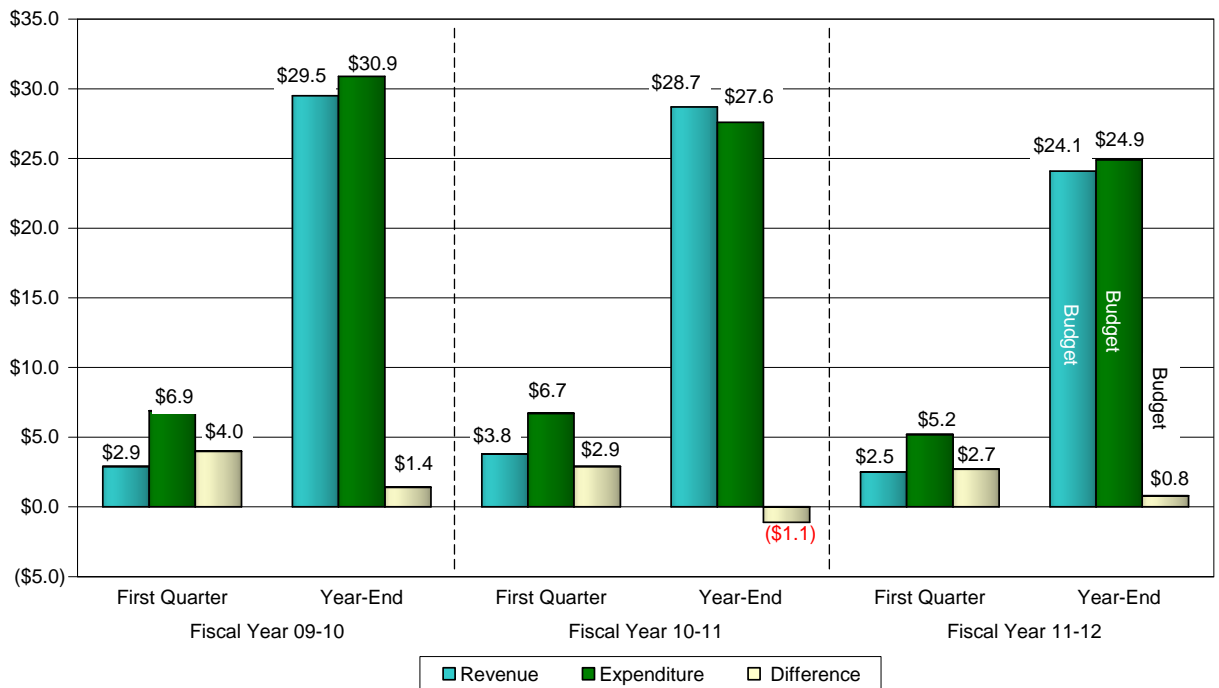
For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of September 30, 2011, actual revenue collected is \$2.5 million, which represents 10.3% of the estimated annual revenue. This is within the range when compared to first quarter of the prior two years when collections were 9.8% and 13.2% of the actual revenue. As of September 30, 2011, expenditures are \$5.2 million, representing 20.7% of the budgeted appropriations. Expenditures at first quarter of the prior two years were 22.4% and 24.4% of the actual expenditures, placing this year's expenditures just below the range.

Significant variations this year, compared to the same time-period one year ago include:

- ◆ Alliance Worknet – overall, a decrease in revenue and expenditures of approximately \$1.4 million primarily due to a reduction in the annual Workforce Investment Act (WIA) allocation as well as funding from Federal sources such as the American Recovery and Reinvestment Act.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Strong Local Economy:

A Strong Local Economy Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Strong Local Economy for Fiscal Year 2011-2012 is \$24.1 million with departmental expenditures budgeted at \$24.9 million and the difference of \$800,000 funded through the use of fund balance/retained earnings. Revenue collections have decreased by \$1.3 million and expenditures decreased by \$1.5 million over First Quarter 2010-2011.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET - ADMINISTRATION

As part of the Fiscal Year 2011-2012 First Quarter Financial Report, the Alliance Worknet is requesting a \$1,219,106 increase in estimated revenue and appropriations due to the receipt of new one time Federal funding sources, awarded after the Adopted Final Budget to provide employment and training services to the community. Specifically, the Department was awarded \$900,000 of United States Department of Labor (DOL) State Energy Sector Partnership and Training project funds for use by the San Joaquin Valley Workforce Collaborative. Stanislaus County will administer the grant on behalf of the seven partners that received a portion of the award: Fresno, Kern/Inyo/Mono, Kings, Madera, Merced, San Joaquin, and Tulare. Through this funding, the San Joaquin Valley Workforce Collaborative will provide worker training

and placement in high-growth and emerging industry sectors. The balance of the adjustment for Alliance Worknet of \$319,106 is from a DOL National Emergency Grant California Multi-Sector Workforce Partnership grant administered by the South Bay Workforce Investment Board, Hawthorne California, to serve dislocated workers. The additional funding for Alliance Worknet will be used for extra help staff and materials/supplies needed to help case manage and administer the new grants, in contracts and professional services to reimburse grant partners and for direct client services for vocational training, on-the-job training and support services.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Alliance Worknet	\$1,219,106	\$1,219,106	\$0	Increase in appropriations for employment and training services funded from Federal sources (Department of Labor: State Energy Sector Partnership and National Emergency Grant California Multi-Sector Workforce Partnership).
Total	\$1,219,106	\$1,219,106	\$0	

Staffing Requests: The Department is requesting to unfund one vacant Family Services Supervisor position for salary and benefit savings. The Department is further requesting to restore one unfunded vacant Administrative Clerk II position. This position will be assigned to the main reception at the Community Services Facility and will result in improved customer service. Existing administrative support is currently not adequate making it difficult to have knowledgeable staff available for the initial customer contact. The addition of an Administrative Clerk II position will ensure better service and productivity levels by providing a stable presence that will be capable of efficiently answering questions and effectively directing customers. This position will primarily be funded by the Department’s agreement with the Community Services Agency Welfare-to-Work and StanWORKs program services, with the balance funded by the Workforce Investment Act grants.

ALLIANCE WORKNET STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alliance Worknet	-1	998	Family Services Supervisor	Unfund vacancy	Unfund vacant position
	1	8133	Administrative Clerk II	Restore unfunded position	Restore vacant position
ALLIANCE WORKNET CHANGES	0				
Beginning Allocation	81				
Changes in Allocation	0				
Ending Allocation	81				

Summary of Recommendations: It is recommended to increase appropriations and revenue by \$1,219,106 in the Alliance Worknet budget. It is further recommended the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for A Strong Local Economy are recommended to increase by \$1,219,106 from Federal funding sources for employment and training services to the community.



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 \$2 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.

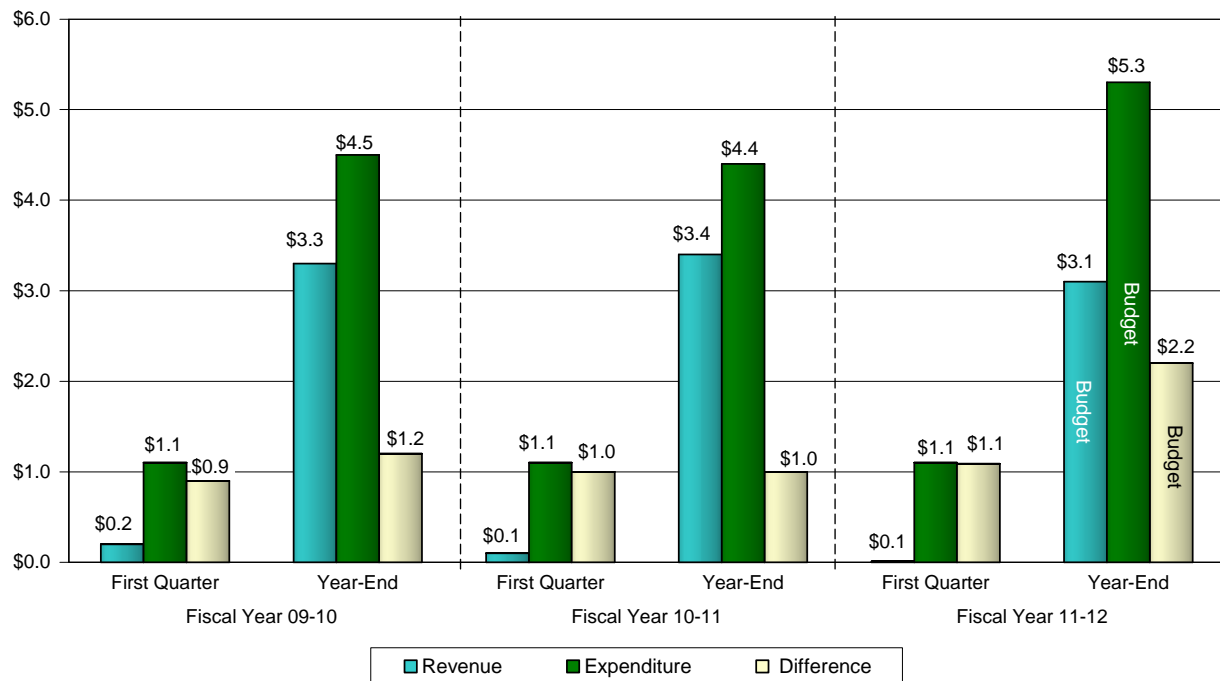
DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of September 30, 2011, actual revenue collected is \$88,053, which represents 2.8% of the estimated annual revenue. This is below the range when compared to first quarter of the prior two years when collections were 5.6% and 3.1% of the actual revenue. As of September 30, 2011, expenditures are \$1.1 million, representing 20.5% of the budgeted appropriations. Expenditures at the first quarter point of the prior two years were 24.4% and 25.5% of the final actual expenditures, placing this year's expenditures just below the range.

There were no significant variations this year, compared to the same time-period one year ago.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through a General Fund contribution or the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage.

A Strong Agricultural Economy/Heritage Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage for Fiscal Year 2011-2012 is \$3.1 million with departmental expenditures budgeted at \$5.3 million and the difference of \$2.2 million funded through the use of fund balance. Revenue collections and expenditures have decreased slightly in comparison to First Quarter 2010-2011. This General Fund contribution and use of fund balance is slightly above First Quarter 2010-2011 but still within a reasonable level.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

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

SUMMARY

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.



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, 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. Environmental Resources and Planning and Community Development's Building Services Division are supported primarily through fees and charges for services. The General Fund primarily funds the Parks and Recreation Department and Planning and Community Development's Planning Division. The Planning and Community Development's Community Development Division and the Redevelopment Agency are funded by special revenue grants and tax increment payments. The Public Works Department's primary sources of funding are derived from charges for services and State and Federal funding for transportation and roads.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of September 30, 2011, actual revenue collected is \$10.9 million, which represents 12.3% of the estimated annual revenue. This is just below the range when compared to first quarter of the prior two years when collections were 13.1% and 22.2% of the actual revenue. As of September 30, 2011, expenditures are \$14.3 million, representing 11.9% of the budgeted appropriations. Expenditures at the first quarter of the prior two years were 22.8% and 21.3% of the actual expenditures, placing this year's expenditures below the range due to the reclassification of the Waste-to-Energy budget to an Agency Fund and thus removing it from the County's spending plan.

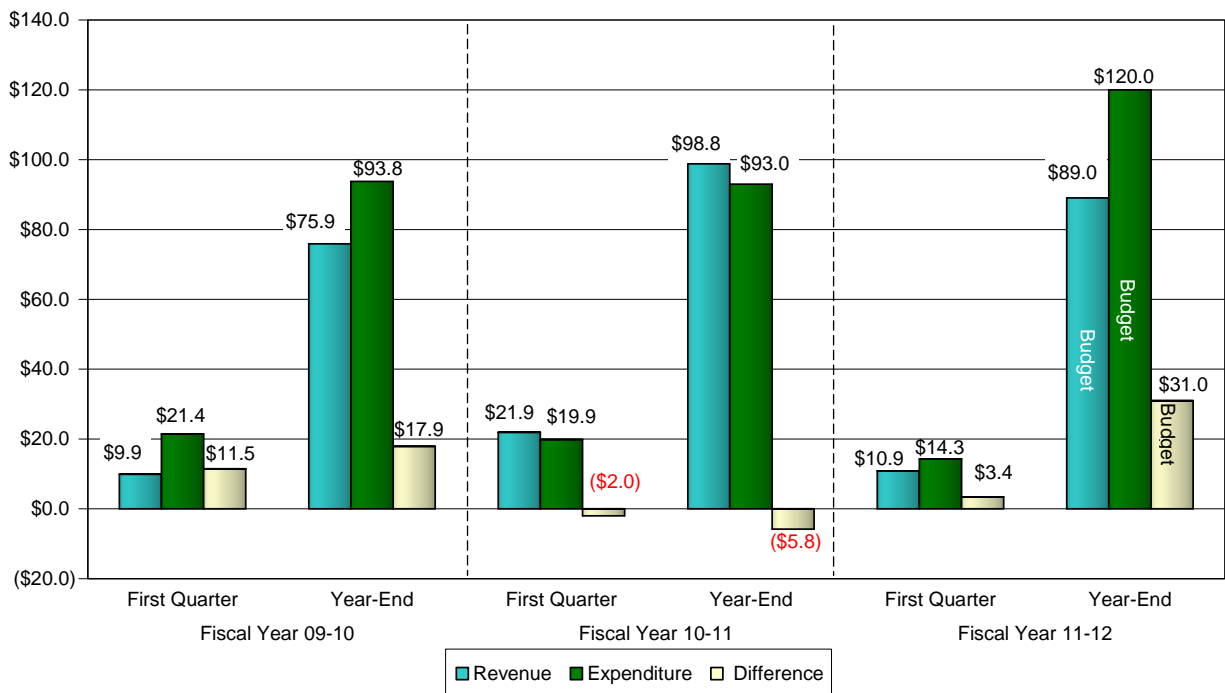
Significant variations this year, compared to the same time period one year ago include:

- ◆ Department of Environmental Resources Geer Road Landfill – A decrease in revenue of approximately \$1.9 million due to additional revenue transferred from the post-closure account to cover special project expenditures in Fiscal Year 2010-2011;
- ◆ Department of Environmental Resources Fink Road Landfill – A decrease in expenditures of approximately \$517,000 due to Cell 5 development and construction management expenses incurred in Fiscal Year 2010-2011;

- ◆ Department of Planning and Community Development Special Revenue Grants – A decrease in revenue and expenditures of approximately \$1 million due to Neighborhood Stabilization Program (NSP) funds available in the prior year that have now been almost entirely exhausted;
- ◆ Department of Public Works Road and Bridge – A decrease in revenue of \$6.9 million and expenditures of \$1.7 million as a result of funding received in the prior year from various funding sources that included Proposition 1B funds, Public Facilities Fees and other Federal sources for various County road maintenance projects; and
- ◆ Department of Public Works Administration – A decrease in revenue of approximately \$500,000 resulting from the Board action in the prior year approving an agreement with the Central Valley Flood Control Board (CVFCB) for the CVFCB to provide additional funding for the Orestimba Flood Control Project. The Department of Public Works acted as the "pass through" agency for the U.S. Army Corps of Engineers. The receivable was set up in Public Works Administration to avoid any conflict with County Road Fund.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through a General Fund contribution or the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Well Planned Infrastructure System.

A Well Planned Infrastructure System Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Well Planned Infrastructure System for Fiscal Year 2011-2012 is \$89.0 million with departmental expenditures budgeted at \$120.0 million and the difference of \$31.0 million funded through the use of fund

balance/retained earnings. Revenue collections decreased by \$11 million over First Quarter 2010-2011 due in large part to reductions in funding for road maintenance projects. Expenditures decreased by \$5.6 million over First Quarter 2010-2011 due in large part to the conversion of the Waste-to-Energy budget to an Agency Fund, essentially removing it from the County's spending plan.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES

Geer Road Landfill: The Department of Environmental Resources is requesting a one-time increase in estimated revenue and appropriations of \$300,000 for contracts to cover work which will be necessary to comply with the Cease and Desist Order issued by the California Regional Water Quality Control Board in April 2011. These funds are available in the Geer Road Landfill Closure/Post Closure Fund. The additional funds will be for professional services. The Department is required to install additional wells both on and off-site in order to comply with the Cease and Desist Order. Remedial efforts will continue to be overseen by the Department, with assistance by expert consultants, in order to optimize the landfill gas system as required.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
ER - Geer Road Landfill	\$300,000	\$300,000	\$0	Increase in appropriations for contracts to cover professional services associated with the Cease and Desist Order issued by the State Water Board in April 2011 funded from the Geer Road Landfill Closure/Post Closure Fund.
Total	\$300,000	\$300,000	\$0	

Staffing Requests: The Department is requesting to unfund one vacant Accountant II position as part of their budget strategy to reduce expenses.

DER STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Environmental Resources	-1	2061	Accountant II	Unfund vacancy	Unfund vacant position
DER CHANGES	-1				
Beginning Allocation	80				
Changes in Allocation	-1				
Ending Allocation	79				

Summary of Recommendations: It is recommended to increase appropriations and revenue by \$300,000 in the Environmental Resources – Geer Road Landfill budget. It is further recommended the staffing changes described and outlined in the table above be adopted.

PARKS AND RECREATION

As part of the first quarter review, the Department of Parks and Recreation identified a 25% increase in revenue due to recently approved fee schedule adjustments and the completion of the Heron Pointe Development Project that has provided additional camping and day use areas. The Department is

conservatively estimating additional revenue of \$400,000 in the current fiscal year due to increased use of the regional park facilities and entry fee receipts. As such, the Department is requesting appropriations at that level to address one-time needs that include replacement of old equipment and vehicles, structural repair of two County bridges (Basso and LaGrange), and waste water treatment plant pump upgrades at Modesto Reservoir Regional Park. The mentioned improvements are critical in nature and the replacement purchases will ensure that the current level of service is maintained at the regional park facilities that bring in the majority of the departmental revenue for operations. The Department will continue to monitor revenue closely to ensure a balanced budget and will control expenses accordingly if revenue fluctuates from current projections.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Parks and Recreation	\$400,000	\$400,000	\$0	Increase in appropriations for one-time needs that include replacement of equipment and vehicles, structural repair for two bridges, and waste water treatment plant pump upgrades funded from increased revenue generated at regional parks.
Total	\$400,000	\$400,000	\$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue by \$400,000 in the Parks and Recreation budget.

PUBLIC WORKS

Public Works Morgan Shop is mandated to be in compliance with the California Air Resource Board's Adopted Fleet Rule for Public Agencies and Utilities to "...reduce particulate matter emissions from on-road heavy duty diesel-fueled vehicles owned or operated by public agencies and utilities, by July of 2012." This effort began in Fiscal Year 2007-2008.

The California Air Resource Board also adopted the Fleet Rule, Title 13, Article 4.8, Chapter 9, California Code of Regulations (CCR), to reduce diesel particulate matter (PM) and criteria pollutant emissions from in-use off-road diesel-fueled vehicles on June 15, 2008. Public Works previously evaluated their fleet and identified 26 vehicles affected by this rule. Annual reduction target compliance dates are predetermined by NOX (nitrates of oxide) and PM (particulate matters) through 2020.

In accordance with this ongoing compliance process, Public Works Morgan Shop is requesting a one-time appropriations increase of \$790,000 in fixed assets for replacement of non-compliant vehicles with one new alternative fueled on-road heavy duty vehicle and six new alternative fueled off-road vehicles during Fiscal Year 2011-2012 to meet the next California Air Resource Board's target compliance dates. Public Works will be in full compliance with the July 2012 target date with the Fleet Rule regarding on-road heavy-duty diesel-fueled vehicles with the purchase of the alternative fueled on-road heavy-duty vehicle. Public Works has developed a replacement schedule to address the remaining off-road vehicles to be in compliance in upcoming years through 2020.

The purchase of the alternative fueled vehicles is 100% funded by a Congestion Mitigation and Air Quality (CMAQ) grant. Public Works was notified of receipt of this grant in July of 2011, which will fund the increase in appropriations requested for the vehicle purchases.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
PW- Morgan Shop	\$790,000	\$790,000	\$0	Increase Fixed Asset and Revenue appropriations for receipt of CMAQ grant funds for vehicle replacement.
Total	\$790,000	\$790,000	\$0	

Staffing Requests: The Department is requesting to reclassify one Software Developer II position to a block-budgeted Software Developer/Analyst III as a result of increased level of expertise required to maintain operation in the GIS Division. The incumbent would be eligible for promotion upon demonstration of knowledge, skills and abilities to meet the qualifications and demands of the higher level classification. Additional costs will be absorbed in the Department’s existing appropriations.

PUBLIC WORKS TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	9730	Software Developer II	Reclassify upward-block budget	Software Developer/Analyst III-block budget

Summary of Recommendations: It is recommended to increase appropriations and revenue by \$790,000 in the Public Works Morgan Shop budget. It is further recommended the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Well Planned Infrastructure System are recommended to increase by \$1,490,000.



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 AND EXPENDITURES

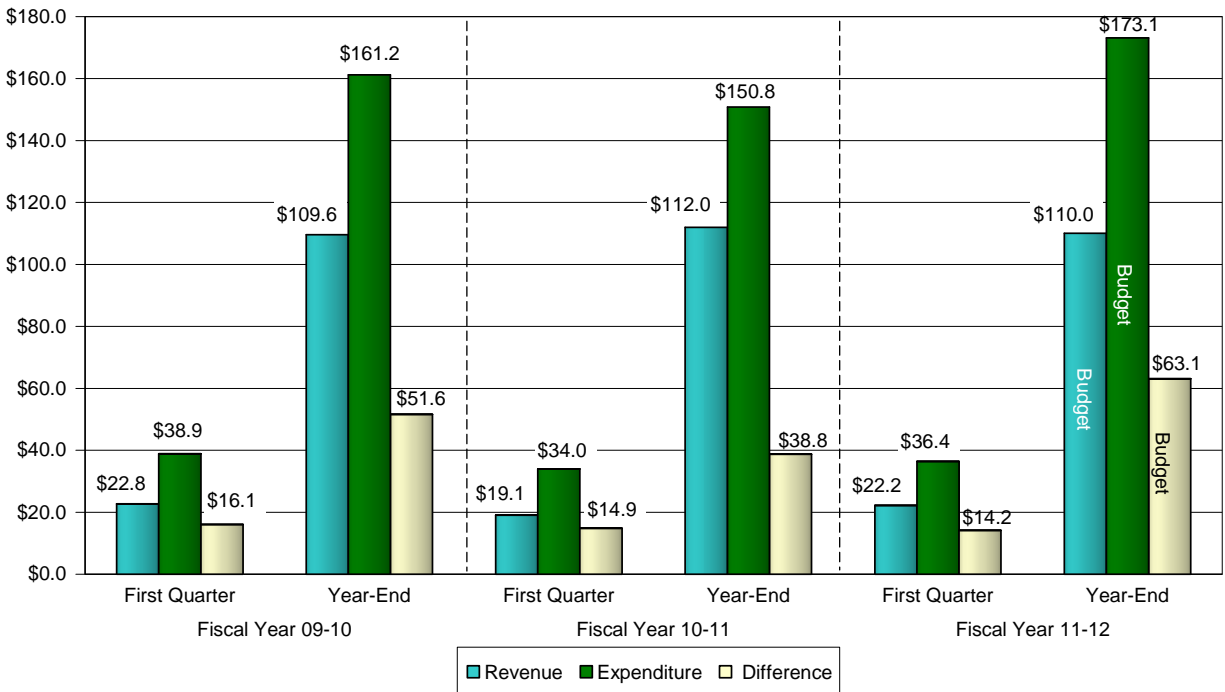
For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of September 30, 2011, actual revenue collected is \$22.2 million, which represents 20.2% of the estimated annual revenue. This is within the range when compared to first quarter of the prior two years when collections were 20.8% and 18.1% of the final actual revenue. As of September 30, 2011, expenditures are \$36.4 million, representing 21% of the budgeted appropriations. Expenditures at first quarter of the prior two years were 24.1% and 22.5% of the final actual expenditures, placing this year's expenditures below the range.

Significant variations this year, compared to the same time period one year ago include:

- ◆ Chief Executive Office – Risk Management Division Purchased Insurance – An increase of approximately \$2.7 million in both revenue and expenditures due to a lag in posting of September's health insurance payments in Fiscal Year 2010-2011. Only two months had been posted last year versus three months in the current year;
- ◆ Chief Executive Office – Risk Management Division Workers' Compensation – An increase in revenue of approximately \$970,000 and expenditures of approximately \$363,000 due to increased departmental charges for the workers' compensation program this year. Last fiscal year, charges to departments were only \$1 million with the balance from retained earnings to offset charges. In the current year, departments are paying nearly \$5 million since there no longer is any retained earnings available; and
- ◆ Chief Executive Office – General Fund Match Vehicle License Fee – A decrease in both revenue and expenditures of approximately \$1.4 million due to reduced funding received during the 2011-2012 Fiscal Year.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through a General Fund contribution and the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services.

Efficient Delivery of Public Services Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services for Fiscal Year 2010-2011 is \$110 million with departmental expenditures budgeted at \$173.1 million and the difference of \$63.1 million funded through a General Fund contribution and the use of fund balance/retained earnings. Both revenue and expenditures are up, with revenue collections increasing by \$3.1 million and expenditures increasing by \$2.4 million from First Quarter 2010-2011. As a result, the General Fund contribution and use of fund balance/retained earnings is 22.5% of the budget at first quarter and is tracking below previous years. This trend is expected to continue throughout the year.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

ASSESSOR

Staffing Requests: The Department is requesting to restore one vacant Manager IV position to support their organizational strategy. This position has been vacant since April 2010 pending the election of a new Assessor. With the new Assessor now in place, the Department is requesting to restore and fill this position to complete the management team. Funding for the position is included in the Department's existing appropriations.

ASSESSOR STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Assessor	1	1511	Manager IV	Restore unfunded position	Restore vacant position
ASSESSOR CHANGES	1				
Beginning Allocation	57				
Changes in Allocation	1				
Ending Allocation	58				

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

BOARD OF SUPERVISORS

Staffing Requests: The Board of Supervisor for District 1 is recommending to delete the Field Representative (Confidential Assistant III) position assigned to this district. Like all County Departments, the Board of Supervisors Office also faces fiscal constraints in these difficult times and is required to make budget reductions. This will result in a Reduction-in-Force action effective December 31, 2011.

BOARD OF SUPERVISORS STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Board of Supervisors	-1	7923	Confidential Assistant III	Delete filled position	Delete position/ Reduction-in-force effective 12/31/11
BOS CHANGES	-1				
Beginning Allocation	10				
Changes in Allocation	-1				
Ending Allocation	9				

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

CHIEF EXECUTIVE OFFICE

In March 2010, a Public Facilities Impact Fees Study was completed that provided a comprehensive update to the Public Facilities Fees (PFF) program. Recommendations in the report included a PFF program update report to the Board of Supervisors on an annual basis to adjust for inflation and land values to remain consistent with existing market conditions.

The Public Facilities Fees Committee has recommended the use of PFF Administrative Fees in the amount of \$3,900 for the 2011 Public Facilities Fees Inflationary Update. This will be used to complete the 2011 Public Facilities Fees Inflationary Update study.

The Chief Executive Office will also be engaging the professional services of Cooperative Personnel Services (CPS) to complete a review of the County's management classification system. This will include a review of each management position to identify the essential duties and responsibilities of each management position as well as the knowledge, skills and abilities required to perform the work. Based on this information, CPS will develop final classification specifications for the County's management series. The cost of this study is \$37,255 and is available within the 2011-2012 Adopted Final Budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CEO - Ops & Services	\$3,900	\$3,900	\$0	Increase appropriations for PFF revenue for the inflationary update study
Total	\$3,900	\$3,900	\$0	

Staffing Requests: The Department is requesting to restore two unfunded vacant Confidential Assistant III positions for administrative support in the Capital Projects division in response to workload increases. These positions are block-budgeted; however, the Department anticipates filling them at the Confidential Assistant II level. Funding for these positions is available within the 2011-2012 Adopted Final Budget and anticipated to continue over the next several years as various capital projects move forward to completion.

CHIEF EXECUTIVE OFFICE STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
CEO Operations & Services	2	6151, 9677	Confidential Assistant III	Restore unfunded positions	Restore vacant positions
CEO CHANGES	2				
Beginning Allocation	50				
Changes in Allocation	2				
Ending Allocation	52				

Summary of Recommendations: It is recommended to increase appropriations and revenue by \$3,900 to receive Public Facilities Fees (PFF) for the inflationary update. It is further recommended the staffing changes described and outlined in the table above be adopted.

CHIEF EXECUTIVE OFFICE - RISK MANAGEMENT DIVISION

Staffing Requests: The Department is requesting to block budget two Confidential Assistant II positions at the Confidential Assistant III level. In Fiscal Year 2010-2011 the Risk Management Division restructured, downsizing from 14 full-time allocated positions to 10 positions while maintaining the existing classifications of support staff. After six months of operating under the new organizational structure, it has been determined that the Department needs greater flexibility in administering its programs. In addition, block budgeting the positions to the Confidential Assistant III level will offer consistency with the classification level of comparable confidential support staff in the Chief Executive Office, Operations and Services Division. Incumbents would be eligible for promotion upon demonstration of knowledge, skills and abilities to meet the qualifications and demands of the higher level classification. Additional costs will be absorbed in the Department's existing appropriations.

CEO - RISK MANAGEMENT DIVISION TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
CEO - Risk Management Division	2	6660, 7906	Confidential Assistant II	Reclassify upward-block budget	Confidential Assistant III-block budget

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

COUNTY COUNSEL

The Department is requesting to increase expenditures by \$112,000 to fund a Deputy County Counsel V position for the last seven months of the 2011-2012 Fiscal Year. This position will be funded through the Community Services Agency (CSA). County Counsel has met with the CSA and has agreed to provide additional legal representation and support services needed by the Agency. At Final Budget CSA identified the need for additional services of one Deputy County Counsel to respond to growth in contested hearings, to address legal issues that come before the Court, and to avoid continuances and provide timely resolution of cases to benefit the children served in Child Welfare Service. County Counsel is now requesting increased appropriations and estimated revenue to fund a vacant Deputy County Counsel V position.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
County Counsel	\$112,000	\$112,000	\$0	7 months of a Deputy County Counsel V position funded from increased charges for services
Total	\$112,000	\$112,000	\$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by \$112,000.

GENERAL SERVICES AGENCY

The General Services Agency (GSA) Central Services Division is requesting the use of \$5,000 in retained earnings to repair the asphalt driveway at the Modesto Warehouse located at County Center III. The driveway has eroded over time, and the current condition makes it difficult to use the forklift for loading and unloading shipments safely. This repair will bring the level of the driveway up to the level of the warehouse entry. As of October 1, 2011, GSA-Central Services retained earnings balance was \$140,343; use of these funds as requested will decrease the balance to \$135,343.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
GSA - Central Services	\$5,000	\$0	\$5,000	Increase appropriations and decrease retained earnings to repair warehouse asphalt driveway.
Total	\$5,000	\$0	\$5,000	

Summary of Recommendations: It is recommended to increase appropriations by \$5,000 to repair the Modesto Warehouse asphalt driveway. This action will result in a decrease to retained earnings by a corresponding amount.

STRATEGIC BUSINESS TECHNOLOGY

The PeopleSoft Human Resource Management System (HRMS) 9.1 Upgrade Project required additional hardware for the production environment. Strategic Business Technology utilized appropriations designated in fixed assets to expedite the purchase and not delay the progress of the project since the expenditure

was over \$5,000. The project was on a specific time-line and delay could add additional licensing cost. PeopleSoft 9.1 HRMS was successfully upgraded in October 2011.

Strategic Business Technology is requesting a transfer of \$14,121 in appropriations from Services and Supplies to fixed assets in the HRMS Upgrade project budget. The funds will then be abated back to Strategic Business Technology budget to cover the original hardware purchase.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
SBT - HRMS Upgrade Project	(\$14,121)	\$0	(\$14,121)	Transfer from Services & Supplies to fixed assets for hardware for the production environment.
SBT - HRMS Upgrade Project	\$14,121	\$0	\$14,121	Transfer to fixed assets from Services & Supplies for hardware for the production environment.
Total	\$0.00	\$0.00	\$0.00	

Staffing Requests: The Department is requesting to restore one unfunded vacant Systems Engineer II position to support the WAN/LAN needs for the County. This position would support the existing Systems Engineer to cover the connectivity for the entire County, including the Voice over Internet Protocol (VoIP). Staff coverage is critical to providing overall services needed and requires primary and secondary support levels to handle all tasks required of this role. Funding for the position is included in the Department's existing appropriations.

SBT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Strategic Business Technology	1	7152	Systems Engineer II	Restore unfunded position	Restore vacant position
SBT CHANGES	1				
Beginning Allocation	22				
Changes in Allocation	1				
Ending Allocation	23				

Summary of Recommendations: It is recommended to transfer \$14,121 of appropriations into fixed assets in the HRMS Upgrade project budget. It is further recommended the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for Efficient Delivery of Public Services are recommended to increase by \$120,900 and by \$115,900 respectively. This is funded through the use of \$5,000 of available departmental retained earnings.