



Stanislaus County Mid-Year Financial Report July - December 2006

INTRODUCTION

This is the Mid-Year Financial Report for Stanislaus County for the 2006-2007 Fiscal Year. It has been prepared to inform the Board of Supervisors, County management and the public of the County's fiscal status through the first half of the 2006-2007 Fiscal Year. The report contains fund revenue and expenditure summaries and recommends necessary adjustments to County budgets needed since the adoption of the Final Budget in September 2006.

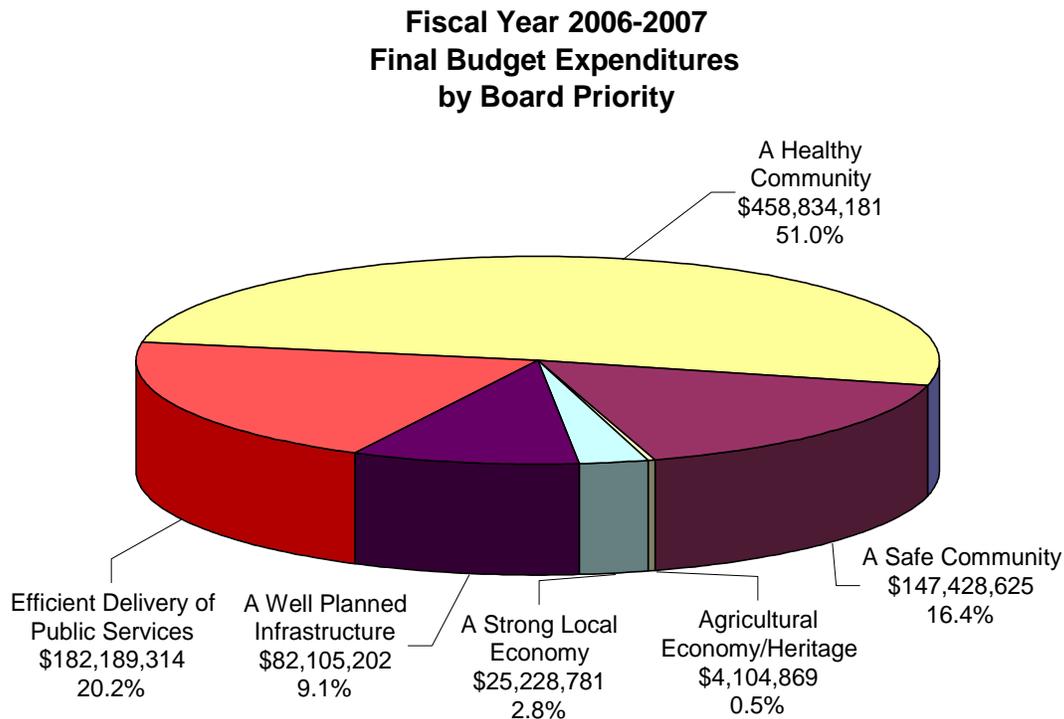
SUMMARY

2006-2007 Final Budget

On September 12, 2006 the Board of Supervisors adopted the Fiscal Year 2006-2007 Final Budget for Stanislaus County. This spending plan of \$899,890,972 for all funds reflected an increase of \$18,268,584 or a 2.1% increase over the Proposed Budget and a 5.7% increase over the 2005-2006 Final Budget. The Final Budget was balanced and used a combination of \$872,514,434 in revenue and \$41,893,245 in fund balance and one-time funding sources. The Final Budget also established two designations funded by \$8.5 million of year-end fund balance and \$6 million in discretionary revenue growth. The total designations of \$14,516,707 included the potential repayment to the Landfill Enterprise fund for land near Fink Road Landfill and impacts associated with State Proposition 1A which allows the State to twice in a ten year period to transfer County local discretionary revenue to the State without regard to its local impact.

The County's 2006-2007 General Fund budget totaled \$261,756,438 an increase of 4.3% or \$10,851,070 over the Proposed Budget. The Final Budget for Fiscal Year 2006-2007 reflected an increase in contingency funds for future exposures, repayment of the courthouse construction fund, funding for various parks and capital projects, and increased dispatch costs.

The following chart reflects the total Final Budget by Board Priority:



2006-2007 Mid-Year Overview

As of the close of mid-year, the Stanislaus County budget continues to remain in a solid fiscal condition although there are indications that we must proceed with caution when making future obligations to ensure they are at a level consistent with the County's future discretionary revenue growth. While the General Fund's overall cash position is strong as compared to mid-year in 2005-2006, housing sales and values are declining and as this occurs the valuation of the County's property tax roll will not increase at a level similar to the past two years. The Assessor does not anticipate the 16.99% growth in the assessed valuation of the property tax roll, experienced in the current year to continue at this rate next year. Another indication of the slow down in the housing market is the decline in Transfer Tax revenue and Supplemental Property Taxes. A decline in the Sales and Use Tax revenue from this year to last year largely attributable to a decline in car sales, will require close monitoring in our projections next fiscal year.

At this point in the fiscal year, Chief Executive Office staff are projecting a \$4.8 million year-end fund balance while the departments' projected year end fund balance is \$2.2 million, both of which are considerably less than that anticipated last year and used to balance the current budget. Typically the General Fund Final Budget has been balanced using no less than \$5.9 million in fund balance. Indications are that discretionary revenue will not be a major source of year-end fund balance this year similar to last year. Department revenue is projected to end the year with minimal growth above the original estimates for Final Budget. Departments are encouraged to evaluate all spending in the second half of the fiscal year to ensure that all revenue is received as originally anticipated in the budget so that a greater fund balance in the General Fund than that anticipated at this time will materialize.

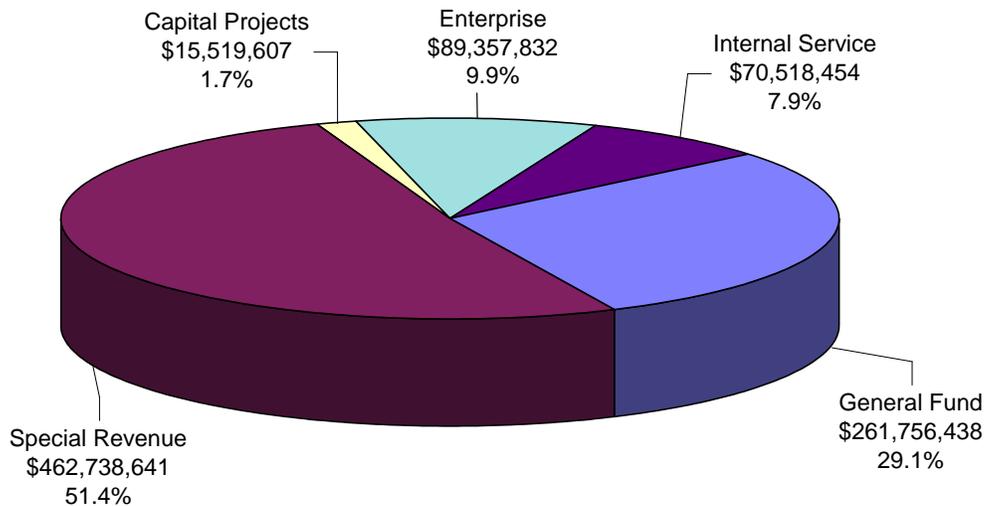
Critical too is that a plan be developed beginning with the 2007-2008 Proposed Budget to begin earmarking funding for increased County debt service as we proceed with the Sheriff's facilities needs assessment as well as funding for expanded juvenile facilities, and other high priority capital investment needs.

The County's health programs, Health Services Agency and the Behavioral Health and Recovery Services continue to face fiscal and program challenges as discussed in the 2006-2007 Final Budget. The County has begun negotiations with Doctors Medical Center regarding the Stanislaus Behavioral Health Center (SBHC) inpatient acute psychiatric facility. On August 15, 2006, the Board of Supervisors approved a plan to either: 1) enter into negotiations with Doctors Medical Center for the sale of the acute psychiatric inpatient operations to Doctors Medical Center; or 2) begin the process to terminate the acute psychiatric inpatient license and acquire a Psychiatric Health Facility license if an agreement is not reached with Doctors Medical Center. Either of these two outcomes is expected to impact the operations and staffing of the SBHC. Additionally, as a result of the ongoing negotiations, there is confusion among patient referral sources as to the status of SBHC. This confusion has contributed to a low patient census and an increase in staff turnover, both of which are negatively impacting the department's budget. The full impact is unknown at this time. A detailed transition plan will be presented to the Board upon completion of the negotiations. Another issue worth noting is the negative cash balance held by SBHC. As of mid-year, this fund carries a cash deficit of \$8.2 million, which appears to be due to higher receivables and a large balance due from other departmental funds. The Department anticipates a better understanding of this issue upon conclusion of negotiations with Doctors Medical Center.

The Health Services Agency has submitted an application for the Federally Qualified Health Center Look-alike designation, and received initial feedback from the Bureaus of Primary Care Services, including a request for additional information. If the designation is awarded, it is anticipated additional revenues of approximately \$3 million annually will flow to the Health Services Agency clinic operations. This will be a significant step toward fiscal stability and achievement of the goals of the Agency's Strategic Plan approved by the Board in September 2005. The Clinic and Ancillary Services Fund also carries a significant cash deficit of \$8.1 million, largely attributed to timing differences in expenses incurred and revenues received. Staff is closely monitoring this and will update the Board on the status as part of the Third Quarter Financial Report.

The following chart reflects the total Final Budget by fund:

**Fiscal Year 2006-2007
Final Budget Expenditures
by Fund**



GENERAL FUND

OVERVIEW

The General Fund provides services such as public safety, parks and recreation, planning and community development, justice administration, tax assessment and collection, general government and fiscal, and a host of other vital services. The revenues used to pay for these services come primarily from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary sources.

FUNDING SOURCES

Fund Balance

The 2005-2006 year-end unreserved, undesignated fund balance, including the Auditor's post closing adjustments, (necessary accounting changes made by the Auditor-Controller after the year-end close of the financial records) totaled \$23 million excluding Contract Cities and the Economic Development Bank. The current budget used \$6.1 million of this fund balance to fund operating costs for the 2006-2007 Final Budget and was close to the typical \$5.9 million of fund balance used at a minimum to balance the budget in the General Fund. An additional \$8.5 million was used to partially fund a new designation of \$10 million for potential repayment to the Landfill Enterprise Fund for the purchase of land near the Fink Road Landfill. The remaining \$8.5 million of unreserved/undesignated General Fund fund balance as of the adoption of the Final Budget is well below the County's stated financial policy goal of 15% at the high end but not less than 5% of the average final budgeted General Fund appropriations for the preceding three fiscal years.

General Fund - Designations

With the adoption of the Final Budget the Board of Supervisors approved \$53,151,568 in total designations, for the current fiscal year. Designations are available, expendable financial resources set aside by the Board of Supervisors for a future use. A Designation for Litigation in the amount of \$8,023,570 was established last fiscal year to set aside funding for a probable County exposure associated with the Ventura Decision concerning retirement benefits for retirees. A lawsuit filed against the Stanislaus County Employees Retirement Association (StanCERA) and the County by a County retiree in 1997 challenged the method in which the Retirement Association interpreted a number of unresolved issues associated with the California Supreme Court case of Ventura County Deputy Sheriff's Association v. Ventura County Employees' Retirement Board ("Ventura Decision"). A settlement was reached resolving the lawsuit and in September of this year the Board of Supervisors authorized the use of \$5,325,527 of this designation to fund a portion of the \$6.8 million payment to the Stanislaus County Employees Retirement Association (StanCERA) including \$160,087 in processing costs. At first quarter the Board approved use of an additional \$71,787 for Behavioral Health and Recovery Services bringing the total use of this designation to \$5,397,314. Subsequent to the transfers Retirement discovered that an error had been made in the calculation of these benefits and determined that the actual cost to the County was less than originally anticipated and actually charged out to County departments. As a result, four budgets that were increased for the cost are recommended to be decreased a total of \$131,359 for a total of \$5,265,955 transfer from designations.

This adjustment to the designation for Ventura settlement costs brings the County's overall designations to \$47,885,613 as reflected by the following chart:

Designation	2006-2007 Final Budget Designations	2006-2007 Fiscal Year Adjustments	2006-2007 Total Designations
Debt Service	\$ 11,779,259		\$ 11,779,259
Contingency	10,169,955		10,169,955
Tobacco Settlement	3,720,569		3,720,569
Tobacco Securitization	202,508		202,508
Restricted	1,300,000		1,300,000
Health Services Agency	1,439,000		1,439,000
Parks Projects (Other)	1,000,000		1,000,000
Litigation (Other)	8,023,570	(\$5,265,955)	2,757,615
Facility Mtce & Improve (Other)	1,000,000		1,000,000
State 1A Funding Exposure (Other)	4,516,707		4,516,707
Fink Road Land Purchase (Other)	\$ 10,000,000		10,000,000
Total Designations	\$ 53,151,568	\$ (5,265,955)	\$ 47,885,613

Discretionary Revenue

As of mid-year actual discretionary revenue was \$49.9 million compared to \$46.4 million for the same time period one year ago. This amount represents 28.2% of the 2006-2007 Final Budget. Typically,

discretionary revenue at this point of the fiscal year ranges anywhere from 27.6% to 38.5% of the total year collections. Greater percentages of discretionary revenue were received as of mid-year in the past when the County still received Vehicle License Fees. The overall discretionary revenue now at mid-year is lower because the first installment of Property Taxes In Lieu of Vehicle License fees are not received until January. A review of discretionary revenue received to date indicates that adjustments should be made as follows:

Transfer Tax: As of mid-year, December 31, 2005 the County had received \$2,287,326 in this tax while this year the total received as of December 2006 was \$1,370,937. This tax is collected by the Clerk-Recorder at the time of recording when an interest in real property is conveyed. The slow down in home sales is directly impacting this revenue. Similar to that noted at first quarter the actual revenue received to date is tracking on a level similar to the 2003-2004 Fiscal Year where total revenue received at year-end was \$2.9 million compared to the \$3.2 million currently budgeted. Based upon the continued trend of reduced revenue, it is recommended that Transfer Tax revenue be reduced by \$336,000 to a new budgeted amount of \$2,880,000.

Sales and Use Tax: Actual receipt of sales tax revenue lags approximately three months behind and each year the Auditor-Controller and Chief Executive Office determine what the "best projection" for the year-end accrual of this revenue should be. The State adjusts the last payment of the year to reconcile advances that are made to counties throughout the year. Unfortunately the County's projected accrual was overstated at year-end by \$451,180 which is having a negative impact on the current fiscal year. Actual receipt of this revenue appears to not be materializing at a rate similar to that anticipated when the budget was developed and it appears that the \$18.6 million budgeted will not materialize at year-end. At mid-year 2006 \$5.2 million in actual revenue had been received, while mid-year 2005 \$6 million had been received.

Comparisons in Stanislaus County of third quarter point of sales between 2005 and 2006 reflect reductions as follows:

- Autos and Transportation - 11.2%
- Building and Construction - 4.8%
- General Consumer Goods - 2.2%
- Restaurants and Hotels - 5.5%

There was some growth including 2.2% increases in Business and Industry and Food and Drugs and a 13.3% increase in Fuel and Service Stations. However, the most significant impact is that of the decreased Auto and Transportation sales which typically makes up the greatest portion of local sales tax revenue.

Based upon the current trend and the negative impact of the year-end accrual on this revenue it is recommended that Sales Tax revenue projections be decreased \$1,265,973 to a new projected total of \$17,300,000. Fortunately other discretionary revenue sources are projected to increase, and will offset the reduced Sales and Use Tax revenue at year-end.

Redevelopment Pass Thru Increment: This property tax revenue is generated in County and City redevelopment areas and is the County's portion of this revenue. At mid-year this revenue is tracking above the Final Budget amount of \$1,255,134. The Auditor-Controller performs an estimate of this revenue and projects that \$1,582,685 will be received from the various accounts. Based on this projection it is recommended that the revenue account be increased \$327,551 to a new total of \$1,582,685.

In Lieu of Sales and Use Taxes: In Fiscal Year 2004-2005 the State developed a financing structure for the State Economic Recovery Bonds. The State “flipped” ¼ of the Bradley-Burns sales and use tax from the counties and cities to the bond trustee for debt service payments. In order to compensate for the lost revenue to cities and counties, an equivalent amount of property taxes from the County Education Revenue Augmentation Fund (ERAF) are to be shifted to an “In-lieu of Sales and Use Tax” account. The third leg in this “Triple Flip” required the State make up lost ERAF revenue to education from the State of California’s General Fund. Payments to the “In-lieu of Sales and Use Tax” account are made by the Auditor-Controller in January and May of each fiscal year with an annual “true-up” occurring in the following September of each fiscal year. Based upon the State Department of Finance’s reconciliation of the prior year actual revenue the County’s January true-up payment for last fiscal year included an additional \$298,808 greater than anticipated for this revenue. In addition, the State provided a new net countywide adjustment amount for this year of \$5,974,121. Based on this adjustment the current budget of \$5,300,000 should be increased by \$674,121 to reflect actual revenue that will be received. The lag in sales tax may impact the County’s true-up amount next year and will be factored in when preparation of the 2007-2008 Proposed Budget occurs.

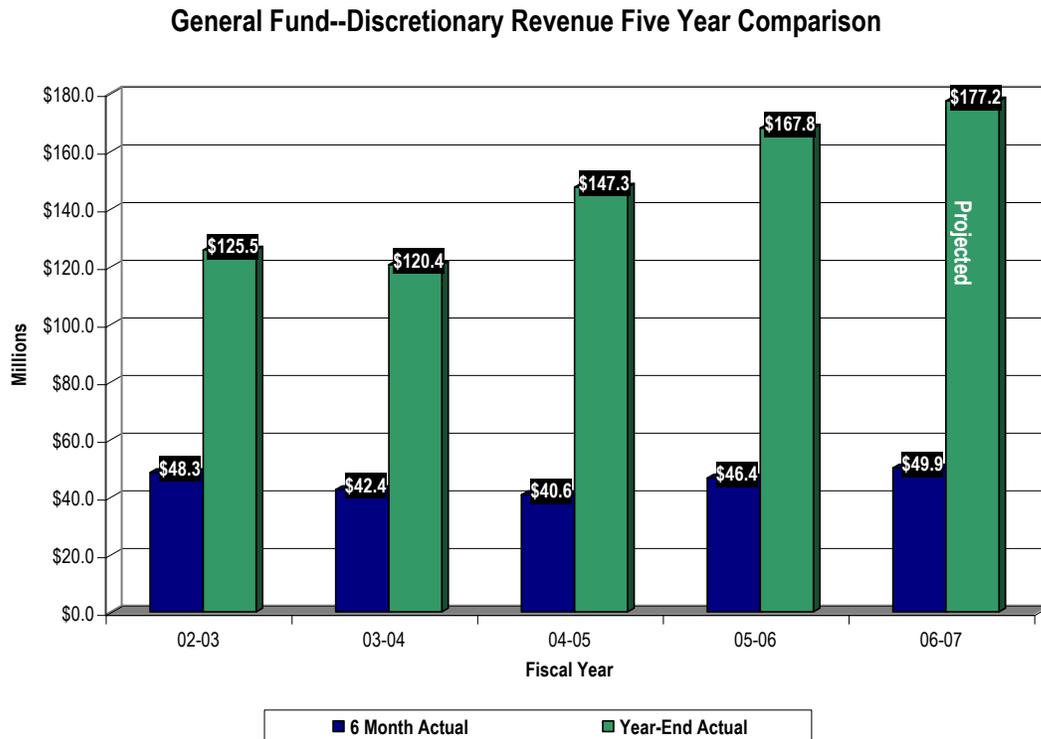
Interest: Interest earnings in the General Fund are tracking above the earnings for the same period last fiscal year. This is attributed to the strong cash position in not only the General Fund but also the cash balances for which the County’s interest revenue is based that are in the other funds maintained in the Treasury. Interest rates are tracking at a rate greater than last year with the most recent pool average of 4.84%. It is recommended that the Final Budget revenue estimate of \$3,850,00 be increased \$1,000,000 to \$4,850,000.

Prop 172 Public Safety Sales Tax: As reported in the First Quarter Financial Report the year-end accrual was under estimated by \$135,198 and will be included in the current year actual revenue. In addition, in November the new State pool rate for the half cent sales tax for public safety was issued by the State for the current fiscal year. The new pool rate of .013589 reflects an increase over the prior year rate of .013548. Even though the relative growth is less than in previous years, the increase in the pool rate will have a positive impact on this revenue. While there is no recommendation to adjust this revenue at this time, revenue will be reviewed again at third quarter for a possible adjustment at that time.

Recommended Budget Adjustment: It is recommended that discretionary revenue accounts be adjusted as described above for a net increase of \$399,699, bringing the new discretionary revenue total to \$177,191,371.

Discretionary Revenue	
Summary of Recommended Mid Year Adjustments	
Sales and Use Tax	\$ (1,265,973)
Transfer Tax	(336,000)
RDA Pass Thru	327,551
In-lieu of Sales & Use Tax	674,121
Interest	1,000,000
Net Change	\$ 399,699

The following chart shows the General Fund - Discretionary Revenue for a five year period including the current fiscal year:



DEPARTMENTAL REVENUE

As of mid-year the actual revenue in the General Fund budgets was \$37.0 million compared to \$32.3 million for the same time period one year ago. This amount represents 46.5% of the 2006-2007 adjusted budget. Typically, department revenue at this point of the fiscal year ranges anywhere from 39.3% to 46.5% of the total year collections, placing this year well within the range to meet budgeted estimates.

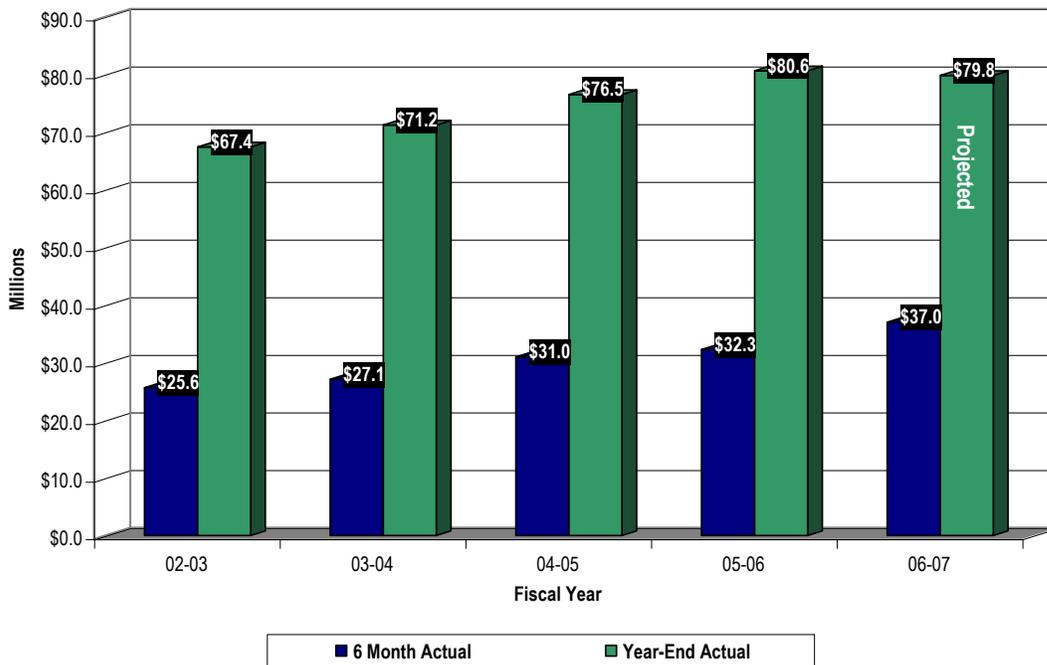
Some of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

- ◆ As previously reported at first quarter Animal Services revenue has increased due to unanticipated revenue of \$874,910 that has been realized from SB90 claims creating significantly higher revenue than prior year actuals.
- ◆ A \$2.6 million increase in Debt Service revenue from the prior year including \$2.5 million from transfers in from Public Facility Fees and the Criminal Justice Facilities Fund. In addition approximately \$100,000 in revenue from additional rent was received.
- ◆ A \$689,711 decrease in Probation-Casework due to timeliness of claiming revenue. Since December, revenue has been claimed and is expected to end the year within budget.
- ◆ The Sheriff's Department actual revenue for Operations and Court Security exceeds prior year actuals from the same time last year by approximately \$2 million due to timelier claiming and invoicing of

budgeted department revenue. In addition Operations received unanticipated revenue of \$486,936 in SB90 claims.

The following chart shows the General Fund - Departmental Revenue for a five year period including the current fiscal year:

General Fund--Departmental Revenue Five Year Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2006, departmental expenditures for the General Fund are at \$119.1 million compared to \$104.6 million for the same time period one year ago for a number of reasons described below. This amount represents 42.7% of the 2006-2007 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 41.2% to 48.9% of the total year expenditures, placing this year on track to meet budgeted estimates.

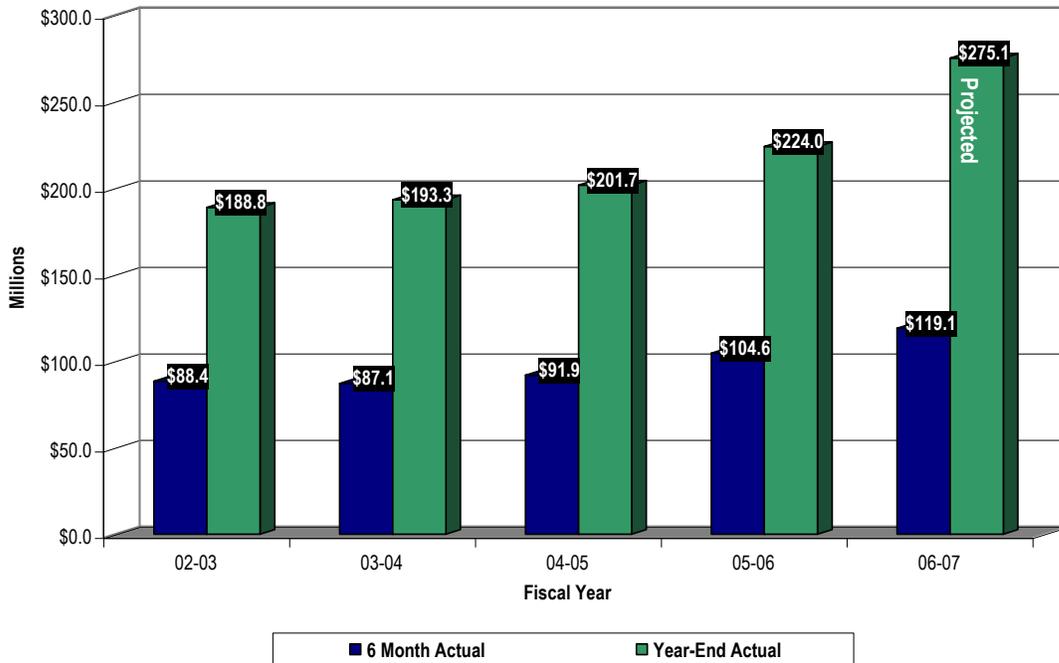
Some of the significant variations in departmental expenditures this year, compared to the same time period one year ago include:

- ◆ \$4.0 million increase in expenditures for County Match. Included in this increase is \$2.1 million for the Courthouse Construction Fund for a negotiated settlement of a previous draft State audit report, and \$178,230 for the addition of the General Services Agency - 12th Street Office Building budget as approved in the 2006-2007 Final Budget. Additionally a net increase in expenditures of \$1.7 million, for the Health Service Agency which includes funding of the Clinic and Ancillary Services Strategic Plan, and Ventura settlement costs.

- ◆ A \$1.3 million increase in expenditures over the prior year in Debt Service which includes \$1.2 million of additional debt service payments on the Certificates of Participation which funded the Gallo Center for the Arts, 12th Street Building and Parking Garage and the Salida Library.
- ◆ A \$621,342 increase in expenditures for General Fund Match - Vehicle License Fees which is tracking within the 3% recommended increase in 2006-2007 Final Budget. The recommended increase was to accurately reflect the growth that had been experienced in past years that had not previously been accounted for.
- ◆ Approximately \$3.5 million increase in expenditures for the Sheriff's General Fund budgets for one-time costs associated with Ventura settlement costs.
- ◆ A \$438,195 increase in expenditures for the District Attorney Criminal Division budget for increased salary and benefit costs including the one time costs associated with the Ventura settlement decision.
- ◆ An \$814,623 increase in the three General Fund Probation budget units for increased staffing and benefit costs including approximately \$275,000 in one-time costs associated with the Ventura decision.
- ◆ A \$629,705 increase in expenditures in the Plant Acquisition budget that reflects costs related to the Sheriff facilities needs assessment, Health Services Agency Capital Improvement Plan and HVAC replacement.
- ◆ A \$101,555 increase in expenditures for the Treasurer - Tax Collector budget due primarily to prior year appropriations carry over costs associated with the Remittance Processor Project.
- ◆ A \$160,783 increase in expenditures for the Agricultural Commissioner's budget due primarily to the addition of one Inspector and one Manager I, as well the purchase of various computers and software, increased membership costs, costs related to relocation of staff, and the acquisition of two pieces of equipment for the Weights and Measures department.
- ◆ A \$166,342 increase in expenditures for the Chief Executive Office - Crows Landing budget for services rendered by Environmental Science Associates to the County for the preparation of the project's Environmental Impact Report and General Plan amendment. Additionally approximately \$10,000 of the increase was for soil and resource conservation work.
- ◆ A \$261,283 increase in expenditures in the Public Defender's budget for increased salary costs.
- ◆ A \$288,677 increase in expenditures in the Chief Executive Office - Operations and Services budget for increased contract and salary costs.
- ◆ A \$312,975 increase in expenditures in the Auditor-Controller's budget for one-time costs associated with the Ventura settlement decision and ongoing costs for increased staffing.
- ◆ A \$336,1555 increase in expenditures for the CEO-Jail Medical budget for increased medical care costs.
- ◆ A \$448,868 increase in expenditures for the Assessor's budget for one-time costs associated with funding 11 full time and three part time positions previously funded by the Property Tax Administration Program Grant.
- ◆ A \$457,171 increase in expenditures for the Parks and Recreation budget for one-time costs associated with the Ventura settlement decision, the addition of four Park Maintenance positions that were funded and filled in 2006, an increase in utility costs, increased funding for the Police Activity League's (PAL) program resulting in additional expenses and park's roof repairs and replacement at various parks facilities. Additionally, Public Facility Fees (PFF) were approved to purchase \$250,000 in equipment and were utilized to purchase two water trucks, one aerial lift truck, one toro mower and trailer.
- ◆ A \$667,808 increase in expenditures for General Services Agency - Facilities Maintenance budget for increased utility costs and increased calls for service from General Fund departments.

The following chart shows the General Fund - Departmental Expenditures for a five year period including the current fiscal year:

General Fund--Departmental Expenditure Five Year Comparison



GENERAL FUND CASH

As of mid-year the General Fund cash including the Contract Cities is at \$38,585,290 compared to \$26,550,601 for the same period last fiscal year. The positive cash position this fiscal year over last is due to the County not upfronting retirement costs this year, approximately \$17.9 million last year, as well as strong prior year savings of fund balance in the General Fund that have been designated or reserved for specific or future uses.

MID-YEAR ISSUES AND RECOMMENDATIONS

AGRICULTURAL COMMISSIONER: During its mid-year review of this budget, the Agricultural Commissioner estimated revenue at year-end to be below the budgeted amount. This decrease is attributed to a decrease in both the High Risk Inspection and Sudden Oak Death contracts. Contract amounts were originally estimated using a “worst case scenario” approach and thus contained extensive investigative work on top of the normal inspections. Under the High Risk Inspection program, the Agricultural Commissioner performs inspections for the California Department of Food and Agriculture of incoming shipments of beehives to determine the presence of Red Imported Fire Ant (RIFA). The Sudden Oak Death contract allows the County Agricultural Commissioner to recover expenses from Sudden Oak Death program activities performed that ensure that local nurseries are able to ship their product interstate. Given current conditions, and available staffing, the Agricultural Commissioner does not anticipate performing all of the activities outlined in the contracts thus resulting in the decrease in revenue. Local

nurseries will still be able to ship in the event that the Department does not utilize the full amount of the contract.

The Agricultural Commissioner has requested a budget adjustment for its Weights and Measures Division. The Department has identified a need for replacing a weight truck and other service vehicles. The Department has requested that \$69,000, from an increase in the device registration fees approved by the Board of Supervisors on November 25, 2005, be budgeted to assist with these vehicle replacement costs. These vehicles will be purchased over time and, as funding becomes available. The mid-year adjustment will be funded with salary savings and require a one-time transfer from Salaries and Benefits to Fixed Assets.

Recommended Budget Adjustment: It is recommended that Fixed Assets be increased by \$69,000 and Salaries and Benefits be decreased by the same amount for the requested vehicle costs.

Recommended Staffing Impacts:

As part of the mid-year the Department requested a reclassification study of two Agricultural Assistant I positions.

Total current authorized positions – 33

It is recommended that two Agricultural Assistant I positions be reclassified and block-budgeted to Agricultural Assistant II.

Total recommended authorized positions - 33

ASSESSOR: At mid-year the Assessor's budget is anticipated to exceed budgeted appropriations by \$26,816, which will be offset by an increase in expected revenues of \$26,816. Expenses are substantially under budget mainly due to payroll savings from vacant positions and these savings can be applied to vacation cash outs of \$1,943, the Ventura Decision settlement costs totaling \$37,540, an anticipated health insurance increase of \$46,000, \$7,000 for creation of a valuation program and overtime estimated at \$10,000. With the remaining cost savings as well as an increase in projected revenue from penalties for the failure to file "Change in Ownership" statements there appears to be funding available to cover most of the Department's unmet needs identified during the current fiscal year budget process.

In 1996, the Assessor's Office purchased six vehicles (used for appraisals and audits) with Property Tax Administration Program (PTAP) funds. While the Department was able to purchase two replacement vehicles last year using PTAP funds, the PTAP was suspended for Fiscal Year 2006-2007 and it is questionable whether the program will be re-established for 2007-2008. Due to the age and condition of the remaining vehicles, the Assessor's Office needs to replace the remaining four vehicles within the current fiscal year, the estimated cost is \$56,000.

Due to the lack of future support on older operating systems, the Department needs to replace or upgrade their computer operating systems. The estimated cost is \$36,870.

However, the Department's request to add four new positions (two Appraiser positions and two Appraiser Technician positions) at a cost of \$214,000 is not being recommended at this time. Nevertheless, the

Assessor's staffing needs to be reviewed as new legislation that was aimed at re-establishing the Property Tax Administration Program appears doubtful and office workload continues to grow without an increase in staffing. It is recommended that staffing be reviewed and addressed during the 2007-2008 Proposed Budget process.

Recommended Budget Adjustments: It is recommended that anticipated revenue from penalty fees and appropriations be increased \$26,816. This increase along with Department salary savings will be used to help fund \$36,870 for the replacement of computers or computer operating systems and \$56,000 for vehicles.

Recommended Staffing Impacts:

During the quarterly labor management meetings in 2006 between the County and the Stanislaus County Employees Association (SCEA), the parties discussed the possibility of re-titling the Drafting Technician I/II and Supervisor of Drafting classification to better reflect the duties associated with this classification. The parties agreed upon Cadastral Technician I/II and Cadastral Supervisor, the Department concurred with this recommendation. It is requested to re-title the classifications to Cadastral Technician I/II and Cadastral Supervisor respectively.

Total current authorized positions - 65

AUDITOR-CONTROLLER: The Department has requested an increase in expenditures and estimated revenue of \$60,000 to fund a temporary auditor position to audit purchasing card charges for subvented departments.

On September 19, 2006 this budget was increased for the cost of the Ventura settlement of retirement benefits for retirees, using funds previously designated in the General Fund for this anticipated funding exposure. After the Board approved this action, Retirement found an error in the calculation of these benefits and determined that the actual cost to the County was less than originally anticipated and actually charged out to County departments. As a result, it is recommended that the Auditor-Controller budget be reduced by \$16,836 for this originally anticipated cost, which will now not materialize as part of the Ventura settlement.

As part of the Proposed Budget the department requested a reclassification study of one Account Clerk III position. Additionally, the Department also requested several staffing changes including the addition and reclassification of positions supporting PeopleSoft and the County's payroll functions.

Recommended Budget Adjustments: It is recommended that appropriations and estimated revenue be increased by \$60,000 to fund the cost of the temporary auditor position. It is further recommended that appropriations be decreased by \$16,836 for costs related to the Ventura settlement that will not materialize and will not reduce funds previously designated for this purpose.

Recommended Staffing Impacts:

It is recommended that ten positions be studied for possible reclassification: one Software Developer Analyst III position, one Accountant I position, one Accounting Supervisor position, four Confidential Assistant III positions, one Accountant II position, one Manager II position, and one Senior Software

Developer Analyst position. It is recommended to study the request to add one Software Developer Analyst III position.

Total current authorized positions – 47

It is recommended to reclassify one Account Clerk III position to an Accounting Technician. The fiscal impact is approximately \$800 for the remainder of this fiscal year. Funding for this reclassification can be absorbed in the Department's existing appropriations.

Total recommended authorized positions – 47

CHIEF EXECUTIVE OFFICE – AIRPORT: Historically, the County has utilized the Chief Executive Office – Airport budget to fund various improvement projects at the Modesto City/County Airport using County Aircraft Taxes. These taxes are typically received in the second quarter of the fiscal year (October – December), with a clean-up payment in June. During the 2006-2007 Final Budget, \$184,566 was approved in the Chief Executive Office – Airport budget unit. Already in the current fiscal year, \$228,867 in taxes has been received, and can be paid to the City of Modesto for planned improvement projects. In order to send payment to the City in the full amount received, it is necessary to increase appropriations and estimated revenue in this budget by the difference of \$44,301. Similar to last year, it may be necessary to adjust this budget at year-end to equal the amount of Aircraft Property Taxes received in the June payment. The City anticipates using this funding to help offset costs associated with building new aircraft storage hangers, refurbishing existing aircraft storage hangers, and constructing an irrigation well.

Recommended Budget Adjustments: It is recommended that appropriations and estimated revenue be increased by \$44,301 and authorize that this budget be adjusted at year-end to equal the amount of the final Aircraft Property Taxes received, so the last payment of the Aircraft Taxes can be made to the City of Modesto.

CEO—OFFICE OF EMERGENCY SERVICES/FIRE WARDEN: Staff anticipates a decrease in appropriations and estimated revenues of \$59,070 to reflect Homeland Security Grant funds that will not materialize this year. The Office of Emergency Services/Fire Warden (OES) is requesting increased appropriations of \$13,370 from Appropriations for Contingencies, for development of a database to link the Global Positioning Units surveillance data and the GIS mapping system, for use by several departments involved with Avian Influenza management. Additionally, OES is requesting appropriations of \$51,031 to pay the County's portion of the remaining principal on the construction debt of the Regional Fire Training Center. By paying off the debt now, the County estimates savings of \$15,978 in interest charges over the next five years. Funding of \$50,000 in Fixed Assets is requested for the purchase of a vehicle to support the position of Deputy Fire Warden, which was authorized by the Board on October 17, 2006. OES has also requested appropriations of \$11,365 for materials and printing charges associated with the National Incident Management System (NIMS) training provided to all County employees during the first half of this fiscal year. Additionally, OES has identified an increase of \$23,226 in recurring communications costs to support emergency preparedness equipment purchased through Homeland Security Grant funds.

Office of Emergency Services has increased staff this year through the acquisition of the Fire Prevention Bureau function, contract employees funded through Homeland Security Grants and additional positions tied to emergency planning. At the same time, the Consolidated Fire Protection District has vacated space occupied at 3705 Oakdale Road. Office of Emergency Services, including the new Fire Prevention Bureau

staff is now occupying that space, increasing the percentage occupancy of the building by 73%, from 3,083 square feet to 5,339 square feet. The increase in office space is expected to have an impact on operating costs for the Division and budget adjustments may be necessary in the third quarter. Additionally, OES requests to buy the existing furnishings from the Consolidated Fire Protection District for use by County employees, and to reconfigure a portion of the furnishings. The furnishings were originally purchased by Consolidated for approximately \$57,000. The District has agreed to sell the furnishings to the County for \$20,413, of which \$5,013 will be paid from the County Fire Service Fund, for use by the Fire Prevention Bureau staff. The remaining \$15,310 will be a General Fund impact. The cost to reconfigure the furnishings is estimated at \$17,100.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$51,031 for the payoff of the construction debt for the Regional Fire Training Center, by \$13,370 for the development of a database in support of Avian Influenza tracking, by \$15,310 for the purchase of existing furnishings from the Consolidated Fire Protection District and by \$50,000 for the Fixed Asset purchase of a new vehicle, through the transfer of \$129,711 from Appropriations for Contingencies. It is also recommended that appropriations and estimated revenues be reduced by \$59,070 to reflect the decrease in Homeland Security Grant funding reimbursement. It is recommended that the request for funds associated with the NIMS training be addressed at third quarter if necessary. It is anticipated that OES can absorb the communications cost of \$23,226 through salary savings. The request to reconfigure the existing furnishings is not recommended at this time.

CHIEF EXECUTIVE OFFICE – OPERATIONS AND SERVICES: On September 19, 2006 this budget was increased for the cost of the Ventura settlement of retirement benefits for retirees, using funds previously designated in the General Fund for this anticipated funding exposure. After the Board approved this action, Retirement found an error in the calculation of these benefits and determined that the actual cost to the County was less than originally anticipated and actually charged out to County departments. As a result, it is recommended that the Chief Executive Office – Operations and Services budget be reduced by \$23,386 for this originally anticipated cost, which will now not materialize as part of the Ventura settlement and will not reduce funds previously designated for this purpose.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$23,386 for costs related to the Ventura settlement that will not materialize.

CHIEF EXECUTIVE OFFICE – APPROPRIATIONS FOR CONTINGENCIES: The 2006-2007 Final Budget included \$9,827,050 in appropriations for anticipated exposures including insurance increases, labor relations costs, contingency planning, and other unanticipated exposures. At that time, a number of significant unresolved issues were mentioned, including the pressure facing the County's behavioral and health services and the impacts associated with the Avian Flu in the community.

As part of the First Quarter Report, a number of transfers were approved by the Board of Supervisors, and funding has been transferred as follows:

Purpose of Transfer	Amount of Transfer
Assessor – computer purchases & maintenance, office equipment replacement	\$54,131
Clerk of the Board – chambers computer, restoration of books, records management, indexing system	\$30,200
Chief Executive Office–Operations and Services – county web page design	\$34,000
Office of Emergency Services/Fire Warden – 12 GPS units for Avian Flu survey	\$93,360
Chief Executive Office–General Fund Match to Behavioral Health and Recovery Services for negotiated increases	\$249,968
Chief Executive Office–General Fund Match to Courthouse Construction Fund to payback fund per agreement with AOC	\$17,558
Jail Medical – additional medical staffing	\$134,373
Parks – flood loss, safety equipment, compliance testing	\$37,031
Sheriff – new engine for 1977 Bell 206 L1 Long Ranger helicopter	\$100,000
TOTAL	\$750,621

As a result of these transfers, the 2006-2007 contingency balance is \$9,076,429. This report outlines \$954,885 in departmental requests for transfers, as follows:

- ◆ \$6,352 – Area Agency on Aging’s increased rent obligation through a transfer from County Match;
- ◆ \$54,537 – County Counsel - conversion of vacation and sick leave cashouts;
- ◆ \$60,297 – County Counsel - structural shortfall in salary and benefit cost;
- ◆ \$13,310 – County Counsel - additional Confidential Assistant III;
- ◆ \$46,144 – GSA-Administration - funding for salaries, supplies, and Cost Allocation Plan (CAP) charges;
- ◆ \$147,480 – GSA-Facilities Maintenance - increased General Fund requests and utility charges;
- ◆ \$51,031 – Office of Emergency Services - debt payoff of the Regional Fire Training Center;
- ◆ \$15,310 – Office of Emergency Services – purchase of furniture from Consolidated Fire;
- ◆ \$13,370 – Office of Emergency Services – develop database transfer for Avian Influenza tracking;
- ◆ \$50,000 – Office of Emergency Services – purchase of vehicle for new Deputy Fire Warden;
- ◆ \$39,000 – Public Defender retirement cashouts;
- ◆ \$57,595 – Sheriff-Administration - additional Manager III and Accountant III positions;
- ◆ \$50,000 – Sheriff-Administration - computer/infrastructure upgrades;
- ◆ \$13,133 – Sheriff-Court Security - funding for termination cashouts and Intrafund costs;
- ◆ \$70,326 – Sheriff-Detention - additional Community Service Officer and Deputy Sheriff staffing;
- ◆ \$85,000 – Sheriff-Operations – purchase of 30 mobile computers; and
- ◆ \$182,000 – Sheriff-Operations – purchase of SWAT vehicle.

It is anticipated that most of the exposures identified in the Final Budget will materialize by the end of the year. Some of the exposures have already partially materialized in the first half of the year, including some negotiated increases and funding for the Avian Flu survey. Negotiations with employee groups continue,

which will increase costs in departmental budgets in the last quarter of the fiscal year. In addition, many issues are still facing the behavioral and health services departments, which will potentially have a cost impact prior to the end of the fiscal year.

Recommended Budget Adjustment: Approve a transfer of \$954,885 for the recommendations listed above, leaving a remaining balance of \$8,121,544.

CHIEF EXECUTIVE OFFICE – GENERAL FUND MATCH: The Department of Area Agency on Aging is requesting a \$6,352 increase in County Match for the additional rent for the remainder of the 2006-2007 Fiscal Year. The District Attorney receives \$128,116 of County Match on an annual basis for the Vertical Prosecution Block Grant program. Due to increased State funding the District Attorney does not need the match for this program at this time. However, the County Match contribution may be needed to adjust claiming errors in the Rural Crimes Grant of approximately \$129,072 and as a result, no decrease in the County Match budget for the District Attorney is recommended at this time.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$6,352 for the Area Agency on Aging's additional rent cost funded through a transfer from Appropriations for Contingencies. It is also recommended that the Auditor-Controller transfer the County Match contributions made so far this year to the District Attorney's Vertical Prosecution Grant back to the General Fund, so that this funding will be available to fund up to \$129,072 in claiming errors associated with the District Attorney's Rural Crimes Grant. The recommendation to make the necessary adjustments is anticipated at third quarter.

CHIEF EXECUTIVE OFFICE – PLANT ACQUISITION: During the 2005-2006 Fiscal Year, a budget of \$200,000 was established for a Sheriff facilities needs assessment and was funded by Public Facilities Fees. That funding was expected to last through February 2007, when the original assessment was anticipated to be completed. Further work is necessary to complete the Sheriff's facility needs assessment to fully assess not only the impact of a decentralized versus centralized command structure currently being evaluated by the Sheriff, but we underestimated the effort that would be needed to fully evaluate the jail issues, including gathering statistical data needed to deliver a comprehensive law enforcement. Funding for construction management costs (\$35,000), project coordination (\$8,900), printing (\$2,000) and statistical work (\$6,100) performed by the contractor who is completing the needs assessment that was not originally anticipated is needed for a total of \$52,000.

For some time now there has been interest in updating the Juvenile Justice Master Plan to begin the process to build a Juvenile Commitment Facility. Funding to update the Juvenile Justice Master Plan will be necessary and approximately \$48,000 of existing appropriations would be available for this effort. The Sheriff and Probation Departments have been faced with proposals at the State level to address the State's inmate overcrowding issue. In all likelihood, the State will develop plans that will impact local jail and juvenile detention facilities. It is recommended at this time that we proceed with the Sheriff facilities plan as originally anticipated as well as update the Juvenile Justice Master Plan to meet the current needs. An additional \$52,000 is needed to complete the Sheriff facilities needs assessment. The Plant Acquisition budget has \$100,000 available within its existing budget to fund this cost and \$48,000 of the cost to update the juvenile facilities needs assessment.

Recommended Budget Adjustment: It is recommended that existing appropriations of \$52,000 be used to complete the Sheriff's facilities needs assessment. Recommendations seeking authorization to contract

for services and fund the update of the Juvenile Justice Master Plan will be submitted to the Board at a later date.

CLERK RECORDER – RECORDER DIVISION: At mid-year the Clerk Recorder’s budget is expected to be \$294,828 less than originally projected. This decrease is primarily a result of Salaries and Benefits savings due to several vacancies as well as savings in services and supplies.

Revenues are also projected to decrease by \$170,000 due to increases in mortgage rates, which have resulted in a reduction in recording revenue from lower than anticipated local real estate sales and refinancing activity.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$294,828 due to several vacancies and revenues be decreased by \$170,000 due to the increased mortgage rates which have resulted in fewer property transfers, resulting in a new positive contribution of \$124,828 to year-end fund balance.

CLERK RECORDER-ELECTIONS DIVISION: Due to recent legislation as well as pending legislation affecting the administration of elections in California, the conduct of elections has become ever more complex and statutory requirements have increased the need for specialization in segments of election management. In order to ensure the County’s Elections Division is compliant with the Help America Vote Act (HAVA) mandates, Forefront Elections Solutions, a firm that specializes in organizational studies for Election Divisions nationwide, was hired to complete an organizational study. While the study was completed earlier this fiscal year, elections management and staff from the Human Resources Division of the Chief Executive Office have met to review the results of the study, discuss the Division’s needs and to refine the proposed organizational structure.

Based on the results of the study and further discussions, it is recommended to add four positions and upgrade three. It is believed that this reorganization will enable the Division to achieve enhanced worker accountability and specialization in the following areas: Voter Registration, Absentee Ballots, Candidate Services, Poll Operations, Warehouse Operations and Voting System Management/Chain of Custody.

While the annual cost of this reorganization is estimated at \$249,768, the cost for this fiscal year is estimated at \$62,442 for Salaries and Benefits as well as the equipment needs for the new positions is estimated at \$38,000, can be funded from the Division’s current year cost savings.

Recommended Staffing Impacts:

Total current authorized positions – 10

It is recommended to reclassify upward one Administrative Clerk IV position to Staff Services Technician, one Staff Services Technician position to Staff Services Analyst, one Manager I position to a block-budgeted Manager II, and one Storekeeper I position to a block-budgeted Storekeeper II.

Further, it is recommended to add one Administrative Clerk III position, two Staff Services Technician positions, and one block-budgeted Manager II position.

The fiscal impact for all of the recommended changes related to this re-organization is approximately \$62,442 for the remainder of the fiscal year, which can be funded by the Department's existing appropriations.

Total recommended authorized positions – 14

COUNTY COUNSEL: At mid-year County Counsel's budget is projected to exceed existing appropriations by \$128,144. This shortfall is primarily a result of a \$60,297 structural shortfall in Salaries and Benefits, \$54,537 for vacation and sick leave cash outs, as well as the additional funding for a Confidential Assistant III position for the remainder of the year at a cost of \$13,310 and an annual cost of \$52,240. The new Confidential Assistant III will be critical in filling a void in support staff needed to provide clerical support to ten attorneys.

Revenues are projected to decrease by \$29,182, which is a result of providing more services to General Fund departments as well as an increase in complex public information requests.

Recommended Budget Adjustments: It is recommended that appropriations be increased by \$13,310 for the cost of a Confidential Assistant III position for the remainder of the fiscal year and that appropriations be increased by \$114,834, for salary and cashouts costs. The increase in appropriations totaling \$128,144 will be funded by a transfer from Appropriations for Contingencies. It is also recommended that revenue be decreased by \$29,192, due to providing more services to General Fund departments, adversely impacting year-end fund balance.

Recommended Staffing Impacts:

Total current authorized positions – 17

It is recommended to add one Confidential Assistant III position to this budget unit. The fiscal impact is approximately \$13,310 for the remainder of the fiscal year.

Total recommended authorized positions – 18

DISTRICT ATTORNEY-CRIMINAL: The District Attorney anticipates that this budget will end the year in a positive position. The Department has experienced salary savings due to the delay in filling positions that has made funding available to cover the cost of increased health insurance, cashouts, and increased Fleet Services charges. The District Attorney also anticipates that revenue is projected to come in near or at budget overall. The District Attorney has been able to use existing appropriations to fund some needs associated with the move to the new building.

The District Attorney has closely evaluated the office support needs and has requested a new Legal Clerk III position to assist with imaging of old, archived documents and to assist with the delivery to and filing of cases, motions and calendar requests with the court. The Department can fund the projected \$11,899 cost of this position for the remaining four months of this fiscal year out of existing appropriations. The cost next year is projected to be \$35,698. The District Attorney through separate board agenda items will review the outcomes associated with the Real Estate Fraud and Consumer Fraud budget units and the value to the community associated with continuing these two programs.

Finally, it will be necessary to fund the build out of the fifth floor in the Twelfth Street Office Building next year. This build out and eventual relocation of District Attorney staff that did not move to the new Office Building, but remain on the fourth floor of the Courthouse will be consistent with the "Letter of Understanding Between Stanislaus County and the Superior Court Concerning Use of County Space". Constructing the interior space on the fifth floor would meet the District Attorney's short-term office needs, and based on current discussions, may provide space for the next several years for the multi-jurisdictional High Tech Crimes Task Force currently in search of expanded space. Preliminary projections estimate the cost of this project would be approximately \$600,000.

Finally, the District Attorney's Rural Crime grant has been reviewed and claiming errors for this grant have occurred over the period of the grant funding dating back to early 2000. The review indicates that funding in the range of \$53,781 to \$129,072 may be due to the State Office of Emergency Services. The District Attorney and the Auditor-Controller are working with this State agency to resolve the funding issue. Based upon increased grant funding in the Vertical Prosecution Grant, the previously budgeted County Match of \$128,116 may be available to fund this exposure. A review and anticipated resolution of this issue will occur as part of the Third Quarter Financial Report.

Recommended Budget Adjustments: There is no recommendation to adjust the budget for the addition of a new Legal Clerk III position at this time because the District Attorney has sufficient salary savings to cover the cost of the position for the remainder of this fiscal year. The cost next year, which will require an adjustment to the District Attorney's base budget, would be \$35,698.

Recommended Staffing Impacts:

Total current authorized positions – 122

It is recommended to add one block-budgeted Legal Clerk III position. The fiscal impact is approximately \$11,899 for the remainder of the fiscal year. Funding for this reclassification can be absorbed in the Department's existing appropriations.

Total recommended authorized positions – 123

GENERAL SERVICES AGENCY—ADMINISTRATION: This Department is projecting higher than anticipated year-end expenditures due to insufficient funds for salaries, computers, supplies and Cost Allocation Plan (CAP) charges. This budget unit was established as part of the 2006-2007 Proposed Budget, and since that time positions have been filled and a clearer understanding of the fiscal and staffing costs have occurred.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$46,144. The increased net county cost will be funded by a transfer from Appropriations for Contingencies.

Recommended Staffing Impacts:

The Department has requested to transfer one Accounting Technician position to this budget unit from the Purchasing budget unit and to transfer one Account Clerk III position to this budget unit from the Facilities Maintenance budget unit. Additionally, the Department has requested a reclassification study of an Account Clerk III position.

Total current authorized positions - 3

It is recommended to transfer one Accounting Technician to this budget unit from the Purchasing budget unit.

It is recommended to transfer one Account Clerk III position to this budget unit from the Facilities budget unit. Further, it is recommended to reclassify this position to an Accountant I. The fiscal impact is approximately \$1,031 for the remainder of the fiscal year. Funding for this reclassification can be absorbed in the Department's existing appropriations.

Total recommended authorized positions - 5

GSA—FACILITIES MAINTENANCE: The Department anticipates an increase in expenses of \$303,700 due to increased utility costs and an increase in maintenance needs of General Fund departments. Revenues are expected to increase by \$156,220 to offset the increase in utility charges, as these are designed as pass-through for utility bills to be paid by a single source and reimbursed by departments benefiting from the service.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$303,700 and estimated revenues by \$156,220, for utility expenses and maintenance services to General Fund Departments, for a net county cost increase of \$147,480 to be funded by a transfer from Appropriations for Contingencies.

Recommended Staffing Impacts:

Total current authorized positions - 53

It is recommended to transfer one Account Clerk III position from this budget unit to the Administration budget unit.

Total recommended authorized positions - 52

GSA—PURCHASING: The Department has requested a Senior Buyer position be reclassified. It is recommended to study this request. The Department has requested to transfer one Accounting Technician from this budget unit to the Administration budget unit.

Recommended Staffing Impacts:

Total current authorized positions - 8

It is recommended to transfer one Accounting Technician position from this budget unit to the Administration budget unit.

Total recommended authorized positions - 7

PLANNING AND COMMUNITY DEVELOPMENT: On September 19, 2006, the Planning and Community Development budget unit was increased for the cost of the Ventura settlement of retirement benefits for

retirees, using funds previously designated in the General Fund for this anticipated funding exposure. After the Board approved this action, Retirement found an error in the calculation of these benefits and determined that the actual cost to the County was less than originally anticipated and actually charged out to County departments. As a result, it is recommended that the Planning and Community Development budget be reduced by \$24,937 for this originally anticipated cost, which will now not materialize as part of the Ventura settlement.

On December 12, 2006, the Board of Supervisors approved the realignment of the Building Permits Division (formerly Development Services) from the Department of Public Works to the Department of Planning and Community Development. At that time, the positions assigned to Building Permits were transferred to the Planning – Building Permits budget unit. As part of this realignment, one Account Clerk III position was transferred to the Planning and Community Development main budget unit. This position should have been transferred to the Planning – Building Permits budget unit instead. Thus, it is requested to transfer this position to the Building Permits budget unit as part of mid-year. The Department has also requested a reclassification study of one Staff Services Coordinator. It is recommended to study this request.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$24,937 for costs related to the Ventura settlement that will not materialize and will not reduce funds previously designated for this purpose.

Recommended Staffing Impacts:

Total current authorized positions - 19

It is recommended to transfer one Account Clerk III position from this budget unit to the Planning – Building Permits budget unit.

Total recommended authorized positions - 18

PROBATION – ADMINISTRATION, CASEWORK AND INSTITUTIONS: At mid-year these three Probation Department budgets appear to be on track to end the year in a positive position, if adjustments in appropriations can be made between these budget units prior to year-end. This includes the Department funding increased salary and health benefit costs not originally included in the budget through the use of anticipated salary savings. The Chief Probation Officer has requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process the Department's request to transfer appropriations among the three budget units of Administration, Casework and Institutions in order for these budgets to end the year in a positive position. The Chief Probation Officer also requested to increase appropriations and anticipated revenue by \$119,600 for Standards and Training for Corrections (STC) revenue restored by the State this year, after the Final Budget was approved.

The State of California is in the process of evaluating options to address their inmate overcrowding in State facilities. There is a current proposal that would provide incentives to counties to house non-violent juvenile offenders locally rather than transfer them to the Youth Authority. The current discussions propose funding for counties for the increased operational cost of maintaining these juveniles in local facilities as well as funding for new facilities. In addition, for some time now the County has had a goal of building a commitment facility locally consistent with the 1996 Juvenile Justice Master Plan. In order to meet the

County's future housing needs it is recommended that existing funding in the Plant Acquisition budget be dedicated to complete the current Sheriff's facilities needs assessment and to update the Juvenile Justice Master Plan.

The Department has requested a classification study of one Confidential Assistant III position in Administration due to increased technical reporting duties associated with Standards and Training for Correction (STC).

Recommended Budget Adjustments: It is recommended that the Auditor-Controller and the Chief Executive Officer be granted the authority to process the Chief Probation Officer's request to transfer appropriations among the three Probation budget units of Administration, Casework and Institutions prior to year-end if necessary. It is also recommended that estimated revenue received from the State to reimburse costs associated with Standards and Training for Corrections (STC) be increased \$119,600 on a one-time basis. It is not recommended that appropriations be increased at this time because the costs that the funding is reimbursing were previously included in the Department's budget. This revenue increase will have a positive impact on year-end fund balance.

Recommended Staffing Impacts:

It is recommended that one Confidential Assistant III position assigned to Human Resources be studied.

PUBLIC DEFENDER: At the end of Fiscal Year 2005-2006 the Board of Supervisors approved the imposition of a \$25 administration fee for each new public defender client as well as those represented by the conflict firms and appointed counsel. This new fee was to be collected by the Treasurer/Tax Collector Revenue Recovery Division. This fee was to generate revenues that would exceed the cost of collecting it. Revenues from attorney fees are down and costs associated with the collection of those fees have risen. In previous years the amount of attorney fees collected at mid-year have been much greater, this fiscal year we are at 22% of the expected collection in these fees compared to 63% last fiscal year. The Public Defender's Office is currently working with the Revenue Recovery Division to research if the collection of the new administrative fee is taking resources away from the collection of traditional attorney's fees. Additionally, this budget anticipates increased expenditures of \$39,000 due to unexpected retirement cashouts of two experienced Attorneys.

Recommended Budget Adjustments: It is recommended that appropriations be increased in this budget by \$39,000 to fund the retirement cashouts, which will be funded by a transfer from Appropriations for Contingencies. Due to the revenue shortfall in the collection of Attorney's fees, this budget will be reviewed again at third quarter.

SHERIFF-ADMINISTRATION: In an effort to realign actual costs and positions with actual division assignments, the Sheriff's Department mid-year review included a number of requests to transfer positions and appropriations between the Sheriff's budget units. The Sheriff also requested the establishment of a Training Center budget, so that all costs associated with criminal justice training would be included in one budget unit. As a result, the mid-year recommendations include a number of both position and funding transfers associated with meeting the Sheriff's objective as well as new funding requests.

The Sheriff's Department reviewed the existing budgets and will be able to fund a number of increased and new unbudgeted operational costs through salary savings that were not originally included in the Sheriff's

budgeted appropriations. This includes termination cashout costs, increased health insurance and fleet costs. In order to ensure the Sheriff's three main General Fund budgets end the year in a positive position, it is requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process Sheriff's Department requests to transfer appropriations among the three Sheriff budget units of Administration, Detention and Operations in order for these budgets to end the year in a positive position.

The Sheriff requested a transfer of \$662,595 in appropriations from the Operations budget to Administration for the following costs:

- ◆ \$82,000 for unfunded termination cashouts;
- ◆ \$95,158 to transfer four months of salary costs for one Assistant Sheriff and one Confidential Assistant III position from Operations to Administration and title change the Assistant Sheriff position to Undersheriff;
- ◆ \$63,437 to transfer four months of salary costs transferred from Operations for one Assistant Sheriff position transferred from Detention and downgrade the position to Captain;
- ◆ \$325,000 to transfer background investigators and recruitment staff Salaries and Benefits costs;
- ◆ \$70,000 in recruitment pre-placement drug tests and psychological examinations; and
- ◆ \$27,000 in Fleet Services fuel, depreciation and rental vehicle costs for vehicles assigned to Administration.

The Sheriff also requested additional funding for a new Manager III position to manage the Department's Human Resources function, a new Accountant III position and a new Deputy Sheriff-Coroner position to free up a Deputy Sheriff Custodial position assigned to Detention that currently functions as the Department's Public Information Officer. The cost of the three new positions for the remaining four months of the fiscal year is estimated at \$96,636. Also requested was \$50,000 of one-time infrastructure upgrades for computer related equipment. Based upon further discussions with the Sheriff's staff, they will transfer a vacant Deputy Sheriff Coroner position from Operations for the Public Information Officer function. This transfer will provide an authorized position in Administration where the responsibility resides and will free up a position in Detention that can be filled for Detention staffing needs. The Sheriff will request a new Deputy Sheriff Coroner position when the Department is closer to getting all of the vacancies filled.

The new Human Resources Manager position will provide much needed support to the Department's discipline, recruitment, employee relations and oversight of the payroll function and will free up a Lieutenant position that has been historically assigned to Administration, so that it can be re-assigned to Operations. With the Proposed Budget the Sheriff will request a transfer of the Lieutenant position to Operations. The Sheriff recently reorganized his top management structure to include one Undersheriff and three Captain positions in lieu of the previous structure of two Assistant Sheriffs and two Captains. The third Captain will manage Information Technology, Backgrounds, Internal Affairs, Human Resources, Media Relations, Records, Coroner Facility, Property and Evidence, and the Training Center and with the addition of the Human Resources Manager position an Administrative Lieutenant is no longer required.

The new Accountant position will provide much needed accounting support for the Sheriff's budget units. The new position will provide greater financial accountability for the Sheriff's grant programs and will reduce overtime costs and provide the ability for the Department to proactively plan for the future and develop and monitor long range financial planning.

The Department requested to transfer an Account Clerk III position and four months of the salary and benefit costs totaling \$20,300 out of Administration to the Training Center.

A project team including the Chief Executive Office – Capital Projects Division and the Sheriff and his staff have begun the needs assessment review of Sheriff law enforcement facilities including Jails/Detention, Coroner, Hi Tech Crimes and Sheriff's Operations. This project is currently underway and includes consideration of the impact of the Sheriff's proposal to establish decentralized command posts throughout the County. It is anticipated that the needs assessment will be presented to the Board in the next two to three months with recommendations of next steps to be identified at that time. In addition, a number of proposals have been made at the State level to address the State's inmate housing crisis for both adult and juvenile offenders. In all likelihood the State will develop a plan that will impact local adult and/or juvenile facilities. As a result it is critical that Stanislaus County complete the current needs assessment and broaden the scope to include an update of the 1996 Juvenile Justice Master Plan. At some point, in the future, it may be necessary to expand the scope of the study pending State actions impacting adult and juvenile inmate housing at the local level. Use of up to \$100,000 in existing appropriations in the Plant Acquisition budget to complete the current Sheriff Facilities needs assessment as well as to update the Juvenile Justice Master Plan is recommended in this budget.

Recommended Budget Adjustments: It is recommended that the Auditor-Controller and the Chief Executive Officer be granted the authority to process the Sheriff's request to transfer appropriations among the three budget units of Administration, Detention and Operations prior to year-end if necessary. It is recommended that \$662,595 in appropriations be transferred from Operations to Administration to align department funding and staffing with the assignments. Appropriations in the amount of \$20,300 are recommended to be transferred to the Training Center budget to cover the cost of the Account Clerk III position being transferred there. It is also requested that appropriations be increased by \$57,595 to fund four months of funding for one new Manager III position and one new Accountant III position and \$50,000 in one time funding for Department computers and computer infrastructure needs. The increased cost of \$107,595 will be funded through a transfer from Appropriations for Contingencies. The Sheriff's base budget will need to be adjusted for the full \$172,785 cost of the two new positions next fiscal year.

Recommended Staffing Impacts:

The Department has requested a reclassification study of a Software Developer Analyst III position. It is recommended to study this request.

Total current authorized positions – 25

It is recommended to add one block-budgeted Manager III position and one Accountant III position.

It is also recommended to transfer in one Confidential Assistant III position and one Deputy Sheriff position from the Operations budget unit to this budget unit.

It is further recommended to transfer in one Assistant Sheriff position from the Detention budget unit to this budget unit and to reclassify this position downward to Captain.

Additionally, it is recommended to transfer in one Assistant Sheriff position to this budget unit from the Detention budget unit and to change the title of the Assistant Sheriff classification to Undersheriff, which will

remain an unclassified position with the same benefits and associated salary as the current classification. Further, it is recommended to delete the Assistant Sheriff classification.

It is also recommended to transfer out one Account Clerk III position from this budget unit to the Ray Simon Training Center budget unit.

Total recommended authorized positions – 30

SHERIFF – CONTRACT CITIES: The Department has requested to add a Deputy Sheriff position to the City of Waterford to maintain the 0.85 officers per 1,000 population staffing ratio as required in the contract between the County and the City of Waterford. The total cost of the position on an annual basis is \$108,118. The Department has requested a \$36,040 increase in appropriations and anticipated revenue received through the contract with the City of Waterford law enforcement services to cover four months of the anticipated cost of this new position. The Department also requested the addition of a Legal Clerk III position for the City of Patterson contract to assist with data entry of reports, citations, and public contact services in the Records Division. The annual cost of the position is \$51,532. The Department has requested a \$17,177 increase in appropriations and anticipated revenue from the City of Patterson contract for the cost of this new position. In order for the budget to end the year in a positive position it will be necessary to increase anticipated health insurance costs by \$43,000 to cover the January 2007 increased premium cost. This cost will be spread among and funded by the four contract cities.

The Sheriff has reviewed positions allocated throughout the Department and is making a number of requests to transfer positions to the budget where all or a majority of the services are provided. The Sheriff's Department is requesting to transfer four Lieutenant positions that serve as the Chief of Police for Riverbank, Patterson, Hughson and Waterford and one Sergeant position from the Sheriff's Operations budget to the Contract Cities budget to more accurately align staffing with the budget.

Recommended Budget Adjustment: It is recommended that appropriations and estimated revenue received through the city contracts for law enforcement services be increased \$60,177 to cover four months of the cost of one Legal Clerk III at \$17,177 and increased health benefit costs of \$43,000.

Recommended Staffing Impacts:

Total current authorized positions – 51

The addition of one Deputy Sheriff Coroner position is not recommended to be added to this budget unit assigned to the City of Waterford at this time. The Sheriff's Department has numerous Deputy Sheriff Coroner position vacancies that need to be given priority to be filled prior to increasing positions in the Contract Cities. This request will be reviewed at a later date after the Sheriff has been successful in hiring additional sworn personnel.

It is recommended to add one block-budgeted Legal Clerk III position to this budget unit assigned to the City of Patterson. The fiscal impact is approximately \$17,177 for four months of this fiscal year. The City of Patterson will fund this position and there is no additional cost to the County's General Fund.

Further it is recommended to transfer in one Sergeant position assigned to the City of Waterford and four Lieutenant positions, which serve as Chief of Police for each Contract City to this budget unit from the Operations budget unit.

Total recommended authorized positions – 57

SHERIFF – COURT SECURITY: The Sheriff requested an increase to this budget to cover increased health insurance costs (\$30,000), termination (\$5,000) and compensatory time (\$6,000) cashouts, increased Auditor-Controller Intrafund charges (\$8,133) and additional funding of \$60,708 to cover seven months of a per diem Deputy Sheriff to staff the new Department 22 currently housed in the former District Attorney training room and four months of the cost of a new Sergeant position.

The Court agreed to increase funding to the Sheriff by \$38,201 for the additional staffing needed for their new Department 22 bringing the Court's total funding for Court Security to \$3,247,188. With this additional funding the requested increased net county cost would be \$71,640.

In the past the Court has not funded termination cashout and County overhead costs. The Court has not agreed to fund the additional costs identified by the Sheriff, although discussions are continuing with the Court on the Court Security agreement, which expired on June 30, 2006. The Sheriff is adamant that the existing span of control between the currently authorized Sergeant position in Court Security and Court Security staff of one to 35 is not acceptable and feels strongly that a second Sergeant position must be added. At this point the Court has not agreed to fund the new position, although the Sheriff believes this position is critical even if it means that he will reduce staffing to the courtrooms to cover the increased cost, while remaining within the approved budget and net county cost. To meet this staffing need it is recommended that one existing Deputy Sheriff Coroner position be upgraded to Sergeant, although no additional funding is recommended. It is anticipated that an adjustment will be made to program appropriations and staffing once an agreement is reached with the Court. It is appropriate that funding be provided for the termination cashout and Intrafund costs totaling \$13,133. The Sheriff requested the transfer of a Deputy Sheriff-Custodial position from Detention. Funding for the position is already included in the Court Security budget.

Recommended Budget Adjustments: It is recommended that termination cashout and Intrafund costs totaling \$13,133 be funded through a transfer from Appropriations for Contingencies. It is also recommended that appropriations for salary costs for the new Department 22 and additional anticipated revenue agreed to by the Superior Court, be increased \$38,201. The remaining costs identified by the Sheriff are not recommended for funding at this time, in anticipation of the Sheriff and the Superior Court reaching agreement on the Court Security contract.

Recommended Staffing Impacts:

Total current authorized positions – 29

It is recommended to transfer in one Deputy Sheriff Custodial position to this budget unit from the Detention budget unit.

It is recommended to reclassify upward one Deputy Sheriff position to Sergeant.

Total recommended authorized positions – 30

SHERIFF – DETENTION: The Sheriff's review of this budget at mid-year anticipates that the increase in health benefits costs of \$254,000 and unfunded termination and compensatory time cash out costs of \$279,000 can be absorbed in this budget this year due to anticipated salary savings. Due to the number of vacancies, training requirements and sick time usage in the first six months of the fiscal year, the Adult Detention Division was forced to cover fixed posts with staff on an overtime or extra help basis. Overtime usage in Adult Detention has also increased due to the high number of hospitalized inmates requiring Detention custodial deputy supervision. The current allocated relief factor for Detention deputies is insufficient to cover vacation, sick time usage, family leave, etc. As a result the Sheriff is requesting the addition of two new Deputy Sheriff Custodial positions at a cost of \$66,245 for the remaining four months of the fiscal year or \$198,734 next year. The Sheriff requested a Deputy Sheriff Custodial position to perform duties as a K-9 deputy for drug detection and eradication both inside and outside of the custodial facilities. Also requested is the addition of five Community Services Officer positions. Currently four Deputy Sheriff Custodial positions are underfilled with Community Services Officers. The plan to utilize this level of personnel has worked effectively and the Sheriff has asked for these positions to be added so that the Deputy positions can be freed up and filled at the higher level. The fifth position would be assigned to the Jail Alternatives Unit and would be responsible for the booking fingerprinting, interviewing and obtaining criminal history reports, and assigning participants to Jail Alternatives programs. The Sheriff requested additional funding of \$26,701 for four months of the cost of the fifth Community Service Officer position. It is anticipated that department revenue will be sufficient next fiscal year to cover the full cost, \$64,082 of this new position. The Sheriff also requested \$132,498 to fund four months of the cost of the four underfilled Deputy Sheriff Custodial positions so that these positions can be filled. A review of this funding request is recommended to occur at third quarter, although the full cost for next fiscal year will be \$397,468.

Consistent with the Sheriff's overall department realignment plan, the Department is requesting to transfer the Assistant Sheriff position to Administration with funding for this position to be transferred from Operations, one Deputy Sheriff Custodial position and funding in the amount of \$33,122 to the Training Center and one Deputy Sheriff Custodial position to Court Security where funding is already budgeted for this position.

The Sheriff requested \$91,000 for a one time purchase of 190 Galls Body Armor to increase staff safety at a cost of \$53,000 and to purchase 22 Tasers at a cost of \$38,000. Violence is increasing in the Detention facilities with this safety equipment becoming part of the mandatory uniform for all Detention deputies.

Finally, the Sheriff requested a \$113,620 increase in revenue to recognize revenue received from the Standards and Training for Corrections (STC) Program to train and hire corrections deputies. The State Legislature reinstated this funding for the 2006-2007 Fiscal Year after it was discontinued in the 2003-2004 Fiscal Year.

Recommended Budget Adjustments: It is recommended that appropriations be decreased \$33,122 for four months of Salaries and Benefits costs of one Deputy Sheriff Custodial position funded in the Detention budget that will be transferred to the Ray Simon Training Center budget. It is also recommended that appropriations be increased \$92,946 to fund one of the five additional Community Services Officers, two new Deputy Sheriff Custodial positions and \$91,000 for safety equipment. The cost of these recommendations will be partially funded by the \$113,620 increase in Department Standards and Training for Corrections (STC) revenue that will reimburse the Sheriff for costs in the existing budget and a \$70,326

transfer from Appropriations for Contingencies. A review will be conducted at third quarter to determine if an additional adjustment will be necessary to fund the Deputy Sheriff Custodial positions previously underfilled with the Community Service Officer's. The K-9 Deputy position is not recommended at this time. The projected base adjustment to the Sheriff's 2007-2008 Proposed Budget will be \$660,284 in appropriations and \$64,082 in anticipated revenue.

Recommended Staffing Impacts:

Total current authorized positions – 284

It is recommended to transfer out one Assistant Sheriff position from this budget unit to the Administration budget unit, one Deputy Sheriff Custodial position from this budget unit to the Court Security budget unit, and one Deputy Sheriff Custodial position from this budget unit to the Ray Simon Training Center budget unit.

Additionally, it is also recommended to add five Community Services Officer positions and two Deputy Sheriff Custodial positions.

Total recommended authorized positions – 288

SHERIFF - OPERATIONS: The Operations budget has experienced a high number of Deputy Sheriff vacancies during the first half of the fiscal year. Conservative estimates show that there has been an average of 23 vacant positions since July 2006. The 23 vacant positions will lead to the equivalent of approximately \$2 million in salary savings for these funded positions. The offset to the salary savings has been an increase in mandatory overtime and use of extra help staff of over \$400,000 more than the same time last year, which is necessary to provide essential law enforcement services. The actual cost in these two categories is expected to exceed appropriations by \$692,000 and \$205,000 respectively. This brings the salary savings down to approximately \$1.1 million.

The County's health benefits increase is expected to have a \$209,000 impact on the Operations budget. Unfunded liabilities for termination cash-outs will increase the Operations expenses \$259,000. The Department believes it can fund these expenditures in its current budget due to salary savings generated by vacant positions during the first six months of the fiscal year.

The Department is making several changes to move Salaries and Benefits appropriations from Operations to the Administration budget. These changes are necessary to correctly allocate positions and related costs that provide administrative oversight for the overall operations and management of the Sheriff's Department. These changes include:

- ◆ \$82,000 for unfunded termination cashouts;
- ◆ \$95,158 to transfer four months of salary costs for one Assistant Sheriff and one Confidential Assistant III position from Operations to Administration and title change the Assistant Sheriff position to Undersheriff;
- ◆ \$63,437 to transfer four months of salary costs transferred from Operations for one Assistant Sheriff position transferred from Detention and downgrade the position to Captain;
- ◆ \$325,000 to transfer background investigators and recruitment staff Salaries and Benefits costs;

- ◆ \$70,000 in recruitment pre-placement drug tests and psychological examinations; and
- ◆ \$27,000 in Fleet Services fuel, depreciation and rental vehicle costs for vehicles assigned to Administration.

The Sheriff requested an increase in appropriations to fund critical infrastructure needs, which are primarily related to employee safety. This increase is necessary to fund \$85,000 to install 30 mobile computers in the patrol vehicles. The Sheriff is transferring existing funding for increased ammunition costs of \$20,000. The department is requesting to transfer \$15,850 in existing appropriations for the Sheriff's mounted unit to purchase mandatory equipment, and training aids and \$17,000 to make the following equipment purchases: \$7,000 for 30 high profile load bearing vests for the detectives unit; \$7,300 to replace four submersible pressure gauges and three dry suits for the Dive Team; \$1,200 to purchase six self inflating life vests for the reservoir deputies and \$1,500 for 60 Ambu bags and CPR kits for patrol cars to enhance officer safety. The Records Division is using \$59,000 of salary savings to purchase ergonomic workstations, computers and printers to improve work performance and increase operational efficiencies.

The Sheriff's Department is asking for increased funding of \$85,000 for the installation of 30 mobile computers in the patrol cars.

The Sheriff has requested the transfer of \$5,800 in salary savings to Fixed Assets to purchase an ergonomic full-face helmet with a floating visor system providing balanced protection against four major blast threats (overpressure, fragmentation, impact and heat/flame) with integrated speakers and microphone and built in environmental awareness system. Also requested is the transfer of \$12,507 in Fixed Assets for vehicle purchases to purchase radio and telecommunications equipment.

The Sheriff requested a new Deputy Sheriff Coroner position in Operations for the PAL Program. Currently a Deputy Sheriff Custodial assigned to Detention is responsible for this Program. The addition of this position in Operations would free up the position in Detention.

The Sheriff requested \$282,000 to fund a state of the art tactical armored vehicle for the SWAT Team. Currently the SWAT Team responds to calls for service in a 1987 retrofitted delivery truck or a 1979-armored car. The SWAT vehicle has a top speed of 50 MPH, with over 160,000 miles, no ballistic protection and according to Fleet Services will not meet the 2007 diesel emission standards. The armored car has over 255,000 miles with limited ballistic protection. The purchase of this multi-purpose, state of the art vehicle will help ensure a safe tactical response and deployment to high-risk warrants services, officer rescues, acts of civil unrest, group evacuations and gang intervention.

The Department has projected a \$505,000 increase in Fleet Services expenditures for vehicle depreciation, repairs and maintenance. In the Proposed Budget the department submitted an unmet needs request of \$252,589 for fleet services expenditures, the recommendation was to review the charges at mid-year. Based on the current salary savings the Department believes it can fund the additional cost this year, however, an adjustment to the Department base budget will be necessary for the 2007-2008 Fiscal Year.

On September 19, 2006 this budget was increased for the cost of the Ventura settlement of retirement benefits for retirees, using funds previously designated in the General Fund for this anticipated funding exposure. After the Board approved this action, Retirement found an error in the calculation of these benefits and determined that the actual cost to the County was less than originally anticipated and actually

charged out to County departments. As a result, it is recommended that the Operations budget be reduced by \$66,200 for this originally anticipated cost, which will now not materialize as part of the Ventura settlement.

The Operations budget revenue projections are consistent with previous years and expected to materialize by year-end. Depending on staffing levels the department may be forced to reduce or eliminate specialty programs like the School Resource Officers and canal patrols. This would have an impact in the revenue generated for services that offset overtime costs. The Department received a substantial SB 90 claiming program reimbursement this year in the amount of \$486,936.

The Department has requested a study of an Account Clerk II position. It is recommended to study this request.

Recommended Budget Adjustments: It is recommended that four months of salary and benefit costs totaling \$128,689 for three existing positions funded in the Operations budget be transferred to the Ray Simon Training Center budget. It is also recommended that anticipated revenue for the cost of the Lieutenant position currently provided by the Yosemite Community College District be transferred from the Operations budget to the Training Center budget unit in the amount of \$46,009 for the remaining four months of the fiscal year. It is recommended that \$662,595 in appropriations be transferred from this budget to Administration for the cost of the two Assistant Sheriff positions and one Confidential Assistant III position (\$158,595); cashout costs (\$82,000), costs associated with background/recruitment staff salary and benefit costs and pre-placement drug testing and psychological exams (\$395,000) and increased Fleet Services costs (\$27,000). It is also recommended that the budget be reduced by \$66,200 for the Ventura Decision settlement correction. Finally it is recommended that appropriations be increased \$367,000 for the purchase of the new SWAT vehicle (\$282,000) and 30 patrol vehicle laptops (\$85,000) through a transfer of \$267,000 from Appropriations for Contingencies and use of \$100,000 from Contract Cities' fund balance. The Sheriff will pursue the feasibility of offsetting a portion of the net county cost that will be transferred from Appropriations for Contingencies through use of Sheriff Public Facility Fees. Additional Public Safety Sales Tax revenue (Prop 172) may also be available to fund the cost associated with the contingency transfer. A review of the recommended adjustment to Appropriations for Contingencies will be evaluated at third quarter with a possible recommendation to restore the contingency funding if not needed in its entirety due to the availability of these alternative funding sources. The additional position for the PAL Program is not recommended at this time.

Recommended Staffing Impacts:

Total current authorized positions – 253

It is recommended to transfer four Lieutenant positions and one Sergeant position from this budget unit to the Contract Cities budget unit to better reflect the staffing associated with the Contract Cities. It is also recommended to transfer out one Assistant Sheriff position, one Confidential Assistant III position and one Deputy Sheriff position from this budget unit to the Administration budget unit. It is further recommended to transfer out one Lieutenant position, one Sergeant position, and one Deputy Sheriff position from this budget unit to the Ray Simon Training Center budget unit.

Total recommended authorized positions – 242

SHERIFF – RAY SIMON TRAINING CENTER (Transfer of budget responsibilities from the Chief Executive Office – Ray Simon Training Center Budget assigned to Efficient Delivery of Public Services to the Sheriff’s Department in A Safe Community)

As part of the mid-year review it is recommended that the Chief Executive Office–Ray Simon Training Center budget be transferred to the Sheriff’s Department in an effort to consolidate all costs and anticipated revenue associated with the operation of the Training Center into one budget unit. The Chief Executive Office Ray Simon Training Center budget was established in Fiscal Year 2003-2004 to include facility costs associated with the Ray Simon Regional Criminal Justice Training Center. The budget contains the debt service obligation for the facility, as well as projected maintenance and utility costs. Specified areas of the facility have been utilized by the Yosemite Community College District to provided criminal justice training under a month-to-month holding over lease agreement providing \$150,000 in revenue to this budget.

The Ray Simon Regional Criminal Justice Training Center was originally formed under a Joint Powers agreement between the City of Modesto, Stanislaus County and the Yosemite Community College District. The parties agreed to dissolve the Joint Powers Agreement with the College District contracting directly with the City of Modesto and the Sheriff using college funding for a Director and Coordinator positions provided by the City of Modesto and the Sheriff. Previously the training model has been to rotate the two positions between the City and the County every five years. In January 2007 the Peace Officers Standards for Training (POST) regulatory agency certified the regional training academy to the Sheriff’s Department. At the present time the Sheriff has a Lieutenant assigned as the Director funded by the College at an annual amount of \$138,026 and the City of Modesto has a Sergeant assigned. In addition, the Sheriff has staffed the Training Center with a Sergeant and Deputy Sheriff funded in the Operations budget and a Deputy Sheriff Custodial position funded in the Detention budget.

The Sheriff has been looking at improved business models to enhance the operations of the Training Center, including looking at other programs such as that managed by the Alameda County Sheriff’s Department. Efforts have been ongoing with the College District, the Modesto Police Department and representatives from Police Officer’s Standard and Training (P.O.S.T) to establish a new funding and operational model.

The Sheriff’s Department requested additional staffing including one Sergeant and two Deputy Sheriff positions as part of their mid-year request, however, the request to add staff is not recommended at this time. It is anticipated that once a new business model is established the additional staffing request will be reviewed.

It is recommended that existing Sheriff’s staffing and appropriations be transferred to the existing Ray Simon Training Center budget and this budget be transferred to the Sheriff, to reflect all costs in one budget unit, instead of four budget units as is currently the case. This will result in the transfer of a Lieutenant, Sergeant and Deputy Sheriff position and existing appropriations for four months of Salaries and Benefits costs in the amount of \$128,689 and revenue of \$46,009 from the Sheriff’s Operations budget to the Ray Simon Training Center budget formerly managed by the Chief Executive Office. Also recommended is the transfer of one Deputy Sheriff Custodial position and four months of funding in the amount of \$33,122 from the Detention budget and one Account Clerk III position and four months of funding of \$20,300 from the Sheriff’s Administration budget.

Recommended Budget Adjustments: It is recommended that the Chief Executive Office-Ray Simon Training Center budget be transferred to the Sheriff’s Department operation and control and appropriations

be increased \$182,111 to cover four months of the cost for five existing Sheriff's Department positions through an offsetting reduction in funding from the Administration (\$20,300), Detention (\$33,122) and Operations budgets (\$128,689). It is also recommended that anticipated revenue for the cost of the Lieutenant position currently provided by the Yosemite Community College District also be transferred from the Operations budget to this budget unit in the amount of \$46,009 for the remaining four months of the fiscal year.

Recommended Staffing Impacts:

Total current authorized positions – 0

It is recommended to transfer in one Lieutenant position, one Sergeant position, and one Deputy Sheriff position to this budget unit from Operations budget unit. It is also recommended to transfer in one Deputy Sheriff Custodial position from the Detention budget unit and one Account Clerk III position from the Administration budget unit to this budget unit.

Total recommended authorized positions - 5

TREASURER-TAX COLLECTOR: As part of the mid-year Budget process the Department requested one additional Accountant I to operate the remittance processing machine. Additionally the Department requested to delete one Account Clerk III position resulting in no net increase of positions. Currently there are no Account Clerk III vacancies in the Department and the deletion of one position and the addition of the Accountant I would occur once a vacancy materialized.

A classification study was conducted by the Chief Executive Office to determine the proper classification to operate the remittance processing machine.

Recommended Staffing Impacts:

Total current authorized positions - 14

It is recommended that an Accountant I classification be assigned to operate the remittance-processing machine.

The addition of one Accountant I is recommended and one Account Clerk III is recommended to be deleted once a position becomes vacant. The funding for this additional position will be reviewed at third quarter.

Total recommended authorized positions - 15

TREASURER-TAX COLLECTOR – REVENUE AND RECOVERY DIVISION: At mid-year the Revenue and Recovery Division budget is projected to exceed existing appropriations by \$125,000. The projected increase is a result of aggressive collection efforts and is expected to effect several areas. Increases that are anticipated are: \$15,000 in fees for additional accounts being sent to the Franchise Tax-Intercept Collection Program, \$6,000 for telecommunication costs, \$10,000 for mail room services, and a decrease of \$94,000 in intrafund transfers due to a delay in the referral of unsecured property tax accounts for collection.

However, revenues are projected to increase \$125,000 due to an additional 30,487 debtor accounts being sent to the Franchise Tax-Intercept Collection Program as well as an increase in the number of writs and wage garnishments served to employers.

Recommended Budget Adjustments: It is recommended that appropriations are increased by \$125,000 to cover fees, telecommunication costs, mail room services and decreased intrafund transfers. It is also recommended that anticipated revenue be increased by \$125,000 as a result of aggressive collection efforts.

TREASURER-TAX COLLECTOR – TREASURY DIVISION: At mid-year, while the Treasury's appropriations are projected to remain within budgeted expenditures, revenue should be increased \$161,952 to offset prior year appropriations carried over to Fiscal Year 2006-2007.

Recommended Budget Adjustments: It is recommended that anticipated revenue from interest earnings be increased \$161,952.

FUND SUMMARY

Overall, estimated revenue and expenditures for the General Fund are recommended to increase \$647,635 and \$239,078 respectively. A total of \$954,885 is recommended to be transferred from Appropriations for Contingencies. These recommended transfers include one-time increases in department expenditures for: increased lease costs, County Counsel for department staffing and cashouts; General Services Agency for increased salary and supply costs and for General Fund department increased requests for Facilities Maintenance service; payoff of the Fire Training Center debt obligation, equipment and technology costs for the Office of Emergency Services/Fire Warden; Public Defender cashouts; and Sheriff's funding of additional positions and equipment costs. Based upon strong department revenue projections and prudent spending by the departments, and anticipated receipt of discretionary revenue as budgeted this year the General Fund is on track to remain within budgeted appropriations.

SPECIAL REVENUE FUNDS

OVERVIEW

Special Revenue Funds are a fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Some of the larger Special Revenue Funds include Behavioral Health and Recovery Services, Child Support Services, the Community Services Agency, Department of Employment and Training, District Attorney Grant Programs, Environmental Resources, Health Services Agency, Planning Grant Programs and Building Permits, Public Works and a variety of other grant programs.

The Special Revenue Funds account for over 51% of Stanislaus County's budget. The 2006-2007 Final Budget for Special Revenue Funds included \$462,738,641 in expenditures that were balanced by \$442,368,122 in revenue, \$15,499,845 in General Fund contributions through County Match, and \$4,870,674 in department fund balance.

FUNDING SOURCE

Departmental Revenue

As of December 31, 2006, the total revenue in these budgets was \$155.0 million compared to \$157.3 million for the same time period one year ago. This amount represents 34.1% of the 2006-2007 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 32.5% to 38.4% of the total year collections, placing this year on track to meet budgeted estimates.

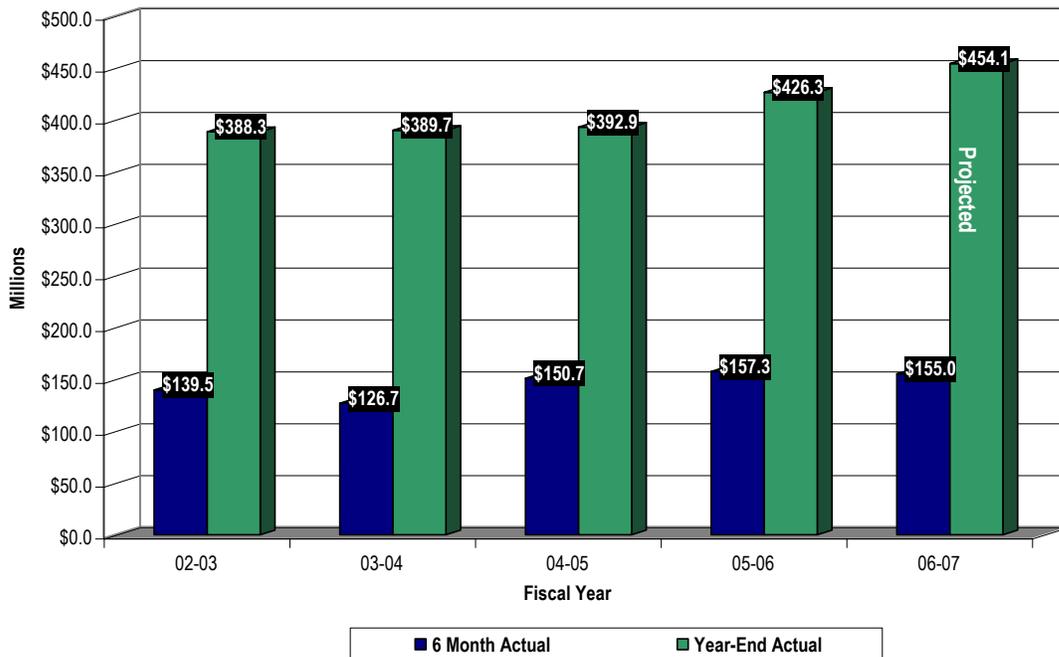
Some of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

- ◆ A \$1.1 million increase in revenues for the District Attorney's Special Operations due to reimbursement from the State for mandated services provided by the County for the safe return of kidnapped or concealed children. The reimbursement is for prior fiscal years and reduces the deficit in the District Attorney's Child Abduction Unit Special Revenue Fund to approximately \$888,000.
- ◆ A \$2.5 million increase in intergovernmental revenue for the Public Works – Road and Bridge budget due to the receipt of Proposition 42 funds that the State has owed the County for Fiscal Years 2003-2004 and 2004-2005.
- ◆ A \$3.4 million increase in revenues in the Behavioral Health and Recovery Services – Proposition 63 budget due to the State's approval and funding of the Department's Mental Health Services Act Community Services and Supports Plan. The plan includes eleven new services for individuals with serious mental illnesses and will be fully implemented this fiscal year.
- ◆ A \$4.9 million increase in revenues in the Community Services Agency – Services and Supplies budget primarily due to increased funding for services related to Child Welfare case management and StanWorks Welfare to Work support services.
- ◆ A \$7.1 million decrease in revenues in the Community Services Agency – Public Assistance primarily due lower than anticipated caseloads in both the CalWorks and Foster Care Program as well as a timing differences as the November and December 2006 revenue was not posted until January 2007.
- ◆ A \$1.1 million decrease in revenue for the Health Services Agency – Administration budget due to increased operational efficiencies as directed in the Health Services Agency Strategic Plan. The operational efficiencies have resulted in fewer costs available for allocation to the various programs.
- ◆ A \$2.6 million decrease in revenue in the Health Services Agency – Public Health budget is primarily due to invoices being paid late by the California Children's Services.
- ◆ A \$1.6 million increase in revenue in the Probation – Juvenile Justice Crime Prevention Act budget due to timing differences. In previous years, the allocations were received in the preceding year whereas for Fiscal Year 2006-2007 the Department received the allocation in October 2006.
- ◆ A \$1.9 million decrease in revenue for the Behavioral Health and Recovery Services budget due to a reduced level of services being provided as well as structural changes as authorized by the Board of Supervisors on May 16, 2006.
- ◆ A \$1.9 million decrease in revenues from Other Financing Sources in the Public Works – Road and Bridge budget. Decreased transfers occurred in the first half of Fiscal Year 2006-2007 from Public Facility Fees than were received a year ago. Normally these funds are transferred as the contracts for the design/construction are awarded, however, while there are some Public Facility Fees funded projects in process for Fiscal Year 2006-2007, they are awaiting contract awards.

- ◆ A \$595,000 decrease in revenues for the Health Services Agency – Indigent Health Care budget. This decrease is primarily due to the following changes: an increase in Charges for Services as a result of an operational change in how collections for Indigent Health are recorded and a decrease in the vehicle license fee base as originally reported in the 2005-2006 Mid Year Report.
- ◆ A \$555,000 decrease in revenues for the Department of Child Support Services budget, which is primarily due to timing differences of Federal and State reimbursements.

The following chart shows the Special Revenue Funds - Departmental Revenue for a five year period including the current fiscal year:

Special Revenue Funds--Departmental Revenue Five Year Comparison



DEPARTMENTAL EXPENDITURES

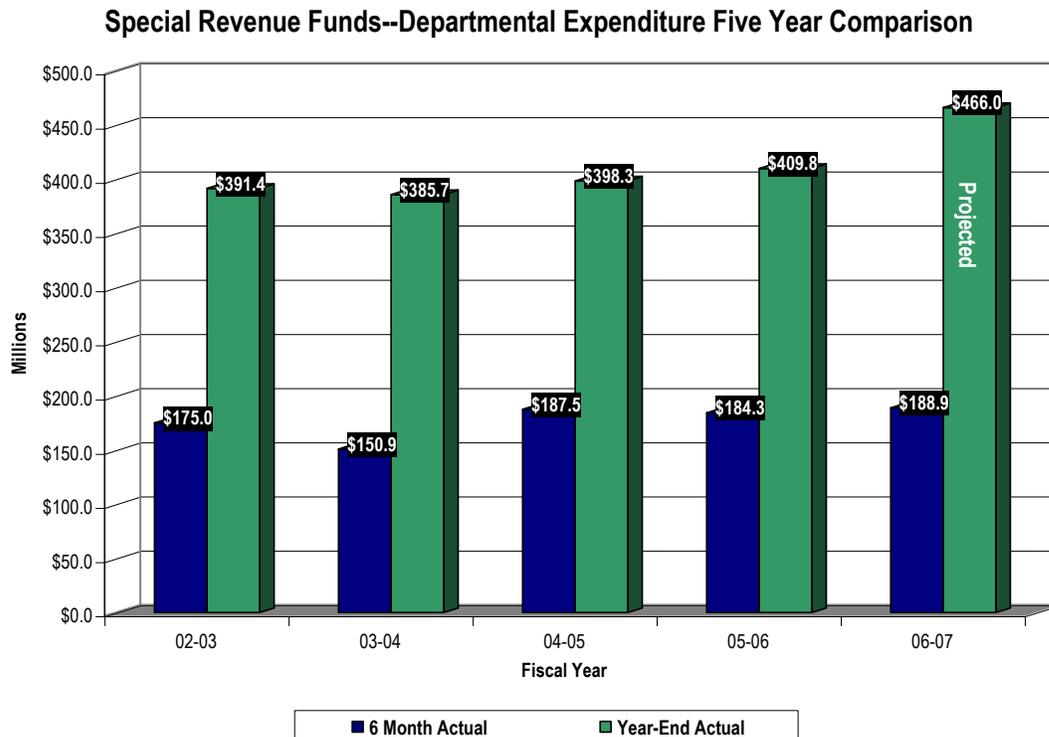
As of December 31, 2006, departmental expenditures for the Special Revenue Funds are at \$188.9 million compared to \$184.3 million for the same time period one year ago. This amount represents 40.5% of the 2006-2007 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 39.1% to 47.1% of the total year expenditures, placing this year on track to meet budgeted estimates.

Some of the significant variations in departmental expenditures this year, compared to the same time period one year ago include:

- ◆ A \$3.3 million increase in expenditures for the Public Works - Road and Bridge budget due to the receipt of Proposition 42 funds that were previously withheld by the State due to budget constraints. This increase in funds resulted in additional resources being available for road maintenance and projects.

- ◆ A \$1.2 million decrease in expenditures for the Alliance Worknet – Administration budget due to the substantial reduction in the County’s allocation for Fiscal Year 2006-2007.
- ◆ A \$2.3 million increase in expenditures for the Behavioral Health and Recovery Services – Proposition 63 budget due to the State’s approval and funding of the Department’s Mental Health Services Act Community Services and Support Plan. The plan includes eleven new services for individuals with serious mental illnesses and will be fully implemented this fiscal year.
- ◆ A \$3.6 million increase in expenditures for the Community Services – Services and Supplies budget due primarily to the addition of 24 new positions, of which 16 are casework positions and are essential to support an expansion of services and staff in the community, as well as an increase in contracted services to provide diversion activities necessary to meet the more stringent performance standards for the Welfare to Work Program.
- ◆ A \$1.3 million decrease in expenditures for the Health Services Agency – Administration budget due to operational efficiencies that have resulted in decreased costs.
- ◆ A \$1.3 million increase in expenditures for the Health Services Agency – Indigent Health Care budget due to the expansion of dental services to Healthy Cubs Program beneficiaries and the addition of thirteen Family Services Specialist positions that were transferred from the Community Services Agency to the Indigent Health Care Program.
- ◆ A \$1.3 million decrease in expenditures for Behavioral Health and Recovery Services – Managed Health budget due to a decreased number of Stanislaus Behavioral Health Center inpatient services for both Medi-Cal and County indigent patients.
- ◆ A \$2.4 million decrease in expenditures for Behavioral Health and Recovery Services budget due to a reduced level of services being provided as well as structural changes as authorized by the Board of Supervisors on May 16, 2006.
- ◆ A \$792,000 decrease in expenditures for the Children and Families Commission due to a reduction in budgeted grant awards.

The following chart shows the Special Revenue Funds - Departmental Expenditures for a five year period including the current fiscal year:



SPECIAL REVENUE FUNDS OVERALL CASH POSITION

As of mid-year the Special Revenue Funds cash is at \$70,396,254 compared to \$56,256,527 for the same period last fiscal year. The increased cash position this fiscal year over last year is primarily due to the following: prior year net income, more timely Federal/State advances and reimbursements as well as payments on outstanding receivables. While this is a cumulative review of all Special Revenue funds, it is important to note the following:

- ◆ While the cumulative cash balance for the Behavioral Health and Recovery Services' budget units (Special Revenue Funds and Enterprise Funds) is a positive \$941,000, it is important to note the following:
 - 1) Two budget units (Managed Care and Stanislaus Behavioral Health Center) have significant cash deficits (\$2,533,360 and \$8,165,428, respectively), which are primarily due to low patient census at SBHC and the State's Medi-Cal reimbursement rate; and,
 - 2) The net positive overall cash does not reflect future commitments or liabilities.
- ◆ The District Attorney Child Abduction Unit received approximately \$1.8 million in reimbursement from the State for mandated services reducing the deficit in this Special Revenue Fund to approximately \$888,000.
- ◆ The cash balance for the Community Services Agency – Services and Support budget is over \$2.3 million, which is approximately \$4.1 million higher than last year and is due to a \$1.3 million increase in beginning fund balance and over a \$2 million increase in advanced Federal and State funds.
- ◆ The deficit cash balance for the Department of Child Support Services is over \$2.0 million, which is approximately \$200,000 less than last year and is primarily due to timing differences of Federal and State reimbursements.

MID-YEAR ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET – ADMINISTRATION: The Alliance WorkNet has requested decreases in both appropriations and estimated revenue resulting from an adjustment to the carryover amount of the unspent Fiscal Year 2005-2006 grant for the Youth Formula Program and the liquidation of a prior year purchase order. This adjustment will more accurately reflect the actual grant funds that were carried forward to the current fiscal year. Through the Youth Formula Program, funded by the U.S. Department of Labor, the Alliance WorkNet provides case management, assessment and placement services to program-eligible youth in Stanislaus County. The Alliance WorkNet does not anticipate a service level impact, as the funds available are sufficient for the clients estimated to be served.

Recommended Budget Adjustments: It is recommended that appropriations be decreased by \$179,586 and estimated revenue by \$169,277 as a result of a reduced grant allocation in the Youth Formula Program and the liquidation of a prior year purchase order. These actions are expected to result in a contribution of \$10,309 to fund balance at year-end.

Recommended Staffing Impacts:

The Department has requested that one Family Services Specialist IV position be downgraded to a Family Services Specialist III. This downgrade will better reflect the need to provide direct services to the

community in support of the Workforce Investment Act (WIA). Additionally, the Department has requested a reclassification study of one Accounting Technician position. It is recommended to study this request.

Total current authorized positions – 87

It is recommended to reclassify downward a Family Services Specialist IV to a Family Services Specialist III.

It is also recommended to re-title the Director of Employment and Training to the Alliance WorkNet Director in reflection of the Department's title change.

Total recommended authorized positions – 87

ALLIANCE WORKNET – STANWORKS: Under two contracts with the Community Services Agency (CSA), the Alliance WorkNet provides employment and training services to Temporary Assistance to Needy Families (TANF) recipients. The Alliance WorkNet has requested decreases in both appropriations and estimated revenue as a result of a reduction in the Refugee Employment Social Services (RESS) contract with CSA and a necessary correction to appropriations that were mistakenly rolled over from the prior fiscal year. Under the RESS contract, the Alliance WorkNet provides job development services, including placement in on-the-job training and skills training to eligible clients. The RESS contract expired on September 20, 2006 and was not renegotiated. The Alliance WorkNet anticipates being able to provide similar services to these clients under the existing general StanWorks contract with CSA.

Recommended Budget Adjustments: It is recommended that appropriations be decreased by \$63,565 and estimated revenue by \$59,896 as a result of a reduction in the Refugee Employment Social Services contract and the correction of rollover appropriations. These actions are expected to result in a contribution of \$3,669 to fund balance at year-end.

AREA AGENCY ON AGING: The Department is requesting a \$6,352 increased contribution from the General Fund for the additional rent for the remainder of the 2006-2007 Fiscal Year. Additionally, Area Agency on Aging is requesting an increase in appropriations and revenue of \$154,393 for revenue received during the 2006-2007 Fiscal Year. Of this amount \$96,793 is from Federal Older Americans Act, \$46,000 from Targeted Case Management, \$9,600 from AT&T, \$1,000 from PG & E and \$1,000 from Health Insurance Counseling and Advocacy Program's (HICAP) State General Fund. These funds will be used to purchase equipment in their appropriate contracts.

Recommended Budget Adjustment: It is recommended that estimated revenue be increased by \$6,352 in the Area Agency on Aging budget through an additional County Match contribution that will be funded by a transfer from Appropriations for Contingencies. It is also recommended that appropriations and revenue be increased by \$154,393 due to additional revenue received in the Area Agency on Aging budget.

BEHAVIORAL HEALTH AND RECOVERY SERVICES (BHRS): The Department is projecting overall savings of approximately \$1.2 million across all program budget units, primarily as a result of salary savings. However, this savings could be impacted by a number of issues, including: the outcome of negotiations with Tenet Doctors Medical Center regarding the Stanislaus Behavioral Health Center; an increase in usage of higher level institutions for mental disease and State hospitals; audit disallowances; and salary/cost of living adjustments.

Negotiations are nearing completion with one labor union and in process with another labor union representing BHRS staff. Consistent with previous budget processes, no anticipated cost of living increases have been included in this budget submission. The Department will return to the Board of Supervisors with the estimated impact of any cost of living increases upon conclusion of negotiations.

This budget anticipates an increase of \$1,381,494 in revenues of State and Federal funds, including funds for Early Periodic Screening Diagnostic Treatment (EPSDT), Services to Homeless Adults with Mental Illness (AB2034), and Handicapped and Disabled Students (AB3632). Additionally, the Department is budgeting the additional Vehicle License Fee (VLF) funds of \$159,043 distributed through County Match as part of the 2006-2007 Final Budget.

The Department also anticipates an increase in expenditures of \$605,571 resulting from a slight underbudgeting of Salaries and Benefits and an increase in expenses related to the EPSDT and AB2034 Programs. This will result in a positive contribution of \$775,923 to departmental year-end fund balance.

Recommended Budget Adjustments: It is recommended that appropriations be increased by \$605,571 and estimated revenue be increased by \$1,381,494 of State and Federal funds and VLF funds passed through County Match, which will result in a positive contribution of \$775,923 to departmental year-end fund balance.

Recommended Staffing Impacts:

In the mid-year 2005-2006 budget the Department requested a reclassification study of one Stock Delivery Clerk II position assigned to the facilities unit.

Total current authorized positions - 263

It is recommended to reclassify upward one Stock Delivery Clerk II to a Staff Services Analyst. The fiscal impact is approximately \$4,325 for the remainder of the fiscal year. Funding for this reclassification can be absorbed in the Department's existing appropriations.

Total recommended authorized positions - 263

BHRS – ALCOHOL AND DRUG PROGRAM: The Department anticipates a decrease in expenditures of \$178,274 due to increased reimbursements from Intrafund programs, resulting in offset of expenses. Additionally, revenues are estimated to decrease by \$117,022 as less Federal block grant funds are earned since more services are being reimbursed through the Substance Abuse and Crime Prevention Act (SACPA) intrafund. This will result in a positive contribution of \$61,252 to departmental year-end fund balance.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$178,274 due to Intrafund programs and estimated revenues be decreased by \$117,022 due to less Federal block grant funds. This will result in a positive contribution of \$61,252 to departmental year-end fund balance.

BHRS – MANAGED CARE: This budget unit is funded primarily by State Realignment dollars and a State General Fund allocation for Managed Care services to Medi-Cal beneficiaries. These revenues are

insufficient to cover mandated expenses. Cash from other Behavioral Health and Recovery Services Programs is required to offset the deficit.

Salary expenses are projected to increase by \$108,000 due to this budget unit absorbing Utilization Management service costs previously charged to the Children's System of Care. These costs are offset by savings in budgeted contract expenses from a contract modification allowing the contractor to keep patient fees in exchange for a corresponding decrease in reimbursement. Revenues are estimated to decrease based on higher than estimated interest expense on the budget unit's negative cash balance, as well as the reduction in patient fees revenue.

Recommended Budget Adjustments: It is recommended that appropriations be decreased by \$12,722 due to the decrease in costs for contracted services and that estimated revenues be decreased by \$190,438 due to reduced patient fees and higher interest expense. Additional departmental fund balance earnings of \$177,716 from Behavioral Health and Recovery Services are available to fund these changes.

BHRS – MENTAL HEALTH SERVICES ACT (PROP 63): The first Mental Health Services Act (MHSA) funding cycle spans Fiscal Year 2005-2006 through 2007-2008. The Department budgeted \$2.7 million of MHSA funds in the 2006-2007 Final Budget, and now is requesting to reallocate \$1.1 million of the funds received but not spent in 2005-2006 to sustain program and infrastructure increases in 2007-2008. A commensurate reduction in expenses is requested.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$1,302,750 and estimated revenues be decreased by \$1,120,755 for a positive contribution of \$181,995 to departmental fund balance.

BHRS – PUBLIC GUARDIAN: This budget anticipates a decrease in revenues of \$23,206 due to a drop in Estate Fee revenues received year to date. Additionally, appropriations need to be increased by \$61,888 as a result of increased on-call/overtime expense and an increase in County Counsel charges. Departmental fund balance in other Special Revenue Funds are available to cover the additional appropriations.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$61,888 and estimated revenues be decreased by \$23,206 due to a drop in Estate Fees. Departmental fund balance of \$85,094 is available to cover the additional appropriations and revenue reduction.

BHRS – STANISLAUS RECOVERY CENTER: The Department projects a decrease in expenditures due to an increase in Intrafund Transfers from the Offender Treatment Program that was not included at the time the grant was accepted. This will result in an increase in departmental fund balance.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$187,498 to reflect an increase in Intrafund Transfers for treatment services funded by the Offender Treatment Program, resulting in a positive contribution to departmental fund balance.

Recommended Staffing Impacts:

Total current authorized positions - 37

It is recommended to transfer one Behavioral Health Specialist II position from the Stanislaus Behavioral Health Center budget unit to this budget unit.

Total recommended authorized positions - 38

BHRS – SUBSTANCE ABUSE AND CRIME PREVENTION ACT (PROP 36): This budget unit anticipates increased year-end expenses in Salaries and Benefits, as well as increased expenses for Superior Court and Probation services, along with increased expense for treatment at BHRS programs. Offsetting revenues include a one-time increase in the Substance Abuse and Crime Prevention Act State allocation, interest earned and court collections not previously budgeted.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$76,675 to reflect increased costs of salaries and services, and that estimated revenues be increased by \$57,583 of State funds, interest earned and court collections. Departmental fund balance of \$19,092 is available to fund the remainder of the increased appropriations.

CHIEF EXECUTIVE OFFICE – COUNTY FIRE SERVICE FUND: The Department anticipates an increase of \$16,169 in estimated revenues resulting from increased less than countywide property tax revenues. Expenditures are estimated to decrease by \$11,085 due to contracts being awarded later in the year than originally anticipated. The Fire Authority Business Plan was approved by the Board of Supervisors on June 27, 2006. Contained in the Business Plan was the description of a stipend to be paid to the agencies holding the positions of Chair and Vice-Chair of the Fire Authority. The responsibilities of these positions include weekly meetings, planning and coordination of projects, communications with member and partner agencies and County officials. The total annual compensation for the agency holding the position of Chair is \$6,000 and the total to the agency holding the position of Vice-Chair is \$4,800. Agencies are elected to these positions by members of the Fire Authority on an annual basis. Funding for the stipends has been included in the Final Budget. The Department is requesting permanent authority to enter into annual agreements with agencies elected to the positions of Chair and Vice-Chair.

Recommended Budget Adjustments: It is recommended that appropriations be decreased by \$11,085 and estimated revenues be increased by \$16,169 for property tax revenues, resulting in a positive contribution to departmental fund balance of \$27,254. It is further recommended that permanent authorization be granted to enter into annual agreements with agencies elected to the positions of Chair and Vice-Chair of the Fire Authority, including payment of an annual stipend, so long as the Fire Authority is sanctioned by the Board of Supervisors.

CHILD SUPPORT SERVICES: The year-end projections for the Department of Child Support Services reveals reduced expenditures of \$435,380 due to the delay in hiring staff, continued attrition, and the effects of promoting current staff. There is an increase in Department revenue of \$275,300 due to the State providing an additional allocation of \$267,749 for the purpose of improving performance on the Federal performance measures and an increase from the State Automation funding. This has the effect of lowering the initial reliance of fund balance budgeted in the Proposed Budget by \$710,680.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$435,380 and revenues be increased by \$275,300 from additional State funding reducing the anticipated use of Department fund balance by \$710,680.

Recommended Staffing Impacts:

The Department has requested one new Administrative Clerk II position and to delete one vacant Account Clerk II position.

Total current authorized positions- 242

It is recommended to add one Administrative Clerk II block-budgeted position to this budget unit. The fiscal impact is approximately \$8,958 for the remainder of the fiscal year. Funding for this new position can be absorbed in the Department's existing appropriations.

It is recommended to delete one vacant Account Clerk II.

Total recommended authorized positions- 242

CLERK RECORDER - AUTOMATION: At mid-year the Clerk Recorder's Automation budget is expected to be \$135,201 less than originally predicted. The decrease is primarily due to vacant positions and decreased equipment maintenance, licenses and fees.

Revenues resulting from the fees charged on recorded documents are projected to be \$146,838 less than originally anticipated due to increases in mortgage rates that have resulted in fewer recordings.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$135,201 and revenues be decreased by \$146,838, resulting in the use of \$11,637 of departmental fund balance.

CLERK RECORDER – VITALS AND HEALTH STATISTICS: At mid-year, the Clerk Recorder's Vitals and Health Statistics budget is projected to remain within budgeted expenditures, however, revenue from fees charged for certified copies of birth certificates, death certificates, marriages or marriage dissolutions are expected to be \$6,636 higher than originally anticipated.

Recommended Budget Adjustment: It is recommended that estimated revenues be increased \$6,636 for fees charged for certified copies, resulting in a positive contribution to departmental fund balance.

COMMUNITY SERVICES AGENCY – SERVICES AND SUPPORT: The Department is projecting that expenditures at year-end will come in \$2.5 million under the budgeted level, and revenue will be down approximately \$3.1 million, requiring the use of \$603,580 in departmental fund balance. There remains potential for funding augmentation to current year allocations to support caseload growth. The Department will continue to track the progress of the State budget proposal and include adjustments as needed as part of the Third Quarter Financial Report. Included within the projection, the Department is requesting an increase of \$689,100 in Fixed Assets for infrastructure related to automated systems support and security systems, along with a surveillance van for use by the Special Investigations Unit. These costs will be offset by reductions in appropriations for subsidized child care payments brought about by delays in implementation of new regional market rates.

Recommended Budget Adjustments: It is recommended that Fixed Asset appropriations be increased by \$689,100 for infrastructure related to automation and a purchase of a van, and appropriations be decreased in Other Charges by \$689,100.

Recommended Staffing Impacts:

In the mid-year 2005-2006 budget the Department requested a reclassification study of three Supervising Account/Administrative Clerk I positions. Additionally, in the Proposed Budget 2006-2007, the Department requested a new Staff Services Coordinator position be added to assist with staff development and training.

The Department has requested four new positions in this budget cycle: one Accounting Technician, one Administrative Clerk II, one Special Investigator III and one Manager II (Facilities). It is recommended to study the Manager II request.

Total current authorized positions - 926

It is recommended to block-budget the three Supervising Account/Administrative Clerk I positions to Supervising Account/Administrative Clerk II positions. The criteria to promote between the two levels in this series is still in development. Any fiscal impact related to this block-budgeting change, can be absorbed in the Department's existing appropriations.

The request for a new Staff Services Coordinator position was studied and it is recommended to add one Staff Services Analyst position to assist with staff development and training. The fiscal impact is approximately \$9,500 for the remainder of the fiscal year. Funding for this new position can be absorbed in the Department's existing appropriations.

It is recommended to add one new Accounting Technician position, one new Special Investigator III position and one new Administrative Clerk II position to this budget unit. The fiscal impact for these three positions is approximately \$46,090 for the remainder of the fiscal year. Funding for these new positions can be absorbed in the Department's existing appropriations.

Total recommended authorized positions - 930

CSA – COUNTY CHILDREN'S FUND: This budget unit is supported entirely by a combination of revenues from birth certificate sales, local donations and children's license plate fees. These funds are used, via local non-profit agencies, to provide education and support services for the prevention and intervention of child abuse and neglect. The Department projects revenues to increase by \$6,075 based on increased sales and donations, with a corresponding increase in expenditures of \$4,651 to support existing service contracts for the prevention and intervention of child abuse and neglect.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$4,651 for increased service contracts and estimated revenues be increased by \$6,075 due to increased sales and donations. This will result in a positive contribution of \$1,424 to departmental fund balance.

CSA – FOSTER CARE/OUT OF HOME PLACEMENT INCENTIVES: This budget unit is projecting a reduction in expenses of \$2,200 due to improved program spending plans. This will result in a positive contribution to departmental fund balance.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$2,200 due to improved spending plans, resulting in a positive contribution to departmental fund balance.

CSA – GENERAL ASSISTANCE: Projections for General Assistance aid payments remain status quo while estimated revenues have decreased by \$36,529 due to a reduction in Interim Assistance Repayments and lien collections. The Department requests an increase in transfers in from other budget units to balance the budget unit.

Recommended Budget Adjustment: It is recommended that estimated revenues be decreased by \$34,366 due to reductions in Interim Assistance Repayments, decreased by \$2,163 due to decreased lien collections and increased by \$36,529 as a result on increased transfers in from other departmental budget units.

CSA – IHSS PUBLIC AUTHORITY/ADMINISTRATION: As part of the Governor's Proposed Budget, released on January 10, 2007, a proposal to permanently "freeze" Individual Provider Wages and benefits for State participation was proposed by the Governor. If implemented, this freeze would increase Stanislaus County's share of any wage and benefit increase from 17.97% to 51.34%. Currently the rate of pay for IHSS Provider wages is \$8.25 per hour and \$0.60 per paid individual provider hour for health benefits. Negotiations are currently underway with the local bargaining unit. No budget changes are included at the mid-year point.

CSA – PUBLIC ECONOMIC ASSISTANCE: This budget unit anticipates a net reduction in expenditures of \$5.1 million due to lower than anticipated caseloads in both the CalWORKS and Foster Care Programs anticipated through November 2006, as well as increased transfers out to other departmental budget units. Revenues are estimated to decrease by \$5.1 million, as revenues are calculated for aid programs based on prescribed sharing ratios of Federal, State and County funds. This will result in a positive contribution of \$27,600 in departmental fund balance.

Recommended Budget Adjustment: It is recommended that appropriations be decreased by \$5,110,972 as a result of lower caseloads and estimated revenues be decreased by \$5,083,372 due to decreases in State and Federal funds, resulting in a positive contribution of \$27,600 in departmental fund balance.

CSA – SERIOUSLY EMOTIONALLY DISTURBED CHILDREN: The Department is anticipating a reduction in expenditures and estimated revenues due primarily to a decrease in the average monthly caseload from eight children to six children. The Behavioral Health and Recovery Services administers the Seriously Emotionally Disturbed (SED) children's program and continues to make significant strides in collaborative efforts that result in placement of children in lower levels of care with no reduction in needed services, thus reducing placements in the higher cost SED Program.

Recommended Budget Adjustment: It is recommended that estimated revenues and appropriations be decreased by \$61,101 to reflect lower than anticipated caseloads.

DISTRICT ATTORNEY– VERTICAL PROSECUTION PROGRAM: This program is funded through a grant from the State Office of Emergency Services. This year the State augmented the funding for this program, decreasing the need for the full \$128,116 County Match contribution originally anticipated in this budget. The District Attorney proposes increasing program appropriations by \$72,722 to fund \$20,501 in increased salary and benefit costs as well as \$52,221 for travel, training and equipment. As proposed by the District Attorney this cost would be offset by \$172,722 in additional revenue. This would reduce the County Match obligation to \$28,116. The District Attorney asked that the \$100,000 in excess County Match funds be transferred this year only to the District Attorney's General Fund budget to cover unmet needs and to

provide one time funding for any other program deficits. Due to the inconsistent nature of State funding the District Attorney requests that the full County Match funding of \$128,116 be transferred back to this program next fiscal year.

Recommended Budget Adjustment: It is recommended that appropriations be increased \$44,606 for increased travel, training, overhead and computer equipment. It is also recommended that anticipated revenue from the State grant funding be increased \$172,772. The increased revenue will eliminate the County Match obligation. It is recommended that the Auditor-Controller adjust the County Match transfers already made this fiscal year to this program and return the match funding to the County Match budget. There is no recommendation to transfer the County Match to the District Attorney's General Fund budget or reduce the County Match budget at this time because all or a part of this funding may be needed to correct claiming errors associated with the Rural Crimes Grant. Further review of this issue will occur at third quarter.

ENVIRONMENTAL RESOURCES: On December 12, 2006, the Board of Supervisors approved the realignment of the County's Landfill and Vehicle Abatement Divisions from the Department of Public Works to the Department of Environmental Resources and the realignment of the Building Permits Division (formerly Development Services) to the Department of Planning and Community Development. At that time, the positions assigned to these three divisions were transferred to the Department of Environmental Resources and the Department of Planning and Community Development. One Administrative Clerk II position was transferred to the Environmental Resources budget unit. The intent was to transfer this position to the Planning – Building Permits budget unit. Thus, it is requested to transfer this position to the Building Permits budget unit as part of mid-year. The Department has also requested a new Confidential Assistant III position to assist the Assistant Director and an additional Staff Services Coordinator position. It is recommended to study the Staff Services Coordinator request.

Recommended Staffing Impacts:

Total current authorized positions - 97

It is recommended to transfer out one Administrative Clerk II position from this budget unit to the Planning – Building Permits budget unit.

It is recommended to add one Confidential Assistant III position to this budget unit. The fiscal impact is approximately \$10,747 for the remainder of the fiscal year. Funding for this position can be absorbed in the Department's existing appropriations.

Total recommended authorized positions - 97

ENVIRONMENTAL RESOURCES – BEVERAGE CONTAINER RECYCLING: Historically, the State has passed the cities' portion of the Beverage Container Recycling grant through the County to be disseminated to them on the State's behalf. In the current fiscal year, the State has decided to award the cities their portion directly, rather than pass it through the County. As a result, the Department has requested a decrease to appropriations and a slight increase to revenue for anticipated interest in the Environmental Resources – Beverage Container Recycling budget unit.

Recommended Budget Adjustments: It is recommended that appropriations be decreased by \$31,331 and estimated revenue be increased by \$1,000 as a result of the change in the distribution of the State Beverage Container Recycling grant to municipalities. These actions are expected to result in a contribution of \$32,311 to fund balance at year-end.

ENVIRONMENTAL RESOURCES – ENVIRONMENTAL TRUST FUND: The Environmental Resources – Environmental Trust Fund budget unit is managed through the Environmental Trust Committee whose goal is to distribute collected funds to support efforts of enforcement agencies and non profit organizations that will benefit the natural environment and resources in Stanislaus County. Due to unexpected revenue received as a result of recent court settlement funds directed to be deposited into this fund, the Department has requested increases in both appropriations and estimated revenue so that the Committee may distribute these funds in the current fiscal year for eligible efforts.

Recommended Budget Adjustments: It is recommended that appropriations be increased by \$3,796 and estimated revenue by \$21,618 as a result of the unexpected revenue received. These actions are expected to result in a contribution of \$17,822 to fund balance at year-end.

ENVIRONMENTAL RESOURCES – USED OIL RECYCLING: Funds in the Environmental Resources – Used Oil Recycling budget unit are designated for public education and financial support of used oil recycling related activities. During the Fiscal Year 2006-2007 Final Budget, the Department included three cumulative grant cycles. For grant tracking purposes, the Department has determined that it would more efficient to administer one grant cycle per fiscal year. Therefore, the Department has requested decreases in both appropriations and estimated revenue to account for this administrative change.

Recommended Budget Adjustments: It is recommended that appropriations be decreased by \$287,313 and estimated revenue by \$139,341 to account for the change in administered grant cycles per fiscal year. These actions are expected to result in a contribution of \$147,972 to fund balance at year-end.

HEALTH SERVICES AGENCY – ADMINISTRATION: The Department has requested an Administrative Secretary position be reclassified and recognized as Confidential. This position supports the Health Services Agency's senior staff and specifically supports the Assistant Director assigned to the Department's equal rights program. Additionally, at mid-year, the Department requested an organizational study of the Human Resources Division, the study has been completed.

Recommended Staffing Impact:

Total current authorized positions - 89

It is recommended to reclassify laterally one Administrative Secretary position to Confidential Assistant III. The fiscal impact is approximately \$872 for the remainder of the fiscal year. Funding for this reclassification/confidential designation can be absorbed in the Department's existing appropriations.

As part of the Department's Human Resources organizational study it is recommended to reclassify upward one Confidential Assistant II position to Confidential Assistant III. This recommendation recognizes the reconciliation function absorbed by the Department's Human Resources Division between PeopleSoft and Meditech that needs to be conducted each payroll cycle. The fiscal impact for this recommendation is approximately \$723 for the remainder of the fiscal year. Funding for this reclassification can be absorbed in

the Department's existing appropriations. After reviewing the structure of the Department's Human Resources Division, it is not recommended to change the existing classification structure for the remaining Confidential Assistant II position assigned to payroll or the Confidential Assistant III assigned to the Department's human resources recruitment function.

Total recommended authorized positions - 89

HSA – INDIGENT HEALTH CARE PROGRAM (IHCP): The Department is anticipating an increase in revenues of \$190,744 as a result of an increase in the base amount for Vehicle License Fees. Expenditures are expected to increase by \$162,566 as a result of increased community provider costs.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$162,566 resulting from increased community provider costs and estimated revenues by \$190,744 from increased Vehicle License Fees, resulting in a positive contribution to departmental fund balance of \$28,178.

HSA – IHCP CALIFORNIA HEALTHCARE FOR INDIGENTS PROGRAM (CHIP): The Department has requested a minor base adjustment of \$2 in revenues and appropriations to reflect the amount shown in the State 2006-2007 Emergency Medical Services Appropriation allocation table of \$286,292.

Recommended Budget Adjustment: It is recommended that appropriations and estimated revenues be increased by \$2 to reflect State allocations.

HSA – IHCP EMERGENCY MEDICAL SERVICE HOSPITAL: This budget unit anticipates increased appropriations and estimated revenues by \$12,590, as a result of receipt of additional SB12/612 Maddy funds, a dedicated State funding source comprised of fee revenue collected by court fines and interest.

Recommended Budget Adjustment: It is recommended that appropriations and estimated revenues be increased by \$12,590 for additional SB12/612 Maddy funds, fee revenue collected for court fines and interest.

HSA – IHCP EMERGENCY MEDICAL SERVICE PHYSICIANS: This budget unit anticipates increased appropriations and estimated revenues by \$37,150 as a result of additional SB12/612 Maddy funds, a dedicated State funding source comprised of fee revenue collected by court fines and interest.

Recommended Budget Adjustment: It is recommended that appropriations and estimated revenues be increased by \$37,150 of additional SB12/612 Maddy funds, fee revenue collected for court fines and interest.

HSA – PUBLIC HEALTH: The Department anticipates an increase in revenues of \$479,440 resulting from an increase in State and Federal funds for refugee health, preventive healthcare for the aging and California Children's Services. Expenditures are expected to increase by \$879,440. In particular, the California Children's Services (CCS) Program requires the State match County expenditures for services. The number of cases for CCS has increased annually for the past six years, and the severity of the cases has increased, resulting in a need for additional funds to cover claims for services in this fiscal year. The Department intends to use \$400,000 from the Public Health Restricted Fund Balance set aside for future audits. This will leave \$100,000 in the fund for future audit exceptions.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$879,440 and estimated revenues by \$479,440 of State and Federal funds, requiring the use of \$400,000 from departmental restricted fund balance.

Recommended Staffing Impact:

In the 2006-2007 Proposed Budget the Department requested an organizational study of the Women, Infants, and Children (WIC) Program. In the 2006-2007 Proposed Budget, the Board of Supervisors adopted the first two recommended changes related to this reorganization, the addition of one Staff Services Coordinator to oversee outstation services and the re-titling of the Dietitian classification to Public Health Nutritionist. Two items are remaining in this study: the structure of the Public Health Nutritionist classification and the structure of the facilities function for the program.

Additionally, the Department has requested a reorganization of the entire Public Health Division. The Department has been meeting with the Chief Executive Office to discuss changes in business process, recruitment issues, and new requirements in emergency preparedness that are affecting this Division's overall operations. Included in this request is a reclassification of three Supervising Public Health Nurse (Manager IV) positions, the reclassification of one Manager I to oversee the business functions of the Division and two additional Staff Services Analyst positions to work on emergency preparedness.

Total current authorized positions - 216

Two recommendations are being made related to the WIC Program:

It is recommended to reclassify upward two Community Health Worker III positions to Staff Services Technician positions. These two positions will be assigned to analyze and troubleshoot system issues and generate state reports to ensure program compliance. The fiscal impact of this reclassification is approximately \$2,617 for the remainder of the fiscal year. Funding for this reclassification can be absorbed in the Department's existing appropriations.

It is recommended to modify the Public Health Nutritionist classification into a two level classification system from the current one level classification. All eight positions are recommended to be block-budgeted at the Public Health Nutritionist II level. A new classification, Public Health Nutritionist I is being recommended to be created. Minimum qualifications for the new Public Health Nutritionist I include a Bachelor's Degree in nutrition and/or public health. The Public Health Nutritionist II minimum qualifications would remain the same. This recommendation will allow the Department to recruit nutrition professionals who are not yet eligible for registration and allow promotional opportunities once the registration requirements are met. The current salary range for Public Health Nutritionist would not change. The recommended salary range for the Public Health Nutritionist I classification would be 10% below the Public Health Nutritionist II classification and is recommended to be \$19.18-\$23.32 hourly. Any fiscal impact related to this recommendation can be absorbed in the Department's existing appropriations.

It is recommended to make the following changes relative to the Public Health Division reorganization:

It is recommended to reclassify upward one Supervising Public Health Nurse (Manager IV) to Assistant Director. The fiscal impact of this reclassification is approximately \$2,500 for the remainder of the fiscal year. Funding for this reclassification can be absorbed in the Department's existing appropriations.

It is recommended to reclassify downward one Supervising Public Health Nurse (Manager IV) to Manager II with oversight of the Field Services Division of Public Health. This position is currently vacant, the fiscal impact will be approximately \$23,335 for the remainder of the fiscal year.

No change in classification is being recommended for the remaining Supervising Public Health Nurse (Manager IV) position.

It is recommended to reclassify upward one Manager I position to Manager II to oversee the Business Services function of the Division. This position is currently vacant, the fiscal impact for this reclassification is approximately \$23,335 for the remainder of the fiscal year. Funding for this reclassification can be absorbed in the Department's existing appropriations.

It is recommended to add two Staff Services Analyst positions to this budget unit. The fiscal impact of these two new positions is approximately \$40,476 for the remainder of the fiscal year. Funding for this recommendation can be absorbed in the Department's existing appropriations.

Total recommended authorized positions - 218

LIBRARY – ADMINISTRATION: With the 2003-2004 Final Budget, the Board of Supervisors approved the use of Public Facilities Fees (PFF) funds for the payment of the debt service contained in the Library – Administration budget unit for the Salida Regional Library. As a result, the Library has requested decreases in both appropriations and estimated revenue as part of mid-year. Additional technical adjustments to this budget unit are also requested to account for changes in grant funding and donations received from outside sources (State, Public Library Foundation, Friends of the Library, Foundation for Teens, Target, Wal-Mart, and private individuals), increases in staffing costs, Ventura Retirement costs, termination cash-outs, minor maintenance costs for structures and grounds, and hiring and training costs.

Recommended Budget Adjustments: It is recommended that appropriations be decreased by \$362,863 and estimated revenue by \$360,165, primarily to account for the adjustment for the Salida Regional Library debt service that will be funded by Public Facilities Fees (PFF) funds and budgeted in the County's Debt Service budget. These actions are expected to result in a contribution of \$2,698 to fund balance at year-end.

Recommended Staffing Impacts:

In a previous budget submittal, the Department requested a salary study of the Deputy County Librarian (Manager IV) position. The eight County study revealed the current salary band is adequate for this position. No recommendation for change is being made at this time.

Total current authorized positions - 99

PLANNING – BUILDING PERMITS (FORMERLY DEVELOPMENT SERVICES): On December 12, 2006, the Board of Supervisors approved the realignment of Building Permits Division (formerly Development Services) from the Department of Public Works to the Department of Planning and Community Development. At that time, the positions were transferred to the Department of Planning and Community Development – Building Permits and the Department of Environmental Resources. With this action, two positions were transferred to incorrect budget units. One Administrative Clerk II position was transferred to

the Environmental Resources budget unit. The intent was to transfer this position to the Building Permits budget unit. Additionally, one Account Clerk III position was transferred to the Planning and Community Development budget unit that was intended to be transferred to this budget unit. It is requested that both positions be transferred to the Planning – Building Permits budget unit.

Recommended Staffing Impacts:

Total current authorized positions - 36

It is recommended to transfer in one Administrative Clerk II position from the Environmental Resources budget unit to this budget unit.

It is recommended to transfer in one Account Clerk III position from the Planning and Community Development budget unit to this budget unit.

Total recommended authorized positions - 38

PLANNING – GENERAL PLAN MAINTENANCE: The General Plan Maintenance budget unit was established for the purpose of collecting fees from land use and building permit applications to provide for the comprehensive update to Stanislaus County's General Plan. During the mid-year review, the Department of Planning and Community Development discovered that prior year funding in the amount of \$70,000 for the Habitat Conservation Plan, a component of the County's General Plan, was contained in the Planning and Community Development budget unit. The Department anticipates beginning this work in the near future and to provide for accurate accounting and monitoring has requested that these funds be transferred into the Planning – General Plan Maintenance budget unit through an increase in appropriations and estimated revenue.

Recommended Budget Adjustments: It is recommended that appropriations and estimated revenue be increased by \$70,000 through a transfer from the Planning and Community Development budget unit for work related to the preparation of the Habitat Conservation Plan.

PLANNING – SALIDA PLANNING EFFORTS: The Salida Planning Efforts budget unit was established for the purpose of providing the funding and guidance for the Salida Community Plan Update and conceptual land use, infrastructure, and funding strategy. During the mid-year review, the Department of Planning and Community Development discovered that prior year funding in the amount of \$62,470 for the Salida Community Plan Update, was included in the Planning and Community Development budget unit. In order to provide accurate accounting and monitoring, the Department has requested that these funds be transferred into the Planning – Salida Planning Efforts budget unit through an increase in appropriations and estimated revenue.

Recommended Budget Adjustments: It is recommended that appropriations and estimated revenue be increased by \$62,470 through a transfer from the Planning budget unit for work related to the update of the Salida Community Plan.

PUBLIC WORKS – ENGINEERING: In the 2005-2006 Proposed and Final Budgets, the Department had requested two reclassification studies, one Administrative Secretary position and one Engineering Technician position.

Recommended Staffing Impacts:

The Department has withdrawn the request to reclassify one Engineering Technician position.

The reclassification study of the Administrative Secretary position revealed this position is appropriately classified.

Total current authorized positions – 29

PUBLIC WORKS – ROAD AND BRIDGE: Proposition 42 funds in the amount of \$3.7 million were received during the current fiscal year for funds withheld by the State of California in two previous years. At the time of the adoption of the Fiscal Year 2006-2007 Final Budget, the Department anticipated holding a portion of these funds to fund maintenance operations in Fiscal Year 2007-2008. This was necessary because the County will not receive any Proposition 42 funds in Fiscal Year 2007-2008 since they were front-loaded by the State in a prior fiscal year. Proposition 42 funding is anticipated to resume in Fiscal Year 2008-2009.

With the passage of Proposition 1B, additional funding has been made available to local governments for streets and roads. Stanislaus County's portion of the \$2 billion authorized under Proposition 1B is an estimated \$16 million to be appropriated annually by the State Legislature until all Proposition 1B funds are distributed. The County's estimated allocation for Fiscal Year 2007-2008 is \$5 million. The availability of Proposition 1B funds in Fiscal Year 2007-2008 has negated the need to carry forward Proposition 42 funds received in Fiscal Year 2006-2007. Therefore, the Department has requested to transfer \$2,000,000 from the Proposition 42 fund to the Road and Bridge Operations fund. This will enable the Department to provide an increased level of maintenance to be performed on County roadways as reflected in the County's recently adopted Capital Improvement Program.

During the mid-year analysis, the Department estimated revenue to be above the budgeted amount at year-end. This anticipated increase is attributed to additional funding expected to be received from the Stanislaus Council of Governments (StanCOG) in the form of supplement Local Transportation Funds and insurance reimbursement for damages incurred as a result of a facilities break-in and fire at the Public Works Patterson Yard location. As a result, the Department has requested an increase in estimated revenue of \$1,002,559.

In total, the Department has requested a \$2,935,559 increase in appropriations. This increase in appropriations will be used to fund the projects mentioned above and detailed below, including associated equipment rentals, and provide for the installation of perimeter fencing, an electronic gate and security cameras around the Morgan Road Shop office. The Morgan Road Shop has experienced increased vandalism in recent years and the Department has identified measures to ensure employee and customer safety and safeguard County assets. The proposed equipment purchase will maintain adequate security while allowing for remote access to customers.

The following is the Road Maintenance Project List for the remainder of Fiscal Year 2006-2007 as provided by the Department of Public Works and funded through the requested increase in appropriations. These improvements are reflected in the County's recently adopted Capital Improvement Program. The projects are not listed in scheduled order.

Miscellaneous Maintenance

- ♦ Trim palm trees on Las Palmas Avenue in Patterson
- ♦ Install high water warning beacons on Eastin Road, Jorgensen Road, and Bell Road at Orestimba Creek
- ♦ Improve South end of 7th Street Bridge sidewalk transition
- ♦ Herbicide for spring weed spray
- ♦ Rewire signal light at Salida Boulevard and Broadway Avenue
- ♦ Shoulder repair material for proposed paving projects
- ♦ Truck rental for chip seal, paving, and shoulder repair
- ♦ Centerline striping for proposed paving projects

Paving Projects

- ♦ County portion of G, H, & I Streets in the City of Ceres, between Service Road and Roeding Road
- ♦ Toomes Road between Beckwith & Bacon Road (1 mile)
- ♦ Gaffery Road between Welty and McCracken
- ♦ Skip pave 5,000' of Claribel Road between McHenry Avenue and Oakdale Road
- ♦ Skip pave J59 between Merced county line and Tuolumne county line
- ♦ Skip pave 5,000' of Keyes Road between Hall and Montpelier Road

Chip Seal Projects

- ♦ Keyes Road (Hickman Road to Montpelier Road)
- ♦ Hickman Road (Keyes Road to Whitmore Road)
- ♦ Montpelier Road (Keyes Road to Lake Road)
- ♦ Codoni Road (Finch Road to Highway 132)
- ♦ Mariposa Road (Finch Road to Highway 132)
- ♦ Garner Road (Finch Road to Highway 132)
- ♦ Finch Road (Mitchell Road to Codoni Road)
- ♦ Gates Road (Highway 132 to Bacon Road)
- ♦ Dakota Road (Highway 132 to Bacon Road)
- ♦ West Main (Washington to Las Palmas)
- ♦ Claribel Road (McHenry Avenue to Oakdale Road)
- ♦ Oakdale Waterford Highway (Waterford City limits to Albers Road)

The Department has requested that the Road Maintenance Worker classification be reviewed for potential block budgeting at the Road Maintenance Worker III classification level with specific criteria developed to promote between the Road Maintenance Worker I/II/III levels. It is recommended to study this classification series.

Recommended Budget Adjustments: It is recommended that appropriations be increased by \$2,935,559, to fund a variety of road maintenance projects and to implement several security measures at Morgan Road Shop, and estimated revenue be increased by \$1,002,559, as result of supplemental Local Transportation Funds and an insurance reimbursement. Also recommended is the transfer of \$2,000,000 of Proposition 42 funds. These actions will result in the additional use of \$1,933,000 of fund balance.

SHERIFF – California Multi-jurisdictional Methamphetamine Enforcement Team (CAL-MMET) Cal-MMET works in partnership with the Stanislaus/San Joaquin initiative of the Central Valley High Intensity Drug Trafficking Area (HIDTA) and the Stanislaus Drug Enforcement Agency (SDEA). The teamwork and

expertise of these task forces has enabled the Sheriff to target mid-level drug trafficking organizations in the Central Valley and continue those cases up the ladder to those that are running and financing the organizations. The Sheriff was informed by the State Office of Emergency Services that funding for this program would be at the 2005-2006 grant award amount of \$1,068,068, in addition, Stanislaus County would receive an additional \$70,332 in funding. The Sheriff plans to use this funding plus \$15,000 received from the sale of two surplus Cal-MMET vehicles and \$10,000 of Asset forfeiture funds to meet a number of program needs at mid-year. These needs include \$55,332 to fund wiretap services, pen registrations and interpretive services and equipment. It is requested that Fixed Assets be increased \$40,000 for the purchase of two to three undercover vehicles, subject to the price and used vehicle availability. The Sheriff projects that all revenue will be claimed and is anticipated to be received leaving this budget in a positive position at year-end.

Recommended Budget Adjustment: It is recommended that appropriations be increased by \$95,332 for the purchase of wiretap services, pen registrations and equipment and depending upon availability and price of used cars, two to three undercover vehicles. It is also recommended that anticipated revenue be increased \$95,332 from a combination of increased grant funding, revenue received from the sale surplus vehicles and use of asset forfeiture revenue.

SHERIFF – CIVIL PROCESS FEE: This program is fully funded by dedicated revenue sources mandated by Government Code Sections 26700-26751 and is to be used solely for the implementation, maintenance and purchase of auxiliary equipment and furnishing for automated systems and vehicles for the Civil Division. At mid-year this budget is on target and the Sheriff's Department has determined that use of \$15,000 in increased program revenue is necessary to cover equipment purchases totaling \$5,000 and \$10,000 for a second transportation van. The Sheriff's Department Civil/Statewide Prisoner Transportation Units has two teams to transport as many as twenty plus prisoner in one day anywhere in California, between prisons, to court and to doctors appointments if necessary. The existing van holds 12-14 prisoners; and without a second vehicle, it becomes necessary to make two trips in one day. The two-team concept was developed to successfully complete two routes in the same day; increasing operational efficiency; reducing overtime and providing a safer environment for both prisoners and deputies. Charges for Services revenue would be increased to cover the increased costs. Any additional funding needs for this program would be funded through a requested use of program fund balance if necessary.

Recommended Budget Adjustment: It is recommended that appropriations and anticipated revenue be increased \$15,000 to purchase equipment and a transportation van, to be funded from increased dedicated Civil Process Fee revenue. All costs associated with the operation and maintenance of this vehicle will be funded in this budget with no increased net county cost.

SHERIFF – DRIVER TRAINING PROGRAM: This program provides formal driver's training for sworn officers and new recruits in both specially configured simulators purchased with grant funding and through use of a driver's training track located at the former Crows Landing Naval Air Base. Revenue is generated for this program from a fee charged to program participants. The Sheriff projects that an adjustment to this budget is necessary to end the year in a positive position. It is requested that appropriations be increased \$5,000 for Emergency Vehicle Operations Course (EVOC) instructional time for reserve, basic academy and in service training for the remaining six months of the fiscal year. Also requested is increased appropriations of \$17,500 for utility expenses, updated instructor training, equipment rental and maintenance and \$14,000 in vehicle repair costs not previously included in this budget. The increased

costs of \$36,500 will be funded by increased revenue to be generated from fees charged to program participants.

Recommended Budget Adjustment: It is recommended that appropriations and anticipated revenue be increased \$36,500 for increased instructional time, utility, training, equipment rental and maintenance costs, to be funded from increased dedicated revenue generated through charges to program participants. All costs associated with the operation and maintenance of the drivers training vehicles will be funded in this budget with no increased net county cost.

SHERIFF – VEHICLE THEFT UNIT: This multi-jurisdictional program targets all vehicle-related criminal cases including car jackings, attempted murder, murder during an auto theft and kidnapping during car jackings, focusing on investigation, arrest and obtaining felony convictions and longer prison sentences for repeat offenders. The Sheriff projects that an adjustment to this budget is necessary to end the year in a positive position and requests an increase in appropriations of \$10,000 for overtime and health insurance costs. The increase in appropriations of \$10,000 will be funded by an increased usage of program fund balance. This program is fully funded by a dedicated revenue source resulting from a State collected vehicle license fee assessment.

Recommended Budget Adjustment: It is recommended that appropriations be increased \$10,000 for increased overtime and health insurance costs and is anticipated to be funded by program fund balance.

FUND SUMMARY

Overall, expenditures for the Special Revenue Funds are recommended to decrease by \$3,087,300, revenue is recommended to decrease \$3,376,634 and will be funded by \$411,098 in departmental fund balance and a decrease of \$121,764 in the County's General Fund contribution.

The following Special Revenue Budgets are recommended for adjustment at this time:

PUBLIC WORKS – COUNTY SERVICE AREAS/LANDSCAPE AND LIGHTING DISTRICTS: During their mid-year review, the Department of Public Works identified a need to revise several County Service Areas/Landscape and Lighting Districts budgets to better reflect the estimated costs of services to be provided. These revisions will not result in any changes to the assessments collected. In preparing the Engineer's Report, a detailed analysis of expenditures and revenues is completed and district budgets are finalized.

As a result, the Department is requesting that the following adjustments be made as part of the mid-year process:

Fund	Name	Approved Budget	Revised Budget	Difference
1814	CSA 10-Parks	\$ 205,500	\$ 205,000	(\$ 500)
1816	CSA 10-Administration	1,500	4,583	3,083
1824	CSA 17-Sunray Estates	114,283	114,083	(200)
1828	CSA 21-Riopel	26,661	26,661	0
1829	CSA 22-Old School North	9,281	9,281	0
1830	CSA 23-Hillsborough-Shutz	0	39,712	39,712
1831	CSA 24-Hideaway Terrace	0	9,831	9,831
1878	Shackelford Landscape & Lighting District	18,402	18,650	248
1880	Howard/McCracken Landscape & Lighting District	18,469	19,469	1,000
1881	Laurel Landscape & Lighting District	4,266	9,034	4,768
1882	Bret Harte Landscape & Lighting District	29,136	37,454	8,318
1883	Bystrum Landscape & Lighting District	8,907	16,487	7,580
1884	Paradise South Landscape & Lighting District	14,962	13,962	(1,000)
	Total	\$451,367	\$524,207	\$70,257

Recommended Budget Adjustments: It is recommended that the total increase to appropriations in the amount of \$70,257 be made to the above-mentioned County Service Areas and Landscape and Lighting Districts to more accurately reflect the revised estimated costs of services to be provided to these districts. This increase will be funded by the actual assessments collected for each respective County Service Area and Landscape and Lighting District.

CAPITAL PROJECT FUNDS

OVERVIEW

Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities. These include the Planning – Redevelopment Agency and RDA Housing Set-Aside budgets, as well as the Chief Executive Office – Courthouse Construction Fund and the Criminal Justice Facilities Fund budgets. This does not represent all of the County’s capital projects currently underway. Major capital projects are funded in the budget over their multi-year delivery schedules.

The Capital Project Funds account for 1.7% of Stanislaus County’s budget. The 2006-2007 Final Budget for Capital Projects Funds included \$15,519,607 in expenditures that were balanced by \$5,857,568 in revenue, \$7,562,039 in department fund balance and \$2,100,000 in General Fund contributions through County Match.

Multi-year approved Capital Projects are carried forward year to year and are not reflected in the following two charts.

DEPARTMENTAL REVENUE

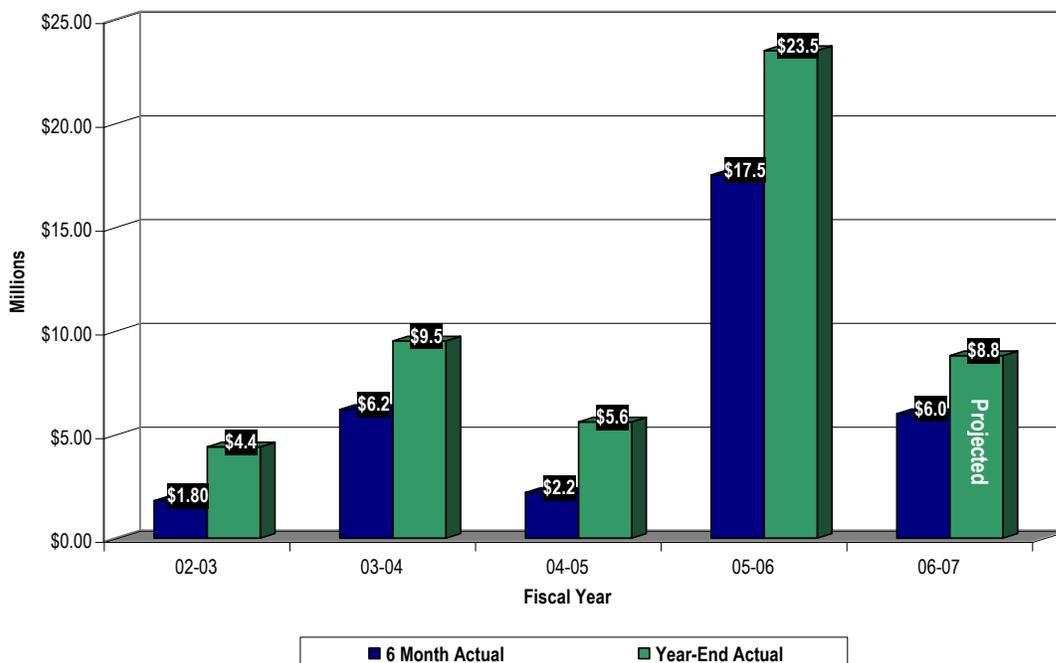
As of December 31, 2006, the total revenue in these budgets was \$6 million compared to \$17.5 million for the same time period one year ago. This amount represents 69% of the 2006-2007 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 71% to 85% of the total year collections, placing this year slightly lower than the budgeted estimates as a result of a first quarter adjustment this fiscal year to increase budgeted revenue in the Chief Executive Office – Courthouse Construction and Criminal Justice Facilities funds to more accurately reflect total receipts that will be received this fiscal year.

The variation in departmental revenue this year, compared to the same time period one year ago include:

- ◆ Last fiscal year the Planning and Community Development – Redevelopment Agency budget increased revenue by \$14 million due to the receipt in December 2005 from the sale of bonds to assist in the financing of the Keyes Storm Drain Improvement Project.
- ◆ Payment from the General Fund of over \$2.1 million to reimburse the Courthouse Construction Fund per the agreement with the Administrative Office of the Courts.

The following chart shows the Capital Project Funds - Departmental Revenue for a five year period including the current fiscal year:

Capital Project Funds--Departmental Revenue Five Year Comparison



DEPARTMENTAL EXPENDITURES

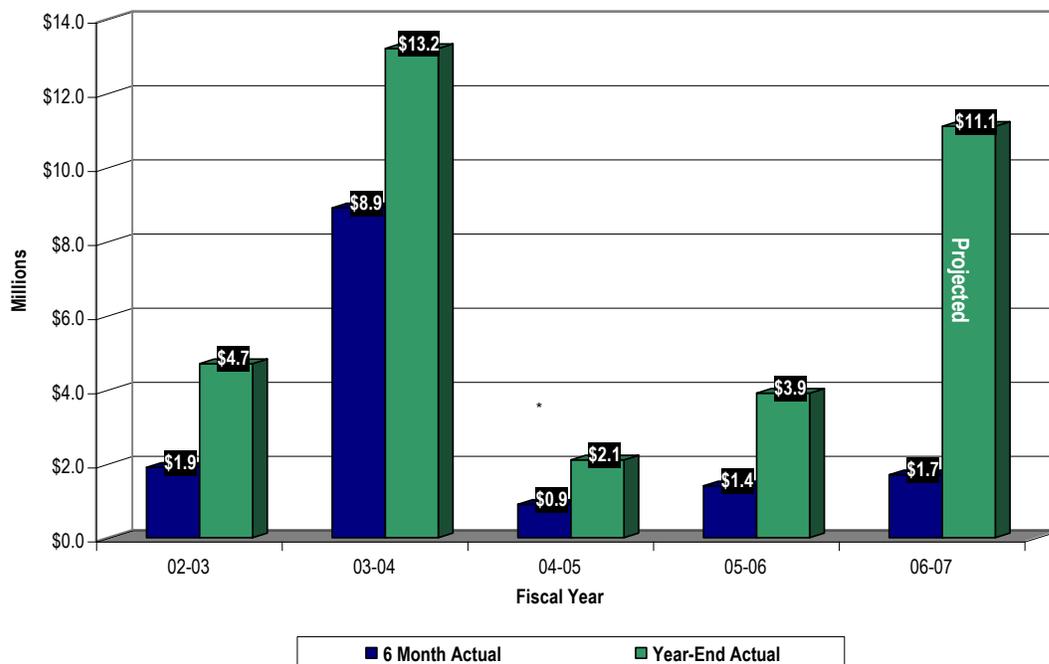
As of December 31, 2006, departmental expenditures for the Capital Project Funds are at \$1.7 million compared to \$1.4 million for the same time period one year ago. This amount represents 15% of the 2006-2007 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 25% to 67% of the total year expenditures, placing this year significantly lower than previous years actual expenditures as a result of the delay in the construction of Phase I for the Keyes Improvement Project.

The variation in departmental expenditures this year, compared to the same time period one year ago include:

- ◆ A \$350,000 increase in expenditures in the Criminal Justice Facility budget due to the transfer of debt service costs for the 12th Street Office & Parking Garage.

The following chart shows the Capital Project Funds - Departmental Expenditures for a five year period including the current fiscal year:

Capital Project Funds--Departmental Expenditures Five Year Comparison



Other Major Capital Projects:

Funding for a number of other Capital Projects has been approved by the Board of Supervisors either prior to the adoption of the Final Budget or through a separate Board action, where the project and funding were allocated outside of the Final Budget process. These projects include:

- ◆ Gallo Center for the Arts – this County and Central Valley Center for the Arts project is expected to be completed this calendar year with the grand opening planned in the fall.
- ◆ Animal Services Facilities – the County is currently working with George Meyers and Associates on the Needs Assessment/Master Plan.
- ◆ The Sheriff's facility needs assessment process as well as the anticipated update of the Juvenile Justice Master Plan will require funding to meet anticipated capital projects for these efforts. The results of the Sheriff's facilities needs assessment are anticipated to be reviewed with the Board of Supervisors later this fiscal year.

CAPITAL PROJECTS FUNDS OVERALL CASH POSITION

As of mid-year the Capital Project Funds cash is at \$28,822,079 compared to \$22,833,491 for the same period last fiscal year. The positive \$6.0 million cash position this fiscal year over last is primarily due to an increase of \$2.1 million to the Courthouse Construction budget for the balance of the repayment agreement due to the audit and an increase of \$3.1 million to the Redevelopment Agency budget due to the sale of tax allocation bonds to finance the Keyes Storm Drainage Infrastructure Project.

MID-YEAR ISSUES AND RECOMMENDATIONS

CHIEF EXECUTIVE OFFICE – COURTHOUSE CONSTRUCTION FUND: In the Final Budget funding from the General Fund was transferred to this budget for a pending settlement agreement concerning an audit of the Courthouse Construction Fund. The agreement has been reached with a total settlement amount of \$2,117,558. At final budget revenue was increased in the amount of \$2,100,000, however appropriations were not increased at that time. At first quarter appropriations and estimated revenue were increased by \$17,558 to reflect the remaining transfer of funds from the County General Fund through the County Match budget as repayment to this fund per the agreement. A recommendation is now being made to increase appropriations for the original \$2,100,000 to pay the settlement amount of \$2,117,558 to the Superior Court as provided in the agreement.

Recommended Budget Adjustments: It is recommended that appropriations be increased by \$2,100,000 through use of available fund balance from funds previously transferred from the General Fund as settlement of the Courthouse Construction Fund audit.

FUND SUMMARY

Overall, appropriations are recommended to increase \$2.1 million in the Courthouse Construction Fund budget for the balance of the payment to the Superior Court per the settlement agreement.

ENTERPRISE FUNDS

OVERVIEW

Enterprise Funds are set up for specific services that are funded directly by fees charged for goods or services. Examples of County Enterprise Funds include the Stanislaus Behavioral Health Center, the

Health Services Agency Clinic and Ancillary Services, Sheriff – Jail Commissary/Inmate Welfare Funds the landfills and the local transit system.

The Enterprise Funds account for 9.9% of Stanislaus County's Final Budget. The 2006-2007 Final Budget for Enterprise Funds included \$89,357,832 in expenditures that were balanced by \$76,778,523 in revenue, \$6,255,618 in General Fund contributions through County Match, and \$6,323,691 in department fund balance/retained earnings.

DEPARTMENTAL REVENUE

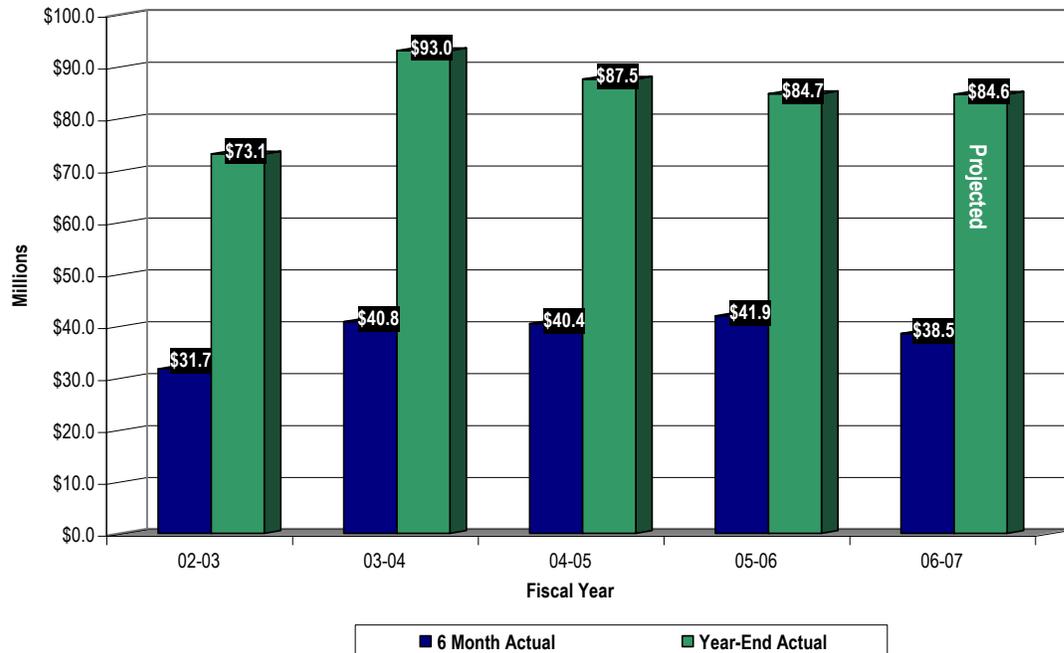
As of December 31, 2006, the total revenue in these budgets was \$38.5 million compared to \$41.9 million for the same time period one year ago. This amount represents 45.7% of the 2006-2007 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 43.4% to 49.5% of the total year collections, placing this year on track to meet budgeted estimates.

Some of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

- ◆ A decrease of \$800,000 in Charges for Services due to a decrease in average daily census at the Stanislaus Behavioral Health Center.
- ◆ A \$2.4 million decrease in Charges for Services due to lower visit volumes and corresponding charges at the Health Services Agency Clinics and Ancillary Services.
- ◆ A \$1.7 million decrease in Other Financing Sources as a result of a transfer of funds from the Health Trust Fund into the Clinics and Ancillary Services that occurred last fiscal year.
- ◆ A \$2 million increase in Miscellaneous Revenue due to earlier receipt of reimbursement for Residency costs for Clinics and Ancillary Services.
- ◆ A decrease of \$500,000 in Other Financing Sources due to transfer of funds for post-closure annual costs at the Geer Landfill.

The following chart shows the Enterprise Funds – Departmental Revenue for a five year period including the current fiscal year:

Enterprise Funds--Departmental Revenue Five Year Comparison



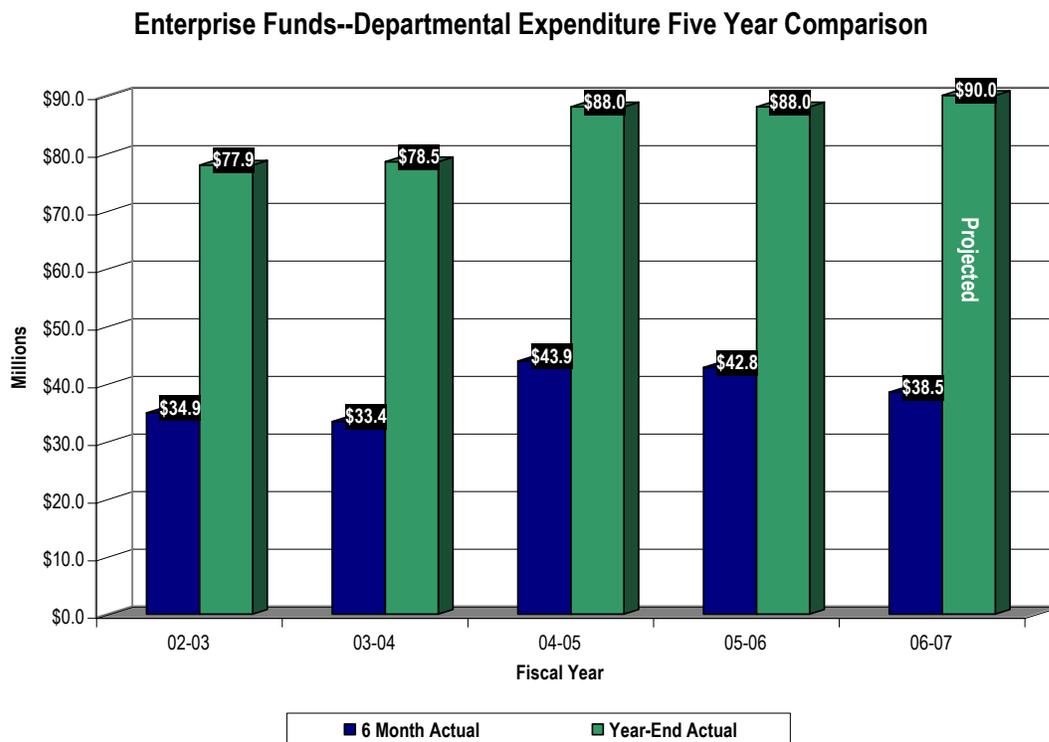
DEPARTMENTAL EXPENDITURES

As of December 31, 2006, departmental expenditures for the Enterprise Funds are at \$38.5 million compared to \$42.8 million for the same time period one year ago. This amount represents 41.8% of the 2006-2007 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 35.7% to 49.9% of the total year expenditures, placing this year on track to meet budgeted estimates.

Some of the significant variations in departmental expenditures this year, compared to the same time period one year ago include:

- ◆ A \$500,000 decrease in Salaries and Benefits due to increased vacancies and staff turnover at the Stanislaus Behavioral Health Center, as negotiations on future operations continue with Doctors Medical Center.
- ◆ A \$1.2 million decrease in Services and Supplies resulting from no new waste cells being constructed at the Fink Landfill.
- ◆ A \$1.2 million decrease in Services and Supplies due to no need for major post closure maintenance at the Geer Landfill.
- ◆ A \$500,000 decrease in Salaries and Benefits due to increased vacancies in the Health Services Agency Clinics and Ancillary Services.
- ◆ A \$800,000 decrease in Other Financing Uses as a result of decreased allocations at the Health Services Agency Clinics and Ancillary Services.

The following chart shows the Enterprise Funds - Departmental Expenditures for a five year period including the current fiscal year:



ENTERPRISE FUNDS OVERALL CASH POSITION

As of mid-year the Enterprise Funds cash is at \$11,511,762 compared to \$16,149,740 for the same period last fiscal year. The negative \$4.6 million cash position this fiscal year over last is due to the challenges faced by the health and mental health systems of the County. While this is a cumulative review of all Enterprise funds, it is important to note that cash for Health Services Agency Clinic and Ancillary Services is at negative \$8,065,036 compared with negative \$4,271,763 at this time last year. This is due largely to timing differences in the flow and funding level of one-time monies from the General Fund and the Health Trust Fund. Another fund worth noting is the Behavioral Health and Recovery Services' Stanislaus Behavioral Health Center, which carries a cash balance of negative \$8,165,428, compared with a negative \$5,431,893 at this time last year. This appears to be caused by higher receivables and a higher balance due from BHRS Managed Care fund. Discussions are currently in process regarding a potential sale of the Stanislaus Behavioral Health Center (SBHC) operations to Doctors Medical Center of Modesto. BHRS will have a better understanding of the final cash picture upon conclusion of negotiations with Doctors Medical Center. However, in the event this issue is not resolved by year-end, BHRS intends to cover the SBHC cash deficit with available Special Revenue Funds budget units' cash to the extent funding is available.

MID-YEAR ISSUES AND RECOMMENDATIONS

BHRS – STANISLAUS BEHAVIORAL HEALTH CENTER: The Department is experiencing a reduction in revenues and expenses due to a decrease in average daily census. The budgeted census is 57, however, the annualized census based on year-to-date actual census through December 2006 is 48, approximately

15% lower than budgeted and historical trends. Discussions are currently in process regarding a potential sale of the Stanislaus Behavioral Health Center (SBHC) operations to Doctors Medical Center of Modesto. This process had been made public and has been presented to the Board of Supervisors. As a result, there is confusion among referral sources, primarily private insurance and other county Mental Health departments, as to the status of SBHC. This has contributed to the low census. Additionally, staff is in doubt as to their futures, resulting in high turnover as employees leave for a more secure work environment. Fewer full-time staff has also increased the need for part-time and temporary agency help to maintain SBHC at its legally required staffing levels.

Rather than attempting to correct this situation at mid-year, the Department has requested to leave SBHC status quo until negotiations are complete. At that time, a budget projection and transition plan will be presented to the Board of Supervisors. In the interim, the Department and Chief Executive Office staff will continue to closely monitor SBHC's status closely.

Recommended Budget Adjustment: It is recommended that no adjustments be made to this budget unit until such time as negotiations are completed with Doctors Medical Center.

Recommended Staffing Impacts:

Total current authorized positions - 132

It is recommended to transfer one Behavioral Health Specialist II from this budget unit to the Stanislaus Recovery Center budget unit.

Total recommended authorized positions - 131

HSA – CLINICS AND ANCILLARY: The Department has requested a reclassification study of one Staff Nurse III assigned to the Specialty Clinics. It has been requested this position assist with the leadership and day-to-day operations of the Specialty Clinics under the direction of the Clinic Manager.

Recommended Staffing Impacts:

Total current authorized positions - 298

It is recommended to reclassify one Staff Nurse III assigned to the Specialty Clinics to Manager II. The fiscal impact for this reclassification is approximately \$1,656 for the remainder of the fiscal year. Funding for this reclassification can be absorbed in the Department's existing appropriations.

Total recommended authorized positions – 298

SHERIFF – INMATE WELFARE: This program generates revenue through commissions received on inmate telephone calls. Use of these funds are expended based on recommendations made by the Inmate Welfare Committee for the benefit, education and welfare of inmates confined within the Sheriff's detention facilities. A request to increase services and supplies in the amount of \$60,500 will allow for the program to reimburse the Sheriff's Detention budget \$55,000 for the fourth quarter personnel costs from the 2005-2006 Fiscal Year that were not reimbursed. In addition, appropriations are requested to be increased by \$5,500 to allow the facilities to purchase additional program supplies for the inmates. The Inmate Welfare

Committee has approved these requests and there is sufficient fund balance to cover the increased appropriations.

Recommended Budget Adjustment: It is recommended that appropriations be increased \$60,500 to reimburse the Detention budget for staff costs not reimbursed last fiscal year and to purchase program supplies and is anticipated to be funded by program retained earnings.

FUND SUMMARY

Overall, expenditures for the Enterprise Funds are recommended to increase by \$60,500 with a commensurate use of departmental retained earnings.

INTERNAL SERVICE FUNDS

OVERVIEW

Internal Service Funds are used for areas where goods or services are provided to other County Departments or Governments on a cost-reimbursement basis. Examples of Internal Service Funds are the Strategic Business Technology (SBT) and Telecommunications functions, Central Services, Fleet Services, and a variety of County self-insurance funds such as Workers' Compensation.

The Internal Service Funds account for nearly 8% of Stanislaus County's budget. The 2006-2007 Final Budget for Internal Service Funds included \$70,518,454 in expenditures that were balanced by \$68,048,750 in revenue, \$300,000 in General Fund contributions through County Match, and \$2,169,704 in department fund balance/retained earnings.

DEPARTMENTAL REVENUE

As of December 31, 2006, the total revenue in these budgets was \$31.1 million compared to \$33.4 million for the same time period one year ago. This amount represents 45.6% of the 2006-2007 adjusted budget. Typically, revenue at this point in the fiscal year ranges anywhere from 43.7% to 46.6% of the total year collections, placing this year on target to meet budgeted estimates.

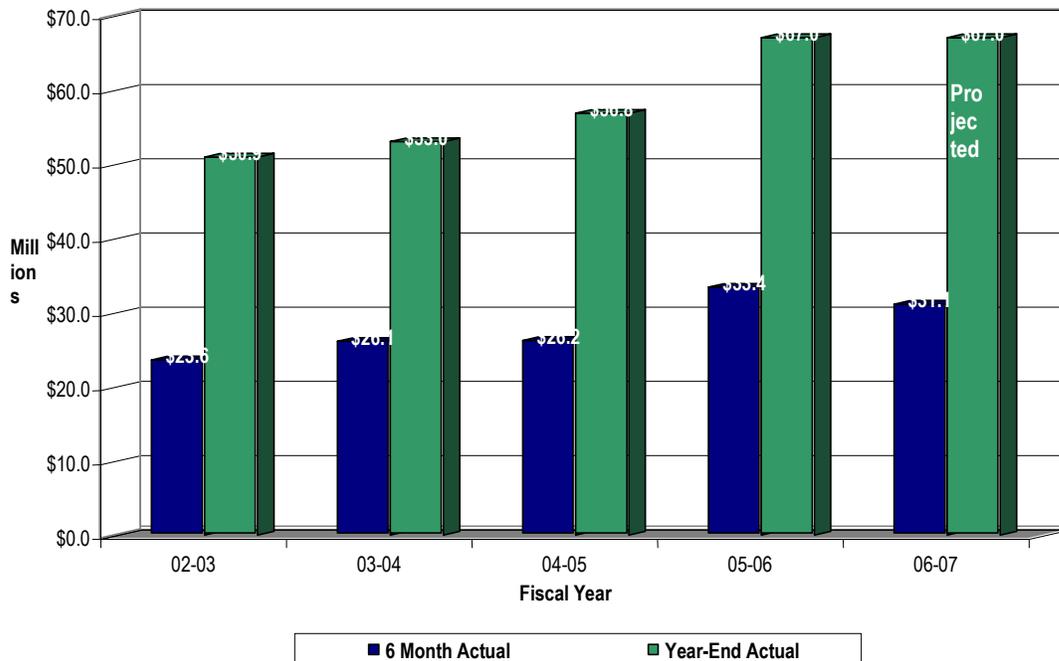
Some of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

- ◆ A \$105,300 increase in revenue for Fleet Services which reflects a portion of the General Fund cash that was anticipated this fiscal year;
- ◆ A \$62,100 decrease in Emergency Dispatch – County Radio Maintenance revenue due to the absence of charges and revenue in this budget this fiscal year;
- ◆ An \$87,550 decrease in General Liability revenue due to lower charges to user departments;
- ◆ A \$200,000 decrease in Professional Liability revenue due to the use of retained earnings to fund the Behavioral Health and Recovery Services' portion of costs;
- ◆ A \$225,900 decrease in Unemployment Insurance revenue which is resulting from the decrease in charges per employee from \$180 to \$130 this fiscal year;

- ◆ A \$1,630,000 decrease in Workers' Compensation revenue primarily due to decreased charges to user departments;
- ◆ An increase of \$211,000 in Purchased Insurance revenue which represents higher premiums for medical insurance this fiscal year;
- ◆ An increase of \$398,300 in Public Works – Morgan Shop revenue representing increased charges to its customers for items such as fuel purchases; and
- ◆ A decrease of \$790,700 in ICJIS revenue because the annual charges to user departments were not posted until January 2007, and they were included in the revenue for December 2005.

The following chart shows the Internal Service Funds - Departmental Revenue for a five year period including the current fiscal year:

Internal Service Funds--Departmental Revenue Five Year Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2006 departmental expenditures for the Internal Service Funds are at \$31 million compared to \$29.4 million for the same time period one year ago. This amount represents 42.9% of the 2006-2007 adjusted budget. Typically, expenditures at this point in the fiscal year range anywhere from 39.5% to 46.4% of the total year expenditures, placing this year on track to meet budgeted estimates.

Some of the significant variations in departmental expenditures this year, compared to the same time period one year ago include:

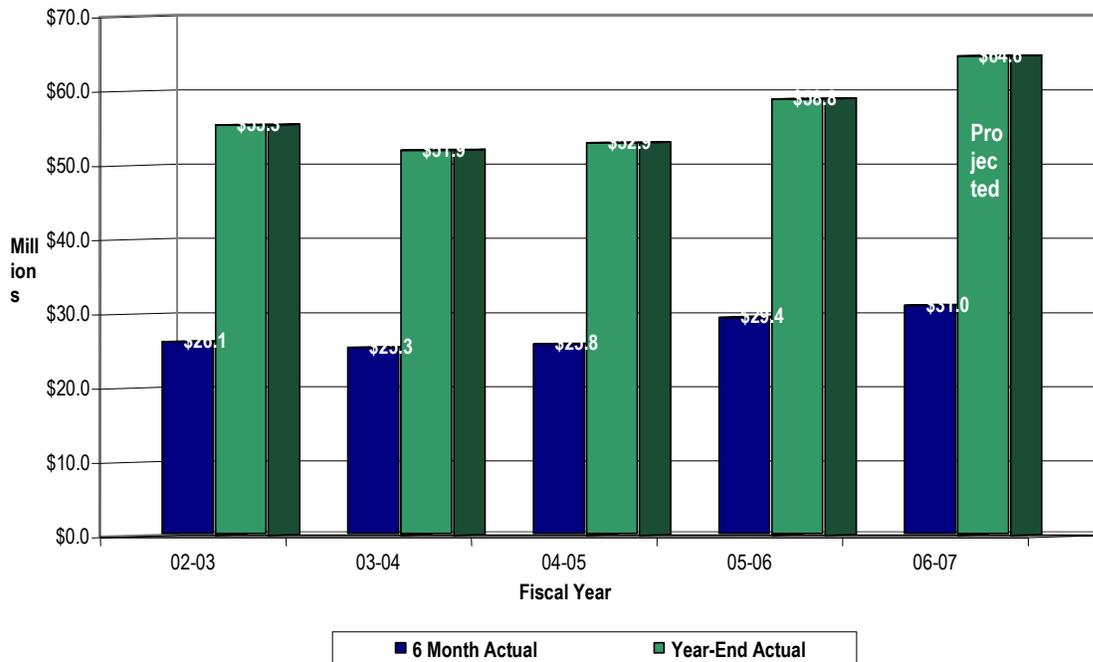
- ◆ A \$229,800 increase in expenditures for Strategic Business Technology which accounts for the purchase of new licenses and the cost of annual maintenance support for Oracle and the Customer

Relationship Management (CRM) systems, the implementation of Email Fail-Over Solution, and the purchase of security software;

- ◆ A \$632,300 increase in General Liability expenditures reflecting increased excess insurance premiums and attorney fees;
- ◆ A \$419,000 increase in Purchased Insurance expenditures due to higher health insurance premiums and unexpected actuarial and medical insurance consultant fees;
- ◆ A \$440,200 increase in Workers' Compensation Insurance expenditures due to higher claims costs and excess insurance premiums; and
- ◆ A \$125,600 decrease in Dental Insurance expenditures due to lower claims costs.

The following chart shows the Internal Service Funds – Departmental Expenditures for a five year period including the current fiscal year:

Internal Service Funds--Departmental Expenditure Five Year Comparison



INTERNAL SERVICE FUNDS OVERALL CASH POSITION

As of mid-year the Internal Service Funds cash is at \$30,376,252 compared to \$24,842,653 for the same period last fiscal year. The positive \$5.5 million cash position this fiscal year over last is due primarily to an increase of \$4 million in the Workers' Compensation Self-Insurance Fund. Additionally, 10 of the 13 funds in this group of funds improved its cash situation from last year at this time, which accounts for the additional \$1.5 million.

There are three funds that carry a negative cash balance. They are I-CJIS (\$362,863), Fleet Services (\$299,109), and Purchased Insurance (\$33,790). The I-CJIS fund's cash position has declined from last year, primarily due to a lag in posting of revenue from user departments. Fleet Services' cash position has

improved from last year, primarily due to additional funding provided by the General Fund for vehicle purchases. Purchased Insurance's cash position has declined from last year due to expenditures that were paid early in the year, but will be covered by revenue from the new Benefits Administration Fee instituted with the first paycheck in January 2007.

MID-YEAR ISSUES AND RECOMMENDATIONS

CHIEF EXECUTIVE OFFICE – RISK MANAGEMENT DIVISION PURCHASED INSURANCE: The 2006-2007 Final Budget included appropriations for the cost of health insurance premiums that reflected a 20% increase effective January 1, 2007. Actual rates from the lowest-cost provider (currently Kaiser) came back at 17.8%, which was due to various industry factors as well as a recently-negotiated increase in the co-pays for doctor's visits from \$10 to \$15. In addition, appropriations were included for both the County and special districts' portion of the health insurance costs. During a review with the Auditor-Controller, it was discovered that only the County portion of health insurance premium costs are recorded in this budget. As a result, a decrease in appropriations and revenue of \$2,070,233 and \$2,095,834, respectively, is requested.

Recommended Budget Adjustments: It is recommended that appropriations be decreased by \$2,070,233 and estimated revenue be decreased by \$2,095,834 to reflect the lower-than-anticipated health insurance rate increase on January 1, 2007, and to properly account for expenditures and revenue, reflecting only the County portion of costs.

GSA – CENTRAL SERVICES: This budget unit anticipated ending the fiscal year within appropriations. The Department is requesting to transfer \$50,000 in appropriations from Salaries and Benefits to Fixed Assets, in order to purchase much needed printing equipment. Purchase of this equipment will allow Central Services to retire existing equipment which has been fully depreciated and reached the end of its useful life.

Recommended Budget Adjustment: It is recommended that Salaries and Benefits be decreased by \$50,000 and Fixed Assets be increased by \$50,000 for the purchase of printing equipment.

GSA – FLEET SERVICES: As part of the 2006-2007 Proposed Budget, the Department identified an unmet need of \$571,500 for vehicle replacements. The Final Budget included \$300,000 of General Funds for this purpose. At this time the Department is requesting \$268,420 for vehicle replacement and \$64,000 for depreciation charges.

Recommended Budget Adjustment: At this time it is not recommended to provide additional General Funds to the Fleet Services Division for vehicle replacement. The Final Budget included a recommendation that GSA staff work with Chief Executive Office staff to develop a realistic vehicle replacement policy that includes useful life span, depreciation and accelerating vehicle costs. It is hoped that such a policy will allow vehicles to be replaced timely based on need rather than the current issued base budget method.

Recommended Staffing Impacts:

The Department has requested a new Administrative Clerk II position.

Total current authorized positions - 11

It is recommended to add one Administrative Clerk II position to this budget unit. The fiscal impact is approximately \$ 12,608 for the remainder of the fiscal year. Funding for this new position can be absorbed in the Department's existing appropriations.

Total recommended authorized positions - 12

PUBLIC WORKS – MORGAN SHOP: The Department anticipates revenues in the Morgan Shop budget unit to be approximately 46% higher than originally budgeted. This is a result of the County recognizing Federal funds to be received from the California Department of Transportation (CalTRANS) for the purchase of vehicles funded through the Congestion Mitigation and Air Quality Program (CMAQ). These revenues were originally budgeted in Fiscal Year 2005-2006, however receipt of the equipment was delayed and reimbursement is expected in the current fiscal year. Also, contributing to the higher anticipated revenue is the receipt of Proposition 42 funds in the Public Works – Road and Bridge budget unit which will result in additional road work performed and hence, higher equipment rental revenues for Morgan Shop. Expenditures in this budget unit are anticipated to be slightly higher as well (8%) resulting from an increase in fuel costs and unexpected equipment repair.

The Department has requested an increase in appropriations to cover major sweeper/vehicle repairs in the amount of \$150,000 and the rising cost of fuel in the amount of \$212,544. An increase in estimated revenue is also requested for the CMAQ Program in the amount of \$632,857 and anticipated equipment rentals in the amount of \$418,250.

The Department has also requested a reclassification study of one Heavy Equipment Mechanic Supervisor position. It is recommended to study this position.

Recommended Budget Adjustments: It is recommended that appropriations be increased by \$362,544 for vehicle repairs and fuel and estimated revenue by \$1,051,107 for anticipated CMAQ funding and additional equipment rental income. These actions are expected to result in a reduction in the use of retained earnings of \$688,563 at year-end.

STRATEGIC BUSINESS TECHNOLOGY: As part of the 2006-2007 Final Budget, a technical adjustment to appropriations in the amount of \$28,837 was recommended resulting from an appropriation credit not previously budgeted and purchases that were inadvertently encumbered in the 2006-2007 Fiscal Year rather than the 2005-2006 Fiscal Year. At that time, the corresponding revenue was not adjusted in error. A decrease in estimated revenue is requested as part of mid-year to ensure the proper accounting of this adjustment.

Recommended Budget Adjustments: It is recommended that estimated revenue be decreased by \$28,837 to balance the adjustment to appropriations in this budget unit that was made as part of the 2006-2007 Final Budget.

STRATEGIC BUSINESS TECHNOLOGY – TELECOMMUNICATIONS: The Department facilitated the Voice over Internet Protocol (VoIP) Request for Proposal (RFP) process which was approved by the Board of Supervisor's on October 3, 2006. Prior to the completion of the RFP process, funds had been appropriated within the Department's Fixed Assets accounts for Fiscal Year 2006-2007. The Department

has now completed the RFP process and the Board of Supervisors has approved the VoIP implementation. Thus, the Department has requested that \$128,965 in appropriations be transferred from Fixed Assets to Services and Supplies in order to implement this solution.

Recommended Budget Adjustments: It is recommended that \$128,965 in appropriations be transferred from Fixed Assets to Services and Supplies in order to proceed with the Voice over Internal Protocol implementation.

FUND SUMMARY

Overall, expenditures and estimated revenue for the Internal Service Funds are recommended to decrease by \$1,707,689 and \$1,073,564, respectively, which in turn decreases use of retained earnings by \$634,125.

LOOKING AHEAD

LOCAL ECONOMIC TRENDS

Unemployment Rate – The unemployment rate in Stanislaus County was 7.6% in December 2006 compared to 7.3% in December 2005. This compares with a seasonally adjusted unemployment rate of 4.6% statewide and a 4.7% nationally for the same month.

Jobs – Total employment in Stanislaus County decreased by 700 jobs, from 175,000 jobs in December 2005 to 174,300 jobs reported in December 2006. Non-farm employment decreased by 500 jobs and farm employment decreased by 200 jobs for the same time period. Manufacturing accounted for the majority of the decrease in non-farm employment, however, other industry segments offset the non-farm employment decrease with the largest increase occurring in State and Local Government.

Affordability Index – According to the California Building Industry Association (CBIA) “despite a cooling housing market where prices have fallen slightly, affordability has continued to worsen in most California markets during the third quarter of 2006. In fact, CBIA’s analysis of the quarterly National Association of Home Builders/Wells Fargo Housing Opportunity Index found that during the third quarter of 2006, affordability fell in 14 of the 28 California metropolitan areas surveyed. Adding to the grim picture, in 20 metro areas less than 10% of the homes could be afforded by families earning the median income there.” On the list of the five least affordable metropolitan areas in the nation was Stanislaus County with just 4.1% of the homes sold affordable to the County’s median-income family.

Median Home Price – As of December 2006, the median home price in Stanislaus County was \$377,000, which equates to a 2.08% decrease under the \$385,000 price reported in December 2005.

Housing Transactions – According to the Central Valley Association of Realtors, the total number of closed sales reported by seven cities within Stanislaus County (Ceres, Modesto, Oakdale, Patterson, Riverbank, Turlock and Waterford) was down 28.68% as of December 2006 compared to the activity reported in December 2005. In December 2005 the number of closed sales totaled 680 versus 485 reported for December 2006.

GOVERNOR'S 2007-2008 PROPOSED BUDGET

The Governor's Proposed State Budget provides a General Fund spending plan of \$103.141 billion with anticipated General Fund revenues of \$101.278 billion. This is a revenue increase of 7.2% and the first time in the history of the State of California that revenues are projected over \$100 billion.

Corrections Reform – \$5.5 billion (\$4.4 billion in lease-revenue bonds or State-funded local debt service payments plus \$1.1 billion in local matching funds) to expand detention facility capacity Statewide. This investment is expected to yield 45,000 new jail beds and 5,000 new beds for juvenile offenders. The Governor's budget document recognizes that out-year operating costs in these facilities are not addressed, but commits to ongoing discussion with the Legislature and local officials to resolve this very significant issue.

Climate Change - The Governor reiterated his commitment to addressing the effects of climate change and greenhouse gases by proposing a variety of appropriations within different agencies in his 2007-2008 budget. To begin, he proposes spending \$35.8 million from various funds and dedicating 126 positions to implementing AB 32 (the California Global Warming Solutions Act). Other mechanisms to address climate change in the proposed budget include applying one-time funding of \$31.5 million in incentives for alternative fuels and vehicles, appropriating \$90 million in ongoing grant funding to reduce emissions from heavy-duty, diesel powered vehicles and equipment (Carl Moyer Program), and utilizing \$12 million to implement the Green Building Action Plan and create a market-based compliance program to reduce emissions.

Property Tax Administration Assistance - The Governor's spending plan would not include funding for counties' property tax administration programs. This is a \$800,000 impact to Stanislaus County. AB 83 has been introduced for this legislative cycle. This is a bill that would reintroduce the property tax funding to eligible counties through the 2012-2013 Fiscal Year.

Mental Health - Proposed State budget reduction of all "2034" funds (services for homeless mentally ill individuals) would result in a loss of \$3.4 million per year for Stanislaus County. Stanislaus County receives a proportionally higher amount of 2034 funding than other counties. Any remedy that restores this proposed reduction with a Statewide distribution formula, if that is not taken into account, will disproportionately penalize our County. If this funding is replaced by an increase in Mental Health Services Act (MHSA, or Prop. 63) funding, the net result will still be an overall decrease in funding for Stanislaus County since the MHSA funding will then not be available for expanded services as was intended in the original Act.

Proposition 36 - The Governor's proposed budget recommends cutting \$60 million statewide from the Substance Abuse and Crime Prevention Act (SACPA), commonly known as Prop. 36. An estimated \$35 million will be transferred to the new Offender Treatment Program with the remaining \$25 million to be returned to the State General Fund. In Stanislaus County, the impact of this change is anticipated to be a loss of funding of approximately \$332,271. In addition, the Offender Treatment Program requires a County Match contribution of 10%, approximately \$45,885. Stanislaus Recovery Center receives the largest amount of treatment funds from the Proposition 36 allocation and will be the hardest hit by this cut.

Mental Health Services Act - Funding for Stanislaus County will increase by \$1.5 million annually beginning in Fiscal Year 2007-2008. This funding is highly categorical and subject to a public planning process, and cannot be used for hospitalization expenses nor to backfill other revenue downturns.

In-Home Supportive Services - The budget proposes to limit the State share in wages and benefits to the level in effect on January 10, 2007. According to the Administration, the proposal is effective immediately. The Administration believes that they have the authority under current law to proceed without statutory changes and this is proposed to be a permanent change in the State's wage participation policy. To the extent that counties have contracts in place with wage or benefit increases beyond this date, counties would be responsible for the full costs of that wage and/or benefit increase. The State believes this proposal will save \$14.1 million in 2007-2008.

Medi-Cal - The Governor's Budget includes \$37.4 billion (\$14.6 billion General Fund), a net increase of \$2.3 billion from the Budget Act of 2006.

Realignment - Realignment revenues in 2006-2007 are estimated to total \$4.58 billion (\$2.8 billion in sales tax revenues and \$1.78 billion in Vehicle License Fees). Realignment revenues in 2007-2008 are estimated to be \$4.8 billion (\$2.9 billion in sales tax revenues and \$1.9 billion in VLF).

Proposition 42 - The Governor supports fully funding Proposition 42 in the proposed budget for fiscal year 2007-2008. Pursuant to current law, cities and counties do not receive any local streets and roads funds from Proposition 42 next fiscal year due to an obligation to pay back the State Transportation Improvement Program (STIP) for funds received in earlier years. Cities and counties will begin receiving their Proposition 42 allocations again in 2008-2009.

Healthcare Reform - There are many uncertainties with the Governor's proposal. The Governor's documents indicate that counties would be required to "redirect" \$2 billion for the health care expansion. It is not clear what funds would be redirected or what they would be used for. They might possibly be realignment funds.

PROPOSED BUDGET ISSUES

The overall performance by departments for the remainder of the fiscal year is critical as we enter into the 2007-2008 Proposed Budget process. While discretionary revenue is strong and designations are in place to address a number of funding obligations in the future, we must proceed with caution in creating new ongoing funding obligations. We will need to balance increased operational costs with the demand for increased funding for Sheriff and juvenile facilities. At this point, the fund balance projection of \$4.8 million is not as strong as in recent years and reflects a slowing down in the local economy. A number of specific issues as we look ahead include the following:

Property Tax Administration Program -- The State provided funding known as the State-County Property Tax Administration Program (PTAP) to assist counties with property tax administration from 1995 until 2005. However, in Fiscal Year 2005-2006 the State's assistance was discontinued due to budgetary problems.

Legislation, AB 1717, was introduced in the Assembly in February 2005 to add Section 95.36 to Revenue and Taxation Code that would re-establish the State property tax administration assistance for Fiscal Year 2007-2008 and each fiscal year thereafter. While AB 1717 was introduced in 2006, it was not enacted into law.

Legislation, AB 83, was introduced on December 6, 2006 and is another attempt to have the State re-establish the State property tax administration assistance for Fiscal Year 2007-2008 and each fiscal year thereafter. Despite some early indications that the Governor would support this legislation his 2007-2008 proposed budget announced in January did not include the \$60 million funding for the program. While AB 83 is still active and has been assigned to the Assembly's Committee on Local Government, its future is uncertain.

Until the funding was suspended, the PTAP funded 11 full-time positions and 2 part-time positions at the Assessor's Office, a part-time Administrative Clerk II in the Property Tax Division of the Auditor's Office and a part-time Appeals Clerk at the Clerk of the Board. In the 2006-2007 Proposed Budget, it was recommended that the Assessor's budget be funded with a one-time transfer from the Property Tax Administration Program budget to help offset the costs associated with the suspension of the program as well as County funding for Fiscal Year 2006-2007 only. The 2006-2007 Proposed Budget also recommended County funding for the positions at the Auditor's Office as well as the Clerk of the Board for Fiscal Year 2006-2007 only. The 2006-2007 fiscal impact associated with the loss of this funding is estimated at approximately \$870,000.

Presidential Primary (SB 113) - Existing law requires the statewide direct primary election to be held on the first Tuesday after the first Monday in June in each even numbered year and requires that the presidential primary election be consolidated with that June election in any year evenly divisible by the number four.

However, SB 113, introduced in the Senate in January and rushed through committee on February 7, 2007, would instead require that the presidential primary election be held on the first Tuesday in February in any year evenly divisible by four while maintaining the statewide direct primary election on its current June date. According to the bill's author, "California is the biggest and most influential state in the union yet its current June presidential primary virtually ensures that the major party nominees will be determined long before our voters cast their ballots. A February presidential primary will encourage presidential candidates to campaign here and to debate and discuss issues and policies important to our people. California voters deserve to play a major role in deciding the presidential nominees. Assuming no further changes by other states, a February 5, 2008 presidential primary will place California fifth in the nation."

If SB 113 passes, as expected, it will result in holding three separate statewide elections during all presidential election years, i.e., a presidential primary in February, a State primary in June, and the general election in November and would place a significant burden on counties. According to the California Association of Clerks and Election Officials, "although complete and reliable cost estimates are days and possibly weeks away, it is clear that the cost for the extra statewide election will range from \$60 to \$90 million. The vast majority of these expenses will be borne by county governments, which are already burdened by unfunded State mandates. The SB 90 reimbursement language in the bill is no guarantee that a mandate will be found and that counties will be repaid. Even if a mandate is found, the delay between expenditure and reimbursement under the state-mandates claim process is a minimum of three years. This is an unacceptable time period for county governments to carry this debt."

When asked about the fiscal impact to Stanislaus County, the County's Elections Division estimates that conducting a third election in Fiscal Year 2007-2008 could cost an additional \$800,000.

Labor Relations – Employee labor agreements remain a continuing additional cost exposure for the current fiscal year for most County departments. There are approximately 4,000 County positions represented through 16 separate bargaining units for labor relations and negotiations purposes. Ten of these bargaining units are covered under labor agreements which expired prior to or during the first half of Fiscal Year 2006-2007. These ten bargaining units total 78% of the full-time County workforce. The County was successful in reaching agreements with unions representing three of the ten bargaining units during the first half of Fiscal Year 2006-2007. Negotiations are currently in process with several employee organizations, including the County Attorneys' Association, Service Employees International Union (SEIU) and four bargaining units represented by the American Federation of State, County and Municipal Employees (AFSCME). Additional negotiations will take place in the second half of Fiscal Year 2006-2007 with bargaining units representing Resident Physicians, Sheriff Lieutenants and Group Supervisors. The County is also currently negotiating a new agreement for Home Health Care Workers covered under the In Home Supportive Services Program. It is anticipated that the impact of the new labor agreements will result in a need to increase funding in some departments during the current fiscal year as well as the 2007-2008 Fiscal Year.

Health Insurance – The health insurance increase on January 1, 2007 was 17.8%, with Kaiser continuing to be the lowest cost provider. This was the first year that Kaiser used experience rating in issuing renewal rates, which resulted in an increase for Stanislaus County that was higher than many other employer organizations within Pacific Business Group on Health (PBGH). The percentage increase on January 1, 2007 for PacifiCare was lower than Kaiser's increase, placing their renewal rates fairly close this year.

A number of factors will affect the rates for 2008. The loss of Blue Cross as a carrier in 2007 will affect the experience of PacifiCare and Kaiser as the insured population moves from Blue Cross to one of the two existing choices. If experience goes up for these carriers, rates may increase as a result. An increase in the co-pay for medical provider visits from \$15 to \$20 in 2008 will have a positive impact on rates, however it is not a significantly high factor. The eventual impact from these co-pay increases should be seen in a modification of behavior of employees and their families, which should ultimately drive experience down. A third factor that may play a part in determining rate increases next year is any State action regarding health insurance. The Governor has stated that he is interested in health care reform, and specific plans are being evaluated at the State level.

With all of these factors in mind, it is our estimation that the cost of medical insurance will increase by approximately 15%, which is slightly lower than the increase for 2007. As more information is obtained from the industry and the State, projections may be modified. Actual rates from providers will not be received until July, so final rates will be included in the Final Budget for 2007-2008.

Capital Improvement Plan (CIP)/Debt Capacity – The Board of Supervisors approved the Preliminary CIP on October 17, 2006 identifying 287 capital improvement projects over the next twenty years. County department heads and CEO staff have collected and updated relevant information pertaining to the capital improvement needs of the County. Those needs total \$1,243,168,647 in estimated total project costs with \$928,947,795 being the portion of the estimated project costs that would be the responsibility of the County. The County has also recently completed the overall evaluation of its debt capacity and has received the best bond rating in County history. Consistent with the CIP, efforts are underway currently to

assess the Sheriff's facility needs as the next major capital projects that will be undertaken. While Public Facility Fees are available for the detention facilities these funds are not sufficient to fund the anticipated cost of these facilities. In an effort to begin setting funding aside for these efforts, it is anticipated that the 2007-2008 Proposed Budget will include additional appropriations funded by the General Fund for future capital improvement projects.

Debt Service Reductions in Fiscal Year 2007-2008 – On Thursday, February 1, 2007, the County was successful in selling \$40.5 million in Certificates of Participation (COPs) in order to refinance existing debt on the Community Services Facility, Minimum Security Facility, Public Safety Center, Sheriff's Operation Center, Ray Simon Regional Training Center and the Agricultural Center. \$1.3 million of the existing debt was paid off one year earlier than originally anticipated by using reserve funds held with the trustee. The remaining balance was refunded with its existing payoff date of May 2018, and resulted in gross annual debt savings of approximately \$235,000.

Court Facilities Transfer – Efforts continue with the Administrative Office of the Courts and Superior Court staff to provide the information needed to finalize the transfer of the court facilities to the State of California. There are six different facilities. Efforts have been focused on those facilities that may be easier to transfer such as the Traffic Court which is currently in a leased facility on Floyd Avenue in Modesto. Work has been done to complete the CFP for this facility as well as the Turlock and Ceres Courts. The deadline to transfer these facilities is June of this year. We remain optimistic that we will meet the targeted date. The fiscal impact associated with the transfer will be finalized and included as part of the transfer report to be submitted to the Board of Supervisors for approval.

Public Works Road Funding - With the passage of Proposition 1B, additional funding has been made available to local governments for streets and roads. Stanislaus County's portion of the \$2 billion authorized under Proposition 1B is an estimated \$16 million to be appropriated annually by the State Legislature until all Proposition 1B funds are distributed. The County's estimated allocation for Fiscal Year 2007-2008 is \$5 million. The availability of Proposition 1B funds will enable the Department to provide an increased level of maintenance to be performed on County roadways as reflected in the County's recently adopted Capital Improvement Program in the 2007-2008 Fiscal Year.

BUDGET SCHEDULE

The following schedule is recommended for the 2006-2007 quarterly financial reporting and the tentative schedule for the 2007-2008 Proposed Budget:

- ◆ March 15, 2007 Issue 2007-2008 Proposed Budget Instructions to Departments
- ◆ April 16, 2007 Department Proposed Budget Submittals due to Chief Executive Office
- ◆ May 8, 2007 Third Quarter Financial Report to the Board of Supervisors
- ◆ June 1, 2007 2007-2008 Proposed Budget available to Public
- ◆ June 19, 20, 21, 2007 Proposed Budget Presentation and Public Hearing to the Board of Supervisors
- ◆ September 11, 12, 13, 2007 2007-2008 Final Budget Presentation and Public Hearing to the Board of Supervisors

RECOMMENDED MID-YEAR BUDGET ADJUSTMENTS SUMMARY

A summary of recommended budget adjustments by budget unit follows:

Department Budget Units	Requested Expenditure	Requested Revenue	Fund Balance	Source
AAA	\$ 6,352	\$ 6,352		County Match
AAA	\$ 154,393	\$ 154,393		Increase in Federal & State Funding
Alliance Worknet	\$ (63,565)	\$ (59,896)	\$ (3,669)	Reduction in Contract
Alliance Worknet - Admin	\$ (179,586)	\$ (169,277)	\$ (10,309)	Reduced Grant Allocation
Assessor	\$ 26,816	\$ 26,816		Penalty Fees
Auditor	\$ 60,000	\$ 60,000		Department Revenue
Auditor - Ventura Decrease	\$ (16,836)		\$ (16,836)	Litigation Designation
Behavior Health & Recovery Services	\$ 605,571	\$ 1,381,494	\$ (775,923)	Increase in Federal & State Funding
BHRS-Alcohol & Drug Program	\$ (178,274)	\$ (117,022)	\$ (61,252)	Department Revenue
BHRS-Managed Care	\$ (12,722)	\$ (190,438)	\$ 177,716	Reduced Patient Fees
BHRS-Prop 36 SACPA	\$ 76,675	\$ 57,583	\$ 19,092	Department Revenue
BHRS-Prop 63 MHSA	\$ (1,302,750)	\$ (1,120,755)	\$ (181,995)	Reallocate Funds
BHRS-Public Guardian	\$ 61,888	\$ (23,206)	\$ 85,094	Decrease in Estate Fees
BHRS-SRC	\$ (187,498)		\$ (187,498)	Credit in Intrafund Transfers
CEO - Airport	\$ 44,301	\$ 44,301		Department Revenue
CEO- Appropriations for Contingencies	\$ (954,885)			Contingencies
CEO County Fire Service	\$ (11,085)	\$ 16,169	\$ (27,254)	Property Tax Revenues
CEO-General Fund Match	\$ 6,352			Contingencies
CEO-OES	\$ 129,711			Contingencies
CEO-OES	\$ (59,070)	\$ (59,070)		Reduced Grant Funds
CEO-Ops - Ventura Decrease	\$ (23,386)		\$ (23,386)	Litigation Designation
CEO-Purchased Insurance	\$ (2,070,233)	\$ (2,095,834)	\$ 25,601	Lower Health Insurance
Child Support Services	\$ (435,380)	\$ 275,300	\$ (710,680)	State Funding
Clerk-Recorder	\$ (294,828)	\$ (170,000)	\$ (124,828)	Department Revenue
Clerk-Recorder - Automation	\$ (135,201)	\$ (146,838)	\$ 11,637	Decrease in Department Revenue
Clerk-Recorder-Vitals & Health Statistics		\$ 6,636	\$ (6,636)	Department Revenue
County Counsel	\$ 128,144			Contingencies
County Counsel		\$ (29,182)	\$ 29,182	Service to General Fund Departments
Courthouse Construction Fund	\$ 2,100,000		\$ 2,100,000	Fund Balance
CSA-County Children's Fund	\$ 4,651	\$ 6,075	\$ (1,424)	Department Revenue
CSA-Foster Care/OOHP	\$ (2,200)		\$ (2,200)	Reduction in Expenses
CSA-Public Econ Assistance	\$ (5,110,972)	\$ (5,083,372)	\$ (27,600)	Decrease in Expenditure & transfers
CSA-SED	\$ (61,101)	\$ (61,101)	\$ -	Lower Caseloads
CSA-Services & Support	\$ (689,100)	\$ -	\$ (689,100)	Department Savings
CSA-Services & Support	\$ 689,100	\$ -	\$ 689,100	Transfer from Other Charges
DA-Vertical Prosecution	\$ 44,606	\$ 44,606		State Grant Funding
DER - Bev Container	\$ (31,331)	\$ 1,000	\$ (32,331)	Increase in State funding
DER - Trust - Grant Increase	\$ 3,796	\$ 21,618	\$ (17,822)	Department Revenue
DER-Used Oil - Grant Reduction	\$ (287,313)	\$ (139,341)	\$ (147,972)	Change in Grant Cycle
GSA - Facilities Maintenance	\$ 303,700	\$ 156,220		Contingencies
GSA-Administration	\$ 46,144			Contingencies
HSA-IHCP	\$ 162,566	\$ 190,744	\$ (28,178)	Increased Vehicle License Fees
HSA-IHCP - CHIP EMSA	\$ 2	\$ 2		Increase in State Allocation
HSA-IHCP - EMS Hospital	\$ 12,590	\$ 12,590		Increase in Fee Revenue
HSA-IHCP - EMS Physicians	\$ 37,150	\$ 37,150		Increase in Fee Revenue
HSA-Public Health	\$ 879,440	\$ 479,440	\$ 400,000	Increase in State & Federal Fund
Library	\$ (362,863)	\$ (360,165)	\$ (2,698)	Funds from Public Facilities Fee
Planning - General Plan	\$ 70,000	\$ 70,000		Transfer from another Fund
Planning - Salida	\$ 62,470	\$ 62,470		Transfer from another Fund
Planning - Ventura decrease	\$ (24,937)		\$ (24,937)	Litigation Designation
Probation-Admin		\$ 119,600	\$ (119,600)	Revenue from State
Public Defender	\$ 39,000			Contingencies
Public Works-Morgan Shop	\$ 362,544	\$ 1,051,107	\$ (688,563)	Department Revenue
Public Works-Road & Bridge	\$ 2,935,559	\$ 1,002,559	\$ 1,933,000	Department Revenue

Department Budget Units	Requested Expenditure	Requested Revenue	Fund Balance	Source
SBT		\$ (28,837)	\$ 28,837	Decrease Revenue needed
Sheriff - CALMMET	\$ 95,332	\$ 95,332		Department Revenue
Sheriff - Civil Process Fee	\$ 15,000	\$ 15,000		Increased Civil Process Fee Revenue
Sheriff - Drivers Training Program	\$ 36,500	\$ 36,500		Department Revenue
Sheriff - Vehicle Theft Unit	\$ 10,000		\$ 10,000	Fund Balance
Sheriff-Administration	\$ 107,595			Contingencies
Sheriff-Administration	\$ 662,595			Transfer in from Operations
Sheriff-Administration	\$ (20,300)			Transfer to Training Center
Sheriff-Contract Cities	\$ 60,177	\$ 60,177		City Contracts
Sheriff-Court Security	\$ 13,133			Contingencies
Sheriff-Court Security	\$ 38,201	\$ 38,201		Revenue from Superior Court
Sheriff-Detention	\$ 92,946	\$ -		Contingencies
Sheriff-Detention	\$ 91,000	\$ 113,620		Increase in STC Revenue
Sheriff-Detention	\$ (33,122)			Transfer to Training Center
Sheriff-Inmate Welfare	\$ 60,500		\$ 60,500	Fund Balance
Sheriff-Operations	\$ 267,000			Contingencies
Sheriff-Operations	\$ 100,000		\$ 100,000	Contract Cities Fund Balance
Sheriff-Operations	\$ (662,595)			Transfer to Administration
Sheriff-Operations	\$ (128,689)	\$ (46,009)		Transfer to Training Center
Sheriff-Operations - Ventura decrease	\$ (66,200)		\$ (66,200)	Litigation Designation
Sheriff-Ray Simon Training Center	\$ 182,111	\$ 46,009		Transfer from other funds
TC - Rev Recovery	\$ 125,000	\$ 125,000		Department Revenue
Treasury		\$ 161,952	\$ (161,952)	Interest Earning
Total	\$ (2,395,411)	\$ (3,924,327)	\$ 1,528,916	