Third Quarter Financial Report
July 2009 — March 2010

BOARD OF SUPERVISORS

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Introduction

This is the Chief Executive Office's Third Quarter Financial Report for the period of July 2009-March 2010 for the 2009-2010 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's fiscal status. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors Priority and recommends adjustments to County budgets needed since the adoption of the Final Budget in September 2009.

While the Third Quarter Report primarily deals with the status of the County's budget as of March 31, 2010, because the County anticipates declining revenues from property and sales tax, reductions in social services funding and the State budget crisis, the report also provides an update on the County's budget strategy for dealing with these reductions. These include strategies currently in place in Fiscal Year 2009-2010 and a timeline for the implementation of strategies to assure a balanced budget in Fiscal Years 2010-2011 and 2011-2012. Some of the strategic options implemented to balance the Fiscal Year 2010-2011 budget include: moving to a revenue-based approach in the allocation of General Fund revenue; allowing departments to carry over 75% of their net county cost savings from Fiscal Year 2009-2010; and the continuation of the no back-fill policy for State and Federal imposed services and programs that no longer provide funding.

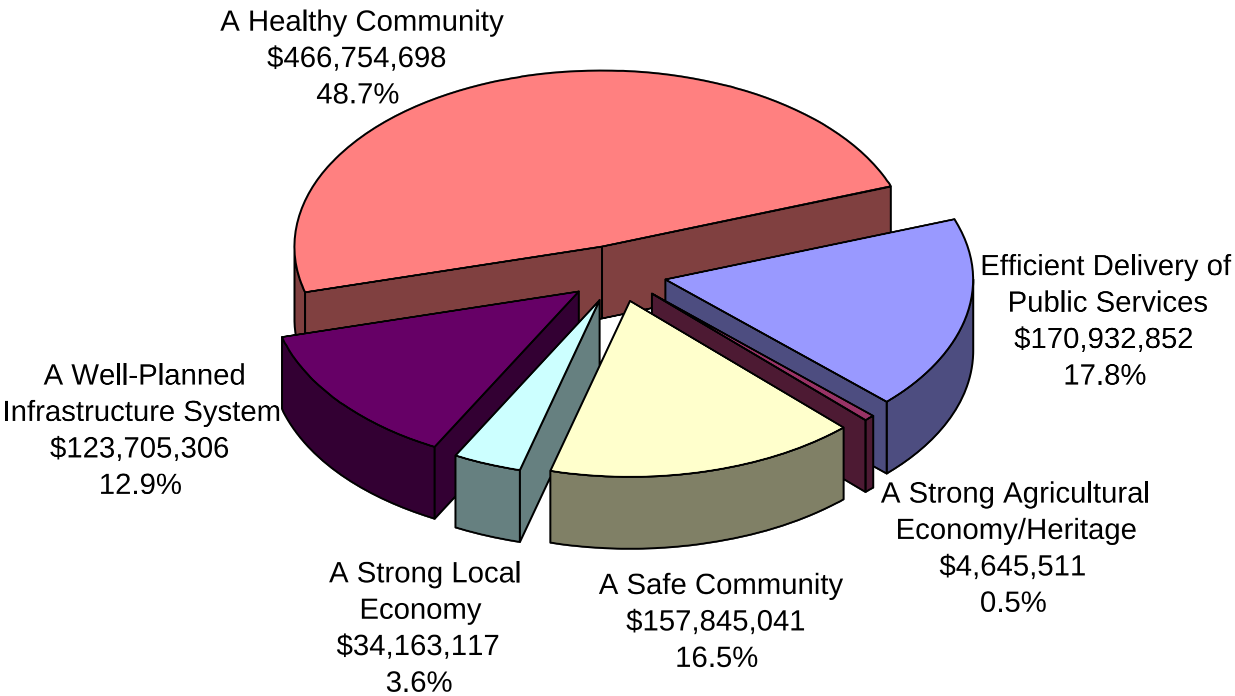
Summary

On September 15, 2009 the Board of Supervisors adopted the Fiscal Year 2009-2010 Final Budget for Stanislaus County. This spending plan of $958,046,525 for all funds reflected an increase of $2,932,370 or a .3% increase over the 2009-2010 Proposed Budget and a nearly 1% decrease over the 2008-2009 Final Budget. The Final Budget was balanced and used a combination of $920,102,903 in revenue and $37,943,622 in fund balance and one-time funding sources. The Final Budget also reflected designations in the General Fund totaling $58,900,408.

The County's 2009-2010 General Fund budget totaled $249,898,038 a decrease of .4% or $994,576 from the Proposed Budget adopted in June 2009 and a 7% decrease from the 2008-2009 Final Budget. The Final Budget for Fiscal Year 2009-2010 included $4 million in appropriations for contingency funds for unexpected exposures or emergencies.

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

Fiscal Year 2009-2010
Final Budget Expenditures
By Board Priority
$958,046,525



BUDGET OVERVIEW

Up to the third quarter point in the fiscal year, funds brought forward from the previous fiscal year along with first quarter, mid-year and Board of Supervisors approved adjustments during this current fiscal year results in an adjusted budget. These actions are summarized below.

Overall Summary of First Quarter and Mid-Year Adjustments

The 2009-2010 First Quarter Financial Report presented on November 9, 2009 reflected recommended adjustments resulting in very little change to the spending plan and a fiscal review of department budgets. Departments requested $8,242,530 in total adjustments in the current year spending plan. There were no requests for additional General Fund contributions. The Chief Executive Office recommended approval of all requested first quarter adjustments as they were funded by non-general fund sources. The recommendations increased estimated revenue by $8,059,192 resulting in an increase in the use of fund balance of $183,338.

The recommended changes were primarily within the Community Services Agency and the Health Services Agency – Public Health. The Community Services Agency had an overall increase in appropriations and estimated revenue of $8,713,167 primarily as the result of the Agency receiving final allocations of State and Federal funds for caseload growth for StanWORKs which includes increases for CalWORKs, Medi-Cal and Child Care. The Health Services Agency - Public Health requested a decrease in appropriations of $1,402,316 and a decrease in estimated revenue of $1,423,008, resulting in an increase in the use of fund balance of $20,692. These reductions were primarily as a result of the elimination or decrease in State Funds for Public Health Programs (Adolescent Family Life Program, Maternal Child and Adolescent Health Program and HIV/AIDS program), and a reduction in federal funding for Medi-Cal Administration Activities.

The 2009-2010 Mid-Year Financial Report presented on March 2, 2010 reflected recommended adjustments, a fiscal review of departmental budgets, and a cash analysis, by fund, at mid-year. The Chief Executive Office's mid-year recommendations included an overall increase in appropriations of $496,783, a decrease in estimated revenue of $6,694,689 (including County Match), which resulted in an increased use of fund balance/retained earnings $7,191,472. Also recommended were transfers from Appropriations for Contingencies totaling $997,825 for retirement cash-outs and costs associated with the Statewide Direct Primary Election.

As part of the Mid-Year Financial Report, discretionary revenue projections were re-evaluated and reduced by $11.3 million. Of the one-time decrease, $7.9 million was the result of a payment due to the State from the suspension of State Proposition 1A and $3.4 million was an on-going decrease, the result of the continued decline in property and sales tax. It was recommended that $7.9 million of the decrease be funded by undesignating funds previously set aside for the Proposition 1A exposure. The $3.4 million decrease in discretionary revenue was covered by the use of one-time 2008-2009 General Fund fund balance.

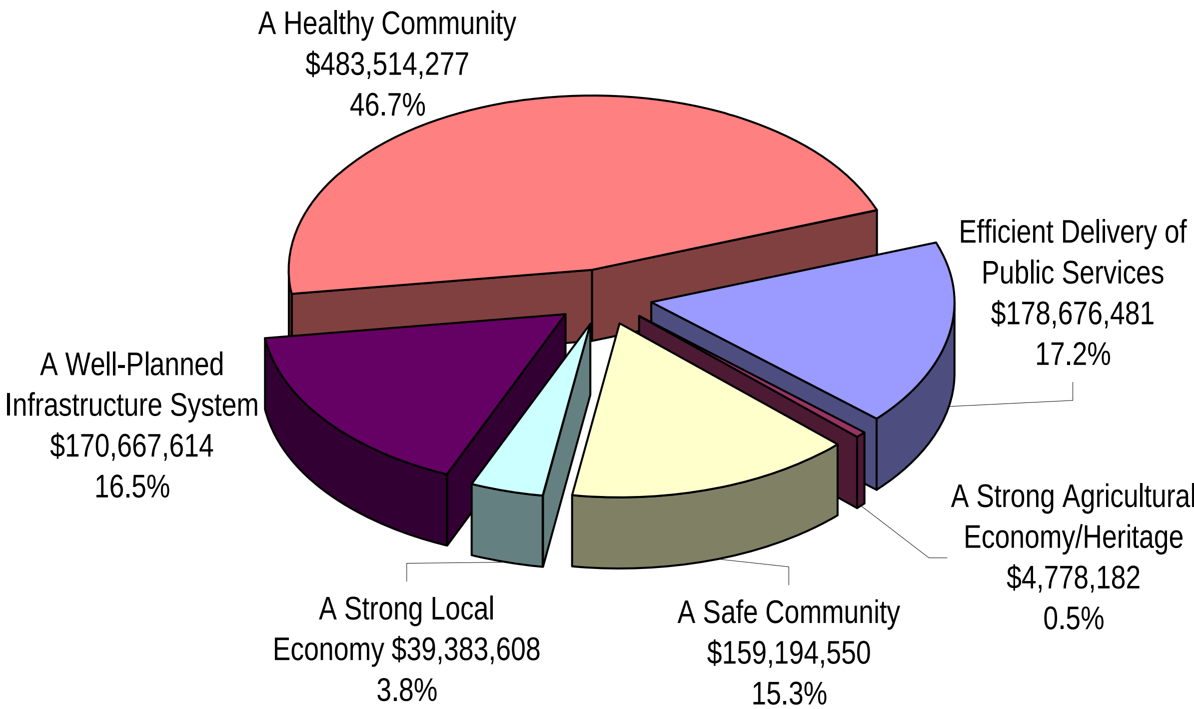
Summary of Budget Adjustments

The Final Budget is adjusted each year by including appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors, however, not fully completed. Funding for these projects are reserved or designated by the Auditor-Controller at year-end to ensure these costs are fully funded in the next fiscal year. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through the First Quarter and Mid-Year Financial Reports or in separate Board of Supervisors action agenda items. The sum of these adjustments through March 31, 2010 total $78,198,910 This reflects $54,126,496 in funding that was carried forward and $24,072,414 in budget adjustments approved by the Board of Supervisors in the current fiscal year through March 2010.

The result of these adjustments made prior to the third quarter review increased the total county budget to $1.036 billion in available spending authority in the current fiscal year.

The following chart reflects the adjusted budget slightly over $1 billion by Board of Supervisors priority as of March 31, 2010:

Fiscal Year 2009-2010 Adjusted Budget
Expenditure by Board Priority
$1,036,214,712 as of March 31, 2010



Overall Summary of Requested Third Quarter Adjustments

The 2009-2010 Third Quarter Financial Report reflects recommended adjustments, and a fiscal review of departmental budgets:

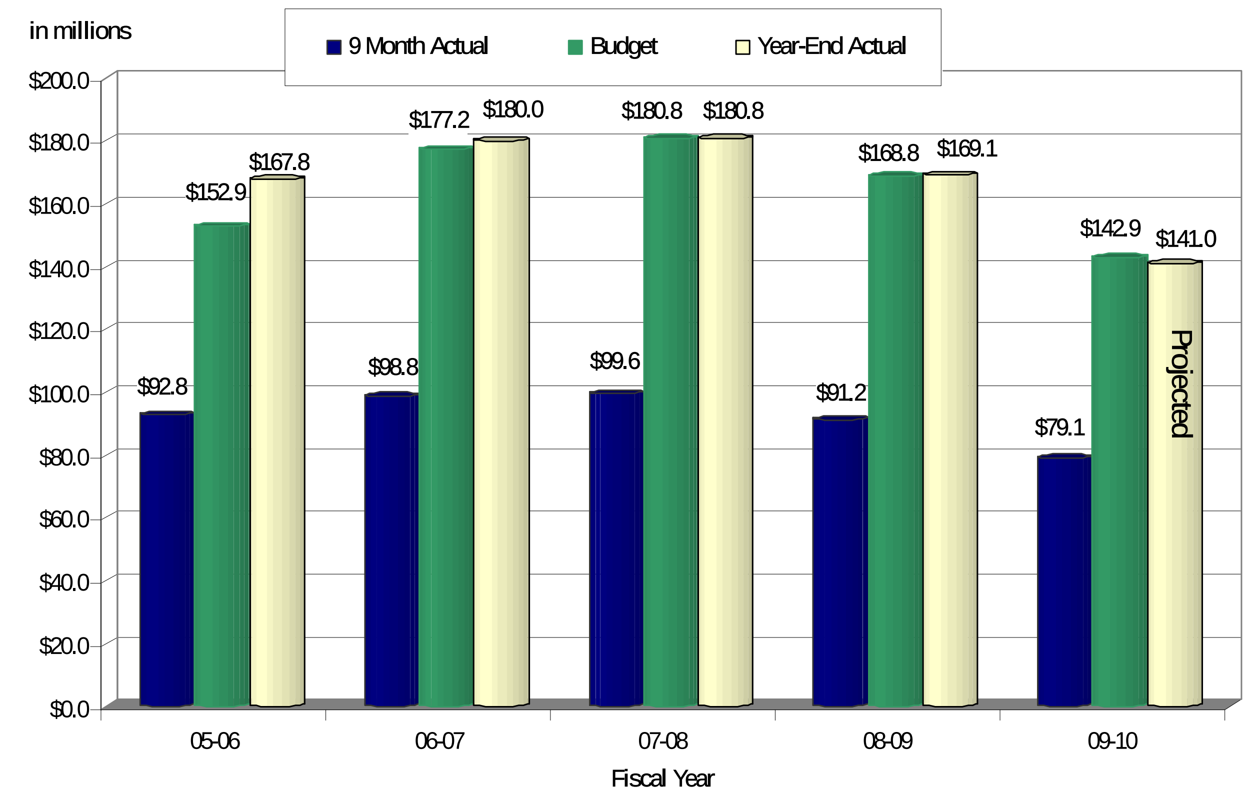
- Departments requested a total of $2.3 million in net increase to the current year spending plan;
- The Chief Executive Office’s third quarter recommendations include a total increase in appropriations of $1,754,549 funded by increased revenue and use of fund balance/retained earnings. While individual budgets may have increased revenue, the recommendations include an overall decrease in estimated revenue of $578,827, including County Match, resulting in a increased use of fund balance/retained earnings of $2,333,376;
- Also recommended are transfers from Appropriations for Contingencies totaling $226,775 for retirement cash-out costs for Cooperative Extension and for salaries for the Public Defender ; and
- No adjustment to discretionary revenue projections is being recommended at this time.

GENERAL FUND UPDATE

Discretionary Revenue

As of third quarter, actual discretionary revenue was $79.1 million compared to $91.2 million for the same time period one year ago. This amount represents 55.3% of the 2009-2010 budget as adjusted at mid-year. Typically, discretionary revenue at this point of the fiscal year ranges from 54% to 60.7% of the adjusted budget and from 53.9% to 55.3% of total year actual collections when looking at the prior four years. We are within the range when comparing to budget and slightly above the range of actual year-end collections. The following chart shows the last five years of third quarter activity:

General Fund—Discretionary Revenue Five Year Comparison



Due to the continuing decreases in property and sales tax revenue sources and the adjustment for the Proposition 1A loan to the State, the discretionary revenue budget was reduced by nearly $11.3 million during the Mid-Year Report. Activity through the third quarter indicates that revenue may still fall short of the adjusted budget. Property tax revenue, including supplemental revenue and the associated administrative revenue, are projected to be lower than anticipated; the 1% sales tax revenue received from local retail sales continues to lag; and franchise fees and revenue received from interest earnings are showing weak returns. Although some of the shortfall may be mitigated by stronger than expected performance of the Public Safety Sales Tax (the ½ cent sales tax enacted with the passage of Proposition 172) and penalties from delinquent property taxes, we still may face a shortfall of $1.9 million by year-end. The following chart summarizes the projections to year-end:

Discretionary Revenue Description	Adjusted Budget FY 2009-2010	Projected to Fiscal Year End	Difference
Property Taxes	$ 84,338,348	$ 81,485,046	$ (2,853,302)
Transfer Tax	1,319,000	1,242,000	(77,000)
Sales & Use Tax (Including In-lieu)	14,762,000	14,416,000	(346,000)
Public Safety Sales Tax (Prop 172)	25,210,000	27,197,204	1,987,204
Penalties on Delinquent Taxes	8,000,000	8,400,000	400,000
Interest Earnings	2,927,000	2,289,000	(638,000)
Miscellaneous Revenue Categories	6,334,240	5,933,801	(400,439)
Total	$ 142,890,588	$ 140,963,051	$ (1,927,537)

Even with the projected shortfall, we are not recommending an adjustment to discretionary revenue with this Third Quarter Report. It is projected that the majority of the shortfall will be offset by a decrease in the funds necessary to be held in reserve for the Teeter Receivable, resulting in an increase to fund balance as of year-end June 30, 2010.

General Fund – Designations

Designations are funds set aside by the Board of Supervisors for specific restricted uses beyond the current fiscal year. Designations can be set up only during the final budget process but funds can be undesignated at any time during the year with a four-fifths vote of the Board of Supervisors. General Fund designations totaled $48,564,287 at the beginning of the current fiscal year. The undesignation of $8,000,000 in Contingencies as a Fiscal Year 2009-2010 budget balancing strategy was completed in July of 2009. A net increase of $18,336,121 was approved during the final budget process and a net reduction of $7,931,047 was approved as part of the Mid-Year Report. Additional reductions totaling $13,354 occurred as part of an approved action item from July 10, 2007, authorizing incremental transfers of designated funds to Stanislaus Regional 911 as a loan for the project costs associated with the purchase and implementation of the new Computer Aided Dispatch system. The loan is to be paid back to the County over a five-year period at 5% simple interest once the project is completed. An additional reduction of $313,875 was the result of a Board of Supervisors approved item for upgrades to the Frank Raines Regional Park water filtration system. The total net change in designations through March 31, 2010 is an increase of $2,077,845 from the beginning of the fiscal year, leaving a balance of $50,642,132 as reflected in the chart below. No additional adjustments are recommended for third quarter.

Designation	2009-2010 Beginning Designations	Adjustments as of 3/31/2010	2009-2010 Adjusted Designations
Debt Service	$ 11,779,459		$ 11,779,459
Contingency	9,552,967	(6,290,932)	3,262,035
Tobacco Settlement	1,696,799	(22,956)	1,673,843
Tobacco Securitization	202,508		202,508
Restricted	1,300,000		1,300,000
Parks Projects (Other)	926,762	(313,875)	612,887
Litigation (Other)	2,757,614	1,000,000	3,757,614
Facility Mtce & Improve (Other)	1,000,000		1,000,000
State 1A Funding Exposure (Other)	4,516,707	(4,440,885)	75,822
Landfill Repayment (Other)	8,691,959		8,691,959
Retirement Obligation	-	2,000,000	2,000,000
Teeter Plan	-	13,344,174	13,344,174
Carryover Appropriations (Fund 100)	4,605,329	(1,796,457)	2,808,872
Carryover Appropriations (Fund 105)	34,183	(1,224)	32,959
Carryover Appropriations (Fund 107)	1,500,000	(1,400,000)	100,000
Total Designations	$ 48,564,287	$ 2,077,845	$ 50,642,132

BUDGET STRATEGY AND IMPACTS FOR FISCAL YEAR 2009-2010, 2010-2011 AND BEYOND

For the past two years, the County has taken proactive measures to respond to a deteriorating economy and declining revenue. As a result, the County took a very cautionary approach when establishing the Fiscal Year 2009-2010 spending plan. All general services departments and Animal Services were issued a 12% reduction in net county cost and Public Safety Departments received a 5% reduction. The County also used $15.3 million in fund balance/one-time funds to balance the budget. Additional actions to control costs were taken including the implementation of a hiring freeze, reductions-in-force, employee furloughs, and expense control through contract reductions and limiting overtime and travel, as well as a three-year use of designations and reserves to phase into a reduced level of revenue and expenses.

Even with these actions the County projects a multi-year structural shortfall in funding through June 30, 2012. Given the enormity of the budget challenges, it was critical for the County to have an identified budget strategy in place well in advance of the start of Fiscal Year 2010-2011. A 30-month Budget Strategy started at Mid-Year 2009-2010 is now underway. The significant milestones in the preparation for Fiscal Years 2010-2011 and 2011-2012 are identified on the following page:

Budget Decision Milestone	Status	Date
Budget Workshop for Department Heads Projected General Fund Deficit - $23 Million	Preliminary budget numbers for 2010-2011 shared with Department Heads. Department Heads provided potential solutions and strategies to eliminate the projected $23 million shortfall in funding in the General Fund after the use of $8 million in designations.	October 6, 2009
Department Head Meetings	Department Heads provided with preliminary budget strategy for Fiscal Years 2010-2011 and 2011-2012 developed using feedback received at October 2009 meeting.	December 2009 and January 2010
Board of Supervisors' Retreat	Board of Supervisors updated on status of 2010-2011 budget and preliminary strategy for resolving $23 million shortfall in funding in the General Fund.	February 12, 2010
Meeting with Unrepresented Management Employees	Unrepresented Management Employees updated on status of 2010-2011 budget and preliminary strategy for resolving deficit.	February 19, 2010
Meeting with Unrepresented Confidential Employees	Unrepresented Confidential Employees updated on status of 2010-2011 budget and preliminary strategy for resolving deficit.	March 2, 2010
Board of Supervisors' Approval of Budget Strategy for 2010-2011 and 2011-2012	As part of the Mid-Year Report to the Board of Supervisors the Board approves the Chief Executive Office implementing the proposed Budget Reduction Strategy for 2010-2011 and 2011-2012.	March 4, 2010
Proposed Budget Instructions with General Fund Revenue Distribution Completed and Distributed to County Departments	Proposed Budget Instructions with 9% decrease in General Fund Revenue issued to departments. This is a decrease of $9.3 million in funding from Fiscal Year 2009-2010.	March 12, 2010
Final Retirement Rates Issued By StanCERA	StanCERA Board approves $20 million in mitigation to retirement rates decreasing the increase in Retirement Expense from $28 million to $6.6 million countywide and from $10 million to $3.2 million in the General Fund.	Revised Retirement Rates Distributed to Departments March 26, 2010

Budget Decision Milestone	Status	Date
Complete Labor Reduction Negotiations $13.8 Million in Salary Savings Projected Countywide $5.5 Million in Salary Savings Projected in the General Fund	Board of Supervisors approves two-year agreements with labor unions and implementation for unrepresented employees of a 5% Salary Reduction, a Voluntary Separation/Retirement Incentive Program and modification of Retirement Benefits.	April 6, 2010
First Round of Reductions-In-Force to Board of Supervisors	Reduction-In-Force of 52 employees in the Sheriff's Department and 9 in the Library approved by the Board of Supervisors.	April 27, 2010
Additional Reductions-In-Force to Board of Supervisors	Additional Reductions-In-Force in the Public Defender and Assessor departments to the Board of Supervisors as part of the Third Quarter Report to the Board of Supervisors.	May 4, 2010
Additional Reductions-In-Force to Board of Supervisors	Reductions-In-Force in the Health Services Agency – Public Health.	May 18, 2010
Public Hearing on Proposed Budget	Completion of Proposed Budget currently in process.	June 8, 2010
Additional Reductions-In-Force to Board of Supervisors	Reductions-In-Forces to the Board of Supervisors as part of Proposed Budget.	June 8, 2010
Public Hearing on Final Adopted Budget	Final Adopted Budget presented to Board of Supervisors.	September 14, 2010

The County's success in negotiating the 5% across the board salary savings and StanCERA's $20 million mitigation of the projected $28 million in retirement increases has reduced the General Fund deficit to $10 million from the original projection of $23 million. While General Fund Departments will be required to absorb the $10 million deficit in Fiscal Year 2010-2011, the County still faces a structural shortfall in funding that must be resolved. Additional budget strategies have been implemented to provide departments with the opportunity to put in place long term solutions to the budget shortfall. The two most noteworthy changes are in the way General Fund revenue is being allocated and a significant policy change that will allow General Fund departments to retain 75% of their unused 2009-2010 net county cost for use as departmental fund balance in Fiscal Year 2010-2011.

While Departments are actively completing their proposed budgets for 2010-2011 there are still uncertainties regarding expenses for General Liability, Unemployment and Health Insurance, as well as concerns about funding for Public Works, Health and Human Services and the impacts of additional program cuts as a result of the State budget crisis. Significant concerns also remain about increased retirement expenses in 2011-2012.

General Liability and Unemployment Self-Insurance Funds

Charges to departments in 2010-2011 have increased for both unemployment and general liability self-insurance. Unemployment charges are $325 per employee in 2010-2011, compared to $90 in 2009-2010. The substantial increase is due primarily to the costs associated with the locally-funded Federal unemployment extensions, which were first paid in the second quarter of calendar year 2009. This, coupled with additional claimants in 2010-2011 due to reductions-in-force, results in higher anticipated claims costs for the new budget year. In addition, costs for the General Liability Self-Insurance Fund have increased substantially from 2008-2009. The 2010-2011 Proposed Budget will include appropriations of over $6 million, which are funded by approximately $3 million in insurance reimbursement revenue and $3 million in charges to departments. The bulk of the increase in department charges will be absorbed by the Sheriff's Office, where the actual claims occurred. The budget is anticipated to fund all claims and litigation costs, as well as excess insurance premiums which are increasing as the number and cost of claims rise, causing a further burden on the fund. The 2010-2011 General Liability budget represents a 136% increase over 2008-2009 actuals of $4.4 million, and a 261% increase over 2007-2008 actuals of $2.3 million. Due to the uncertainty of claims, this budget will need to be monitored on an ongoing basis during the year to ensure that sufficient appropriations are allocated and that revenue is recovered in a timely fashion.

Health and Human Services

Significant challenges remain in the area of health and human services. The Governor's Proposed State Budget for 2010-2011 includes many cuts and payment deferrals in the health, mental health and social services programs that, if adopted, will be passed directly to counties. The budget proposal also includes a major proposal to "trigger" severe health and human services cuts, including the wholesale elimination of the CalWORKs, Healthy Families, and In-Home Supportive Services (IHSS) programs if the State is unable to secure additional federal funding. Additionally, the weakened economy has caused a corresponding decrease in realignment revenue, thereby burdening the financial support of the health and human services departments.

The County's obligation for the In-Home Supportive Services (IHSS) program is projected to increase by $3.6 million based on current IHSS Individual Provider wages and projected caseload growth next year. This includes a potential additional mandated County Match exposure of $2.6 million, for which funding is clearly not available. This exposure would be worsened by further decreases in realignment revenue. State legislative mandate relief is needed for this program to avoid further reductions to all other locally funded programs.

The Health Services Agency continues to face funding challenges in its Clinics and Ancillary Services Division. Most recently, the Family Medicine Residency Program has been declared a "new" program by the accrediting body, the Accreditation Council for Graduate Medical Education, effectively approving the newly formed Valley Consortium for Medical Education (VCME), to act as the sponsor for the residency program, and therefore enabling the program to once again qualify for Federal funding. The VCME is a partnership between the County, the Health Services Agency's Federally Qualified Health Centers (clinics), Doctors Medical Center and Memorial Medical Center. Operational details are in the process of being resolved. Regular reports will continue on this effort.

Public Works

Signed by the Governor on March 22, 2010 the Transportation Tax Swap package eliminated the sales tax on gasoline (the source of Proposition 42 and spillover funds) while increasing the excise tax on gasoline by 17.3 cents a gallon.

Several years ago, the voters passed Proposition 42, a funding mechanism that used sales tax on gasoline for Public Works (Roads). The amount Stanislaus County had been receiving was approximately $4.7 million. This sales tax was constitutionally protected and could only be borrowed two times in ten years and had to be repaid with interest within three years. The Transportation Tax Swap Package would eliminate the sales tax (protected revenue source) and replace it with an increase to the excise tax on gasoline (unprotected source). This increase in the excise tax balances the amount lost in the Proposition 42 sales. It appears at this time that County Roads will be made whole however, this tax swap eliminates the protection afforded by Proposition 42. The State may borrow but must pay back within three years, however no interest is part of the repayment and the State does not have to repay the loan before they borrow the next year. Conceivably, they could borrow three years in a row before they pay back the first year.

Regarding transit, the tax swap will allow for the release of $400 million for Fiscal Years 2009-2010 and 2010-2011. Approximately $2.9 million will come to all County transit operators. The funds are expected to be available in late June or early July. For Fiscal Year 2011-2012, the State is expected to release $350 million statewide. It is estimated that approximately $2.2 million would be allocated to all the County's transit operators through the State Transit Assistance program. The operators have not received any funding in the last two years because the State has taken it to balance their budget. While transit operators are slated to receive funding, this is still down from the historical high of approximately $4.3 million. The State will still have the ability to take the money if they choose to do so. In the end, this legislation is supposed to make transit "whole" but there are no projections as to when this will be. It is anticipated that County transit will be fully funded this next year. It may also mean there may be Local Transportation Fund dollars (LTF) that will be able to go to streets and roads.

Labor Relations

In April 2010, the County reached agreements with 12 County labor organizations supporting across the board 5% salary cost reductions for County employees over the next two fiscal years, 2010-2011 and 2011-2012. During the cost reduction negotiations, the County reached agreements with the Stanislaus Sworn Deputy Association and Sheriff Management Association to extend the expiration of their current Memorandum of Understanding (MOU). Additionally, the County was able to reach an agreement with the Sheriff Supervisor Association, District Attorney Investigators’ Association and Deputy Sheriffs’ Association. These contracts will expire June 30, 2010, which coincides with the 5% salary cost reduction agreements. The County is currently involved in negotiations with the County Attorney Association and will enter into negotiations with bargaining units whose labor agreements expire at the conclusion of Fiscal Year 2009-2010.

Below is a schedule by bargaining unit of contract expiration dates:

Bargaining Unit	Allocated Positions	Percent of Workforce	Contract Expiration Date
County Attorney's Association	77	1.9%	6/30/2010
Emergency Dispatchers Association	44	1.1%	6/30/2010
Resident Physicians	28	0.7%	6/30/2010
Service Employees' International Union, (SEIU) Local 521	621	15.7%	6/30/2010
Deputy Probation Officers	106	2.7%	7/31/2010
Group Supervisor Association	82	2.1%	12/31/2010
Registered Nurses	94	2.4%	2/28/2011
Stanislaus County Employees Association, (AFSCME) Local 10	2,041	51.5%	5/31/2011
Deputy Sheriff Association - Custodial	217	5.5%	6/30/2012
District Attorney Investigators	16	0.4%	6/30/2012
Sheriff Supervisor Association	29	0.7%	6/30/2012
Sheriff Management Association	18	0.5%	6/30/2012
Stanislaus Sworn Deputy Association	183	4.6%	6/30/2012
Unrepresented	409	10.2%	N/A
Total[1]	3,965	100%	

[1] Not included in this total are the In-Home Supportive Services Individual Providers (IHSS-IP) workers represented by the United Domestic Workers of America (UDWA) whose contract expires 9/30/2010.

Health Insurance

Health insurance benefits are negotiated collectively under one agreement for all represented bargaining units. The current one-year agreement for employee health benefits expires on December 31, 2010. The current agreement includes two HMO options (Kaiser and Blue Cross). Both Kaiser and Blue Cross also have Health Savings Account (HSA) options in addition to the HMO option. The cost of medical plan options are anticipated to increase approximately 4.5% or $2.1 million in calendar year 2010. To partially offset this increase, the County estimates a savings of approximately $1.9 million on dental and vision costs in 2010 based on eliminating the current flexible benefit plan for dental and vision insurance and replacing it with specific levels of dental and vision coverage.

Retirement 2011-2012

In planning for Fiscal Year 2010-2011 the County had significant concerns regarding the County's retirement exposure. The original cost increase was estimated at $23 million countywide. On March 15, 2010, the StanCERA Board voted to shift $20 million from the excess reserve to off-set the County's, the Courts' and Stanislaus Council of Government's increased retirement cost in Fiscal Year 2010-2011. The StanCERA Board also voted to change the amortization rate for the unfunded liability from 29 years to 25 years. While the $20 million shift will reduce the County's contribution, the change in the amortization rate resulted in increased retirement rates to $23 million prior to the $20 million in mitigation. Overall, the County will see a $6.6 million increase in retirement costs in Fiscal Year 2010-2011. While the potential impact for Fiscal Year 2010-2011 has been significantly reduced, concern remains over the County's exposure in 2011-2012. The Board of Supervisors has approved a modification of retirement benefits for unrepresented employees hired after December 31, 2010 to the former Tier Two retirement benefit structure in place prior to March 2002 (reduced benefit formula; 2% at age 61 for miscellaneous employees and 2% at age 50 for safety employees). The County will be negotiating this change with all bargaining units. The recommended changes to retirement benefits to future unrepresented employees will have a significant long-term financial benefit to the County. However, they will not provide any cost relief in the short term. Further, because the actuarial firm retained by StanCERA is recommending another decrease in the amortization rate for the unfunded liability, retirement costs even with some recovery in the stock market could increase significantly.

A Safe Community

COUNTY DEPARTMENTS

Animal Services
CEO-OES/Fire Warden
CEO-Capital Projects
CEO-County Operations
District Attorney
Grand Jury
Integrated County Justice Information System
Probation
Public Defender
Sheriff

A Safe Community

OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of March 31, 2010, actual revenue collected is $29.6 million, which represents 65.8% of the estimated annual revenue. This is below the range when compared to the third quarter point of the prior two years when collections were at 66.5% and 68.5% of the final actual revenue. As of March 31, 2010, expenditures are $110.7 million, representing 69.5% of the budgeted appropriations. Expenditures at the third quarter point of the prior two years were 72.3% and 73% of the final actual expenditures, placing this year below the range.

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

- Chief Executive Office – Jail Medical - A decrease in revenue of approximately $250,000 due to the new vendor paying Doctor's Medical Center (DMC) directly instead of the payments being made by the County to DMC and reimbursed by the vendor. The contract amount was adjusted in recognition of the change in process. In addition, a decrease in expenditures of approximately $.5 million as a result of the delay in payments to the vendor and the vendor paying DMC directly for hospital costs;

- Chief Executive Office – County Court Funding – A decrease in expenditures of $193,000 as a result of the transfer of the court facilities to the State;

- Chief Executive Office – Office of Emergency Services - A decrease in expenditures of $280,000 as a result of a five percent budget reduction issued as part of the proposed budget;

- Chief Executive Office – Criminal Justice Facilities Fees - A decrease in revenue of approximately $365,000 as a result of Public Facilities Fees being moved into this budget in 2008-2009 to cover a portion of the cost involved in the tenant improvements at the District Attorney's 12th Street Office Building and a decrease in expenditures of $312,000 as a result of expenditures related to the tenant improvements at the District Attorney's Office;

- District Attorney - A decrease in expenditures of $822,000 as a result of a five percent budget reduction issued as part of the proposed budget and a reduction in salary costs as a result of all employees taking 13 furlough days;

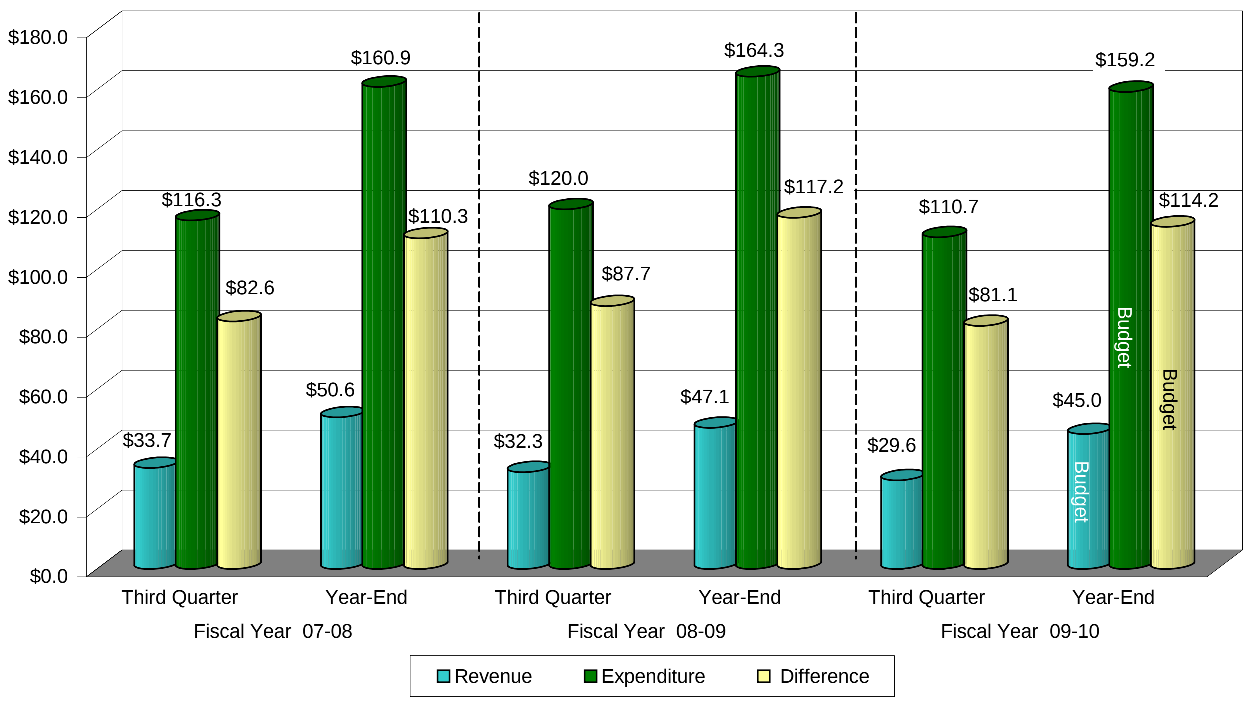
- Probation - A decrease in revenue of $570,000 in the Juvenile Justice Crime Prevention Act budget as a result of grant funding being received in four quarterly payments instead of one payment at the start of the fiscal year. In addition, Probation also experienced a reduction in expenditures of $843,000 in Administration, Field Services and Institutions and the Juvenile Justice Accountability Crime Prevention Act (JJCPA) budgets as a result of vacant positions, and decreased grant funding in JJCPA;

- Public Defender - A decrease in expenditures of $92,000 as a result of a five percent budget reduction issued as part of the proposed budget and a reduction in salary costs as a result of all employees taking eight furlough days; and

- Sheriff - A decrease in revenue of $1.5 million in the Contract Cities, Detention and Ray Simon Training Center budgets attributed to a decrease and loss of grant funding, decreased booking fee revenue in Detention and the reduction in Police Officer Standard Training (POST) academies in the Ray Simon Training Center budget. In addition, the Sheriff's department also experienced a decrease in expenditures of $6.2 million in the Administration, Detention, Operations, Contract Cities, Court Security, and Ray Simon Training Center budgets attributed to a decrease in Workers' Compensation charges, reductions in the use of extra-help employees, and salary savings from a reduction-in-force of four positions and the unfunding of positions. Additional savings were also realized in the Sheriff – Detention budget due to the closure of a 64 bed wing in the minimum housing unit at the Public Safety Center. The Ray Simon Training Center budget also saw a decrease in expenditures as the result of a reduction in the number of POST academies.

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

A Safe Community
Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Safe Community for Fiscal Year 2009-2010 is $45 million with departmental expenditures budgeted at $159.2 million and the difference of $114.2 million funded through a General Fund contribution and the use of fund balance/retained earnings. Both revenue and expenditures are down, with revenue collections decreasing by $2.7 million and expenditures decreasing more than three times as much at $9.3 million from Third Quarter 2008-2009. As a result, the General Fund contribution and use of fund balance/retained earnings is at 71% of the budget at third quarter and is tracking below previous years. This trend is expected to continue throughout the year.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

CHIEF EXECUTIVE OFFICE - DEPARTMENT OF JUSTICE DRUG AND ALCOHOL

The Chief Executive Office - Department of Justice Drug and Alcohol budget is requesting to decrease revenue by $14,000 and increase the use of fund balance by $14,000 due to a projected shortfall of fee revenue. Revenue in this budget is collected by fees that are received when individuals are convicted of driving under the influence of drugs or alcohol. Although this budget is charged for the cost of administering drug and alcohol tests on a monthly basis from the Department of Justice, revenue to offset those costs have a significant lag time. In addition, if an individual is not convicted fees are not collected. The use of $14,000 in fund balance is requested at this time to fund the projected revenue shortfall. The CEO-DOJ Alcohol and Drug budget is projected to end the year with approximately $23,000 in cash. Fund balance including the requested use of $14,000 is projected to end the year in a positive position of $5,180.

Budget Unit	Requested			Description
	Appropriations	Revenue	Fund Balance	
Chief Executive Office-Department of Justice Drug and Alcohol	$0	($14,000)	$14,000	Increase use of fund balance as a result of decreased revenue.
Total	$0	($14,000)	$14,000	

Summary of Recommendations: It is recommended to decrease revenue by $14,000, which will be offset by an increase use of $14,000 in fund balance due to reduced revenue from reimbursement for drug and alcohol tests.

DISTRICT ATTORNEY

Rural Crimes Prevention Program: This program serves as a focal point to address rural and agricultural crime in Stanislaus County. Although it is required by legislation to be administered by the District Attorney's Office, the majority of the funds are used by the Sheriff's Office for personnel, equipment, vehicles, operating costs, and travel for attendance at task force meetings and to attend training. Funds for this program are administered by the California Emergency Management Agency (Cal EMA). The current budget reflects the second year of a two-year grant (2008-2009 and 2009-2010), and is in need of an increase in appropriations of $1,313 in order to claim the full amount of the grant to fund supplies and training costs that were budgeted last year, but incurred this year. The appropriations will be funded by $1,149 of the program's fund balance, and $164 of additional revenue that will be claimed at the end of this budget year. This grant is anticipated to take a significant cut next year, so it is important to adjust the budget to allow the current grant amount to be fully utilized.

Budget Unit	Requested			Description
	Appropriations	Revenue	Fund Balance	
DA - Rural Crimes Prevention Program	$1,313	$164	$1,149	Increase appropriations and estimated revenue to allow department to fully utilize current grant allocation.
Total	$1,313	$164	$1,149	

Summary of Recommendations: It is recommended to increase appropriations by $1,313, funded by $164 of estimated revenue and $1,149 of fund balance for supplies and training costs.

PUBLIC DEFENDER

The Public Defender is requesting an adjustment of $30,000 in order to stay within appropriations at year-end. The increased costs are the result of recent salary step increases received by staff. In anticipation of the shortfall, the Department released three contract employees in March and reduced expenditures wherever possible. This resulted in savings, however it is anticipated that the Department will still need additional appropriations in order to make the 2009-2010 Fiscal Year budget. The Public Defender projects an increase in revenue from legal fees collected by the Treasurer/Tax Collector of $20,000 above the 2009-2010 budgeted revenue. This increased revenue will offset most of the increase in salaries.

At this time, it does not appear that the Indigent Defense budget will remain within budgeted appropriations by year-end. This budget is for non Public Defender cases. It is difficult to project out the Indigent Defense budget since charges against the fund have varied considerably from month to month this fiscal year. The rate of expenditure is largely driven by costs associated with a few high profile murder cases. The cases are costly either because they involve multiple defendants or because the death penalty is being sought. These costs tend to increase sharply if a murder case goes to trial or is about to proceed to trial in the previous month. Both March and April saw sharply increased spending and if expenditures continue unchanged for the rest of the fiscal year, the fund would be in a deficit of over $200,000. It is requested to increase appropriations as needed up to $200,000 by year-end to assure that the Indigent Defense Budget ends in a positive position.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Appropriations for Contingencies	
Public Defender	$30,000	$20,000	$10,000	Increase in appropriations to fund salaries funded by a transfer from Appropriations for Contingencies.
Public Defender - Indigent Defense	$200,000	$0	$200,000	Increase in appropriations up to $200,000 to be funded by a transfer from Appropriations for Contingencies by year-end if needed.
Total	$230,000	$20,000	$210,000	

Summary of Recommendations: It is recommended to increase appropriations by $230,000 and estimated revenue by $20,000, resulting in $210,000 to be funded from a transfer from Appropriations for Contingencies. Of these funds, $10,000 is to be transferred upon approval of this report to the Public Defender's budget for salaries and up to $200,000 will be transferred as needed by year-end to the Indigent Defense budget for attorney fees and related expenses.

STANISLAUS REGIONAL 911

Summary of Staffing Requests and Recommendations: As part of a budget balancing strategy, Stanislaus Regional 911 is requesting to unfund three vacant positions as reflected in the table below.

STANISLAUS REGIONAL 911 DEPARTMENT STAFFING REQUESTS AFFECTING ALLOCATION COUNT						
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	REASON	RECOMMENDATION
Stanislaus Regional 911	-1	7882	Emergency Call Taker	Unfund vacancy	Revenue Loss	Unfund vacant position
Stanislaus Regional 911	-2	2314, 2317	Emergency Dispatcher	Unfund vacancies	Revenue Loss	Unfund vacant positions
SR 911 CHANGES	-3					
BEGINNING ALLOCATION	58					
CHANGES IN ALLOCATION	-3					
ENDING ALLOCATION	55					

Summary of Recommendations: The recommended change in staffing is outlined in the staffing table above.

SUMMARY

Overall, for A Safe Community appropriations are recommended to increase by $231,313 and estimated revenue is expected to increase $6,164. This increase in appropriations is funded by the use of $15,149 in fund balance and a transfer of up to $210,000 from Appropriations for Contingencies.

A Healthy Community

COUNTY DEPARTMENTS

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

A Healthy Community

OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community as of March 31, 2010, actual revenue is $263.9 million, which represents 55.6% of the estimated annual revenue. This is below the range when compared to the third quarter point of the prior two years when collections were 59.2% and 58.4% of the final actual revenue. As of March 31, 2010, expenditures are $304.6 million, representing 63% of the budgeted appropriations. Expenditures at the third quarter point of the two prior years were 67.1% and 68.6% of the final annual expenditures, placing this year's expenditures below the range.

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

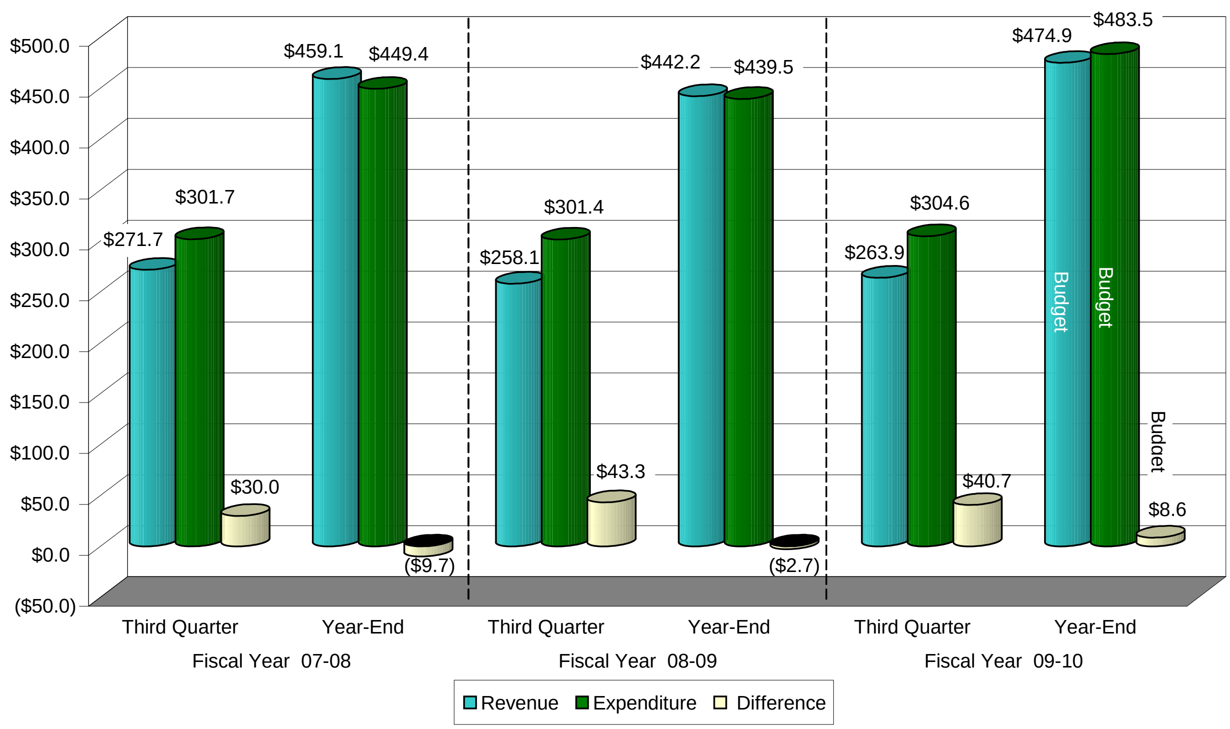
- Behavioral Health and Recovery Services – Overall, a decrease in revenue of $500,000 primarily as a result of the State's elimination of Substance Abuse and Crime Prevention Act Proposition 36 funding, and an increase in expenditures of approximately $1 million which are primarily related to funding for audit liability and consumer price index (CPI) contingencies previously budgeted;

- Children and Families Commission – Overall, a decrease in revenue of $1.5 million primarily as a result of decreases in interest earned and a decrease in Proposition 10 revenue due to declines in the economy and newly implemented federal tobacco taxes which are reducing the sale of tobacco products statewide; and

- Health Services Agency – Overall, an increase in revenue of $7.8 million as a result of the March, 2009 repayment of the County's share of the graduate medical education funding recouped by the Federal Centers for Medicare and Medicaid Service (CMS), and an increase in expenditures of $2.9 million primarily as a result of increased costs associated with the implementation of the new Electronic Medical Records and the Integrated Behavioral Health program.

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

A Healthy Community
Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Healthy Community for Fiscal Year 2009-2010 is $474.9 million with departmental expenditures budgeted at $483.5 million and the difference of $8.6 million funded through the use of fund balance/retained earnings. Both revenue and expenditures are up, with revenue collections increasing by $5.8 million and expenditures increasing by $3.2 million over Third Quarter 2008-2009. It is anticipated that this priority area will end the year within budget.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

AREA AGENCY ON AGING

The Department of Aging and Veterans' Services mission is to help seniors and veterans obtain the services and benefits they need to live secure, healthy and independent lives. As funding changes in these uncertain economic times, the Department remains focused to ensure that seniors, caregivers, disabled persons and veterans can continue to maintain the best quality of life through case management services, assistance and referrals, and community outreach.

As part of the Third Quarter Financial Report, the Department is requesting to increase appropriations and estimated revenue by $34,803 due to an increase in the Federal Older Americans Act funding for senior services and programs. Of the total amount, funding of $24,161 is for Title V Senior Employment training and funding of $10,642 is for the Health Insurance Counseling and Advocacy Program (HICAP).

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
Area Agency on Aging	$34,803	$34,803	$0	Increase in appropriations and revenue from Federal Older Americans Act funding for senior services and programs.
Total	$34,803	$34,803	$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $34,803, due to additional Federal funding for senior services.

BEHAVIORAL HEALTH AND RECOVERY SERVICES

Mental Health Services: The Department is requesting an increase in appropriations and estimated revenue of $211,076 to reimburse the Community Services Agency (CSA) for Assembly Bill (AB) 3632 Severely Emotionally Disturbed (SED) placement costs. Available AB 3632 deferred revenue will be transferred into the Behavioral Health and Recovery Services – Mental Health Services budget to cover this cost. In addition, as part of the 2009-2010 Proposed Budget, the Department included $20,882 in the departmental contingency account. The Department is requesting to transfer $20,882 of appropriations from the departmental contingency account into the special departmental expense account to more appropriately classify the Department's contingency fund.

Managed Care: The Department is requesting to increase appropriations and estimated revenue in the Behavioral Health and Recovery Services – Managed Care budget by $250,000, funded by a transfer from the Behavioral Health and Recovery Services – Mental Health budget. This funding will be used for the resolution of issues regarding inpatient services related to Doctor's Behavioral Health Center (DBHC). This transfer is necessary in order for already incurred expenditures to be reflected in the proper fund.

The Department is also requesting to increase appropriations by $230,000 to cover the increased cost of inpatient usage at Doctor's Behavioral Health Center (DBHC) and associated one-time legal fees, funded by departmental fund balance. The increased appropriations will cover the additional cost of inpatient usage at DBHC for the remainder of the current fiscal year and enable the Department to end the year within the current budget. Although the Managed Care fund currently has a negative cash balance of $2,059,524, since it is part of the overall Mental Health budget, sufficient cash balance is available in the Behavioral Health and Recovery Services – Mental Health budget to cover the negative projection. This is consistent with the strategy used in prior years. The use of additional fund balance does not impact funding previously set aside for audit liabilities or funds designated for future capital use.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
BHRS - Mental Health	$211,076	$211,076	$0	Increase in funding to reimburse CSA for SED placement costs, through the use of prior year deferred AB3632 revenue.
BHRS - Mental Health	($20,882)	$0	($20,882)	Transfer appropriations from departmental contingency account into special departmental expense account to appropriately classify funds.
BHRS - Mental Health	$20,882	$0	$20,882	Transfer appropriations into special departmental expense account from departmental contingency account to appropriately classify funds.
BHRS - Managed Care	$250,000	$250,000	$0	Increase in funding from BHRS - Mental Health Services budget for incurred costs related to the resolution of issues concerning inpatient services at Doctor's Behavioral Health Center (DBHC).
BHRS - Managed Care	$230,000	$0	$230,000	Increase in costs related to increased inpatient care at Doctors Behavioral Health Center, funded by departmental fund balance.
Total	$691,076	$461,076	$230,000	

Summary of Recommendations: It is recommended to increase appropriations by $691,076 and estimated revenue by $461,076, resulting in the additional use of $230,000 of departmental fund balance for increased cost for inpatient usage of DBHC.

COMMUNITY SERVICES AGENCY

The Community Services Agency (CSA) continues to experience increased caseloads and program growth as people seek help with food, shelter, cash assistance and employment. As of third quarter, the Agency is serving about one in three members of the County, or 29.9% of Stanislaus County's population. This is an increase from midyear, when the Agency was assisting one in four people in the community. As a result, CSA is requesting an overall increase in County Match of $279,223 for increases in Public Assistance, In-Home Supportive Services provider wages and health benefits.

As a result of the Governor's January budget, the Department expects to receive post mid-year allocation augmentations in recognition of caseload growth: approximately $1 million for Food Stamp Administration and approximately $56,000 for In Home Supportive Services (IHSS). The Department is unable to access these additional allocated funds due to the lack of General Fund support for mandated County Match. Surplus allocations equate to $4.7 million for Food Stamps and $771,120 for IHSS at this third quarter submission; a total of $5.5 million loss to the local economy.

A new strategy has been developed to use a portion of the surplus Food Stamp funding to benefit the community without impact to the County General Fund. This strategy is implemented through a new partnership with the Yosemite Community College District (YCCD). Essentially, CSA and YCCD partner on Welfare to Work (WtW) support for customers requiring a community college education to obtain employment. Through this partnership, YCCD will provide services and waive the reimbursement from the State while certifying that they have covered the services with funds that meet the criteria for local match. State reimbursement of the YCCD services will be made to CSA who can then use these funds to leverage Food Stamp funds for outreach efforts to expand access to food stamps and improve health and nutrition in the community. Financial support for this partnership and the leveraging model with claim instructions is provided through the California Department of Social Services, which allocates funds for both CalWORKs and food stamps with one joint Maintenance of Effort (MOE). Only the WtW portion of the partnership is factored within this third quarter recommendation at an estimated $200,000; existing appropriations were sufficient to support this agreement. The Department will return to the Board of Supervisors separately with details of the Food Stamp Outreach program to be implemented by Fiscal Year 2010-2011.

The California State Budget Act of 2009 included funding for counties' use in fraud investigation and program integrity efforts related to the In-Home Supportive Services (IHSS) program, as well as funding for additional fraud investigators at the State level. However, even with additional staff, the State is not equipped to handle the high volume of IHSS fraud investigations statewide. Effective November 24, 2009, the Board of Supervisors approved the CSA plan for Fraud Investigations and program integrity efforts for the IHSS program and authorized the Department to participate in a pilot program for the period of January to June of 2010. Delays in hiring temporary staff for the pilot program along with reduced equipment costs to support the program have provided savings of $15,613 at the county share level. The full county share of cost for the pilot, $64,466, was provided through CSA fund balance at inception and remains dedicated to IHSS Fraud support through June 2010. The Department requests to roll forward the actual savings in fund balance at fiscal year-end to support the pilot through September 30, 2010. Preliminary results of the pilot program are very promising and actual IHSS program savings have been generated through detection, identification and elimination of some providers from the program. It is too early to provide an accurate estimate of the incidence of fraud and/or a sustainable return on investment. As such, CSA proposes to support the pilot through the first quarter of Fiscal Year 2010-2011; State/Federal funding is available for the entire fiscal year. The Department will provide a report to the Board of Supervisors by August of 2010 highlighting the pilot results and making a recommendation as to the closeout or extension of the pilot into an ongoing program effort.

Consistent with past practice, the Department requests authority to make transfers among CSA budgets to mitigate any potential impacts to the County General Fund and ensure the overall CSA budget ends the year in a positive position.

Detailed analysis of realignment revenue trends was completed throughout the third quarter review process. No changes have been recommended to the realignment funds forecast at this time. Sales tax receipts which contribute to Social Services realignment fluctuate greatly from month to month and have been on a steady decline over the past four fiscal years with a noticeable change in the past three months to stabilize and even show slight growth in the month of March 2010 over March 2009. CSA will continue to monitor sales tax and realignment closely since this revenue stream provides over half the mandated county share of total CSA programs, which includes 27% of the mandated county share within Program Services and Support.

Public Economic Assistance: This budget provides cash aid to Stanislaus County families eligible for temporary economic assistance and to children requiring out-of-home placement on a temporary or permanent basis. The Public Economic Assistance Programs are entitlement programs that provide a prescribed level of aid payments to recipients once an eligibility determination is made.

In the CalWORKs program, which includes Temporary Assistance to Needy Families (TANF) welfare payments, the Department is requesting a decrease in appropriations of $1,789,139 and estimated revenue of $1,744,411 resulting in a decreased county share of $44,728 to the Department's fund balance, as a result of a decrease in the average caseload and average grant. This decrease reflects the slowing growth trend experienced in the last eight months.

The Refugee Cash Assistance program reflects a slowing growth trend with a decrease in average monthly caseload, offset by an increase in the average grant amount. Accordingly, the Department is requesting a decrease in appropriations and estimated revenue of $274,157. The program is completely Federally funded, and recognition of these changes to the existing program will have no impact on the General Fund.

In the Cash Assistance for Immigrants program, as a result of decreases in the average caseload and average grant, the Department is requesting a decrease in appropriations and estimated revenue of $751,942. The program is completely Federally funded, and recognition of these changes to the existing program will have no impact on the General Fund.

The Department is also requesting an increase in appropriations of $631,957 and estimated revenue of $395,315 in the Foster Care program, resulting from the United States District Court-Ordered increase of the Group Home (GH) rates paid under the California's Rate Classification Level (RCL) system to reflect the California Necessities Index (CNI) increases from 1990-1991 through 2009-2010 retroactive to December 14, 2009. The average GH rate increase of 33% is projected to increase the County share by $236,642. The average monthly caseload remains at the mid-year level of 548 and the average monthly grant increased by $97.44 to $1,659.73. As a result of this court decision, the General Fund contribution to this program will increase by $225,683, funded through County Match. When the Department closes its financial records for Fiscal Year 2009-2010, any savings that materialize will be returned to the General Fund.

In the Adoptions Assistance Program (AAP), as a result of an increase in the average caseload and no change in the average grant, the Department is requesting an increase in appropriations of $93,759 and estimated revenue of $103,097 resulting in a decreased county share of $9,338 to the departmental fund balance.

In the Kinship Guardianship Assistance Payment program due to increases in average caseload offset by decreases in the average grant, the Department is requesting an increase in appropriations of $19,677 and estimated revenue of $11,879 over the mid-year resulting in a request for an increased county share of $7,798 from departmental fund balance.

The Department is requesting to decrease estimated revenue by $113,865 from child support collections, resulting in the increased use of departmental fund balance. These funds represent the local county share benefit of child support collections for families on aid or that previously received aid. The overall decrease reflects the actual recoupment experienced over the last eight months.

The Department is requesting to increase estimated revenue by $78,555 from Behavioral Health and Recovery Services to support the CSA – Seriously Emotionally Disturbed (SED) mandated County share. This will result in a corresponding decrease in the use of departmental fund balance.

It is important to note in the current year projections for Foster Care and AAP, the American Recovery and Reinvestment Act (ARRA) FMAP revenue at third quarter is $324,266 in local County Match obligation. This savings is already factored within the Third Quarter 2009-2010 revenue projections. In the absence of ARRA FMAP the county share would be increased and the third quarter request for additional General Funds would be $549,949. The ARRA FMAP funding is anticipated to expire December 31, 2010.

Seriously Emotionally Disturbed Children (SED): The Department is requesting an increase in appropriations of $46,964 resulting from the U.S. District Court Ordered increase of the Group Home (GH) rates paid under the California's Rate Classification Level (RCL) system to reflect the California Necessities Index (CNI) increases from 1990-1991 through 2009-2010, retroactive to December 14, 2009. The average grant will increase to $7,798.29, which reflects the 32% increase of the GH rate. The SED caseload is trending lower at third quarter at an average of 5.6 cases per month. This on-going appropriation will support SED through June 30, 2010.

Consistent with expenditure levels, the Department is requesting an increase in estimated revenue of $18,786 in State funding. The SED program is an open ended State entitlement program with a 40% State share.

CSA is fortunate that the Behavioral Health and Recovery Services (BHRS) has undesignated advanced revenue from Senate Bill 90 that will be budgeted to support SED placements through June 30, 2010. SB 90 revenue can be used to support mandated programs where the State has not provided adequate funding. The Department is requesting to increase estimated revenue by $177,153 from BHRS to support SED mandated County share.

CSA and BHRS had each contributed funding at mid-year to support SED and mitigate an unmet need of $67,846. As a result of the increased SB 90 funds, it is requested to decrease estimated revenue by $33,923 from the CSA Services and Support budget. These funds are no longer needed for SED and will assist the Department in balancing other revenue shortfalls without negative impact to the General Fund.

Additionally, it is requested to reduce estimated revenue by $36,497 in realignment funding. The increased SB90 funds will eliminate the Department's need to use fund balance to cover an over-allocation of realignment to the Health Services Agency's California Children's Services (CCS).

Finally, the Department is requesting an increase in appropriations of $78,555 to fund the CSA – Public Economic Assistance budget to support mandated local match requirements mitigating negative impacts to the County General Fund.

County Children's Fund: The Department has completed a third quarter review of the County Children's Fund budget and is requesting an increase in appropriations of $54,871, funded by departmental fund balance. Fund balance in this budget can be used to provide County Match to leverage Federal and State allocations for the prevention, intervention, and treatment of child abuse and neglect through contracts with local non-profit agencies. The requested funds will be used to support child and family services program contracts in the CSA – Services and Support budget.

The Department requests authorization to redirect fund balance savings to other CSA budgets prior to the close of Fiscal Year 2009-2010 to ensure a positive position and mitigate impacts to the County General Fund and any remaining County Match amounts will go back to the General Fund after the reduction.

In-Home Supportive Services (IHSS) Public Authority Benefits Administration: This budget includes the direct costs of the Individual Provider (IP) Medical Benefits Plan. Under the approved labor agreement with United Domestic Workers of America (UDWA), the County will contribute up to $0.60 per IP paid hour for health benefits. Health benefits are available to individual providers who work 75 hours or more per month for three consecutive months. The number of providers that can receive benefits are dependent on the total annual individual provider paid hours and the determined monthly health premium.

The Fiscal Year 2009-2010 Third Quarter Report projection is based on seven months of actual expenditures and an estimate of five months based on current trends, which include a caseload growth of 5.4% at fiscal year-end. The estimated IHSS IP paid hours increased by 81,310 to 5,467,676 from the Fiscal Year 2009-2010 Mid-Year Report projection level of 5,386,366, which was based on the original UDWA agreement.

The IHSS IP health benefit premium increased by 15.4% from $537.46 to $620.40 per month effective April 1, 2010 and this rate increase was just confirmed and approved by UDWA for this new enrollment period. It is requested to increase appropriations by $123,786 and estimated revenue by $42,122 of State and Federal funding for the health premium increase. Additionally, an increase in estimated revenue of $75,000 from provider premium reserves is requested. The Department is also requesting a decrease in appropriations and estimated revenue of $93,000 for American Recovery and Reinvestment Act (ARRA) COBRA subsidy payments that have not materialized. Finally, the Department is requesting an increase in County Match funds of $6,664 to fully cover the mandated County share of the required health premium increase.

<u>In-Home Supportive Services (IHSS) Provider Wages</u>: This budget contains the full cost of the mandated IHSS individual provider wages, funded by Federal, State and County funds. Current wages are $9.38 per hour as authorized by the Board of Supervisors in the labor agreement with United Domestic Workers of America (UDWA). The current labor agreement is set to expire on September 30, 2010.

The Department has completed a thorough review of the CSA – In-Home Supportive Services (IHSS) Provider Wages budget and is requesting an increase in appropriations of $343,270 and an increase in estimated revenue of $296,394, based on increased paid hours. The estimated IHSS Individual Provider (IP) paid hours increased by 81,310 hours to 5,467,676 hours from the Fiscal Year 2009-2010 Mid-Year Report projection level of 5,386,366 hours, which was based on the original UDWA agreement. The current projection is based on seven months of actual expenditures and an estimate of five months based on current trends, which include a caseload growth of 5.4% at fiscal year-end. Finally, the Department is requesting an increase in County Match funds of $46,876 to fully cover the mandated County share of the individual provider wages.

Court orders continue to delay implementation of several State budget Fiscal Year 2009-2010 regulations affecting IHSS customers with functional index (FI) scores less than two (2) and domestic and related services under FI of 4 which were designed to reduce this program's cost. As a result, no savings have been factored into IHSS Provider Wages at this time and services continue for approximately 6,100 eligible elderly and disabled customers.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
CSA - Public Economic Assistance	($1,789,139)	($1,744,411)	($44,728)	Decrease in CalWORKs average caseload and average grant amount.
CSA - Public Economic Assistance	($274,157)	($274,157)	$0	Decrease in Refugee Cash Assistance average caseload offset by an increase in average grant amount.
CSA - Public Economic Assistance	($751,942)	($751,942)	$0	Decrease in Cash Assistance Program for Immigrants average caseload and average grant amount.
CSA - Public Economic Assistance	$631,957	$620,998	$10,959	Increase in Foster Care average grant amount due to court-ordered increase in Group Home Rates; funded by State and Federal funding, an increase of $225,683 in County Match and $10,959 in departmental fund balance.
CSA - Public Economic Assistance	$93,759	$103,097	($9,338)	Increase in Adoptions Assistance Program average caseload and align County share with current experience.
CSA - Public Economic Assistance	$19,677	$11,879	$7,798	Increase in Kinship Guardianship Assistance Payment Program average caseload offset by a decrease in average grant amount.
CSA - Public Economic Assistance	$0	($113,865)	$113,865	Decrease in child support collections revenue.
CSA - Public Economic Assistance	$0	$78,555	($78,555)	Increase in funding from CSA - Seriously Emotionally Disturbed budget to support local match requirements.
CSA - Seriously Emotionally Disturbed Children	$46,964	$18,786	$28,178	Increase in Group Home rates offest by increase in State funding.
CSA - Seriously Emotionally Disturbed Children	$0	$177,153	($177,153)	Increase in funding from BHRS - SB90 Revenue to support Seriously Emotionally Disturbed program placements.
CSA - Seriously Emotionally Disturbed Children	$0	($33,923)	$33,923	Decrease in funding from CSA - Services and Support due to BHRS - SB90 Revenue.
CSA - Seriously Emotionally Disturbed Children	$0	($36,497)	$36,497	Decrease in Realignment revenue.
CSA - Seriously Emotionally Disturbed Children	$78,555	$0	$78,555	Increase in funding for CSA - Public Economic Assistance budget to support local match requirements.
CSA - County Children's Fund	$54,871	$0	$54,871	Increase in funding for CSA - Services and Support for local match support in Children's Programs.
CSA - Public Authority Benefits	($93,000)	($93,000)	$0	Decrease in ARRA COBRA subsidy payments and funding.
CSA - Public Authority Benefits	$123,786	$48,786	$75,000	Increase appropriations to cover June 2010 IHSS Provider health benefits; funded by State and Federal funding, an increase of $6,664 in County Match, and $75,000 in departmental fund balance.
CSA - Public Authority Benefits	$0	$75,000	($75,000)	Increase estimated revenue using health premium reserves.
CSA - IHSS Provider Wages	$343,270	$343,270	$0	Increase in appropriations to cover June 2010 IHSS Provider wages funded State and Federal funding and an increase of $46,876 in County Match.
Total	($1,515,399)	($1,570,271)	$54,872	

Summary of Staffing Requests and Recommendations: The Department is reorganizing the administrative support unit in recognition of changed workload and staffing levels in this unit. The reorganization plan is meant to serve as a solution to eliminate the need to have a unit of Confidential Assistant staff in the administrative area, and allow each Assistant Director the opportunity to supervise and maximize the work of their Confidential Assistants. As a result of this reorganization, the Department has requested that the supervisory position be reviewed and appropriately classified. The classification of this position will be reviewed and a recommendation made with the Fiscal Year 2010-2011 Proposed Budget.

COMMUNITY SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION						
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	REASON	RECOMMENDATION
CSA-Services & Support	1	7124	Confidential Assistant V	Reclassify downward	Reorganization	Study

Summary of Recommendations: It is recommended to decrease appropriations by $1,515,399 and estimated revenue by $1,570,271 (including $279,233 from County Match), resulting in the additional use of $54,872 in departmental fund balance.

HEALTH SERVICES AGENCY

Clinics and Ancillary Services: The Health Services Agency – Clinics and Ancillary Services budget is receiving increased Federal funding as a result of receiving enhanced revenues from the Federally Qualified Health Center Look-Alike (FQHC-LA) designation in September 2007. At the close of Fiscal Year 2008-2009, the Department had a one-time savings of $1.2 million of unused County Match funds as a result of the increase in Federal funding. At this time, the Department is requesting to decrease estimated revenue by $1.2 million of County Match funding in order to return the unused match funds to the General Fund.

Health Coverage and Quality Services: As part of the 2009-2010 Proposed Budget, the Board of Supervisors approved the dissolution of the HSA – Health Coverage and Quality Services budget. At this time the Department is requesting to increase appropriations by $522,418 in order to transfer remaining departmental fund balance to the HSA – Indigent Health Care Program and Public Health budgets.

Indigent Health Care Program: On March 30, 2010 the Board of Supervisors approved the rescission of the reduction to the income limits at which patient cost sharing applies and the increase in patient cost sharing specifically for major restorative dental services in the Medically Indigent Adult (MIA) Program that had previously been approved by the Board of Supervisors in October of 2009. These changes have resulted in increased exposure to the program. The Department is requesting to increase appropriations by $365,562 as a result of the MIA Program changes. The Department is also requesting to decrease estimated revenue by $384,350 to reflect the continued decline in realignment revenue. Finally, the Department is requesting to increase estimated revenue by $643,009 from the HSA – Health Coverage and Quality Services budget. This will result in the use of $106,903 in departmental fund balance.

Public Health: The Department is requesting to increase estimated revenue by $119,936 from the HSA – Tobacco Education Trust. These funds will be used for prior fiscal year expenditures that were not previously accrued or reimbursed to the HSA – Public Health budget for the Tobacco Education Program.

Public Health- Local Preparedness: The HSA – Public Health-Local Preparedness budget was set up as a Trust Fund per State requirements for the advance receipt of emergency preparedness funding. The operational activities required to receive the funding are performed and expenses incurred in the HSA – Public Health budget. The Department is requesting to increase appropriations by $305,133 from departmental fund balance in order to reimburse Public Health for services rendered.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
HSA - Clinics and Ancillary	$0	($1,200,000)	$1,200,000	Decrease County Match for repayment to the General Fund.
HSA - Health Coverage and Quality Services	$522,418	$0	$522,418	Increase in appropriations to offset costs in HSA - Public Health and HSA - Indigent Health Care budgets.
HSA - Indigent Health Care Program	$365,562	$0	$365,562	Change in MIA share of cost and copay policy.
HSA - Indigent Health Care Program	$0	($384,350)	$384,350	Decrease in realignment revenue.
HSA - Indigent Health Care Program	$0	$643,009	($643,009)	Increase in revenue from HSA - Health Care and Quality Services.
HSA - Local Public Health Preparedness	$305,133	$0	$305,133	Increase in funding for HSA - Public Health for prior year costs of emergency preparedness.
HSA - Public Health	$0	$119,936	($119,936)	Increase in revenue from HSA - Tobacco Education trust fund.
Total	$1,193,113	($821,405)	$2,014,518	

Summary of Recommendations: It is recommended to increase appropriations by $1,193,113 and to decrease estimated revenue by $821,405. This results in a use of additional departmental fund balance of $2,014,518.

SUMMARY

Overall, appropriations for A Healthy Community are recommended to increase by $403,593 and estimated revenue is recommended to decrease $1,895,797 respectively. This is funded by $2,299,390 of departmental fund balance/retained earnings. This budget includes the return of $1.2 million of unused County Match from the Health Services Agency and an increase in County Match of $279,223 for the Community Services Agency.

A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
Library

A Strong Local Economy

OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of March 31, 2010, actual revenue collected is $16.8 million, which represents 44.9% of the estimated annual revenue. This is below the range, due to the timing of revenue receipts in the current fiscal year, when compared to third quarter of the prior two years when collections were 60.9% and 57.7% of the final actual revenue. As of March 31, 2010, expenditures are $20.7 million, representing 52.6% of the budgeted appropriations. Expenditures at third quarter of the prior two years were approximately 71% of the final actual expenditures, placing this year's expenditures below the range.

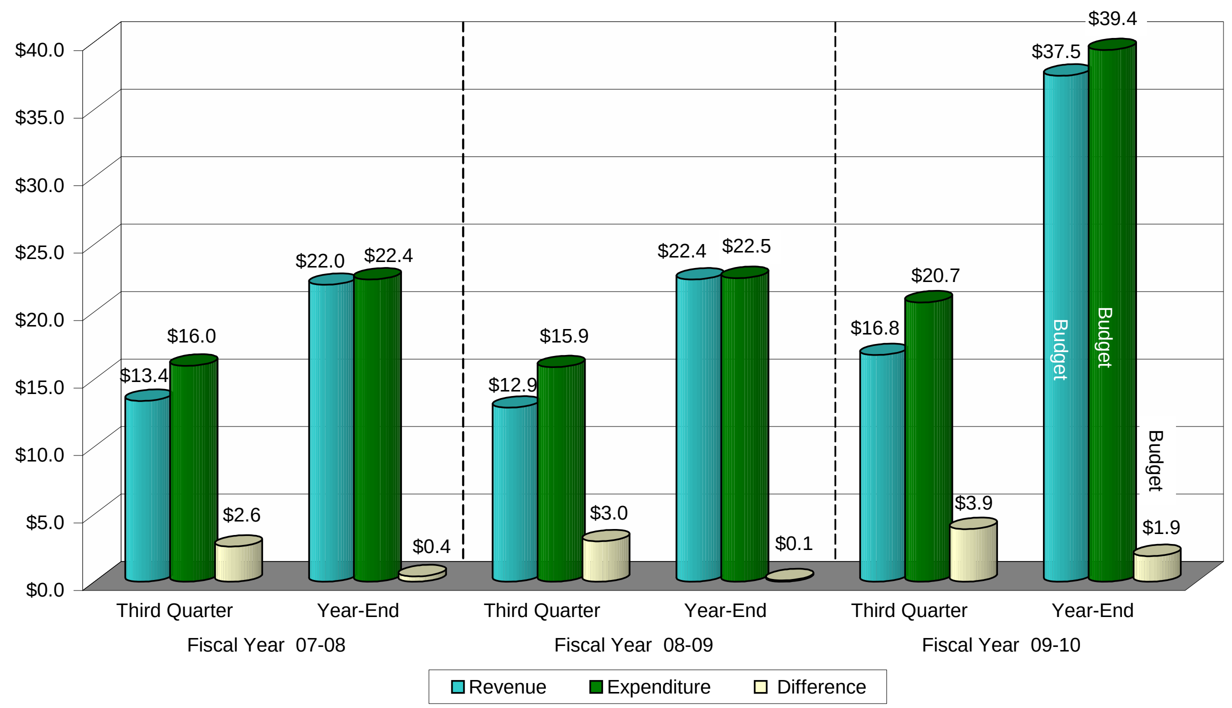
Significant variations this year, compared to the same time period one year ago include:

- Alliance Worknet and Alliance StanWORKs – A combined increase in revenue and expenditures of approximately $4.70 million and $5.53 million from American Recovery and Reinvestment Act funding to implement the summer youth program and increased job training and assistance for dislocated workers as well as timing differences in reimbursement from the State; and

- Library – A continued decline, in part, due to unrealized sales tax revenue of approximately $782,000 and, in response, reduced expenditures resulting in a decrease of approximately $748,000.

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

A Strong Local Economy
Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Strong Local Economy for Fiscal Year 2009-2010 is $37.5 million with departmental expenditures budgeted at $39.4 million and the difference of $1.9 million funded through the use of fund balance/retained earnings. Both revenue and expenditures are up, with revenue collections increasing by $3.9 million and expenditures increasing by $4.8 million over Third Quarter 2008-2009. It is anticipated that this priority area will end the year within budget.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

LIBRARY

The Library continues to evaluate its operations in response to the steady decline in sales tax revenue and the increase in the cost of doing business and demand for services. The analysis is based on estimated revenue projections for the next thirty-six months before the 1/8-cent sales tax will sunset on June 30, 2013. The Library anticipates that there will not be sufficient revenue, due to current economic conditions, to maintain the same level of staffing in Fiscal Year 2010-2011 and beyond. To address this structural deficit, the Library made recommendations to the Board of Supervisors on April 27, 2010, to make necessary staffing reductions and modifications to the branch operating hours. Specifically, the Board of Supervisors approved the reduction-in-force of nine filled positions and the deletion of four vacant positions in the Library. The Library's operating hours were also revised to close the Modesto and Keyes libraries on Fridays and also align the closure of all branches on this day for operational efficiency purposes.

The Library has also received interest from City partners in working together to improve Library facilities and services in their respective areas. The current 1/8-cent sales tax provides funding for operational costs but not long-term system or infrastructure improvements. As such, funding sources, in addition to the current local support, is necessary to meet the Library's long-term needs. The Library, with assistance from the Chief Executive Office, has determined that the development a long-term comprehensive library strategic plan would assist in identifying operational efficiencies as well the appropriate funding mechanisms for implementation. The plan is envisioned to include input from stakeholders that will define actionable recommendations and a results-based plan of service to meet the future needs of the library system. The plan is further expected to enable the Library to serve customers more fully, deliver services more efficiently through the use of technology, and position the Library to target new revenue streams and partnerships. Funding for the execution of a contract with Ruth Metz Associates in the amount of $120,000, through a transfer from the Public Facility Fees program, is requested as part of third quarter to commence this formal strategic planning effort. The Public Facility Fees Committee has previously approved the use of the funds for this purpose.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
Library	$120,000	$120,000	$0	Increase in contract for library strategic plan through Public Facilities Fees Administration Fund.
Total	$120,000	$120,000	$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $120,000 to establish the budget for the execution of a contract for developing a long-term comprehensive library strategic plan funded through a transfer from Public Facilities Fees.

SUMMARY

Overall, appropriations and estimated revenue for A Strong Local Economy are recommended to increase by $120,000. The increase is attributable primarily to a transfer from the Public Facilities Fees program for a contract to develop a long-term comprehensive library strategic plan.

A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

OVERVIEW

The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry that generates over $2 billion a year for County residents. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply and water quality, and preservation of our unique agriculture heritage are key aspects of A Strong Agricultural Economy/Heritage. Departments assigned to this priority area include: Agricultural Commissioner's Office and Cooperative Extension. The major funding source for these County budgets includes contributions from the General Fund. The Agricultural Commissioner receives State funding for a number of programs as well as charges for specific services. While not part of the County budget, Cooperative Extension's University of California advisors are funded through the University of California system.

DEPARTMENTAL REVENUE AND EXPENDITURES

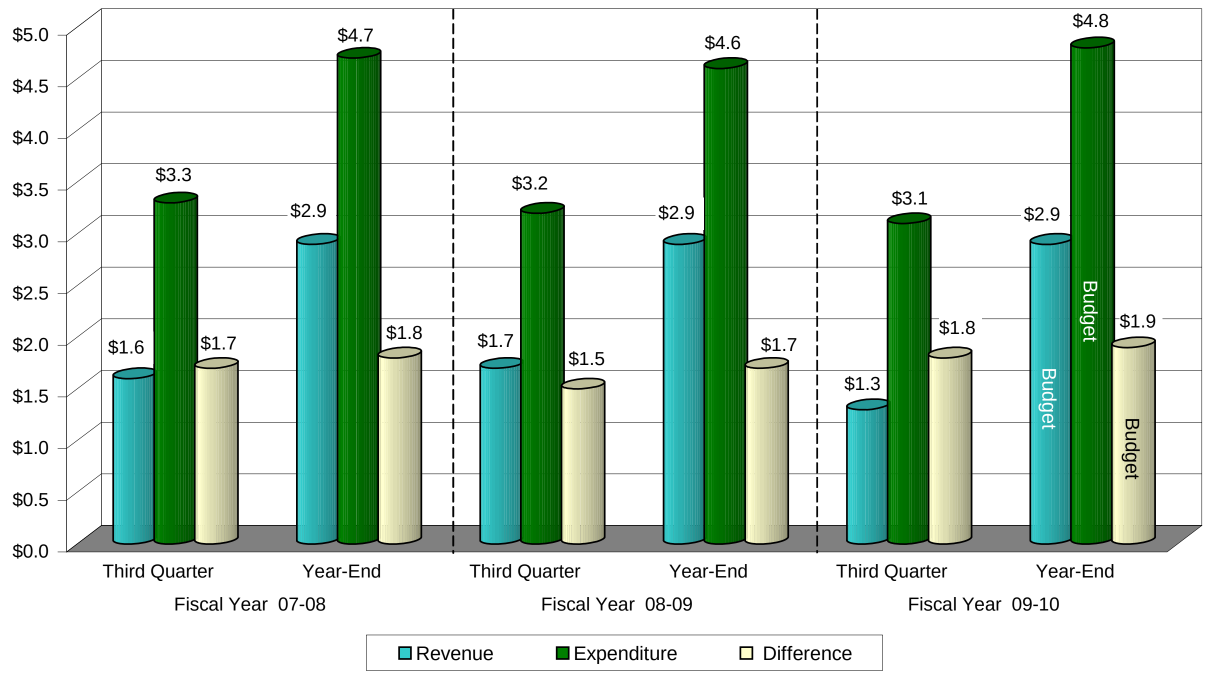
For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of March 31, 2010, actual revenue collected is $1.3 million, which represents 43.9% of the estimated annual revenue. This is well below the range when compared to third quarter of the prior two years when collections were 54.9% and 58.1% of the final actual revenue. As of March 31, 2010, expenditures are $3.1 million, representing 65.2% of the budget appropriations. Expenditures at the third quarter point of the prior two years were approximately 70% of the final actual expenditures, placing this year's expenditures below the range.

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

- Agricultural Commissioner's Office – Approximately $432,000 less in estimated revenue than the prior year due to a delay in revenue receipts from the State and a decline in expenditures of nearly $92,000 due to the purchase of replacement vehicles and equipment in Fiscal Year 2008-2009.

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

A Strong Agricultural Economy/Heritage
Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage for Fiscal Year 2009-2010 is $2.9 million with departmental expenditures budgeted at $4.8 million and the difference of $1.9 million funded through the use of fund balance/retained earnings. This General Fund contribution and use of fund balance/retained earnings is slightly above Third Quarter 2008-2009, however, it is anticipated that this priority area will end the year within budget.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

COOPERATIVE EXTENSION

Cooperative Extension anticipates ending the year within budget. The Department has requested one-time funding to cover the retirement cash out of $11,775 for the Confidential Assistant IV effective June 30, 2010. Furthermore, the Department is requesting funding in the amount of $5,000 to double-fill this position for three weeks, as per County policy, to allow ample time for training on both County and University of California processes and procedures. In total, Cooperative Extension requested funding in the amount of $16,775 as part of third quarter.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Appropriations for Contingencies	
Cooperative Extension	$16,775	$0	$16,775	Retirement cashout costs and three week double fill through Appropriations for Contingencies for Confidential Assistant IV.
Total	$16,775	$0	$16,775	

Summary of Recommendations: It is recommended to increase appropriations in the amount of $16,775 funded through Appropriations for Contingencies for retirement cash out costs and to double-fill the position for three weeks to allow for training and effective transition.

SUMMARY

Overall, appropriations for A Strong Agricultural Economy/Heritage are recommended to increase $16,775 funded by a transfer from Appropriations for Contingencies.

A Well-Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well-Planned Infrastructure System

OVERVIEW

The Board of Supervisors priority area of A Well-Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, and regional approaches to transportation circulation are critical to A Well-Planned Infrastructure System. Departments assigned to this priority area include: Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. Environmental Resources and Planning and Community Development's Building Services Division are supported primarily through fees and charges for services. The General Fund primarily funds the Parks and Recreation Department and Planning and Community Development's Planning Division. The Planning and Community Development's Community Development Division and the Redevelopment Agency are funded by special revenue grants and tax increment payments. The Public Works Department's primary sources of funding are derived from charges for services and State and Federal funding for transportation and roads.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Well-Planned Infrastructure System as of March 31, 2010, actual revenue collected is $46.5 million, which represents 41.4% of the estimated annual revenue. This is lower than the range when compared to third quarter of the prior two years when collections were 67.3% and 61.6% of the final actual revenue. As of March 31, 2010, expenditures are $69.2 million, representing 40.6% of the budgeted appropriations. Expenditures at the third quarter of the prior two years were 72.6% and 73.8% of the final actual expenditures, placing this year's expenditures below the range.

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

- Department of Environmental Resources Fink Road Landfill – A decline in revenue compared to the same period last year in the amount of $922,000 due to the ending of the I-5 Ranch lease, decreased tonnage coming into the landfill as a result of the declining economy, and an increase in expenditures of $3.8 million due to the beginning of the planned Cell No. 5 construction;

- Department of Environmental Resources Waste-to-Energy Program – A decrease in expenditures of $10.5 million due to the Fiscal Year 2008-2009 early redemption of the Series 2000 Refunding Revenue Certificates;

- Redevelopment Agency – A decline in revenue of $1.2 million due to the Keyes Community Services District's one-payment for the Keyes Improvement Project (Storm Drain System) and a decline in property tax increment. This revenue was received in Fiscal Year 2008-2009 for the construction project currently underway. The Department experienced an increase in expenditures of $10.7 million associated with the Keyes Improvement Project (Storm Drain System). The project is slated for completion at the end of the fiscal year;

- The Planning and Community Development Department Special Revenue Grants received $7.1 million in additional revenue in the form of a grant award from the Neighborhood Stabilization Program. The Department experienced an increase in expenditures of $6.2 million in support of community development programs including housing acquisition, rehabilitation and down-payment assistance;

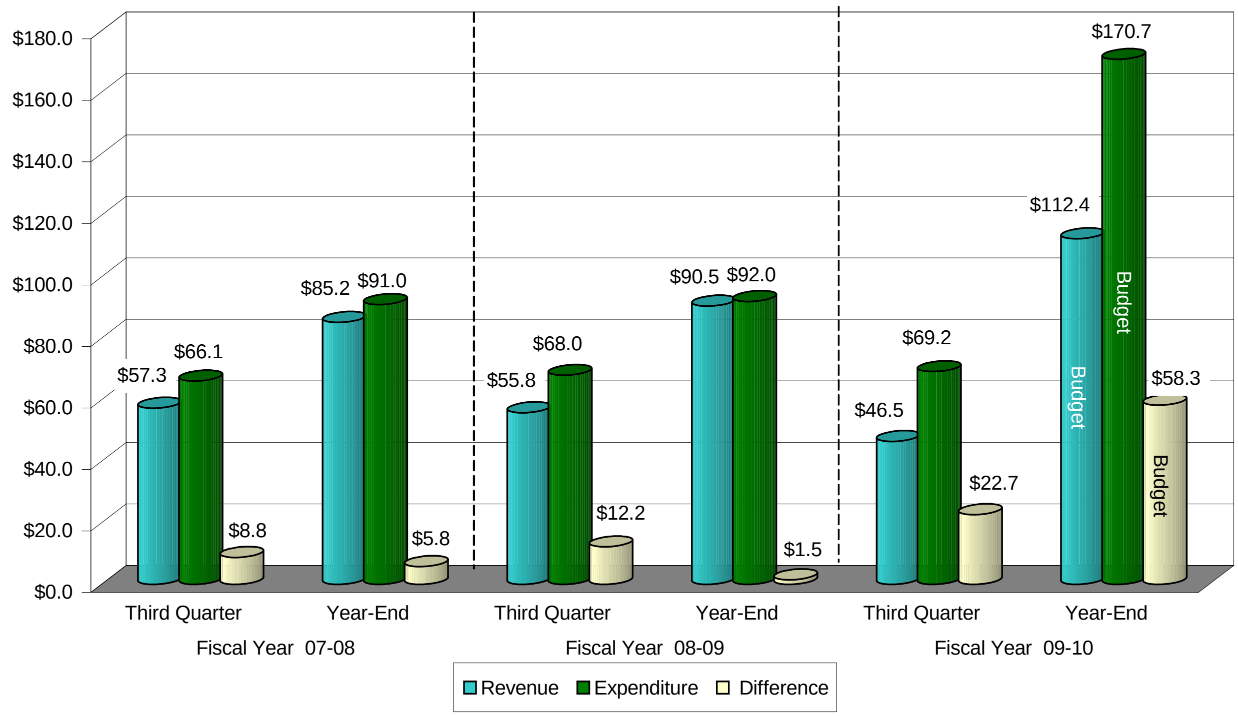
- The Department of Public Works Morgan Shop Division - A decline in revenue and expenditures of $762,000 and $1.4 million, respectively, due to reduced equipment rental, fewer requests for repair services, and lower fuel costs and usage; and

- The Department of Public Works Road and Bridge – A decrease in revenue of $13.9 million due to the delay of State of California's Proposition 42 funds and Highway User's Tax (HUTA) receipts. Proposition 42 revenue receipts are typically received on a quarterly basis while HUTA is received monthly. Unfortunately, the State's Fiscal Year 2009-2010 budget defers the HUTA for the months of July through September, and the first two quarters of Proposition 42 funds. The Department reduced expenditures by approximately $4.9 million in response to the significant deferral of revenue from Proposition 42 funds and Highway User's Tax (HUTA) receipts. Road construction projects were postponed until Spring 2010 to ensure the availability of local match funds.

- The Department of Public Works Kaiser Voluntary Contribution – A decrease in expenditures of nearly $2 million that materialized in Fiscal Year 2008-2009 for the Project Approval and Environmental Document (PA&ED) Phase of the Kiernan Avenue Interchange and Hammett Road Interchange Projects. This revenue was a result of Kaiser's Voluntary Contribution to traffic improvements in the North Modesto area near their facility.

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

A Well-Planned Infrastructure System
Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Well-Planned Infrastructure System for Fiscal Year 2009-2010 is $112.4 million with departmental expenditures budgeted at $170.7 million and the difference of $58.3 million funded through the use of fund balance/retained earnings. Revenue collections have decreased by $9.3 million and expenditures have increased slightly by $1.2 million over Third Quarter 2008-2009. It is anticipated that this priority area will end the year within budget.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES

Fink Road Landfill: The Department has requested a one-time increase in appropriations of $200,000, funded through available program retained earnings, to cover increased farm management expenses associated with I-5 Ranch. On December 8, 2009, the Board of Supervisors authorized the Director of Environmental Resources to negotiate and sign a contract for farm management services with M.A. Garcia Agrilabor, Inc. In the current year, expenses are tracking higher than anticipated which warrants the adjustment to budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
Environmental Resources - Fink Road Landfill	$200,000	$0	$200,000	Increase in contract for farm management services through available retained earnings.
Total	$200,000	$0	$200,000	

Summary of Staffing Requests and Recommendations: The Department is requesting to restore a previously unfunded position in which funding has been identified as reflected in the table below.

ENVIRONMENTAL RESOURCES STAFFING REQUESTS AFFECTING ALLOCATION COUNT						
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	REASON	RECOMMENDATION
Environmental Resources	1	2240	Sr. Hazardous Materials Spec	Restore unfunded position	Funding identified	Restore vacant position
DER CHANGES	1					
BEGINNING ALLOCATION	94					
CHANGES IN ALLOCATION	1					
ENDING ALLOCATION	95					

Summary of Recommendations: It is recommended to increase appropriations in the amount of $200,000 for staffing costs to be funded by available retained earnings for farm management expenses. The recommended change in staffing is outlined in the staffing table above.

PLANNING AND COMMUNITY DEVELOPMENT

<u>Building Permits</u>: Even though the Department was very conservative in its approach to forecast revenues for the current fiscal year, it does not appear that they will materialize as planned. As such, the Department has requested the increased use of fund balance through a $29,600 decrease in estimated revenue. This adjustment will allow the Department to use $15,150 of fund balance for a termination cash out and $14,450 for the Matrix Consulting Group contract examining building permit services. This will increase the use of fund balance in this budget to $194,094. This adjustment is in addition to staffing changes already approved through the Board of Supervisors earlier this year through a separate agenda item.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
Planning and Community Development - Building Permits	$0	($29,600)	$29,600	Decrease in estimated revenue to allow for increased fund balance use for termination cashout and increase in the Matrix Consulting contract.
Total	$0	($29,600)	$29,600	

Summary of Recommendations: It is recommended to decrease estimated revenue in the amount of $29,600 as a result of the unpredictability of the building trade and current economic climate.

PUBLIC WORKS

Summary of Staffing Requests and Recommendations: In order to better reflect the current fiscal position, the Department is requesting staffing recommendations as reflected in the table below.

PUBLIC WORKS DEPARTMENT STAFFING REQUESTS AFFECTING ALLOCATION COUNT						
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	REASON	RECOMMENDATION
PW-Engineering	-2	7813, 2214	Sr. Engineering Technician	Unfund vacancies	Revenue loss	Unfund vacant positions
PW-Morgan Shop	-1	3798	Heavy Equipment Mechanic	Unfund vacancy	Revenue loss	Unfund vacant position
PW-Road & Bridge	-2	2260, 2295	Road Supervisor	Unfund vacancies	Revenue loss	Unfund vacant positions
PW-Road & Bridge	-2	3825, 6181	Road Maintenance Worker III	Unfund vacancies	Revenue loss	Unfund vacant positions
PW-Road & Bridge	-1	1744	Administrative Clerk III	Unfund vacancy	Revenue loss	Unfund vacant position
PUBLIC WORKS CHANGES	-8					
BEGINNING ALLOCATION	120					
CHANGES IN ALLOCATION	-8					
ENDING ALLOCATION	112					

Summary of Recommendations: The recommended changes in staffing are outlined in the staffing table above.

SUMMARY

Overall, appropriations and estimated revenue for A Well-Planned Infrastructure System are recommended to increase by $200,000 and decrease by $29,600 respectively. This is funded through the use of $229,600 of available department fund balance/retained earnings.

Efficient Delivery of Public Services

COUNTY DEPARTMENTS

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

Efficient delivery of public services

OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of March 31, 2010, actual revenue collected is $77.8 million, which represents 69% of the estimated annual revenue. This is within the range when compared to third quarter of the prior two years when collections were 67.4% and 71.8% of the final actual revenue. As of March 31, 2010, expenditures are $113.1 million, representing 63.3% of the budgeted appropriations. Expenditures at third quarter of the prior two years were 67.7% and 72.6% of the final actual expenditures, placing this year's expenditures below the range.

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

- Chief Executive Office – Risk Management Self-Insurance Funds - A $2.2 million decrease in revenue as the result of departments not being charged in Fiscal Year 2009-2010 for Workers' Compensation and Unemployment Insurance. Costs are up by $970,000 primarily due to increased litigation costs in the General Liability budget and increased claims cost in the Unemployment budget as a result the FED-ED Federal Extension of unemployment benefits;

- Chief Executive Office – Debt Service Fund - A $316,000 decrease in expenditures due to the timing of posting annual scheduled Certificate of Participation (COP) payments for the County's annual net debt obligation;

- Chief Executive Office – Crows Landing Air Facility - A $337,000 decrease in revenue due to reimbursement payment received in the prior fiscal year from PCCP West Park LLP for legal expenses associated with the development project and the delay in the receipt of the agricultural lease revenue in the current fiscal year;

- Chief Executive Office – Plant Acquisition - A decrease in revenue of $267,000 due to a decrease in one-time interest earnings from the 2004 A Certificate of Participation borrowing for the Gallo Project for project closeout costs and related professional services. There is also a decrease of $1.2 million in expenditures primarily due to decreased costs associated with services and supplies and deferred maintenance;

- Chief Executive Office – Vehicle License Fees - A decrease in revenue and expenditures of $815,000 as a result of a reduction of vehicle sales due to the downturn in the economy which results in lower funds being apportioned to fund County realigned programs;

- Chief Executive Office – General Fund Match and Support - A decrease of $1.5 million in expenditures as a result of the 12% General Fund reduction to programs primarily funded by the State and Federal revenues;

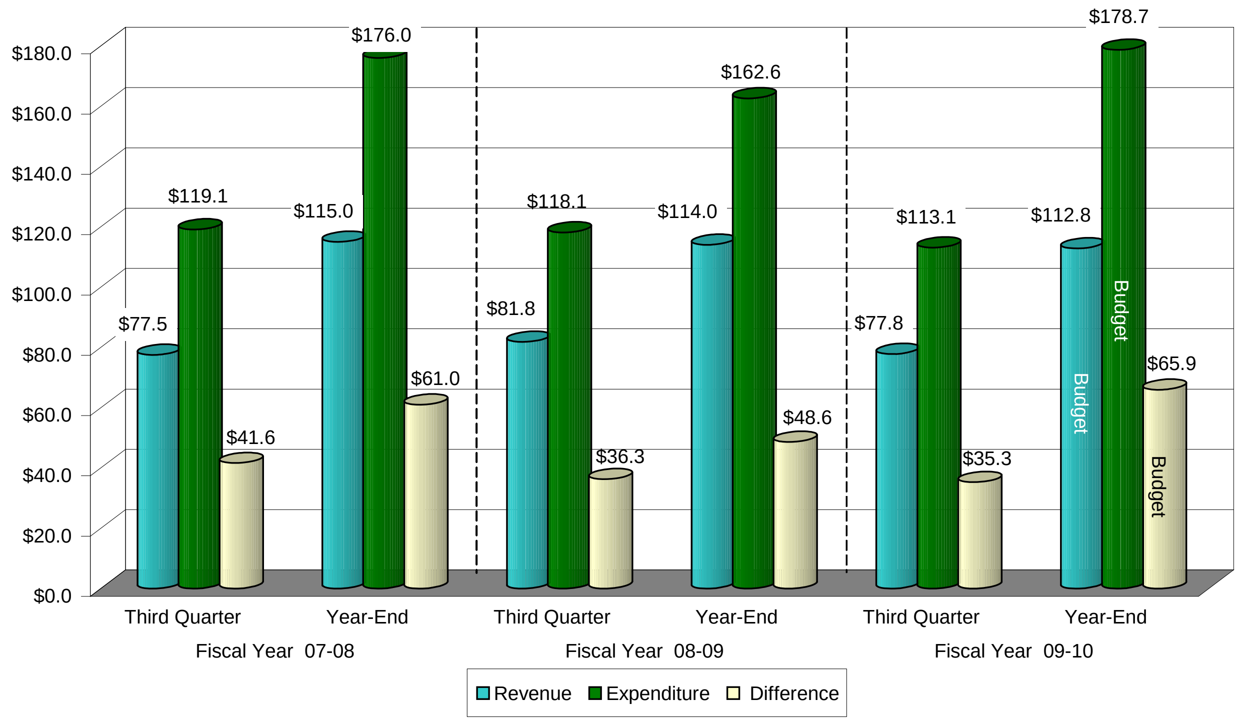
- Chief Executive Office – Operations and Services – A decrease in expenditures of $435,000 due to reduced contracts, salary savings and construction management costs applied to approved and funded projects;

- Clerk-Recorder – An overall decrease of $662,000 in expenditures due to an additional election held by this time last year, unexpected staffing decrease and decrease in contract expenditures; and

- Strategic Business Technology – A decrease of $201,000 in revenue due to timing on when maintenance and support renewals are paid, as well as utilizing open source solutions resulting in reducing or eliminating the cost for license.

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

Efficient Delivery of Public Services
Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services for Fiscal Year 2009-2010 is $112.8 million with departmental expenditures budgeted at $178.7 million and the difference of $65.9 million funded through a General Fund contribution and the use of fund balance/retained earnings. Both revenue and expenditures are down, with revenue collections decreasing by $4 million and expenditures decreasing by $5 million from Third Quarter 2008-2009. As a result, the General Fund contribution and use of fund balance/retained earnings is at 53.6% of the budget at third quarter and is tracking with previous years. This trend is expected to continue throughout the year.

ASSESSOR

In the 2009-2010 Proposed Budget, the Assessor as a result of budget constraints focused on budgeting and staffing for mandated tasks. Since assessing the value of appeals is not a mandatory task, the Assessor made the decision to discontinue defending appeals. These appeals are protests of assessed values by property owners. This resulted in additional tasks for assessment appeals falling on the Clerk of the Board office and the Assessment Appeals Board. Previously, the Assessor verified the information of the appeal and defended their amount during the hearings. Without the defense from the Assessor, the

Assessment Appeals Hearing Board would only be able to use the information provided by the applicant filing the appeal. Due to the potential revenue loss as the result of no longer defending the appeals, the Assessor working with the Chief Executive Office have put together a proposal for an Assessment Appeals team. The request is to have this team implemented effective July 1, 2010, contingent upon approval of the funding requested in the 2010-2011 Proposed Budget currently estimated at $350,000. It is anticipated that the Assessor will use existing allocated positions to develop the Assessment Appeals team, resulting in reducing the number of reductions-in-force that the Department would have to implement in Fiscal Year 2010-2011.

Summary of Recommendations: Approval of this recommendation is contingent upon funding for the positions assigned to the Assessment Appeals team. This request will be submitted as part of the 2010-2011 Proposed Budget.

CHIEF EXECUTIVE OFFICE – COUNTY OPERATIONS

Appropriations for Contingencies: Appropriations for Contingencies serves as a contingency fund for the County to provide sufficient funding for emergencies and unanticipated expenses. Transfers from this fund require a four-fifths vote of the Board of Supervisors. The 2009-2010 Final Budget included $4,000,000 in appropriations for exposures such as increases in employee health insurance costs, labor related costs and other unanticipated exposures.

Through December 2009, no requests for transfers were received. As part of the Mid-Year Financial Report, the following transfers were approved, totaling $997,825:

- $39,677 to the Assessor to fund retirement cash-out costs;
- $6,200 to the Clerk-Recorder to fund retirement cash-out costs;
- $25,000 to the Clerk-Recorder – Elections to fund retirement cash-out costs;
- $824,991 to the Clerk-Recorder – Elections to fund costs associated with the Statewide Direct Primary Election; and
- $101,957 to the General Services Agency – Facilities Maintenance to fund retirement cash-out costs.

As a result of these transfers, the 2009-2010 contingency balance is $3,002,175. At this time, it is recommended that transfers be made totaling $226,775; of this amount $16,775 for salary and retirement cash-out costs for Cooperative Extension for the remainder of the fiscal year, $10,000 for the Public Defender as a result of higher-than-anticipated salary costs, and $200,000 for the Public Defender's Indigent Defense budget for increased costs associated with a capital murder trial. These transfers are explained in greater detail in the department narrative.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
CEO - Appropriations for Contingencies	($16,775)	$0	($16,775)	Retirement cash-out costs and salary costs for Cooperative Extension.
CEO - Appropriations for Contingencies	($10,000)	$0	($10,000)	Increased salary costs for the Public Defender.
CEO - Appropriations for Contingencies	($200,000)	$0	($200,000)	Increased indigent defense costs for a capital murder trial.
Total	($226,775)	$0	($226,775)	

Summary of Recommendations: A transfer of $226,775 from Appropriations for Contingencies is recommended for Cooperative Extension and the Public Defender, leaving a balance of $2,775,400 for the remainder of the fiscal year. Transfers from Appropriations for Contingencies require a four-fifths vote of the Board of Supervisors.

General Fund Match and Support: As part of the Proposed Budget for 2009-2010, the CEO-County Match budget included funding for the Local Agency Formation Commission (LAFCO) in the amount of $172,240. Since that time, LAFCO has finalized its budget for 2009-2010 and that action increased the County Match obligation amount to $180,266. It is recommended to increase County Match by $8,026 to remain compliant with State law that mandates County governments to provide a one-half share of LAFCO's operating expenses.

As part of the 2009-2010 Mid-Year Financial Report, the Board of Supervisors decreased the County Match amount for the North McHenry tax sharing agreement with the City of Modesto to $1,218,585. This agreement specifies how sales taxes and property taxes are to be shared as areas become incorporated in this part of the County. At this time, Stanislaus County Property Tax Division and the City of Modesto have finalized the payment amount for 2009-2010. Based on the decline in local property taxes and sales tax revenue, it is recommended to decrease County Match by $327,606 to accommodate the reduced transfer of taxes to the City of Modesto.

The Community Services Agency (CSA) has struggled over the past few years with increasing caseloads and continually decreasing realignment revenue, as well as reduced County Match amounts resulting from the County's long-term strategy for survival during this economic downturn. In order to be compliant with a court-ordered increase in Foster Care group home rates, it is recommended to increase County Match by $225,683 for CSA's Public Economic Assistance budget. An increase of $6,664 is recommended for CSA's Public Authority Benefits Administration budget due to an increase in the number of eligible In-Home Supportive Services Individual Providers and to mitigate insurance premium increases. It is further recommended to increase County Match by $46,876 for CSA's In-Home Supportive Services Provider Wages budget, to reflect the increase in hours worked.

The Health Services Agency – Clinics and Ancillary Services budget is receiving increased Federal funding as a result of receiving the Federally Qualified Health Center Look-Alike (FQHC-LA) designation in September 2007. In 2008-2009, the Department had a one-time savings of $1.2 million of unused County Match funds as a result of the increase in federal funding. At this time, it is recommended to decrease County Match by $1.2 million in the Health Services Agency – Clinics and Ancillary Services in order to return the unused match funding to the General Fund.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
CEO-General Fund Match and Support	$8,026	$0	$8,026	Increase in County share of LAFCO's operating costs.
CEO-General Fund Match and Support	($327,606)	$0	($327,606)	Decrease in N. McHenry tax sharing agreement with City of Modesto.
CEO-General Fund Match and Support	$225,683	$0	$225,683	Increase in Community Services Agency - Public Economic Assistance budget for Foster Care group home rate increase.
CEO-General Fund Match and Support	$6,664	$0	$6,664	Increase in Community Services Agency - Public Authority Benefits Administration budget for benefits cost increase.
CEO-General Fund Match and Support	$46,876	$0	$46,876	Increase in Community Services Agency - IHSS Provider Wages budget resulting from increased provider hours worked.
CEO-General Fund Match and Support	($1,200,000)	$0	($1,200,000)	Decrease in Health Services Agency - Clinics and Ancillary Services budget resulting from increased Federal reimbursement.
Total	($1,240,357)	$0	($1,240,357)	

Summary of Recommendations: It is recommended to decrease appropriations by $1,240,357 mostly as a result of unused County Match funds being returned from the Health Services Agency and a reduction in the North McHenry tax sharing agreement, reducing the use of fund balance in the General Fund.

CHIEF EXECUTIVE OFFICE- RISK MANAGEMENT SELF-INSURANCE FUNDS

General Liability: The General Liability Self-Insurance budget will require an additional $2,000,000 in appropriations, partially offset by insurance reimbursements of $1,220,406, to meet current and anticipated costs for ongoing litigation cases and other general liability claims through the end of the year. Currently, there are two major litigation cases handled by one law firm that are expected to cost $644,375 by the end of the fiscal year. In addition, over 50 cases are handled by other law firms and are expected to cost approximately $1,155,625 by year-end. These amounts are in excess of funds already encumbered in the budget. The request also includes an amount of $200,000 to fund auto and property damage claims. Claims that exceed the County's self-insured retention/deductible ($250,000 for general liability claims and $10,000 for auto liability claims) will be reimbursed by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA). The revenue anticipated to be received, as reimbursement for the claims listed above is $1,220,406, which results in the use of $779,594 of retained earnings.

The General Liability Self-Insurance Fund began the year anticipating the use of $499,780 of its $662,426 in retained earnings. At first quarter, an additional $162,646 of retained earnings was approved to fund increased claims, thereby depleting the fund's retained earnings balance. The request presented at third quarter will result in the fund ending the year in a negative retained earnings position of approximately $779,594. The fund should have enough cash to pay the claims, it began the year with approximately $3 million in cash. A strategy for recovering the fund's retained earnings deficit will be presented with the 2010-2011 Proposed Budget and includes recovering the deficit through increased charges to user departments over a 36-month period beginning in 2011-2012.

General Liability costs are distributed on 70 percent experience (paid out losses over 7 years capped at the Self Insured Retention (SIR) level of $250,000 per claim per department) and 30 percent exposure (by capturing the total number of hours reported as "full-time equivalents" (FTE)). Due to the number and size of cases experienced both last year and this year, it is anticipated that the booked liability will increase in this fund after the actuarial analysis is completed at year-end, June 30, 2010.

Unemployment Insurance: The Unemployment Self-Insurance Fund will require an additional $250,000 in appropriations to fund claims costs for the fourth quarter. Claims costs were initially budgeted at $250,000 per quarter at the beginning of the fiscal year. The claims have grown by 47% from the first quarter of the fiscal year due primarily to the locally funded Federal extensions which began to be paid beginning in the second quarter of calendar year 2009. The additional appropriations of $250,000 would provide approximately $360,000 for the fourth quarterly payment and would be funded by retained earnings. There are sufficient retained earnings in the fund to cover the increased claims costs.

Budget Unit	Requested			Description
	Appropriations	Revenue	Fund Balance	
General Liability Self-Insurance	$2,000,000	$1,220,406	$779,594	Increase appropriations for litigation and claims costs funded by insurance reimbursement revenue and retained earnings
Unemployment Self-Insurance	$250,000	$0	$250,000	Increase appropriations for increased claims costs funded by retained earnings
Total	$2,250,000	$1,220,406	$1,029,594	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue for the Risk Management - General Liability and Unemployment Self-Insurance Funds by $2,250,000 and $1,220,406 respectively, funded by $1,029,594 in retained earnings for anticipated costs for ongoing litigation and unemployment claims costs. This action will result in a retained earnings deficit in the General Liability fund at year-end of $779,594, which will be recovered in future budgets.

SUMMARY

Overall, appropriations and estimated revenue for Efficient Delivery of Public Services are recommended to increase by $782,868 and $1,220,406 respectively. Included in the adjustment is a transfer of $226,775 from Appropriations for Contingencies that is being recommended for the Public Defender and Cooperative Extension. There is a positive contribution to General Fund fund balance of $1,240,357 due to a decrease in appropriations in the Chief Executive Office – County Match fund from the Health Services Agency and a reduction in the North McHenry tax sharing agreement. There is also an increased use of retained earnings in the Risk Management – Self-Insurance Funds of $1,029,594.

PROJECTED YEAR-END CARRYOVER DESIGNATIONS

As part of the Chief Executive Office year-end closing of the County's financial records, it will be necessary to establish year-end carryover designations of current year funding for projects that will occur next fiscal year. A preliminary summary of proposed designations is included in the following chart, and reflects an overall estimated recommendation of $3,180,937.

2009-2010 CARRYOVER APPROPRIATIONS		
Department	Amount	Description
GENERAL FUND		
Chief Executive Office- County Facilities	$ 285,423	Laird Park Shooting Range Clean-Up Project
Chief Executive Office- County Facilities	$ 9,800	Arts Council Lease
Chief Executive Office- Crows Landing Air Facility	$ 740,310	Planning and Environmental Services
Chief Executive Office- Plant Acquisition	$ 150,000	Safety Fund
Chief Executive Office- Plant Acquisition	$ 248,394	Juvenile Hall Hot Water Heater Project
Chief Executive Office- Plant Acquisition	$ 342,252	CEO CADD IPSS Project
Parks and Recreation	$ 450,000	Parks Master Plan- Salida Park
Parks and Recreation	$ 313,875	Frank Raines Water Project
Parks and Recreation	$ 195,500	Salida Well Project
TOTAL GENERAL FUND	$ 2,735,554	
SPECIAL REVENUE FUND		
Health Services Agency Public Health	$ 66,044	Public Health Emergency Preparedness Grants for Salaries
TOTAL SPECIAL REVENUE FUND	$ 66,044	
INTERNAL SERVICE FUNDS		
Strategic Business Technology	$ 27,205	Salaries, Vacation Cashouts for RIF effective 09/10
Strategic Business Technology	$ 10,000	GIS charges from Public Works
Strategic Business Technology	$ 56,000	Enterprise software solutions
Strategic Business Technology	$ 106,000	SBT Data Center Project-Contracts
Strategic Business Technology-Telecom	$ 50,000	SBT Data Center Project-Equipment
Strategic Business Technology-Telecom	$ 116,000	CSA VoIP Project
Strategic Business Technology-Telecom	$ 7,614	OES 12th Street Project-VoIP
Strategic Business Technology-Telecom	$ 6,520	Rents-Lease
TOTAL INTERNAL SERVICE FUNDS	$ 379,339	
TOTAL ALL FUNDS	$ 3,180,937	

BUDGET SCHEDULE

The following schedule is recommended for the 2010-2011 Proposed and Final Budget:

- May 28, 2010 — 2010-2011 Proposed Budget available to the Public
- June 8, 9, 10, 2010 — 2010-2011 Proposed Budget Presentation and Public Hearing to the Board of Supervisors
- September 14, 15, 16, 2010 — 2010-2011 Final Budget Presentation and Public Hearing to the Board of Supervisors